

**İŞ GİRİŞİM SERMAYESİ
YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE MONTHS PERIOD
ENDED 31 MARCH 2013

*(Convenience Translation of Interim Financial Statements and
Related Disclosures and Footnotes
Originally Issued in Turkish)*

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İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INTERIM FINANCIAL POSITION AS AT 31 MARCH 2013

(In Turkish Lira ("TL"))

	Notes	Not Reviewed 31 March 2013	Restated(*) Audited 31 December 2012
ASSET			
Current Assets		254,447,699	249,244,220
Cash and Cash Equivalents	4	36,950,330	40,802,761
Investment Securities	5	99,785,613	101,216,342
Trade Receivables	7	53,897,487	55,194,978
- <i>Due from related parties</i>		<i>14,160</i>	<i>7,080</i>
- <i>Other Trade Receivables</i>		<i>53,883,327</i>	<i>55,187,898</i>
Other Receivables	8	2,058,287	689,910
Inventories	9	49,451,432	41,242,332
Other Assets	16	12,304,550	10,097,897
Non-current Assets		123,285,843	123,289,607
Other Receivables			
Investments in Equity Accounted Investees	8	42,364	83,205
Property and Equipment	10	24,727,705	23,565,589
Intangible Assets	11	58,432,639	58,432,639
Goodwill	12	11,863,082	11,218,825
Deferred Tax Asset	13	27,683,212	29,409,963
Other Assets	24	114,331	320,604
TOTAL ASSETS	16	422,510	258,782
ASSET		377,733,542	372,533,827

The accompanying notes are an integral part of these interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INTERIM FINANCIAL POSITION AS AT 31 MARCH 2013

(In Turkish Lira ("TL"))

	Notes	Not Reviewed 31 March 2013	Restated(*) Audited 31 December 2012
LIABILITIES			
Short Term Liabilities		77,643,264	91,189,086
Financial Liabilities	6	27,711,957	50,829,321
Trade Payables	7	38,655,657	31,705,458
- Due to Related Parties		23,582	123,955
- Other Trade Payables		38,632,075	31,581,503
Other Payables	8	2,607,867	1,929,877
Period Income Tax liabilities	24	465,429	416,040
Employee Benefits	15	2,674,770	2,732,405
Other Short Term Liabilities	16	5,527,584	3,575,985
Long Term Liabilities		56,748,249	30,493,906
Financial Liabilities	6	47,508,763	20,828,670
Trade Payables	7	2,790,784	2,798,531
- Due to related parties		1,000,010	1,000,009
- Other trade payables		1,790,774	1,798,522
Other Payables	8	300,000	16,299
Employee Benefits	15	2,552,941	2,575,584
Other Long Term Liabilities	16	112,528	122,038
Deferred Tax	24	3,483,233	4,152,784
EQUITY	17	243,342,029	250,850,835
Equity Attributable to Owners of the Company		221,709,000	228,609,491
Share Capital		57,960,000	57,960,000
Share Capital Adjustment		21,606,400	21,606,400
Share Premium		7,000,000	7,000,000
Other Reserves		19,921,245	19,921,245
Foreign Currency Conversion Adjustment		(320,066)	(257,148)
Reserves On Retained Earnings		10,232,978	9,496,886
Retained Earnings		104,785,098	62,620,532
Profit for the period		523,345	50,261,576
Non-controlling Interest		21,633,029	22,241,344
TOTAL LIABILITIES		377,733,542	372,533,827

The accompanying notes are an integral part of these interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

(In Turkish Lira ("TL"))

	Notes	Not Reviewed 1 January- 31 March 2013	Restated(*) Not Reviewed 1 January- 31 March 2012
CONTINUING OPERATIONS			
Sales Revenue	18	38,056,589	27,070,449
Cost of sales	18	(23,664,884)	(11,064,226)
GROSS PROFIT		14,391,705	16,006,223
Marketing, sales and distribution expenses	19-20	(6,231,866)	(1,636,855)
Administrative expenses	19-20	(9,075,776)	(3,753,660)
Research and development expenses	19-20	(882,915)	(729,573)
Other operating income	21	1,183,947	161,277
Other operating expenses	21	(1,103,581)	(311,718)
OPERATING PROFIT/(LOSS)		(1,718,486)	9,735,694
Share of investments valued by equity method	10	1,162,115	(2,494,343)
Finance income	22	4,591,091	8,400,554
Finance costs	23	(4,110,222)	(3,248,409)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		(75,502)	12,393,496
Continuing operations tax income/expense		(2,150)	60,689
Current tax income/(expense)	24	(465,429)	(63,837)
Deferred tax income/(expense)	24	463,279	124,526
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(77,652)	12,454,185
PROFIT/(LOSS) FOR THE PERIOD		(77,652)	12,454,185
Other comprehensive income			
Change in foreign currency Conversion Adjustment-		(70,236)	2,727,999
Change in revaluation surplus		-	-
Change in cash flow hedge reserve		-	(14,624)
Income / (loss) tax on other comprehensive income		-	27,422
Actuarial gain/loss		-	(141,056)
Other comprehensive income for the period, net of tax	23	(70,236)	2,599,741
TOTAL COMPREHENSIVE INCOME		(147,888)	15,053,926
Profit / (Loss) attributable to			
Non-controlling interests		(600,997)	(419,169)
Owners of the Company		523,345	12,873,354
		(77,652)	12,454,185
Total comprehensive income attributable to			
Non-controlling interests	17	(608,315)	(475,851)
Owners of the Company		460,427	15,529,777
		(147,888)	15,053,926
Basic and Diluted Earnings per share			
(TL 1 nominal value)	25	0.009029	0.222107

(*) See Note 2.

The accompanying notes are an integral part of these interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013

(In Turkish Lira ("TL"))

Notes	Share capital	Inflation adj. to share capital	Share Premium	Revaluation Surplus	Hedging reserve	Other reserves	Legal reserves	Translation reserves	Profit (Loss) for the year	Retained earnings	Total Before Non-Controlling Interest	Non-Controlling Interests	Total
Restated(*)													
Balance at 1 January 2012	50,400,000	21,606,400	7,000,000	-	(116,655)	249,702	6,778,897	(1,172,533)	42,022,704	43,651,570	170,420,085	1,129,279	171,549,364
Total comprehensive income													
Profit / (loss) for the year	-	-	-	-	-	-	-	-	12,873,354	-	12,873,354	(419,169)	12,454,185
<u>Other comprehensive income</u>													
Change in cash flow hedging reserve, net of tax	-	-	-	-	(11,699)	-	-	-	-	-	(11,699)	-	(11,699)
Change in translation reserve	-	-	-	-	-	-	-	2,699,145	-	-	2,699,145	28,854	2,727,999
Actuarial gain/loss, after tax	-	-	-	-	-	-	-	-	-	(47,558)	(47,558)	(69,001)	(116,559)
Total other comprehensive income	-	-	-	-	(11,699)	-	-	2,699,145	-	(47,558)	2,639,888	(40,147)	2,599,741
Total comprehensive income	-	-	-	-	(11,699)	-	-	2,699,145	12,873,354	(47,558)	15,513,242	(459,316)	15,053,926
Changes in non-controlling interest	-	-	-	-	-	-	86,288	-	-	-	86,288	-	86,288
Obtained from the control share acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	5,871,595	5,871,595
Transfers	-	-	-	-	-	-	-	-	(42,022,704)	42,022,704	-	-	-
Balance at 31 March 2012	50,400,000	21,606,400	7,000,000	-	(128,354)	249,702	6,865,185	1,526,612	12,873,354	85,626,716	186,019,615	6,541,558	192,561,173
Restated(*)													
Balance at 1 January 2013	57,960,000	21,606,400	7,000,000	-	-	19,921,245	9,496,886	(257,148)	50,261,576	62,620,532	228,609,491	22,241,344	250,850,835
Total comprehensive income													
Profit for the period	-	-	-	-	-	-	-	-	523,345	-	523,345	(600,997)	(77,652)
<u>Other comprehensive income</u>													
Change in cash flow hedging reserve, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in translation reserve	-	-	-	-	-	-	-	(62,918)	-	-	(62,918)	(7,318)	(70,236)
Total other comprehensive income	-	-	-	-	-	-	-	(62,918)	-	-	(62,918)	(7,318)	(70,236)
Total comprehensive income	-	-	-	-	-	-	-	(62,918)	523,345	-	460,427	(608,315)	(147,888)
Transfers	-	-	-	-	-	-	736,092	-	(50,261,576)	49,525,484	-	-	-
Business mergers	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(7,360,918)	(7,360,918)	-	(7,360,918)
Balance at 31 March 2013	57,960,000	21,606,400	7,000,000	-	-	19,921,245	10,232,978	(320,066)	523,345	104,785,098	221,709,000	21,633,029	243,342,029

(*) See Note 2

The accompanying notes are an integral part of these interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013 (In Turkish Lira ("TL"))

	Notes	Not Reviewed 1 January-31 March 2013	Restated(*) Not Reviewed 1 January-31 March 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		(77,652)	12,454,185
Finance costs	23	2,524,096	981,587
Finance income	22	(625,773)	(809,406)
Gain on sales of investment	18	-	(13,217,194)
Dividends received from associated partner	22	-	(1,025,168)
Loss of goodwill for impairment		-	-
Change in investments in equity accounted investees (net)	10	(1,162,115)	2,494,343
Dividend received from equity investments	22	(1,038,178)	-
Foreign exchange gain or loss on statements		(70,236)	2,716,300
Depreciation of tangible assets	12	693,721	441,057
Amortization of intangible assets	13	1,749,788	50,823
Profit from sales of intangible assets	21	(7,278)	-
Change in fair value of investment securities (net)		(55,302)	2,032,728
Allowance for doubtful receivables (net)	7	529,113	897,169
Deferred tax income	24	(413,889)	(1,415,243)
Provision for impairment on inventories	9	604,743	-
Increase in provision for employee bonuses	15	2,728	155,670
Increase in vacation pay liability	15	85,725	71,518
Increase in severance pay liability	15	124,293	15,720
Increase in accrued expenses	16	3,302	57,848
Increase in accrued income	16	(156,276)	-
Interest received		861,804	1,095,191
Increase in trade receivables		768,378	(21,747,096)
Increase in inventories		(8,813,843)	(15,368,247)
Decrease/(Increase) in other receivables and current assets		(3,541,640)	(3,557,109)
Increase/(Decrease) in trade payables		6,942,452	24,754,600
Increase/(Decrease) in other payables		3,382,879	2,177,222
Employee severance payments	15	(146,936)	(96,713)
Employee vacation pay liability payments	15	(29,202)	-
Employee bonus payments	15	(599,288)	(314,303)
Net cash used in operating activities		1,535,414	(7,154,518)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		1,486,031	2,129,326
Proceeds from sale of financial assets	18	-	18,813,900
Dividends received from associated partner	22	-	1,025,168
Dividend received from equity investments	22	1,038,178	-
Acquisition of property and equipment	12	(1,497,627)	(823,236)
Acquisition of intangible assets	13	(23,037)	-
Proceeds from sale of property and equipment		166,926	-
Net cash provided from investing activities		1,170,471	21,145,158
CASH FLOWS FROM FINANCING ACTIVITIES AKIŞLARI			
Borrowed funds		7,101,577	13,747,567
Repayment of financial liabilities		(3,538,848)	-
Finance costs paid	23	(2,524,096)	(981,587)
Dividend paid	17	(7,360,918)	-
Net cash provided from financing activities		(6,322,285)	12,765,980
NET INCREASE IN CASH AND CASH EQUIVALENTS		(3,616,400)	26,756,620
CASH AND CASH EQUIVALENTS AT THE BEGINNING		40,514,194	39,662,428
CASH AND CASH EQUIVALENTS AT THE END	4	36,897,794	66,419,048

(*) See Note 2.

The accompanying notes are an integral part of these interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2013

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated.)

1. ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“the Company” or “İş Girişim Sermayesi”), was established in İstanbul. The registered address of the Company is İş Kuleleri Kule 2, Kat:2, Levent, İstanbul. Türkiye İş Bankası A.Ş. is the ultimate shareholder of the Group. The Company’s shares are traded in the Istanbul Stock Exchange since 2004.

The Company and its subsidiary (“Group”) have operations in five business segments: Private equity, IT, audio and communication systems, production and trading of orthopaedics, medical, surgical equipments, wholesale and retail sales of sports wearing equipments, and restaurant management. The operating segments explained below are also the basis of segment reporting of the Group. The Company also has associates operating in various sectors, which are explained below.

The Group’s core business activities are as follows:

Private equity: Investing in venture capital companies which are established or will be established in Turkey and has potential to grow and need resources.

IT, audio and communication systems: Providing project consultancy, research and development of computer hardware and software, audio technologies and telecommunication systems in domestic and foreign market; and exporting, importing, distributorship, agency, installation, maintenance, after sale services, training and management, marketing of these systems and acting as the agent.

Production and trading of orthopaedics, medical, surgical equipments: Purchasing-selling, marketing, producing, exporting, importing of orthopaedics, medical, surgical equipments.

Wholesale and retail sales of sports wearing equipments: All kinds of weaving, sports utility, sports wearing buying and selling, marketing, export and import transactions and selling by e-commerce methods.

Restaurant management: restaurant management of food and beverage and also entertainment service areas.

Group’s segment reporting in basis of operating fields is disclosed in Note 3.

As at 31 March 2013, the Company has 16 employees and the Group has 782 employees (31 December 2012: Company: 15 and Group: 764).

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Amounts are expressed in Turkish Lira ("TL"), unless otherwise stated.)

1. ORGANIZATION OF THE GROUP AND THE NATURE OF OPERATIONS (continued)

The details of subsidiary and associates of the Company are as follows:

Subsidiaries:

	Stock markets in which their shares are traded	Nature of operations	Main Business Area
Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. ("Nevotek")	None	Service	Providing project consultancy, research and development of computer hardware and audio technologies and telecommunication systems in domestic and foreign market. Exporting, importing, distributorship, agency, installation, maintenance, after sale services, training and management, marketing of these systems and acting as the agent.
Nevotek Middle East FZ LLC	None	Service	Audio technologies and telecommunication systems
Nevotek Intercorporation	None	Service	Audio technologies and telecommunication systems
Convera Systems FZ LLC	None	Service	Software product sale and service
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro")	None	Production /Commerce	Purchasing-selling, marketing, producing, exporting, importing of orthopaedics, medical, surgical instruments and performing the others written in main contract.
Covision Medikal Technologies Limited	None	Commerce	Medical instrument and equipment commerce
Toksöz Spor Malzemeleri Ticaret AŞ ("Toksöz Spor")	None	Commerce	Wholesale and retail sales of sports wearing equipments
Numnum Yiyecek ve İçecek AŞ ("Numnum")	None	Service	Restaurant management

Associates:

Company Title	Stock markets in which their shares are traded	Nature of operations	Main Business Area
Türkmed Diyaliz ve Böbrek Sağlığı Kurumları A.Ş. ("Türkmed")	None	Service	Investing in companies operating in dialysis sector, supplying personnel to these companies and other activities written in its main agreement.
<u>Joint Venture</u>			
Aras Kargo Yurt İçi Yurt Dışı Taşımacılık A.Ş. ("Aras Kargo")	None	Service	Local, global and transit transaction of individual and commercial property.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated.)

2. BASIS OF PRESENTATION

2.1 Basis of Presentation

Approval of Financial Statements:

The consolidated financial statements of the Group as at 31 March 2013 are approved by the Board of Directors and authorized for issue on 17 May 2013. General Assembly has the power to amend the financial statements after their issue.

Basis of Preparation of Financial Statements

The Company and its subsidiary located in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles of the Turkish Commercial Code (“TCC”) and tax legislation. The entities controlled by the subsidiary operating in foreign countries maintain their books of account and prepare their statutory financial statements in the functional currency of the country, which they are operating in and in compliance with the related country’s regulations.

The accompanying consolidated financial statements of the Group is prepared in accordance with the communiqué Serial: XI, No:29 “Communiqué on Financial Reporting Standards in Capital Markets” (“Communiqué XI-29”) promulgated by Capital Markets Board of Turkey (“CMB), which is published at 9 April 2008 in the Official Gazette numbered 26842. In accordance with the communiqué Serial: XI, No: 29 the entities are required to apply “International Financial Reporting Standards (“IAS/IFRS”) as adopted by European Union (“EU”).

However, for implementation of the 5th substance of the communiqué until the differences between the IAS/IFRSs as adopted by EU and IAS/IFRSs as issued by IASB are declared by the Turkish Accounting Standards Board (TASB) in accordance with provisional article 2 of the communiqué, IAS/IFRSs will be applied. (On 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency.) In this respect the Turkish Accounting/Financial Reporting Standards (“TAS/TFRS”) promulgated by TASB, which are compatible with the applied standards will be adopted. As according with these consolidated financial statements are prepared as of 31 March 2013, in compatible with TAS/TFRS.

In accordance with the communiqué Serial: XI, No:29 promulgated by Capital Markets Board of Turkey (“CMB”) , the companies can prepare consolidated financial statements which is compatible with IAS 34 “International Financial Reporting Standards”. Therefore company had chosen to prepare their financial statements on bases of Capital Markets Board of Turkey (CMB).

The consolidated financial statements are prepared on the historical basis except for the financial assets and liabilities, which are measured at their fair values. Fair value of the amount paid to acquire assets is the basis used to determine the historical cost.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. Functional currency of Ortopro, Nevotek, Toksöz and Numnum, the subsidiaries of the Company, is TL. The foreign exchange rates used by the Group as at 31 March 2013 and 31 December 2012 are as follows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
US Dollar	1.8087	1.7826
Euro	2.3189	2.3517

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated.)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Preparation of Financial Statements in Hyperinflationary Periods

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey, which prepare their financial statements in accordance with CMB Financial Reporting Standards (including those applying IAS/IFRS), effective from 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying consolidated financial statements IAS/TAS 29 “Financial Reporting in Hyperinflationary Economies” was not applied.

Comparative Information

The Group’s consolidated financial statements are prepared including comparative information in order to enable readers to understand the trends in the financial position and performance of the Group. The change in presentation or reclassification of the financial statement items is applied retrospectively and the reclassifications made in the prior year financial information are disclosed in the notes to the consolidated financial statements.

Basis of Consolidation

The details of the Group’s subsidiaries as at 31 March 2013 and 31 December 2012 are as follows:

Subsidiary	Acquisition date	Founding and operating location	Shareholding Interest (%)		Voting power
			31 March 2013	31 December 2012	
Nevotek	30 September 2003	Turkey	81.24	81.24	81.24
Ortopro	10 December 2007	Turkey	32.50	32.50	52.50
Toksöz Spor	13 November 2012	Turkey	58.50	58.50	58.50
Num Num	5 December 2012	Turkey	61.66	61.66	61.66

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The gains and losses results from the sale of non- controlling interests, without a change in control, for the subsidiaries acquired or sold during the period are recognized in equity.

Where necessary, adjustments are made to the financial statements of subsidiaries to make their accounting policies in line with those applied by the Group.

All intra group transactions, balances, income and expenses are eliminated for consolidation purposes.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately in the equity of the Group. Non-controlling interests comprised the sum of the shareholding amount at the date of the initial business combinations and the minority’s share in the changes of equity subsequent to the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the shareholding interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated.)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

Associates and joint ventures

Associates are the entities on which the Group has significant influence apart from subsidiaries. Significant influence is the participation power to govern the financial and operating policies of an entity without having individually or jointly control power. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The details of Group’s associates as at 31 March 2013 and 31 December 2012 are as follows:

Shareholding interest (%)					
Associates	Acquisition date	Founding and operating location	31 March 2013	31 December 2012	Voting power
Türkmed	17 December 2007	Turkey	25.78	25.78	(1)
Joint Venture	Acquisition date	Founding and operating location	31 March 2013	31 December 2012	Voting power
Aras Kargo	15 November 2011	Turkey	20.00	20.00	(2)

(1) Total number of Türkmed’ Board of Directors members are 4 and 1 member represents İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has power to veto some decisions.

(2) Aras Kargo is Group’s joint venture. Total number of Aras Kargo’s Board of Directors members is 6 and 3 members represent İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Important Board of Directors decisions are taken by affirmative votes of all members (2 people) nominated by Group B shareholders in which İş Girişim is included. Based on the arrangements of the contracts signed by Aras Kargo’s shareholders, İş Girişim has power to select and change 50% of total number of Board of Directors, rights to buy and transfer shares.

Investments in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in an equity-accounted investees, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discounted except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Goodwill represents the excess amount of the acquisition cost over the fair value of the associate’s the identifiable assets, liabilities and contingent liabilities at the date of the acquisition. The carrying amount of goodwill is included in the carrying amount of the investment and is tested for impairment as a part of the investment. If, after reassessment, the Group’s interest in the net fair value of the acquirer’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combinations, the excess is recognized immediately in profit or loss.

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2. BASIS OF PRESENTATION (continued)

2.2 Changes in Accounting Policies

The group firstly adopted to perform IAS 19 ('International Financial Reporting Standards') from the date of 1 January 2012 and changed the base of determining expenses on defined benefit obligations.

Beginning from 1 January 2012 The Company adopted to perform IFRS 10 Consolidated Financial Statements , IFRS 11 Joint Venture , IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures.

a) Defined benefit obligation

Actuarial differences accounted in other comprehensive income in accordance with IAS 19.

Before this period , actuarial differences had been accounted in profit or loss. Severance pay liability balances decreased in profit and loss and therefore actuarial differences which is in severance pay liability increased 141,056 TL for ending 3 months period of 31 March 2013 (31 December 2012: 475,688 TL).

b) Subsidiaries

In accordance with IFRS 10 standards , the Group has changed their accounting policy which is used for deciding control on investments and consolidating them.

In accordance with the transitional provisions of IFRS 10 , the Group revaluated the result of control over subsidiaries at 1 January 2012. Consequently the result of control on investments has not changed and it does not affect assets and liabilities of the group and comprehensive income.

c) Joint Ventures

In accordance with IFRS 11 standard , the group changed their accounting policy about shares of joint ventures.

According to IFRS 11, the Group classify their share of joint ventures as a jointly controlled operations and partnerships depending on rights over the assets of the group agreements and obligations for the liabilities. During this review, the Group considered the terms of partnership agreement, group's partnership structure, the legal form of each individual vehicle, other facts and circumstances.

The group reconsidered their participation in joint ventures. As a result , group classified joint ventures as a partnership which was regarded as a jointly controlled entities before the group's accounting policy change. According to this classification , Investments accounted again with equity method which was also accounted with equity method in the consolidated financial statements before and it does not affect assets and liabilities of the group and comprehensive income.

The following table details the Group as at 31 December 2012 the consolidated statement of condition and the three months ended at 31 March 2012 for the interim period condensed consolidated interim statement of comprehensive income summarizes the changes made on.

Company agreed the changes on IAS 19 'Employee Benefits' standards and changed accounting policy accordance to reserve for employee severance payments in 2012.

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2. BASIS OF PRESENTATION (continued)

2.2 Changes in Accounting Policies (continued)

As a result of this change , Company accounted net of tax actuarial gain / (loss) in other comprehensive income which arises for employee severance payments. Previously , company accounted the actuarial gain / (loss) in the ‘ cost of sales ’ and ‘ operating expenses ’ , tax effect of actuarial gain / (loss) accounted in the tax expense.

	Reported as of 31 December 2012	Effect of change in accounting policy	Restated balance as of 31 December 2012
Profit / Loss			
General and administrative expenses	920,214	(475,688)	444,526
Tax	(169,255)	85,254	(84,001)

Statement of Other Comprehensive Income

Actuarial liabilities for employee profit / (loss)	--	(475,688)	(475,688)
Tax effect of income and expenses recognized in other comprehensive income	--	85,254	85,254

	Reported as of 31 March 2012	Effect of change in accounting policy	Restated balance as of 31 March 2012
Profit / Loss			
General and administrative expenses	156,775	(141,056)	15,719
Tax	(26,515)	24,497	(2,018)

Statement of Other Comprehensive Income

Actuarial liabilities for employee profit / (loss)	--	(141,056)	(141,056)
Tax effect of income and expenses recognized in other comprehensive income	--	24,497	24,497

Change in accounting policy did not have an impact to net assets as of 31 December 2012 and the comparative periods the effect of earnings per share is insignificant.

2.3 Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is not any significant change in Group's accounting estimates in the current period.

Material errors are corrected retrospectively and the prior period financial statements are restated accordingly.

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2. BASIS OF PRESENTATION (continued)

2.4 New Standards and Interpretations as of 31 March 2013

Some new standards, amendments and interpretations to standards as at 31 December 2012 is not effective yet and was not applied in preparing these consolidated financial statements. The following new standards are expected to impact the Group's consolidated financial statements:

IAS 32 (amendment) , "Financial Instruments: Presentation", Effective on 1 January 2014 or for annual periods beginning after that date. Amendment to IAS 32 , "Financial Instruments: Presentation" application guide have been updated in order to be more descriptive for Offsetting of financial assets and financial liabilities in the balance sheet.

IFRS 9 "Financial Instruments" : Effective on 1 January 2015 or for annual periods beginning after that date. It explains the classification of financial assets and liabilities , accounting and measurement. The principles of the classification and measurement of financial instruments in IAS 39 are fulfilled.

Group has not determined the effects of the implementation of these standards yet.

2.5 Summary of Significant Accounting Policies

The Group's accounting policies used in the preparation of these interim condensed consolidated financial statements except new standards beginnings from 1 January 2013 and the adoption of amendments are consistent with the accounting policies which was used for the year ended 31 December 2012 annual consolidated financial statements. The interim condensed consolidated financial statements of the Group should be evaluated in conjunction with the annual financial statements as at 31 December 2012.

Accounting Estimates

The preparation of consolidated financial statements in accordance with Communiqué XI-29 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The estimates are used particularly in the following notes:

Note 10	Investments in equity accounted investees (*)
Note 11	Goodwill (*)
Note 12-13	Useful lives of property and equipment and intangible assets
Note 14	Provisions, Contingent Assets and Liabilities
Note 15	Employee benefits
Note 24	Tax assets

(*)Impairment loss on goodwill

Group performs impairment test annually according to the accounting policy explained in Note 2.5. Recoverable amount of cash generating units are determined with the applicable measurement techniques. These computations require the use of estimates.

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3. SEGMENT REPORTING

For the period ended 31 March 2013:

In accordance with operating segments:

	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Wholesale and retail sales of sports wearing equipments	Restaurant management	Total continuing operations
	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013
Revenue						
Sales revenue	59,586	1,700,346	3,976,290	26,845,553	5,474,814	38,056,589
Cost of sales	-	(815,506)	(1,252,075)	(16,784,435)	(4,812,868)	(23,664,884)
Marketing, sales and distribution expenses	-	(521,235)	(944,131)	(4,766,500)	-	(6,231,866)
Administrative expenses	(1,634,854)	(874,158)	(938,313)	(4,103,332)	(1,525,119)	(9,075,776)
Research and development expenses	-	(813,775)	(69,140)	-	-	(882,915)
Other operating income	29	3,157	238,787	824,394	117,580	1,183,947
Other operating expenses	(3,288)	(29,744)	(139,328)	(707,109)	(224,112)	(1,103,581)
Share of profit / (loss) of equity accounted investees	1,162,115	-	-	-	-	1,162,115
Finance income	3,180,196	545,605	402,627	265,745	196,918	4,591,091
Finance costs	(767,900)	(347,500)	(826,160)	(1,614,483)	(554,179)	(4,110,222)
Profit before tax	1,995,884	(1,152,810)	448,557	(40,167)	(1,326,966)	(75,502)
Current tax income/ expense	-	-	-	(465,429)	-	(465,429)
Deferred tax asset/ liability	-	-	(206,272)	417,719	251,832	463,279
Profit/(Loss) from continuing operations	1,995,884	(1,152,810)	242,285	(87,877)	(1,075,134)	(77,652)
Profit from discontinued operations	-	-	-	-	-	-
Profit for the period	1,995,884	(1,152,810)	242,285	(87,877)	(1,075,134)	(77,652)
Non-controlling interests Owners of the Company						(600,997) 523,345 <u>(77,652)</u>

Other information:

	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Wholesale and retail sales of sports wearing equipments	Restaurant management	Total continuing operations	
	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	1 January-31 March 2013	
Amortization and depreciation expenses	(43,765)	(17,141)	(401,773)	(1,284,663)	(696,167)	(2,443,509)	
Acquisition of property and equipment and intangible assets	47,000	23,829	175,161	334,515	940,159	1,520,665	
	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Wholesale and retail sales of sports wearing equipments	Restaurant management	Consolidation adjustments	Total

31 March 2013:

Statement of financial position

Segment assets	195,665,765	12,430,933	33,608,426	89,457,847	20,799,420	25,771,151	377,733,542
Segment liabilities	(2,428,709)	(4,825,045)	(22,242,727)	(91,484,929)	(9,926,870)	(3,483,233)	(134,391,513)

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3. SEGMENT REPORTING (continued)

In accordance with geographical area:

31 March 2013

	<u>Turkey</u>	<u>England</u>	<u>Elimination(*)</u>	<u>Total</u>
Sales	39,671,719	1,218,481	(2,833,611)	38,056,589
Total assets	382,340,358	2,971,294	(7,578,110)	377,733,542
Acquisition of property and equipment and intangible assets (**)	1,520,664	-	-	1,520,664

(*) In the extent of consolidation, the elimination arising from the transaction and payables/receivables between the Group firms is expressed.

(**) Acquisition of property and equipment through leasing is included.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2013

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3. SEGMENT REPORTING (continued)

For the period ended 31 March 2012:

In accordance with operating segments:

	Restated(*) Private equity	Restated(*) IT, audio and communication systems	Restated(*) Orthopaedics, medical and surgical equipments	Restated(*) Total continuing operations
	1 January- 31 March 2012	1 January- 31 March 2012	1 January- 31 March 2012	1 January- 31 March 2012
Revenue				
Sales revenue	18,876,840	1,980,624	6,212,985	27,070,449
Cost of sales	(5,596,706)	(1,033,950)	(4,433,570)	(11,064,226)
Marketing, sales and distribution expenses	-	(536,469)	(1,100,386)	(1,636,855)
Administrative expenses	(1,930,730)	(772,597)	(1,050,333)	(3,753,660)
Research and development expenses	-	(685,960)	(43,613)	(729,573)
Other operating income	98	69,393	91,786	161,277
Other operating expenses	(663)	(254,300)	(56,755)	(311,718)
Share of profit / (loss) of equity accounted investees	(2,494,343)	-	-	(2,494,343)
Finance income	5,957,038	441,712	2,001,804	8,400,554
Finance costs	(458,597)	(943,983)	(1,845,829)	(3,248,409)
Profit before tax	14,352,937	(1,735,530)	(223,911)	12,393,496
Current tax income/ expense	-	-	(63,837)	(63,837)
Deferred tax asset/ liability	-	-	124,526	124,526
Profit/(Loss) from continuing operations	14,352,937	(1,735,530)	(163,222)	12,454,185
Profit from discontinued operations				
Profit for the period	14,352,937	(1,735,530)	(163,222)	12,454,185
Non-controlling interests				(419,169)
Owners of the Company				12,873,354
				12,454,185

Other information:

	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Total
	1 January- 31 March 2012	1 January- 31 March 2012	1 January- 31 March 2012	1 January- 31 March 2012
Amortization and depreciation expenses	(18,796)	(36,548)	(436,536)	(491,880)
Acquisition of property and equipment and intangible assets	669,711	6,370	147,155	823,236

31 December 2012:

Statement of financial position

	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Wholesale and retail sales of sports wearing equipments	Restaurant management	Consolidation adjustments	Total
Segment assets	202,794,182	12,901,774	33,641,933	75,727,032	20,811,548	26,657,358	372,533,827
Segment liabilities	(3,029,975)	(4,060,826)	(22,645,454)	(78,518,737)	(9,275,216)	(4,152,784)	(121,682,992)

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3. SEGMENT REPORTING (continued)

In accordance with geographical area:

31 March 2012

	<u>Turkey</u>	<u>England</u>	<u>Elimination (*)</u>	<u>Total</u>
Sales	33,058,467	739,931	(6,727,949)	27,070,449
Total assets	246,911,996	3,690,027	(12,408,639)	238,193,384
Acquisition of property and equipment and intangible assets (**)	823,236	-	-	823,236

(*)In the extent of consolidation, the elimination arising from the transaction and payables/receivables between the Group firms is expressed.

(**) Acquisition of property and equipment through leasing is included.

4. CASH AND CASH EQUIVALENTS

	<u>31 March 2013</u>	<u>31 December 2012</u>
Cash on hand	393,795	141,861
Cash at banks (Not 26)	32,996,534	35,588,840
<i>Demand deposit</i>	3,788,136	8,372,653
<i>Time deposits with maturities less than 3 months</i>	29,208,398	27,216,187
Type B liquid fund (Not 26)	3,491,891	4,381,139
Receivables from reverse repo	-	613,214
Other liquid assets	68,110	77,707
	<u>36,950,330</u>	<u>40,802,761</u>

Reconciliation between the elements comprises cash and cash equivalents in the statement of financial position and statement of cash flows:

	<u>31 March 2013</u>	<u>31 December 2012</u>
Cash and cash equivalents	36,950,330	40,802,761
Less: Accrued interest	(52,535)	(219,017)
Less: Blocked amount	-	(69,550)
	<u>36,897,795</u>	<u>40,514,194</u>

As at 31 March 2013, there is no blocked deposits (31 December 2012: 69,550 TL).

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4. CASH AND CASH EQUIVALENTS (continued)

As at 31 March 2013 and 31 December 2012 interest and maturity details of the bank deposits are as follows:

	31 March 2013		
	Interest Rate %	Maturity	Amount TL
TL Time Deposit	3.5-7.75	1 April 2013	22,267,376
TL Time Deposit	7.00	2 April 2013	6,941,022
			<u>29,208,398</u>

	31 December 2012		
	Interest Rate %	Maturity	Amount TL
TL Time Deposit	5.25-5.50	2 January 2013	5,046,399
TL Time Deposit	8.00-8.05	14 January 2013	12,076,455
TL Time Deposit	8.25	25 January 2013	10,018,333
TL Time Deposit	5.00	2 February 2013	75,000
			<u>27,216,187</u>

The details of Type B liquid funds classified as cash and cash equivalents are as follows.

	31 March 2013	
	Nominal (*)	Fair Value
Type B liquid fund	175,007,157	3,491,891
		<u>3,491,891</u>

	31 December 2012	
	Nominal (*)	Fair Value
Type B liquid fund	219,754,345	4,381,139
		<u>4,381,139</u>

(*) Investment fund is presented in units.

The currency, interest rate and sensitivity analyses are disclosed in Note 27.

As of 31 March 2013, there is no receivable from reverse repo (31 December 2012: %4.25 interest rate and 2 days maturity).

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5. INVESTMENT SECURITIES

	31 March 2013	31 December 2012
Financial assets designated at fair value through profit or loss	99,785,613	101,216,342
	<u>99,785,613</u>	<u>101,216,342</u>

	31 March 2013	
	Nominal(*)	Fair Value
Government bonds	43,300,000	50,044,764
Investment funds (Note 26)	897,700,564	15,200,965
Private sector bonds and notes (Note 26)	28,771,167	29,141,357
Shares quoted to stock exchange (Note 26)	5,190,891	5,398,527
		<u>99,785,613</u>

	31 December 2012	
	Nominal(*)	Fair Value
Government bonds	46,000,000	51,829,690
Investment funds (Note 26)	321,865,255	8,559,583
Private sector bonds and notes (Note 26)	34,931,167	34,857,543
Shares quoted to stock exchange (Note 26)	5,190,891	5,969,526
		<u>101,216,342</u>

(*)Investment funds and securities quoted in an active market are presented in units, government bonds and private sector bonds are presented in Turkish Liras and Eurobond is presented in foreign currency nominal value.

As at 31 March 2013, interest rates of private sector bonds and government bonds held for trading are between the rates 3.91% and 10.86 % per annum (31 December 2012: 4.48%-10.19%).

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6. FINANCIAL LIABILITIES

<u>Financial Liabilities</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Short term bank loans	24,903,836	47,076,747
Short term finance lease liabilities	1,475,852	2,104,134
Short term factoring payables	1,332,269	1,648,440
Total short term financial liabilities	<u>27,711,957</u>	<u>50,829,321</u>
Long term bank loans	46,329,022	18,046,539
Long term finance lease liabilities	1,179,741	2,782,131
Total long term financial liabilities	<u>47,508,763</u>	<u>20,828,670</u>
Total	<u><u>75,220,720</u></u>	<u><u>71,657,991</u></u>

Bank and other borrowings:

<u>31 March 2013</u>			
<u>Currency</u>	<u>Interest rate %</u>	<u>Short term</u>	<u>Long term</u>
Secured TL	10.50	9,380,393	41,307,959
Unsecured TL	7.5-14.25	13,040,024	4,516,598
Secured US Dollar	-(*)	116,949	75,812
Unsecured US Dollar	4.70-7.20	2,356,377	428,653
Unsecured EUR	4.50	10,093	-
Leasing payables	8.05-14.50	1,475,852	1,179,741
Factoring payables	13.00-18.50	1,332,269	-
		<u>27,711,957</u>	<u>47,508,763</u>

<u>31 December 2012</u>			
<u>Currency</u>	<u>Interest rate %</u>	<u>Short term</u>	<u>Long term</u>
Secured TL	8.00-14.50	26,378,407	17,097,130
Unsecured TL	8.00-14.00	19,084,754	369,694
Secured US Dollar	-(*)	115,261	74,718
Unsecured US Dollar	4.90-7.20	1,477,838	504,996
Unsecured EUR	4.50	20,486	-
Leasing payables	8.05-26.20	2,104,134	2,782,132
Factoring payables	13.00-18.50	1,648,440	-
		<u>50,829,321</u>	<u>20,828,670</u>

(*)Group has an interest free borrowing taken from Technology Development Foundation of Turkey on project basis.

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6. FINANCIAL LIABILITIES (continued)

The repayment plans of bank borrowings and factoring payables are as follows:

	31 March 2013	31 December 2012
0-1 year	26,236,105	48,725,187
1-2 years	12,753,482	4,157,099
2-5 years	28,230,094	8,420,106
5-10 years	5,345,446	5,469,334
	<u>72,565,127</u>	<u>66,771,726</u>

Financial lease liabilities are payable as follows:

	31 March 2013	
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	1,462,533	1,475,852
1-2 years	1,593,654	1,052,719
2-5 years	130,882	127,022
Future financial expenses	(531,476)	-
Present value of lease liability	<u>2,655,593</u>	<u>2,655,593</u>
Debts payable within 12 months (presented in short term liabilities)		(1,475,852)
Debts payable after 12 months		<u>1,179,741</u>

	31 December 2012	
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	2,497,084	2,104,134
1-2 years	2,089,421	1,617,838
2-5 years	1,553,617	1,164,294
Future financial expenses	(1,253,856)	-
Present value of lease liability	<u>4,886,266</u>	<u>4,886,266</u>
Debts payable within 12 months (presented in short term liabilities)		(2,104,134)
Debts payable after 12 months		<u>2,782,132</u>

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6. FINANCIAL LIABILITIES (continued)

The Group has bought tool set and production machines through leasing for the sector of orthopaedics medical and surgical , also has bought plant for restaurant management.

As at contract date the interest rate related to financial lease transactions is fastened for the whole leasing period.

Average yearly effective interest rate for contracts in Euro is 11.22%, for contracts in US Dollar is 8.05%, for contracts in TL is 14.50%-26.2%.

The leasing debts from İş Finansal Kiralama A.Ş. is amounting to TL 1,777,172 and of which interest rate is between 8.05% and 14.5% (Note 26).

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

At the end of the reporting period, the details of trade receivables are as follows:

	31 March 2013	31 December 2012
Current trade receivables		
Trade receivables	38,312,976	47,698,850
Notes receivable	7,289,726	7,489,048
Due from related parties (Note 26)	14,160	7,080
Other receivables	8,280,625	-
Doubtful receivables	3,678,590	3,149,477
Provision for doubtful receivables (-)	(3,678,590)	(3,149,477)
	<u>53,897,487</u>	<u>55,194,978</u>

As at 31 March 2013, the amount of Group's receivables that are highly probable to collect and not due is amounting to TL 46,668,517 (31 December 2012: TL 46,360,597). Average collection maturity of the Group's receivables from IT, audio and communication systems operations is 388 days (31 December 2012: 253 days), Average collection maturity of the Group's receivables from orthopaedics ,medical equipments is 279 days (31 December 2012: 150 days), restaurant management is 75 (31 December 2012: 75 days) and wholesale and retail sales of sports wearing equipments is 113 days (31 December 2012: 84 days).

At the end of the reporting period, TL 7,228,970 of the Group's trade receivables is overdue but not impaired (31 December 2012: TL 8,834,381). Trade receivables consist of various customers, from which the Group has not faced any collection risk recently.

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7. TRADE RECEIVABLES AND PAYABLES (continued)

a) Trade Receivables (continued)

Aging of trade receivables, which are overdue but not impaired, is as follows:

	31 March 2013	31 December 2012
Up to 1 month	727,302	2,728,764
Up to 3 months	2,177,713	1,277,156
Between 3-12 months	1,830,769	3,764,223
More than 12 months	2,493,186	1,064,238
	<u>7,228,970</u>	<u>8,834,381</u>

As at 31 March 2013, the Group has allowance for possible losses on trade receivables amounting to TL 3,678,590 (31 December 2012: TL 3,149,477). The movement of Group's allowance for doubtful receivables is as follows:

	1 January-31 March 2013	1 January-31 March 2012
<u>Movements of provision for doubtful receivables</u>		
Opening balance	(3,149,477)	(1,394,980)
Business mergers (Note 11)	-	(897,169)
Charge for the period	(665,729)	-
Collected amounts	136,616	-
Closing balance	<u>(3,678,590)</u>	<u>(2,292,149)</u>

b) Trade Payables:

As at the end of the reporting period, the details of trade payables are as follows:

	31 March 2013	31 December 2012
<u>Short Term Trade Payables</u>		
Trade payables	24,228,309	18,676,655
Notes payables	12,403,771	10,819,809
Cheques given and payment orders	1,999,995	2,085,039
Due to related parties (Note 26)	23,582	123,955
	<u>38,655,657</u>	<u>31,705,458</u>
<u>Long Term Trade Payables</u>		
Notes payable	1,790,774	1,798,522
Due to related parties (Note 26)	1,000,010	1,000,009
	<u>2,790,784</u>	<u>2,798,531</u>

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8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

	31 March 2013	31 December 2012
<u>Other Short Term Receivables</u>		
Dividend receivables	1,038,178	-
Deposits and guarantees given	578,032	411,758
Other receivables	442,077	278,152
	<u>2,058,287</u>	<u>689,910</u>
	31 March 2013	31 December 2012
<u>Other Long Term Receivables</u>		
Deposits and guarantees given	42,364	83,205
	<u>42,364</u>	<u>83,205</u>

b) Other Payables:

	31 March 2013	31 December 2012
<u>Other Short Term Payables</u>		
Taxes and funds payable	1,462,928	1,234,041
Social security contributions payables	1,025,323	559,218
Other miscellaneous payables	119,616	136,618
	<u>2,607,867</u>	<u>1,929,877</u>
	31 March 2013	31 December 2012
<u>Other Long Term Payables</u>		
Other payables	300,000	16,299
	<u>300,000</u>	<u>16,299</u>

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9. INVENTORIES

	31 March 2013	31 December 2012
Trading goods	42,386,208	35,768,170
Semi-finished goods	5,769,628	4,872,070
Finished goods	1,770,183	1,600,574
Raw materials and supplies	776,585	874,433
Other	160,076	143,076
Provision for impairment of inventories	(1,411,248)	(2,015,991)
	<u>49,451,432</u>	<u>41,242,332</u>
	1 January-31 March 2013	1 January-31 March 2012
Movements of allowance for impairment of inventories		
Opening balance	(2,015,991)	(123,831)
Receivables written - off	604,743	-
Charge for the period	-	(421,853)
Closing balance	<u>(1,411,248)</u>	<u>(545,684)</u>

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

As at 31 March 2013, the details of the Group's associates are as follows:

Associates	Shareholding interest (%)		Voting Power	Main Business Area
	31 March 2013	31 December 2012		
Türkmed	25.78	25.78	(*)	Service
Aras Kargo	20.00	20.00	(*)	Service

(*)Voting power is disclosed in Section 2 in Note 2.1.

Summary financial information of the Group's associates is as follows:

	31 March 2013	31 December 2012
Total assets	271,630,235	273,894,810
Total liabilities	(244,946,350)	(253,011,082)
Net assets	<u>26,683,885</u>	<u>20,883,728</u>
Group's share in associates' net assets	5,525,767	4,363,651
Goodwill in equity accounted investees	19,201,938	19,201,938
Investments in equity accounted investees	<u>24,727,705</u>	<u>23,565,589</u>

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10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)

	1 January- 31 March 2013	1 January- 31 March 2012
Revenue	167,700,834	239,011,445
Profit for the period	7,105,809	(9,196,174)
Group’s share of profit /(loss) of associates	1,162,115	(2,494,343)
Associates	Goodwill	
	31 March 2013	31 December 2012
Türkmed	-	1,616,818
Türkmed impairment loss	-	(1,616,818)
Aras Kargo	19,201,938	19,201,938
	19,201,938	19,201,938

Group has calculated recoverable amount by using discounted cash flow method and computed average value received with multiplier obtained by division of the value of companies that have similar business activities to net sales or to net profit before tax interest and amortization. The Group annually assesses to determine whether goodwill is impaired or not at the year ends.

11. GOODWILL

As of 31 March, goodwill details are as follow:

Associates	Goodwill	
	31 March 2013	31 December 2012
Ortopro	9,206,499	9,206,499
Toksöz	22,354,606	22,354,606
Num Num	26,871,534	26,871,534
	58,432,639	58,432,639

Ortopro

As of 5 March 2012 Erol Frik has become shareholder with holding %20 of the shares through transferring USD 4,5 million to Ortopro through capital increase by limiting existing shareholders’ stock warrant. Simultaneous with capital increase, İş Girişim has purchased bonus share at the rate of %6.5 from Tolga Yalçınkaya, shareholder of Ortopro, and İş Girişim’s owned shares in Ortopro have been maintained at the rate of %32.5. İş Girişim’s claim of appointment for Board of Director increased from 1 to 2 and İş Girişim has started to control more than half of the shares owned by Group B through capital increase. Therefore as of 31 December 2012, Ortopro has been included in financial statement with using full consolidation method and non-controlling interests are disclosed in the financial statements where as in the previous periods it was accounted as equity accounted investee. Transaction of obtaining control is recognised in accordance with IFRS 3 “Business combinations”.

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11. GOODWILL (continued)

According to ‘IFRS 3: Business combinations’, the Company obtained a valuation report for the purpose of measuring the fair value of Ortopro's identifiable assets and liabilities and determining fair value of the equity interest from an independent valuation company as of controlling obtained. The valuation report has prepared through considering audited financial statements as of 31 December 2011 since the effects of the operations are insignificant between the date of transaction of obtaining control of Ortopro is recognized and 31 December 2011.

Hence, as of obtaining control date by the Group, fair value of the previously obtained equity interest is calculated. The difference between fair value and carrying value of the shares of the participation amounting to TL 6,516,626 is recognised as revenue arising from business combinations in “Other Operating Income” in the statement of comprehensive income and the difference between fair value of the net assets of Ortopro and fair value of the equity interest amounting to TL 9,206,499 is recognized as goodwill. Distribution network and licenses arising from acquisition are recognized at fair value determined by independent valuation experts.

As of obtaining control date, fair value of the identifiable assets and liabilities are presented as follows:

	31 December 2011	
	Carrying Value	Fair Value
Ortopro		
Cash and cash equivalents	1,675,829	1,675,829
Trade and other receivables	27,051,998	27,051,998
Inventories	12,420,333	12,420,333
Other assets	2,430,662	2,430,662
Deferred tax asset	1,290,717	716,117
Property and equipment	5,978,910	5,978,910
Intangible assets	232,425	3,105,425
Financial liabilities	(21,193,465)	(21,193,465)
Trade payables	(26,921,832)	(26,921,832)
Other liabilities	(1,725,538)	(1,725,538)
Total net assets	1,240,039	3,538,439
Fair value of equity interest		10,356,492
Non-controlling interests		2,388,446
Total of net identifiable assets		(3,538,439)
Goodwill		9,206,499
Fair value of equity interest		10,356,492
As of 31 December 2011 carrying value of Ortopro		(3,839,866)
Income from business combinations		6,516,626

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11. GOODWILL (continued)

Toksöz

The group owned the shares of Toksöz composed of 8.775.585 units, with a nominal amount of TL 8,775,585 which corresponds to 58.5% of the Toksöz’s capital, with payment TL 23,900,000 at 13 November 2012.

Within conductions of IFRS 3 “Business combinations”, group received valuation for the determination of the real value of Toksöz’s assets and liabilities from an independent firm as of the date of mergers. Between date of the taking control power and 31 October 2012, due to immateriality of operations, the revaluation was based on the 31 October 2012 audited financial statements.

As of acquisition date of Toksöz, the difference of net assets fair value and acquisition amount booked as goodwill.

As of the acquisition date of Toksöz, the fair values of assets and liabilities are given below:

	13 November 2012	
	Carrying Value	Fair Value
<u>Toksöz</u>		
Cash and cash equivalents	954,397	954,397
Trade and other receivables	46,169,396	46,169,396
Inventories	31,404,368	31,404,368
Other assets	2,252,124	2,252,124
Deferred tax asset	812,739	812,739
Property and equipment	3,728,629	3,728,629
Intangible assets	91,889	12,361,889
Financial liabilities	(49,127,475)	(49,127,475)
Trade payables	(27,413,600)	(27,413,600)
Other liabilities	(16,046,768)	(16,046,768)
Deferred tax asset	-	(2,454,000)
<u>Total net assets</u>	<u>(7,174,301)</u>	<u>2,641,699</u>

(*) TL 12,270,000 includes amounts that real value transactions trade mark exclusivity agreement and leasing agreement.

Cash payment amount	23,900,000
Total of net identifiable assets	(2,641,699)
Non-controlling interests	1,096,305
Goodwill	22,354,606

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11. GOODWILL (continued)

Num Num

The Group has purchased 59.459 shares with a nominal value of TL 59,459 from Mehmet Gürs representing 19.244 % of Num Num's pre- investment share capital amount of TL 308,975 by making a total payment of TL 4,000,000, of which TL 3,000,000 is paid in cash and TL 1,000,000 in installments. 246.881 shares of Num Num having the total nominal value of TL 246,881 has been acquired as a result of the General Assembly decision dated 5 December 2012 with regard to injection of the net fund amount of TL 973,926 to the share capital and accordingly distribution of 973,926 issued shares to Company shareholders without consideration in accordance with related laws and regulations. At same date, by restricting Num Num's current shareholders pre-emptive rights for purchasing new shares; 1,666,481 shares with the total nominal value of TL 1,666,481 and representing 61.66% of the post-investment share capital of TL 2,702,500 has been acquired in return of TL 23,000,000 thereof TL 1,419,599 and TL 21,580,401 were transferred to the share capital and share certificate issuance premium account, respectively.

Within condictions of IFRS 3 "Business Combinations", group received a valuation service for the determination of the real value of Num Num's assets and liabilities from an independent firm as of the date of mergers. Between date of the taking control power and 31 December 2012, due to immateriality of operations, the revaluation was based on the 31 December 2012 audited financial statements.

As of acquisition date of Num Num, the difference of net assets fair value and acquisition amount booked as goodwill.

	5 December 2012	
Num Num	Carrying Value	Fair Value
Trade and other receivables	141,056	141,056
Inventories	536,728	536,728
Other assets	803,081	803,081
Deferred tax asset	296,595	296,595
Property and equipment	1,865,294	1,865,294
Intangible assets	71,805	14,661,805
Financial liabilities	(8,884,941)	(8,884,941)
Trade payables	(3,580,524)	(3,580,524)
Other liabilities	(2,712,762)	(2,712,762)
Deferred tax asset	-	(2,918,000)
Total net assets	(11,463,668)	208,332

(*) TL 14,590,000 TL includes amounts that real value transactions trade mark exclusivity agreement and leasing agreement.

Consideration paid in cash	26,000,000
Due to shareholders (Note 26)	1,000,000
Total net identifiable assets	(208,332)
Non-controlling interests	79,866
Goodwill	26,871,534

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12. PROPERTY AND EQUIPMENT

	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Leasehold Improvement</u>	<u>Other</u>	<u>Total</u>
<u>Cost</u>						
Opening balances at 1 January 2013	753,450	512,796	15,299,952	7,906,212	208,641	24,681,051
Additions	29,440	10,647	781,442	676,098	-	1,497,627
Disposal/Sales	-	-	(334,344)	-	-	(334,344)
Closing balances at 31 March 2013	<u>782,890</u>	<u>523,443</u>	<u>15,747,050</u>	<u>8,582,310</u>	<u>208,641</u>	<u>25,844,334</u>
<u>Accumulated Depreciation</u>						
Opening balances at 1 January 2013	(524,587)	(210,036)	(8,466,616)	(4,052,485)	(208,502)	(13,462,226)
Charge for the period	(25,308)	(20,553)	(343,031)	(304,829)	-	(693,721)
Disposal/Sales	-	-	168,060	6,635	-	174,695
Closing balances at 31 March 2013	<u>(549,895)</u>	<u>(230,589)</u>	<u>(8,641,587)</u>	<u>(4,350,679)</u>	<u>(208,502)</u>	<u>(13,981,252)</u>
Net carrying value at 31 March 2013	<u>232,995</u>	<u>292,854</u>	<u>7,105,463</u>	<u>4,231,631</u>	<u>139</u>	<u>11,863,082</u>
Net carrying value at 1 January 2013	<u>228,863</u>	<u>302,760</u>	<u>6,833,336</u>	<u>3,853,727</u>	<u>139</u>	<u>11,218,825</u>

Total current period depreciation expenses amounting to TL 280,931 (31 March 2012: TL 71,699) is included in cost of sales (31 March 2012: TL 100,646), TL 92,786 is included in marketing, sales and distribution expenses (31 March 2012: TL 268,712), TL 320,004 is included administrative expenses (31 March 2012: TL 71,799).

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12. PROPERTY AND EQUIPMENT (continued)

Cost	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvement	Other	Construction in Progress	Total
Opening balances at 1 January 2012	421,293	-	527,554	446,560	-	-	1,395,407
Business combinations	208,900	352,381	9,639,114	642,743	281,898	202,994	11,328,030
Additions	6,370	-	212,621	604,245	-	-	823,236
Disposal/sales	-	(203,273)	(112,409)	-	-	(187,696)	(503,378)
Closing balances at 31 March 2012	636,562	149,108	10,266,880	1,693,548	281,898	15,298	13,043,295
Accumulated Depreciation							
Opening balances at 1 January 2012	(321,412)	-	(447,084)	(441,998)	-	-	(1,210,494)
Business combinations	(84,743)	(98,501)	(4,465,321)	(418,851)	(281,703)	-	(5,349,120)
Charge for the period	(15,505)	(12,504)	(372,437)	(40,611)	-	-	(441,057)
Disposal/sales	-	63,415	98,127	-	-	-	161,542
Closing balances at 31 March 2012	(421,660)	(47,590)	(5,186,715)	(901,460)	(281,703)	-	(6,839,128)
Net carrying value at 31 March 2012	214,902	101,518	5,080,165	792,088	195	15,298	6,204,167
Net carrying value at 1 January 2012	99,881	-	80,470	4,562	-	-	184,913

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13. INTANGIBLE ASSETS

Cost	Capitalized development expenses	Distribution network and licences	Rights	Softwares	Other	Total
Opening balances at 1 January 2013	2,503,665	29,733,000	45,320	488,768	161,495	32,932,248
Additions	-	-	-	23,037	-	23,037
Closing balances at 31 March 2013	2,503,665	29,733,000	45,320	511,805	161,495	32,955,285
Accumulated Amortization						
Opening balances at 1 January 2013	(2,503,665)	(574,600)	(29,338)	(263,034)	(151,648)	(3,522,285)
Charge for the period	-	(1,723,464)	(1,940)	(21,729)	(2,655)	(1,749,788)
Closing balances at 31 March 2013	(2,503,665)	(2,298,064)	(31,278)	(284,763)	(154,303)	(5,272,073)
Net carrying value at 31 March 2013	-	27,434,936	14,042	227,042	7,192	27,683,212
Net carrying value at 1 January 2013	-	29,158,400	15,982	225,734	9,847	29,409,963

Total current period depreciation expenses amounting to TL 7,173 is included in cost of sales (31 March 2012: None), TL 3,445 is included in marketing and sales expenses (31 March 2012: None) and TL 1, 739,170 is included in administration expenses (31 March 2012: TL 25,355).

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13. INTANGIBLE ASSETS (continued)

<u>Cost</u>	<u>Capitalized development expenses</u>	<u>Other</u>	<u>Total</u>
Opening balances at 1 January 2012	2,503,665	161,494	2,665,159
Business combinations	-	463,271	463,271
Additions	-	-	-
Closing balances at 31 March 2012	<u>2,503,665</u>	<u>624,765</u>	<u>3,128,430</u>
<u>Accumulated Amortization</u>			
Opening balances at 1 January 2012	(2,478,197)	(144,809)	(2,623,006)
Business combinations	-	(230,846)	(230,846)
Charge for the period	<u>(25,468)</u>	<u>(25,355)</u>	<u>(50,823)</u>
Closing balances at 31 March 2012	<u>(2,503,665)</u>	<u>(401,010)</u>	<u>(2,904,675)</u>
Net carrying value at 31 March 2012	<u>-</u>	<u>223,755</u>	<u>223,755</u>
Net carrying value at 1 January 2012	<u>25,468</u>	<u>16,685</u>	<u>42,153</u>

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Collateral / Pledge / Mortgage ("CPM")

As of 31 March 2013 and 31 December 2012 the Group's collateral, pledge and mortgage (CPM) position is disclosed in the following chart:

	31 March 2013				31 December 2012			
	Original Amount				Original Amount			
	Total TL Equivalent	TL Amount	USD Amount	EUR Amount	Total TL Equivalent	TL Amount	USD Amount	EUR Amount
A. CPM given for companies own legal personality	5,470,551	4,081,511	500,494	207,724	3,841,679	2,587,336	500,494	154,000
B. CPM given in behalf of fully consolidated companies	-	-	-	-	306,440	306,440	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	24,083,011	24,083,011	-	-	17,145,000	17,145,000	-	-
D. Total amount of other CPM's	-	-	-	-	-	-	-	-
i. Total amount of CPM's given on behalf of majority shareholder	-	-	-	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-	-
Total	29,553,562	28,164,522	500,494	207,724	21,293,119	20,038,776	500,494	154,000

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15. EMPLOYEE BENEFITS

	31 March 2013	<i>Restated(*)</i> 31 December 2012
Short term		
Vacation pay liability	1,011,436	954,913
Provision for employee bonuses	411,916	1,008,476
Employee salaries payable	1,251,418	769,016
	2,674,770	2,732,405
Long term		
Reserve for employee severance payments	2,262,416	2,285,059
Provision for employee bonuses	290,525	290,525
	2,552,941	2,575,584

Under Turkish Labour Law, the Company is required to pay employment termination benefits to each employee whose employment is terminated by gaining the right to receive the termination benefits. In addition, based on the amended 60th article of the current Social Insurance Law’s numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, the Group is obliged to pay termination benefits to the employees who are quitted by gaining right to receive their termination benefits. Some provisions for the pre-retirement service conditions are abolished from the law with amendment on 23 May 2002.

The reserve for severance pay liability as at 31 March 2013 is based on the monthly ceiling amounting to TL 3,129.25 (31 December 2012: TL 3,033.98).

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the actuarial assumptions explained in the following paragraph were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel to the change in inflation. Consequently, in the accompanying consolidated financial statements as at 31 March 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the end of the reporting period is calculated assuming an annual inflation rate of 5 % and a discount rate of 7.3 %, resulting in a net discount rate of approximately 2.6 % (31 December 2012: calculated assuming an annual inflation rate was 4.39% and discount rate 7.38% resulting in a net discount rate of approximately 2.86%). The probability of voluntarily leaves is also considered in the calculations.

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15. EMPLOYEE BENEFITS (continued)The movement of reserve for employee severance payments:

	1 January- 31 March 2013	<i>Restated(*)</i> 1 January- 31 March 2012
Provision as at 1 January	2,285,059	87,413
Business combinations (Note 11)	-	187,614
Cost of services	65,022	12,924
Interest cost	59,271	2,795
Paid severance indemnity	(146,936)	(96,713)
Provision as at 31 March	2,262,416	194,033

The movement of provision for
employee bonuses:

	1 January- 31 March 2013	1 January- 31 March 2012
Provision as at 1 January	1,299,001	1,077,352
Charge for the period	2,728	155,670
Employee bonuses paid	(599,288)	(314,303)
Provision as at 31 March	702,441	918,719

The movement of vacation pay liability:

	1 January- 31 March 2013	1 January- 31 March 2012
Provision as at 1 January	954,913	354,269
Business combinations (Note 11)	-	118,876
Vacation pay liability paid	(29,202)	-
Charge for the period	85,725	71,518
Provision as at 31 March	1,011,436	544,663

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16. OTHER ASSETS AND LIABILITIES

	31 March 2013	31 December 2012
Other Current Assets		
Accrued income	4,149,179	3,992,903
VAT receivables	3,331,680	2,857,215
Advances given for inventories	2,857,125	1,093,577
Prepaid taxes and funds	898,097	865,050
Prepaid expenses	483,208	573,322
Job advances	197,493	382,381
Prepaid rent	333,925	255,415
Advances given to personnel	53,843	78,034
	<u>12,304,550</u>	<u>10,097,897</u>
Other Non-current Assets	31 March 2013	31 December 2012
Prepaid rent	353,242	123,859
Deposits and guarantees given	51,163	-
Long term prepaid expenses	5,712	134,923
Prepaid insurance expenses	6,563	-
Other	5,830	-
	<u>422,510</u>	<u>258,782</u>
Other Short Term Liabilities	31 March 2013	31 December 2012
Advances received	3,225,736	1,853,156
Revenue collected in advance	1,199,079	759,531
Accrued expenses	364,378	367,680
Other payables and liabilities	738,391	595,618
	<u>5,527,584</u>	<u>3,575,985</u>
Other Long Term Liabilities	31 March 2013	31 December 2012
Revenue collected in advance	112,528	122,038
	<u>112,528</u>	<u>122,038</u>

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17. CAPITAL AND RESERVES

a) Share Capital

As at 31 March 2013 and 31 December 2012 the Company's share capital structure is as follows:

Shareholders	Group	%	31 March 2013	%	31 December 2012
İş Yatırım Menkul Değerler A,Ş,	A	8.9	5,152,000	8.9	5,152,000
İş Yatırım Menkul Değerler A,Ş,	B	20.1	11,660,337	20.1	11,660,337
Türkiye Teknoloji Geliştirme Vakfı	B	11.1	6,440,000	11.1	6,440,000
Türkiye Sınai Kalkınma Bankası A,Ş,	B	16.7	9,660,000	16.7	9,660,000
Other	B	12	6,955,200	12	6,955,200
Publicly held	B	31.2	18,092,463	31.2	18,092,463
Nominal capital		100	57,960,000	100	57,960,000

As at 31 March 2013 the Company's share capital consists of 5.796.000.000 unit shares (31 December 2012: 5.796.000.000 shares). The par value of each share is TL 0.01 (31 December 2012: TL 0.01 per share).

The nominal share capital of the Company amounting to TL 57,960,000 comprised of Group A and Group B shares, amounting to TL 5,152,000 and TL 52,808,000, respectively. Group A shareholders have the privilege during the BOD election to nominate 6 members of the total 10 members. In addition, one of the members of the Board representing Group B, is elected among the candidates nominated by Türkiye Teknoloji Geliştirme Vakfı unless their share in issued capital is below TL 2,000,000.

During the capital increase, in exchange for Group A shares Group A, in exchange for Group B shares Group B shares is issued. During the capital increase through the restriction of pre-emption rights, only the Group B shares can be issued.

No preferred shares can be issued, except for the preferred shares giving the right to suggest candidate while electing the two thirds of the BOD members or giving dividend right. The fractional number is rounded when calculating the two thirds of the BOD members. After going to public, no preferences can be created including the preference to suggest candidate to the BOD membership and preference for taking dividend.

b) Inflation Adjustment to Share Capital

As at 31 March 2013, the Company has inflation adjustment to share capital amounting TL 21,606,400 arising from the inflation accounting application until 31 December 2004 (31 December 2012: TL 21,606,400).

c) Share Premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

d) Revaluation Surplus

The revaluation surplus comprises the cumulative net change in the fair value of non-current assets that are not recognized in profit or loss.

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17. CAPITAL AND RESERVES (continued)

e) Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged forecast transaction that have not yet occurred. As of 31 March 2013 Groups had no hedging reserves for cash flow(31 December 2012: None).

f) Other Reserves

Other reserves at the beginning of the period does not cause loss of control resulting from the sale of shares of subsidiaries Profit / loss for the year purchased / control power changes after the transaction date of the capital increase in subsidiaries (the parent and non-controlling interests that are not in mutual) of the parent consist of. The effects of these transactions on the non-controlling interests in the accompanying consolidated financial statements, the net assets of subsidiaries, the rate of interest "Non-controlling Interests" are classified as.

	1 January- 31 March 2013	1 January- 31 December 2012
Balance of beginning	19,921,245	249,702
Capital increase of subsidiary	-	2,924,077
Increase in share premium of subsidiaries	-	16,747,466
Ending balance	19,921,245	19,921,245

g) Legal Reserves

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. First legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of historical based paid-in share capital (not adjusted for the effects of inflation). Second legal reserve is generated by 10% over the total of cash dividend distribution after the first legal reserves and dividend distributions. The Group has performed transfer to legal reserves amounting to TL 736,092 in 2013.

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17. CAPITAL AND RESERVES (continued)

h) Retained Earnings

As at 31 March 2013 the Group has retained earnings amounting to TL 104,785,098 (31 December 2012: TL 62,620,532).

Dividend distribution:

Publicly held companies distribute dividends based on the Capital Market Board (“CMB”) regulations explained below:

According to CMB’s decision on 27 January 2010 numbered 02/51, corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends derived from the profits of 2009. For corporations that will distribute dividends, in relation to the resolutions in their general assembly meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, corporations that increased capital before distributing the previous year’s dividends and as a result their shares are separated as “old” and “new” are obliged to distribute 1st party dividends in cash.

Distribution of profits is in accordance with the regulations of the Turkish Commercial Code and Capital Markets by group.

In accordance with resolution dated 3 May 2013, in General Assembly of the Group, total of TL 18,837,000 have been decided to be distributed as TL 10,143,000 in cash and through accruing dividend to capital amounting to TL 8,694,000 bonus share distribution has been performed. The distribution in cash has started on 8 May 2013, completed on 10 May 2013 (31 December 2012: TL 12,600,000 dividend in cash, TL 7,560,000 bonus share distribution).In accordance with resolution dated 16 January 2013 in General Assembly of the Group, TL 7,360,920 have been decided to be distributed from extraordinary reserves and distribution began on 21 January 2013 was completed on 23 January 2013.

i) Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to TL.

j) Non-controlling Interests

Shares of net assets of the subsidiary that are directly or indirectly not under control of the Equity holders of the Company is classified as “non-controlling interests” in the statement of financial position.

	1 January- 31 March 2013	1 January- 31 December 2012
Beginning balance	22,241,344	1,129,279
Business combinations (Note 11)	-	3,564,617
Capital increase of subsidiary	-	1,564,786
Increase in share premium of subsidiaries	-	14,754,082
Profit for the period attributable portion of non-controlling interests	(600,997)	1,199,439
Translation reserve	(7,318)	29,141
Ending balance	21,633,029	22,241,344

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18. SALES AND COST OF SALES

	1 January- 31 March 2013	1 January- 31 March 2012
a) Sales		
Domestic sales	36,736,645	24,214,919
Sale of investments in equity accounted investees (*)	-	18,813,900
Other	36,736,645	5,401,019
Foreign sales	3,674,930	2,746,647
Other	3,674,930	2,746,647
Other sales income	369,946	221,988
Sales returns (-)	(1,532,742)	(113,105)
Sales reductions (-)	(1,192,190)	-
	<u>38,056,589</u>	<u>27,070,449</u>

	1 January- 31 March 2013	1 January- 31 March 2012
b) Cost of sales		
Cost of investments in equity accounted investees (*)	-	(5,596,706)
Cost of goods sold	(17,612,463)	(2,034,554)
Cost of merchandise sold	(2,165,761)	(2,868,423)
Personnel expenses	(1,966,791)	(405,965)
Amortization and depreciation expenses	(288,104)	-
Travelling expenses	(70,956)	(87,450)
Communication expenses	(27,088)	(39,053)
Rent expenses	(923,435)	(21,561)
Energy expenses	(197,943)	-
Material expenses	(109,070)	-
Other expenses	(303,273)	(10,513)
	<u>(23,664,884)</u>	<u>(11,064,225)</u>

(*)The Group sold all shares owned in Ode amounting to TL 5,596,706 to Ode İzolasyon Sanayi Satış ve Pazarlama A.Ş. for TL 18,813,900 (USD 10,500,000).

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19. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

	1 January- 31 March 2013	Restated(*) 1 January- 31 March 2012
Research and development expenses	(882,915)	(729,573)
Marketing, sales and distribution expenses	(6,231,866)	(1,636,855)
Administrative expenses	(9,075,776)	(3,753,659)
	<u>(16,190,557)</u>	<u>(6,120,087)</u>

20. EXPENSES BY NATURE

	1 January- 31 March 2013	1 January- 31 March 2012
a) The details of research and development expenses		
Personnel expenses	(721,414)	(617,264)
Travelling expenses	(68,595)	(57,482)
Outsourcing expenses	-	(9,160)
Amortization expenses	-	(25,468)
Other expenses	(92,906)	(20,199)
	<u>(882,915)</u>	<u>(729,573)</u>
b) The details of marketing, sales and distribution expenses		
Personnel expenses	(2,719,738)	(694,071)
Commission expenses	(496,655)	-
Advertising and marketing expenses	(1,009,539)	(148,251)
Depreciation and amortization expenses	(96,231)	(268,712)
Travelling expenses	(335,596)	(100,654)
Royalty expenses	(181,994)	-
Transportation expense	(179,363)	-
Other expenses	(1,212,750)	(425,167)
	<u>(6,231,866)</u>	<u>(1,636,855)</u>

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20. EXPENSES BY NATURE (continued)

	1 January- 31 March 2013	Restated(*) 1 January- 31 March 2012
c) The details of administrative expenses		
Personnel expenses	(2,902,471)	(2,142,403)
Audit and consultancy expenses	(483,466)	(307,210)
Rent expenses	(1,288,071)	(197,613)
Outsourced benefits and services	(597,281)	(137,627)
Depreciation and amortization expenses	(2,059,174)	(97,054)
Increase in severance liability	(124,293)	(15,719)
Taxes	(169,485)	-
Travel expenses	(212,571)	(132,954)
Salaries of board of director	(151,800)	(138,000)
Other expenses	(1,087,164)	(585,079)
	<u>(9,075,776)</u>	<u>(3,753,659)</u>

21. OTHER OPERATING INCOME / EXPENSES

The details of other operating income and expenses for the period ended 31 March 2013 are as follows:

	1 January- 31 March 2013	1 January- 31 March 2012
Other Operating Income		
Gain on sale of assets	7,278	11,836
Provision reversals	673,721	-
Other	502,948	149,441
	<u>1,183,947</u>	<u>161,277</u>
Other Operating Expense		
Expenses on receivables written off	-	(254,300)
Doubtful receivable provision expenses	(665,729)	-
Other	(437,852)	(57,418)
	<u>(1,103,581)</u>	<u>(311,718)</u>

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22. FINANCE INCOME

	1 January- 31 March 2013	1 January- 31 March 2012
Interest income:	1,592,686	1,452,826
Bank deposit	618,716	798,688
Financial assets designated at fair value through profit and loss	966,913	643,420
Reverse repurchase agreements	7,057	10,718
Dividend income	1,038,178	1,025,168
Increase in financial assets	866,624	2,569,401
Foreign exchange gain	779,104	2,076,884
Trading income	149,016	1,034,436
Income accruals	94,805	241,839
Other	70,678	-
	<u>4,591,091</u>	<u>8,400,554</u>

23. FINANCE COSTS

	1 January- 31 March 2013	1 January- 31 March 2012
Interest expenses on bank loans	(2,524,096)	(981,587)
Decrease in marketable securities	(767,900)	(87,582)
Foreign exchange losses	(554,794)	(1,970,524)
Eliminated interest from the acquisitions	(61,891)	-
Rediscount interest expenses	(31,716)	(208,716)
Loss on marketable securities sale	-	-
Other	(169,825)	-
	<u>(4,110,222)</u>	<u>(3,248,409)</u>

For the period ended 31 March 2013 and 31 March 2012, the finance income/costs recognized in other comprehensive income are as follows:

	1 January- 31 March 2013	1 January- 31 March 2012
Change in translation reserve	(70,236)	2,727,999
Change in cash flow hedging reserve	-	(14,624)
Tax income/expense on other comprehensive income	-	27,422
Actuarial gains and losses	-	(141,056)
	<u>(70,236)</u>	<u>2,599,741</u>

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24. TAX ASSETS AND LIABILITIES

	1 January- 31 March 2013
<i>Current tax liability:</i>	
Current corporate tax provision	465,429
Less: Prepaid taxes	-
	<u>465,429</u>

İş Girişim Sermayesi Yatırım Ortaklığı AŞ is exempt from corporate taxes in accordance with 5th/d-3 article of Corporate Tax Law. In addition, income from venture capital activities is not subject to advance corporate tax.

With 3 sub paragraph of 15th article of Corporate Tax Law and with the decree of the Council of Ministers, the income arises from venture capital investment company will be subject to 0% withholding tax.

The Company's subsidiary, Nevotek, is an income and corporate taxpayer in Turkey. However, according to Law No. 5035 and temporary 2nd article of Law No. 4691 of the Technology Development Zones, income and corporate taxpayers who are operating in Technology Development Zone, and software R & D activities in this area exclusively derived from the earnings are exempt from income and corporation tax until 31 December 2023. In addition, Researchers workers, software engineers and R&D personnel costs related with their activities in this area are exempt from all taxes until 31 December 2023.

Since there is no estimated tax liability, for Nevotek, the subsidiary of the Company, due to the other operating activities except from current period R&D and software was not allocated in the accompanying financial statements.

Corporate tax rate that accrued on taxable corporate income is calculated on remaining base after the addition of expenditures in the determination of profit that cannot be deducted from the tax base, deducting domestic dividends received from resident companies and investment incentives not subject to tax and investment income.

In Turkey, advance corporate tax returns are calculated as quarterly and accrued. Tax losses, can be carried forward up to five years in order to be deducted from possible future taxable income. Tax losses cannot be deducted retrospectively from the profits of the previous' years.

In Turkey, there is no accurate and definite agreement procedure on tax assessment. Companies prepare their corporate tax return between 1-25 April subsequent to the closing of the related year. It is possible to examine the historical five years' records of the corporate tax return and can be changed by the tax office.

Ortopro as a subsidiary of the Group has income arising from Aegean Free Zone Branch located in Gaziemir / İzmir exempted from income and corporation tax in accordance with Free Zone Law No. 3218.

Withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% between the dates 24 April 2003 and 23 July 2006. This rate was changed with the decision of Council of Ministers to 15% effective from 23 July 2006. Undistributed dividends added into the share capital are not subject to income withholding taxes.

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24. TAX ASSETS AND LIABILITIES (continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for CMB purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with CMB and tax legislation. The tax rate applied in the calculation of deferred tax assets and liabilities is 20% (31 December 2012: 20%).

As the entities cannot declare consolidated corporate tax, deferred tax assets of subsidiaries cannot be offset with deferred tax liabilities of other subsidiaries and presented separately.

Deferred tax assets (TL 983,710) is not recognized in the accompanying consolidated financial statements, since Nevotek’s income from software and R&D operations is exempt from corporate tax until 31 December 2023 in accordance with Turkish Law numbered as 5035 and Research and Technological Development Law numbered as 4691’s 2nd article.

Deferred tax (assets)/liabilities:	31 March 2013	
	Assets	Liabilities
Differences in depreciation of tangible and intangible assets	573,529	(6,168,115)
Rediscount income	103,664	-
Bad debt allowance	424,961	-
Vacation pay liability	117,963	-
Interest accrual expenses	281	-
Severance pay liability	424,173	-
Allowance for impairment on inventories	558,207	-
Tax losses carried forward	204,995	-
Other expense provision	83,486	-
Rediscount expense	-	(15,265)
Rediscount for debit/credit	-	(90,213)
Correction on sponsorship expense	-	(20,142)
Financial losses	270,342	-
Other	163,241	(9)
Total deferred tax asset / (liability)	2,924,842	(6,293,744)
Net-off	(2,810,511)	2,810,511
Net deferred tax asset / (liability)	114,331	(3,483,233)

As at 31 March 2013, movement of deferred tax (asset) / liabilities is as follows:

	1 January- 31 March 2013
<u>Deferred tax (asset) / liability movement:</u>	
Opening balance at 1 January	3,832,180
Deferred tax (income) / expense	(463,279)
Discontinued operations (Note 29)	-
Closing balance at 31 March	<u>3,368,901</u>

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24. TAX ASSETS AND LIABILITIES (continued)

Deferred Tax (continued)

Reconciliation between tax income and profit for the period is as follows:

	1 January- 31 March 2013	1 January- 31 December 2012
<u>Reconciliation of tax provision:</u>		
Profit from continuing operations	(75,502)	46,998,758
Profit from discontinued operations	-	3,941,129
Pre-tax profit from operations	<u>(75,502)</u>	<u>50,939,887</u>
Income tax rate 20%	15,100	(10,187,977)
Tax effect:		
- non-taxable income	399,177	10,062,517
- non-taxable free zone income	(170,338)	263,633
- non-tax-deductible expenses	(55,182)	(222,322)
- Write-offs of deferred tax assets	-	1,019,978
- non-taxable discontinued operations effect of sale profit	(157,604)	(768,356)
- other	<u>(33,303)</u>	<u>177,903</u>
Total tax income / (expense)	<u><u>(2,150)</u></u>	<u><u>345,376</u></u>

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25. EARNINGS PER SHARE

	1 January- 31 March 2013	1 January- 31 March 2012
Earnings per share		
Weighted average number of shares available during the period (full amount) (*)	57,960,000	57,960,000
Total	57,960,000	57,960,000
Net profit/(loss) owned by shareholders of the parent	523,345	12,873,354
Basic and diluted earnings per share (TL 1 nominal value)	0.009029	0.222107

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26. RELATED PARTIES

The Company's ultimate shareholder is Türkiye İş Bankası A.Ş..

Since the transactions made between the Company and its subsidiary is eliminated during consolidation, they are not disclosed in this note..

Trade receivables from related parties generally stem from sales transactions and their maturities are approximately 2 months. Receivables are unsecured by their nature and free of interest.

Trade payables to related parties generally stem from purchase operations and their approximate maturities are 2 months. Payables are free of interest.

Key management compensation:

Benefits provided to key management during the period is as follows:

	1 January - 31 March 2013	1 January - 31 March 2012
Wages and other benefits	2,027,348	1,347,457
	<u>2,027,348</u>	<u>1,347,457</u>

Key management compensation includes wage, bonus, insurance and some benefits

The details of the transactions between the Group and other related parties are as follows:

Investment fund	31 March 2013	31 December 2012
İş Yatırım Menkul Değerler A.Ş. İstanbul Hedge Fund Portfolio	5,016,646	-
İş Yatırım Menkul Değerler AŞ A Type Fund	4,032,164	3,897,495
İş Yatırım Menkul Değerler AŞ Logos Dinamik Free Fund	3,096,395	1,514,192
İş Yatırım Menkul Değerler AŞ Ashmore B Type Variable Multistrategy Fund	-	1,141,453
İş Yatırım Menkul Değerler AŞ Ark Free Fund	822,360	774,660
İş Yatırım Menkul Değerler AŞ B Type Variable Fund	-	673,720
İş Yatırım Menkul Değerler AŞ Leveraged Equity Free Fund	2,009,920	341,949
İş Yatırım Menkul Değerler AŞ Ashmore A Type Fund	223,480	216,114
	<u>15,200,965</u>	<u>8,559,583</u>

Private Sector Bonds	31 March 2013	31 December 2012
T. İş Bankası A.Ş.	4,676,486	8,118,989
İş Yatırım Menkul Değerler A.Ş.	-	4,403,313
İş Finansal Kiralama A.Ş.	1,000,000	1,000,000
	<u>5,676,486</u>	<u>13,522,302</u>

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26. RELATED PARTIES (continued)

Shares quoted to stock exchange	31 March 2013	31 December 2012
İş Yatırım Ortaklığı A.Ş.	5,398,527	5,969,525
Cash and cash equivalents	31 March 2013	31 December 2012
Türkiye İş Bankası A.Ş. time deposit	18,980,730	27,126,265
Türkiye İş Bankası A.Ş. demand deposit	1,945,269	7,258,215
İş Yatırım Menkul Değerler A.Ş. B type short-term treasury-bond fund	3,395,999	4,217,940
Türkiye İş Bankası AŞ liquid fund	95,892	163,199
	24,417,890	38,765,619

Bank borrowings and factoring payables to related parties	Original currency	Interest rate %	31 March 2013	
			Short term	Long term
Türkiye İş Bankası A.Ş.	TL, USD	4.75-10.50	11,275,226	45,824,557
İş Finansal Kiralama A.Ş.	TL, Euro			
Türkiye Teknoloji Geliştirme Vakfi	USD	8.05-14.50	622,830	1,154,342
			116,949	75,812
			12,015,005	47,054,711

Bank borrowings and factoring payables to related parties	Original currency	Interest rate %	31 December 2012	
			Short term	Long term
Türkiye İş Bankası A.Ş.	TL	0-13.50	6,202,334	369,694
İş Finansal Kiralama A.Ş.	TL, Euro			
Türkiye Teknoloji Geliştirme Vakfi	USD	8.05-14.50	637,465	1,299,062
			115,261	74,718
			6,955,060	1,743,474

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26. RELATED PARTIES (continued)

Balances with related parties	31 March 2013			
	Receivables		Payables	
	Short term		Short term	
	Trade	Other	Trade	Other
Türkmed	14,160	-	-	-
ATT Technology Management BV	-	-	(13,547)	-
Meg Elektronik Bilgi ve İletişim Sis. A.Ş.	-	-	(5,804)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(2,296)	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	(1,935)	-
	<u>14,160</u>	<u>-</u>	<u>(23,582)</u>	<u>-</u>

Balances with related parties	31 December 2012			
	Receivables		Payables	
	Short term		Short term	
	Trade	Other	Trade	Other
Türkmed	7,080	-	-	-
ATT Technology Management BV	-	-	(120,044)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(1,689)	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	(2,222)	-
	<u>7,080</u>	<u>-</u>	<u>(123,955)</u>	<u>-</u>

Balances with related parties	31 March 2013			
	Receivables		Payables	
	Long term		Long term	
	Trade	Other	Trade	Other
Mehmet Gürs (*)	-	-	(1,000,000)	-
Other	-	-	(10)	-
	<u>-</u>	<u>-</u>	<u>(1,000,010)</u>	<u>-</u>

Balances with related parties	31 December 2012			
	Receivables		Payables	
	Long term		Long term	
	Trade	Other	Trade	Other
Mehmet Gürs (*)	-	-	(1,000,000)	-
Other	-	-	(9)	-
	<u>-</u>	<u>-</u>	<u>(1,000,009)</u>	<u>-</u>

(*)The Group has purchased 59.459 shares with a nominal value of TL 59,459 from Mehmet Gürs representing 19.244 % of Num Num's pre- investment share capital amount of TL 308,975 by making a total payment of TL 4,000,000, of which TL 3,000,000 is paid in cash and TL 1,000,000 in installments.

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26. RELATED PARTIES (continued)

1 January – 31 March 2013

Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Türkmed	-	-	-	-	-	-	6,000	-
Aras Kargo	-	-	(253)	-	-	-	53,586	-
T. İş Bankası A.Ş.	343,358	(117,895)	(525)	-	(53,769)	-	-	-
İş Finansal Kiralama AŞ	-	(218,931)	-	-	-	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	-	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(87,108)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(97,904)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(28,687)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(5,478)	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	(44,981)
Meg Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	(7,794)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(1,694)	-	-	-	-	-
	<u>343,358</u>	<u>(336,826)</u>	<u>(2,472)</u>	<u>(5,478)</u>	<u>(151,673)</u>	<u>(87,108)</u>	<u>59,586</u>	<u>(81,462)</u>

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1 January – 31 March 2012

Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Türkmed							6,000	
Aras Kargo			(313)				56,940	
T. İş Bankası A.Ş.	675,851	(160,742)			(615)			
İş Faktoring Finansman Hizmetleri A.Ş.		(11,865)						
İş Finansal Kiralama AŞ								
İş Gayrimenkul Yatırım Ortaklığı A.Ş.						(94,724)		
İş Yatırım Menkul Değerler A.Ş.					(72,624)			
İş Merkezleri Yönetim ve İşletim A.Ş.								(35,030)
Anadolu Anonim Türk Sigorta Şirketi				(10,913)				
ATT Technology Management BV								(99,988)
Meg Elektronik Bilgi ve İletişim Sistemleri								(2,104)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.			(1,694)					
	675,851	(172,607)	(2,007)	(10,913)	(73,239)	(94,724)	62,940	(137,122)

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27. FINANCIAL RISK MANAGEMENT

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

Group’s fund structure comprises of the liabilities with the loans disclosed in Note 6, cash and cash equivalents, issued capital, reserves and retained earnings.

Group aims to balance its overall capital structure through the payment of dividends and new share issues as well as the by using of new borrowings or by redemption of existing borrowing.

Financial Risk Factors

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group’s risk management program generally focuses on minimizing the effects of uncertainty in financial market on financial performance of the Group.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group continuously monitors its credit risk exposure and its customers’ credibility. Credit risk is controlled through the customer limits, which the Risk Management Board annually evaluates and approves.

Trade receivables comprise many customers that operate in various industries and locations. Credit risk evaluation is continuously performed for the trade receivables from customers and is insured if it is needed.

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27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

	Receivables				Cash and Cash Equivalents (**)	Investment Securities (***)
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
31 March 2013						
Maximum net credit risk at the end of the reporting period (*)	14,160	53,883,327	-	2,100,647	36,556,535	94,387,086
- The portion of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-
A. Net carrying value of financial assets that are neither past due nor impaired	14,160	46,654,357	-	2,100,647	36,556,535	94,387,086
B. Net carrying value of financial assets that are negotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired	-	7,228,970	-	-	-	-
- under guarantee with collateral, etc.	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	3,678,590	-	-	-	-
- Impairment (-)	-	(3,678,590)	-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc.	-	-	-	-	-	-
E. Off-statement of financial position items with credit risk	-	-	-	-	-	-

(*)Elements increasing credit enhancement like collateral is not considered while determining the amount.

(**) Cash on hand is excluded.

(***) Shares quoted to stock exchange are excluded .

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27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

	Receivables				Cash and Cash Equivalents (**)	Investment Securities (***)
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
31 December 2012						
Maximum net credit risk at the end of the reporting period (*)	7,080	55,187,898	-	773,117	40,660,899	95,246,817
- The portion of maximum risk under guarantee with collateral, etc.	-	415,000	-	-	-	-
A. Net carrying value of financial assets that are neither past due nor impaired	7,080	46,353,517	-	773,117	40,660,899	95,246,817
B. Net carrying value of financial assets that are negotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired	-	8,834,381	-	-	-	-
- under guarantee with collateral, etc.	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	3,149,477	-	-	-	-
- Impairment (-)	-	(3,149,477)	-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc	-	-	-	-	-	-
E. Off-statement of financial position items with credit risk	-	-	-	-	-	-

(*)Elements increasing credit enhancement like collateral is not considered while determining the amount.

(**) Cash on hand is excluded.

(***) Shares quoted to stock exchange are excluded.

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27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Aging of overdue but not yet impaired receivables as follows:

31 March 2013	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Total</u>
Past due 1-30 days	727,302	-	727,302
Past due 1-3 months	2,177,713	-	2,177,713
Past due 3-12 months	1,830,769	-	1,830,769
Past due 1-5 years	2,493,186	-	2,493,186
Past due more than 5 years	-	-	-
Total past due receivables	<u>7,228,970</u>	<u>-</u>	<u>7,228,970</u>

The portion under guarantee with collateral

	-	-	-
--	---	---	---

31 December 2012	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Total</u>
Past due 1-30 days	2,728,764	-	2,728,764
Past due 1-3 months	1,277,156	-	1,277,156
Past due 3-12 months	3,764,223	-	3,764,223
Past due 1-5 years	1,064,238	-	1,064,238
Past due more than 5 years	-	-	-
Total past due receivables	<u>8,834,381</u>	<u>-</u>	<u>8,834,381</u>

The portion under guarantee with collateral

	-	-	-
--	---	---	---

At the end of the reporting period, there isn't any collateral taken against the overdue trade receivables either impaired or not impaired.

Liquidity risk management

Liquidity risk management responsibility mainly belongs to the top management. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. In part “IT, audio and communication Systems” and “Orthopaedics, surgery, medical appliances”, in order to minimize the risk of liquidity the details of unused loans, in case of need, as at the end of the reporting period are disclosed in Note 6. “Private Equity” operating segment is financed through equity. Investments in equity companies are financed through security portfolio or funds in time deposit. Securities in portfolio have secondary market and have high liquidity and maturity is arranged according to liquidity requirements.

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27. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk management (continued)

The table below shows the maturity profile of Group's non-derivative financial liabilities. The non derivative financial instruments is presented on an undiscounted cash flow basis and according to the earliest date of the payments required to be done. The table includes both cash flows of interest and principal.

31 March 2013

Contractual Maturities	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial Liabilities	75,220,720	77,897,392	8,346,545	19,634,289	44,571,111	5,345,446
Trade payables	41,446,441	41,154,531	25,331,535	12,707,535	3,115,461	-
Other payables (*)	1,158,005	1,158,005	858,005	-	300,000	-
Total liabilities	117,825,166	120,209,928	34,536,085	32,341,824	47,986,572	5,345,446

(*)Taxes and other duties payables are excluded.

31 December 2012

Contractual Maturities	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial Liabilities	71,657,991	83,439,311	44,481,266	7,825,077	20,770,921	10,362,047
Trade payables	34,503,989	34,781,931	22,500,484	9,105,438	3,176,009	-
Other payables (*)	870,572	870,572	870,572	-	-	-
Total liabilities	107,032,552	119,091,814	67,852,322	16,930,515	23,946,930	10,362,047

(*)Taxes and other duties payables are excluded.

Market risk management

The Group is exposed to financial risks related to foreign currency changes based on its operations.

Group's exposure to market risks is measured in accordance with sensitivity analysis.

There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk compared to previous year.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and balancing assets and liabilities in terms of foreign exchange.

The foreign currency denominated assets and liabilities of monetary and non-monetary items as at the end of the reporting period are as follows:

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

	TL (Functional currency)	USD	Euro	GBP	Other
31 March 2013					
1. Trade receivables	7,009,463	3,466,981	287,835	-	145,018
2a. Monetary Financial Assets	340,495	184,586	2,660	154	68
2b. Non-monetary Financial Assets	-	-	-	-	-
3. Other	5,296	-	2,284	-	-
4. CURRENT ASSETS	7,355,254	3,651,567	292,779	154	145,086
5. Trade receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	7,355,254	3,651,567	292,779	154	145,086
10. Trade payables	(2,155,482)	(855,585)	(261,713)	(284)	(168)
11. Financial liabilities	(2,974,418)	(1,392,543)	(196,527)	-	-
12a. Other Monetary Financial Liabilities	(169,131)	(91,445)	(1,838)	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
13. SHORT TERM LIABILITIES	(5,299,031)	(2,339,573)	(460,078)	(284)	(168)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(1,119,705)	(326,527)	(228,175)	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	(1,119,705)	(326,527)	(228,175)	-	-
18. TOTAL LIABILITIES	(6,418,736)	(2,666,100)	(688,253)	(284)	(168)
19. Net asset/liability position of the off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Amount of asset type, off balance sheet foreign currency derivatives	-	-	-	-	-
19b. Amount of liability type, off balance sheet foreign currency derivatives	-	-	-	-	-
20. Net foreign currency asset liability position	936,518	985,467	(395,474)	(130)	144,918
21. Monetary items, net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	936,518	985,467	(395,474)	(130)	144,918
22. Total fair value of financial instruments used to hedge foreign currency	-	-	-	-	-
23. The portion of the hedged amount of the foreign currency assets	-	-	-	-	-
24. The portion of the hedged amount of the foreign currency liabilities	-	-	-	-	-
23. Export	3,603,974	802,946	443,084	-	693,422
24. Import	3,040,381	933,906	591,022	-	-

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

	TL (Functional currency)	USD	Euro	GBP	Other
31 December 2012					
1. Trade receivables	8,810,969	4,369,351	434,649	-	-
2a. Monetary Financial Assets	477,595	239,163	21,389	330	8
2b. Non-monetary Financial Assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. CURRENT ASSETS	9,288,564	4,608,514	456,038	330	8
5. Trade receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	9,288,564	4,608,514	456,038	330	8
10. Trade payables	(3,927,728)	(856,654)	(1,012,750)	(59)	(6,858)
11. Financial liabilities	(2,555,970)	(899,003)	(405,412)	-	-
12a. Other Monetary Financial Liabilities	(152,196)	(82,943)	(1,838)	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
13. SHORT TERM LIABILITIES	(6,635,894)	(1,838,600)	(1,420,000)	(59)	(6,858)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(1,409,003)	(345,190)	(337,487)	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	(1,409,003)	(345,190)	(337,487)	-	-
18. TOTAL LIABILITIES	(8,044,897)	(2,183,790)	(1,757,487)	(59)	(6,858)
19. Net asset/liability position of the off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Amount of asset type, off balance sheet foreign currency derivatives	-	-	-	-	-
19b. Amount of liability type, off balance sheet foreign currency derivatives	-	-	-	-	-
20. Net foreign currency asset liability position	1,243,667	2,424,724	(1,301,449)	271	(6,850)
21. Monetary items, net foreign currency asset/liability position	-	-	-	-	-
(1+2a+5+6a-10-11-12a-14-15-16a)	1,243,667	2,424,724	(1,301,449)	271	(6,850)
22. Total fair value of financial instruments used to hedge foreign currency	-	-	-	-	-
23. The portion of the hedged amount of the foreign currency assets	-	-	-	-	-
24. The portion of the hedged amount of the foreign currency liabilities	-	-	-	-	-
23. Export	24,211,408	11,112,075	754,063	-	4,333,488
24. Import	16,810,319	4,013,435	4,071,661	36,614	-

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis

The Group is mainly exposed to foreign currency risks in US Dollar and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in US Dollar and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

31 March 2013

	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the U.S. Dollar				
1 - U.S. Dollar net assets / liabilities	178,241	(178,241)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)			-	-
10% appreciation / depreciation of TL against Euro				
4 – Euro net assets / liabilities	(91,706)	91,706	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)			-	-
10% appreciation / depreciation of TL against other currencies				
7 – Other currencies net assets / liabilities	7,107	(7,107)	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	7,107	(7,107)	-	-
TOTAL (3 + 6 +9)	93,642	(93,642)	-	-

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis (continued)

	31 March 2012			
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - U.S. Dollar net assets / liabilities	1,812,215	(1,812,215)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)	1,812,215	(1,812,215)	-	-
	10% appreciation / depreciation of TL against Euro			
4 – Euro net assets / liabilities	(239,905)	239,905	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(239,905)	239,905	-	-
	10% appreciation / depreciation of TL against other currencies			
7 – Other currencies net assets / liabilities	1,692	(1,692)	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	1,692	(1,692)	-	-
TOTAL (3 + 6 +9)	1,574,002	(1,574,002)	-	-

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27. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

Changes in market interest rates causing fluctuations in the prices of financial instruments of the Group's interest rate risk leads to the necessity to deal with. Interest rate risk sensitivity is related with the maturity mismatches of the Group's assets and liabilities.

Interest Position Table

	<u>31 March 2013</u>	<u>31 December 2012</u>
Fixed interest rate financial instruments		
Financial assets at fair value through profit or loss	26,863,260	63,294,702
Time Deposit	29,208,398	27,216,187
Financial liabilities (*)	<u>(75,027,959)</u>	<u>(70,437,015)</u>
	<u>(18,956,301)</u>	<u>20,073,874</u>
Floating rate financial instruments		
Financial assets at fair value through profit or loss	52,322,861	23,392,531
Financial liabilities	<u>-</u>	<u>-</u>
	<u>52,322,861</u>	<u>23,392,531</u>

(*)The non-interest loans have been deducted from the total amount.

Fixed and variable income securities that are classified as designated at fair value through profit and loss in the Group's consolidated statement of financial position are exposed to price risk depending on interest rate changes. As of 31 March 2013 and 31 March 2012 according to the analysis that the Group calculated, effect on fixed and variable income securities' market value and the Group's net profit/loss, under the assumption that all other variables remain constant, in the case of 1% interest rate increase or decrease of TL denominated securities and Eurobonds, presented below.

31 March 2013

<u>Risk type</u>	<u>Risk rate</u>	<u>Risk direction</u>	<u>Impact on profit for the year</u>
Interest rate risk	% 1	Increase	(2,636,635)
		Decrease	2,806,666

31 March 2012

<u>Risk type</u>	<u>Risk rate</u>	<u>Risk direction</u>	<u>Impact on profit for the year</u>
Interest rate risk	% 1	Increase	(1,528,417)
		Decrease	1,615,283

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27. FINANCIAL RISK MANAGEMENT (continued)

Other Price Risk

Group's portfolio in equities and mutual funds, which are publicly traded, is exposed to price risk.

According to the consolidated financial position as at 31 March 2013, in case of 10% increase/decrease, if all the other variables remain constant, in the value of stock investment that are in the Group's portfolio, with the effect of equity investment designated at fair value through profit or loss and stock-indexed investment fund, net profit would be TL 539,853 (31 March 2012: TL 612,525) lower/higher.

According to the consolidated financial position as at 31 March 2013, in case of 1% increase/decrease, if all the other variables remain constant, in the value of investment fund that are in the Group's portfolio, with the effect of investment funds designated at fair value through profit or loss, net profit would be TL 186,929 (31 March 2012: TL 84,351) lower/higher.

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28. FINANCIAL INSTRUMENTS

31 March 2013	Financial assets at amortized cost	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
<u>Financial assets</u>							
Cash and cash equivalents	33,390,329	68,110	3,491,891	-	36,950,330	36,950,330	4
Investment securities			99,785,613	-	99,785,613	99,785,613	5
Trade receivables		53,897,487	-	-	53,897,487	53,897,487	7
<u>Financial liabilities</u>							
Financial liabilities				75,220,720	75,220,720	75,220,720	6
Trade payables				41,446,441	41,446,441	41,446,441	7
Other payables (*)				419,613	419,613	419,613	8
31 December 2012	Financial assets at amortized cost	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
<u>Financial assets</u>							
Cash and cash equivalents	35,730,701	77,707	4,994,353	-	40,802,761	40,802,761	4
Investment securities	-	-	101,216,342	-	101,216,342	101,216,342	5
Trade receivables	-	55,194,978	-	-	55,194,978	55,194,978	7
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	71,657,991	71,657,991	71,657,991	6
Trade payables	-	-	-	34,503,989	34,503,989	34,503,989	7
Other payables (*)	-	-	-	152,917	152,917	152,917	8

(*)Taxes and other duties payables are excluded.

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28. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Second level: Other than the quoted prices defined in first level, the fair value of other financial assets and financial liabilities are determined in accordance with direct or indirect inputs used for the determination of observable current market transactions.
- Third level: the fair value of financial assets and financial liabilities are determined in accordance with the inputs that are not based on observable current market transactions.

Classification of fair values of financial assets and liabilities is as follows:

	31 March 2013	Fair value hierarchy at the end of the reporting period		
		1st level TL	2nd level TL	3rd level TL
Financial assets				
Financial asset at fair value through profit or loss	99,785,613	99,785,613	-	-
Cash and cash equivalents (B type liquid funds)	3,491,891 3,491,891	3,491,891 3,491,891	- -	- -
Total	103,277,504	103,277,504	-	-

	31 December 2012	Fair value hierarchy at the end of the reporting period		
		1st level TL	2nd level TL	3rd level TL
Financial assets				
Financial asset at fair value through profit or loss	101,216,342	101,216,342	-	-
Cash and cash equivalents (B type liquid funds)	4,381,139	4,381,139	-	-
(Reverse repurchase agreements)	613,214	613,214	-	-
Total	106,210,695	106,210,695	-	-

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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29. OTHER SIGNIFICANT ISSUES

- The extraordinary general meeting; held on January 16, 2013; change in the Articles of Association was adopted and it was decided to distribute cash dividend. The payment of cash dividend amounting to TL 7,360,920 was started on January 21, 2013 and was completed on January 23, 2013.
- İş Girişim declared on 31 January 2013 to use the share put option for the 25.77% of the capital of Türkmed, an associate of the Group. The share put option gives right to İş Girişim to sell the 25.77% of the capital of Türkmed to its current shareholders. However, the current shareholders were not able to finalize the purchase process according to the share put option agreement. Therefore, in accordance with the Türkmed's articles of incorporation İş Girişim gained the dividend privilege right on the related shares of Türkmed.
- Toksöz Spor merged with the companies Ons Spor, Arena, Sportive and Tajmahal on 28 February 2013 by totally taking over them according to the clause 136 of Turkish Commercial Code and to the clauses 18, 19 and 20 of Corporate Tax Law. The new capital of Toksöz Spor is TL 17.031 with a number of 17.031.299 shares, 5.364.859 of which are A Group shares and 11.666.440 of which are B Group shares. These decisions are registered in the Turkish Trade Registry Gazette numbered 8272 on 6 March 2013.

30. EVENTS AFTER THE REPORTING PERIOD

- İş Girişim , the decision of the Board of Directors dated 11 February 2013, the Company agreed to change some provisions of the Articles of Association due to changing legislation and Capital Markets Board of Turkey and the Republic of Turkey Ministry of Customs and Trade permissions have been obtained, respectively, on April 1 and April 5, 2013, the annual general meeting held on 3 May 2013 amendment was adopted.
- The cash dividend distribution of İş Girişim Sermayesi was completed at 10 May 2013, after 10,143,000 TL cash dividend (17.50% of contributed capital) and 8,694,000 TL non-paid up share (15% of contributed capital) is agreed to be given in the General Assembly Meeting at 3 May 2012. The capital increase has been made to the Assembly of the Capital Market at 14 May 2013.
- Aras Kargo Yurtiçi Yurtdışı Taşımacılık A.Ş. (the "Aras Cargo"), affiliates of the Company, which operates in cargo transportation Sector, the Board of Directors has decided to transfer all the shares that they have in the Fillo Kargo A.Ş. which is the affiliated corporation of Aras Kargo and working in the field of cargo transportation in order for re-organize the company structure to be sold for 132.043 on 10 April 2013.
- At the board meeting of İş Girişim dated 15 April 2013 numbered 351 it has been resolved to negotiate on the sale of their shares in Aras Kargo to the Austria originated company called Österreichische Post AG ("Austria Post") or to one of Austria Posts direct or indirect subsidiaries, and for this reason the parties executed a exclusivity agreement on 15 April 2013.