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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 September 2010

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

CONTENTS

CONTENTS	PAGE NUMBERS
CONSOLIDATED INTERIM BALANCE SHEET	1-2
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	3
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS	6-75

NOTE 1	ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS	6-8
NOTE 2	BASIS OF PRESENTATION	8-26
NOTE 3	SEGMENT REPORTING	27-28
NOTE 4	CASH AND CASH EQUIVALENTS	29-30
NOTE 5	FINANCIAL ASSETS	30-31
NOTE 6	FINANCIAL LIABILITIES	32-33
NOTE 7	TRADE RECEIVABLES AND PAYABLES	33-35
NOTE 8	OTHER RECEIVABLES AND PAYABLES	35-36
NOTE 9	INVENTORIES	36
NOTE 10	INVESTMENTS IN EQUITY ACCOUNTED INVESTEES	36-38
NOTE 11	PROPERTY, PLANT AND EQUIPMENT	39
NOTE 12	INTANGIBLE ASSETS	40
NOTE 13	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	41
NOTE 14	EMPLOYEE BENEFITS	41-42
NOTE 15	OTHER ASSETS AND LIABILITIES	43
NOTE 16	CAPITAL AND RESERVES	43-46
NOTE 17	SALES REVENUE AND COST OF SALES	46
NOTE 18	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES, ADMINISTRATIVE EXPENSES	47
NOTE 19	EXPENSES BY FUNCTION	47-48
NOTE 20	OTHER OPERATING INCOME/EXPENSES	48-49
NOTE 21	FINANCE INCOME	49
NOTE 22	FINANCE COSTS	50
NOTE 23	NON CURRENT ASSETS HELD FOR SALE	50
NOTE 24	INCOME TAXES	50-53
NOTE 25	EARNINGS PER SHARE	54
NOTE 26	RELATED PARTIES	54-59
NOTE 27	FINANCIAL RISK MANAGEMENT	60-71
NOTE 28	FINANCIAL INSTRUMENTS	72-73
NOTE 29	OTHER SIGNIFICANT ISSUES	74
NOTE 30	SUBSEQUENT EVENTS	75

Ķķ GĶRĶķĶM SERMAYESĶYATIRIM ORTAKLIĴ I A.ķ. and ITS SUBSIDIARY

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2010

(In Turkish Lira (ñTLò))

	Note	Not Reviewed 30 September 2010	Audited 31 December 2009
ASSETS			
Current Assets		**82,831,821**	**94,728,108**
Cash and cash equivalents	4	16,048,423	9,454,940
Financial assets	5	59,087,909	77,260,996
Trade receivables	7	5,856,125	6,426,009
- Trade receivables from related parties		*41,054*	*13,616*
- Other trade receivables		*5,815,071*	*6,412,393*
Other receivables	8	963	963
Inventories	9	140,355	72,796
Other current assets	15	1,698,046	1,512,404
Non Current Assets		**57,729,572**	**36,660,776**
Other receivables	8	20,454	16,962
Investments in equity accounted investees	10	57,390,773	36,034,070
Property, plant and equipment	11	133,395	147,166
Intangible assets	12	184,950	462,578
TOTAL ASSETS		**140,561,393**	**131,388,884**

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

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2010

(In Turkish Lira ("TL"))

LIABILITIES	Note	Not Reviewed 30 September 2010	Audited 31 December 2009
Short Term Liabilities		**2,610,073**	**2,301,065**
Financial liabilities	6	1,260,953	1,175,278
Trade payables	7	155,651	320,676
- Trade payables to related parties		*17,847*	*6,077*
- Other trade payables		*137,804*	*314,599*
Other payables	8	172,304	172,258
Employee benefits	14	563,901	600,543
Other short term liabilities	15	457,264	32,310
Long Term Liabilities		**227,601**	**87,145**
Financial liabilities	6	22,625	46,478
Trade Payables	7	135,290	-
Employee benefits	14	69,686	40,667
EQUITY	16	**137,723,719**	**129,000,674**
Total Equity attributable to equity holders of the Company		137,019,289	128,311,130
Share capital		50,400,000	25,200,000
Inflation adjustment to share capital		21,606,400	46,806,400
Share premium		7,061,932	7,061,932
Revaluation surplus		20,617	-
Other reserves		249,702	-
Translation revenue		418,293	(35,748)
Legal reserves		6,904,334	6,371,604
Retained earnings		39,338,636	34,687,092
Profit for the period		11,019,375	8,219,850
Non-controlling interest		**704,430**	**689,544**
TOTAL EQUITY AND LIABILITIES		**140,561,393**	**131,388,884**

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010

(In Turkish Lira (ñTLò))

CONTINUING OPERATIONS	Note	Not Reviewed 1 January- 30 September 2010	Not Reviewed 1 July 30 September 2010	Not Reviewed 1 January- 30 September 2010	Not Reviewed 1 July 30 September 2009
Sales Revenue	17	12,606,114	8,127,254	4,832,040	1,496,711
Cost of sales (-)	17	(3,907,323)	(2,407,426)	(1,307,093)	(559,845)
GROSS PROFIT		**8,698,791**	**5,719,828**	**3,524,947**	**936,866**
Marketing, sales and distribution expenses (-)	18-19	(1,019,609)	(466,978)	(814,594)	(205,414)
Administrative expenses (-)	18-19	(5,174,913)	(1,938,310)	(4,262,357)	(1,528,074)
Research and development expenses (-)	18-19	(1,379,566)	(475,151)	(1,302,049)	(435,083)
Other operating income	20	4,655,815	88,858	86,955	3,425
Other operating expenses (-)	20	(805,640)	(21,670)	(198,987)	(184,961)
OPERATING PROFIT/ (LOSS)		**4,974,878**	**2,906,577**	**(2,966,085)**	**(1,413,241)**
Share of profit / (loss) of equity accounted investees	10	1,403,482	1,711,757	(3,192,178)	(474,309)
Finance income	21	6,822,693	2,085,997	16,601,462	7,163,389
Finance costs (-)	22	(2,353,068)	(316,389)	(2,193,240)	(807,980)
PROFIT / (LOSS) BEFORE TAXATION		**10,847,985**	**6,387,942**	**8,249,959**	**4,467,859**
Continuing operations tax income/expense		-	-	-	-
Current tax income/(expense)	24	-	-	-	-
Deferred tax income/(expense)	24	-	-	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**10,847,985**	**6,387,942**	**8,249,959**	**4,467,859**
PROFIT/(LOSS) FOR THE PERIOD		**10,847,985**	**6,387,942**	**8,249,959**	**4,467,859**
Other comprehensive income					
Change in foreign currency translation differences		463,598	162,514	48,466	40,182
Change in financial assets revaluation surplus		25,771	4,381	-	-
Income tax on other comprehensive income		(5,154)	(876)	-	-
Other comprehensive income for the period, net of income tax		**484,215**	**166,019**	**48,466**	**40,182**
TOTAL COMPREHENSIVE INCOME/EXPENSE		**11,332,200**	**6,553,961**	**8,298,425**	**4,508,041**
Profit/(loss) attributable to					
Non-controlling interest		(171,390)	(104,318)	(107,466)	(105,088)
Owners of the Company		11,019,375	6,492,260	8,357,425	4,572,947
		10,847,985	**6,387,942**	**8,249,959**	**4,467,859**
Total comprehensive income attributable to					
Non-controlling interest		(160,563)	(82,291)	(101,765)	(100,361)
Owners of the Company		11,492,763	6,636,252	8,400,190	4,608,402
		11,332,200	**6,553,961**	**8,298,425**	**4,508,041**
Earnings per share (TL 1 nominal value)	25	**0.218638**	**0.128815**	**0.165822**	**0.090733**

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

Ķķ GĶRĶķķĶM SERMAYESĶYATIRIM ORTAKLIĴ I A.ķ. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010

(In Turkish Lira (ñTLò))

	Note	Share capital	Inflation Adjustment to share capital	Share Premium	Revaluation Surplus	Other Reserves	Legal Reserves	Foreign currency translation reserve	Profit for the Period	Retained Earnings	Equity attributable to Equity Holders of the Company	Non-controlling interest	Total
Balance at 1 January 2009		23,400,000	46,806,400	7,061,932	-	-	5,892,182	(54,559)	19,832,860	20,503,654	123,442,469	681,535	124,124,004
Total comprehensive income					-								
Profit for the period		-	-	-	-	-	-	-	8,357,425	-	8,357,425	(107,466)	8,249,959
Other comprehensive income													
Change in foreign currency translation reserve		-	-	-		-	-	42,765	-	-	42,765	5,701	48,466
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**42,765**	**-**	**-**	**42,765**	**5,701**	**48,466**
Total comprehensive income		-	-	-	-	-	-	42,765	8,357,425	-	8,400,190	(101,765)	8,298,425
Dividend distributions		-	-	-	-	-	-	-	-	(3,370,000)	(3,370,000)	-	(3,370,000)
Issue of share capital		1,800,000	-	-	-	-	-	-	-	(1,800,000)	-	-	-
Transfers		-	-	-	-	-	479,422	-	(19,832,860)	19,353,438	-	-	-
Balance at 30 September 2009	16	**25,200,000**	**46,806,400**	**7,061,932**	**-**	**-**	**6,371,604**	**(11,794)**	**8,357,425**	**34,687,092**	**128,472,659**	**579,770**	**129,052,429**

	Note	Share capital	Inflation Adjustment to share capital	Share Premium	Revaluation Surplus	Other Reserves	Legal Reserves	Foreign currency translation reserve	Profit for the period	Retained Earnings	Equity attributable to Equity Holders of the Company	Non-controlling interest	Total
Balance at 1 January 2010		25,200,000	46,806,400	7,061,932	-	-	6,371,604	(35,748)	8,219,850	34,687,092	128,311,130	689,544	129,000,674
Total comprehensive income													
Profit for the period		-	-	-	-	-	-	-	11,019,375	-	11,019,375	(171,390)	10,847,985
Other comprehensive income													
Change in non-controlling inrerest		-	-	-	-	-	(1,270)	-	-	-	(1,270)	1,270	-
Financial asset fair value difference		-	-	-	20,617	-	-	-	-	-	20,617	-	20,617
Change in foreign currency translation reserve		-	-	-	-	-	-	454,041	-	-	454,041	9,557	463,598
Total other comprehensive income		**-**	**-**	**-**	**20,617**	**-**	**(1,270)**	**454,041**	**-**	**-**	**473,388**	**10,827**	**484,215**
Total comprehensive income		-	-	-	20,617	-	(1,270)	454,041	11,019,375	-	11,492,763	(160,563)	11,332,200
Dividend distributions		-	-	-	-		-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Sale of non-controlling interests without a change in control		-	-	-	-	249,702	-	-	-	(34,306)	215,396	175,449	390,845
Issue of share capital		25,200,000	(25,200,000)	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	534,000	-	(8,219,850)	7,685,850	-	-	-
Balance at 30 September 2010	16	**50,400,000**	**21,606,400**	**7,061,932**	**20,617**	**249,702**	**6,904,334**	**418,293**	**11,019,375**	**39,338,636**	**137,019,289**	**704,430**	**137,723,719**

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010

(In Turkish Lira (ñTLò))

	Note	Not Reviewed 1 January-30 September 2010	Not Reviewed 1 January-30 September 2009
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES			
Profit for the period		10,847,985	8,249,959
Finance costs	22	85,161	5,277
Profit from the sale of financial asset		(4,233,705)	
Change in investments in equity accounted investees (net)	10	(1,403,482)	3,192,178
Change in foreign currency translation reserve of investments in equity accounted investees		(366,525)	
Dividend income from investments in equity accounted investees	21	(290,369)	
Dividend income from equity investments	21	(830,543)	(212,880)
Depreciation	11	58,503	50,928
Amortization of intangible assets	12	287,084	409,314
Discount of receivables and payables (net)		53,720	(42,672)
Allowance for doubtful receivables (net)	7	44,556	169,088
Change in fair value of financial assets	5	(1,411,338)	(6,886,281)
Negative goodwill	20	(4,543,113)	
Provision for personnel bonus	14	208,063	384,600
Provision for vacation pay liability	14	54,858	14,919
Provision for severance pay liability	14	70,670	16,376
Expense accruals	15	(33,984)	(156,446)
Revaluation surplus		(20,617)	
Accruals of cash and cash equivalents	4	28,469	(21,746)
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase/(decrease) in trade receivables		474,838	(11,383)
Increase in inventories		(67,559)	(32,481)
Increase in other receivables and current assets		(189,134)	(162,837)
Decrease in trade payables		(32,965)	(382,920)
Increase in non-current assets		-	(1,676)
Increase/(decrease) in other payables		627,905	(9,644)
Employee severance payments	14	(41,651)	(4,984)
Employee bonus payments	14	(468,484)	(420,077)
Net cash provided from / (used in) operating activities		**(1,091,657)**	**4,146,612**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in financial assets		19,584,429	(4,680,442)
Proceeds from sale of financial assets	17	5,916,698	-
Acquisition of financial assets	10	(16,705,959)	-
Dividend received from share investments	21	290,369	-
Proceeds from sale of subsidiary share	29	390,841	-
Dividend received from share investments	21	830,543	212,880
Acquisition of property, plant and equipment	11	(44,732)	(29,219)
Acquisition of intangible assets	12	(9,456)	(3,486)
Net cash provided from / (used in) investing activities		**10,252,733**	**(4,500,267)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowed funds		1,706,919	1,485,005
Repayment of financial liabilities		(1,636,381)	(395,964)
Finance costs paid		(93,877)	(207,944)
Dividends paid	16	(3,000,000)	(3,370,000)
Net cash provided from/(used in) financing activities		**(3,023,339)**	**(2,488,903)**
Foreign currency translation differences		463,598	48,466
Revaluation differences		20,617	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**6,621,952**	**(2,794,092)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**9,399,961**	**12,299,088**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**16,021,913**	**9,504,996**

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

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

1. ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS

Ķķ Giriķim Sermayesi Yatērēm Ortaklēĵ ē A.ķ. (ñthe Companyò), was established in Ķstanbul. The registered address of the Company is Ķķ Kuleleri Kule 2, Kat:8, Levent, Ķstanbul. Ķķ Yatērēm Menkul Deĵ erler A.ķ., is the main shareholder of the Company with a shareholding interest of 29 % and Türkiye Ķķ Bankasē A.ķ is the ultimate shareholder of the Group.

The Company and its subsidiary (ñGroupò) have operations in two business segments: Private equity and IT, audio and communication systems. The operating segments explained below are the basis of segment reporting of the Group. The Company also has associates operating in various sectors, which are explained below.

The Groupôs 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. Exporting, importing, distributorship, agency, installation, maintenance, after sale services, training and management, marketing of these systems and acting as the agent.

Groupôs segment reporting is disclosed in Note 3. The Companyôs shares are traded in the Istanbul Stock Exchange since 2004.

As at 30 September 2010, the Company has 11 and the Group has 56 employees. (31 December 2009: Company: 12 and Group: 49).

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

Subsidiary:

	Stock markets in which their shares are traded	Nature of operations	Main Business Area
Nevotek Biliķim Ses ve Ķletiķim Sistemleri Sanayi ve Ticaret A.ķ. (ñNevotekò)	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.

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

Associates:

Company Title	Stock markets in which their shares are traded	Nature of operations	Main Business Area
Probil Bilgi Ķķlem Destek ve Danēķ. San. ve Tic. A.ķ. (ñProbilò)	None	Service	Development of integrated information and communication technology solutions and services.
Ķletiķim Teknoloji Danēķmanlēk ve Ticaret A.ķ. (ñITDò) (*)	None	Service	Operating in payment and interactive voice response sector by using IT Technologies. Trading and marketing of computer group, electronic office equipments and software equipments and other activities written in its main agreement.
ODE Yalētēm Sanayi ve Ticaret A.ķ. (ñOdeò)	None	Production	Production of isolation materials (waterproof, heatproof, soundproof and fireproof) for buildings and fittings that are used in construction sector.
Türkmed Diyaliz ve Böbrek SaĴ lēĴ ē Kurumlarē A.ķ. (ñTürkmedò)	None	Service	Investing in companies operating in dialysis sector, supplying personnel to these companies and other activities written in its main agreement.
Ortopro Tēbbi Aletler Sanayi ve Ticaret A.ķ. (ñOrtoproò)	None	Production/ Commerce	Buying, selling, marketing, producing, exporting and importing all types of orthopedic and surgical devices and other activities written in its main agreement.
Dr F. Frik Ķlaç A.ķ. (ñDR F.Frikò)	None	Commerce	Producing, buying, selling importing, exporting, storing and packaging all types of medical, chemical, human, veterinary and agricultural pharmaceuticals and chemicals and comestibles that are used in cosmetic and medicine. Buying, selling, marketing, importing, exporting and storing pharmaceuticals and pharmaceutical raw materials that are produced inland and abroad, surgical operation equipments, serum, hormone, vaccine, baby care equipments, and hygienic goods.
Hava Limanlarē Yer Hizmetleri Yatērēm Holding A.ķ. (ñHavaķ Holdingò)	None	Service	Investing in the companies operating in ground services and operating in ground services at the airports on behalf of these companies and other activities written in its main agreement.

(*) The Company has sold all of its shares as of 30 July 2010.

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

Approval of Financial Statements:

Consolidated interim financial statements of the Company as at 30 September 2010 are approved by Board of Directors and authorized for issue on 11 November 2010. General Assembly has the right to amend the financial statements.

2. BASIS OF PRESENTATION

2.1 Basis of Presentation

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. Subsidiaries operating in foreign countries prepare their accounting entries and statutory financial statements in the currency of the country, which they are operating in and in compliance with the related country's regulations.

Capital Markets Board ("CMB") published a comprehensive set of accounting principles in accordance with the communiqué Serial: XI, No:29 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué XI-29"). This decree is applicable for the first interim financial statements ended subsequent to 1 January 2008 period. The supplementary decree Serial: XI, No: 29 was issued as an amendment to communiqué Serial: XI, No: 25 and states that, the financial statements will be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as conceded by the European Union (EU). International Financial Reporting Standards ("IAS/IFRS") will be applied until the time the differences between the International Financial Reporting Standards ("IAS/IFRS") and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") are declared by the Turkish Accounting Standards Board (TASB). Therefore, the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") which are in compliance with the applied standards will be adopted.

As the differences between the International Financial Reporting Standards ("IAS/IFRS") as conceded by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report , the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the communiqué Serial: XI, No: 29. Accompanying consolidated financial statements and notes to the consolidated financial statements are presented using the compulsory standard formats and recommended formats as prescribed by CMB on 17 April 2008 and 9 January 2009.

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

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

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.

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

The currencies used by the Company as of 30 September 2010 and 31 December 2009 are as follows:

	30 September 2010	31 December 2009
US Dollar	1.4512	1.5057
Euro	1.9754	2.1603

Comparative Information and Restatement of Prior Period Financial Statements

The Groupôs consolidated financial statements are prepared comparative with the prior period to enable the readers to determine the trend in the financial position and performance. If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassed and significant changes are explained. There is not any reclassification in the consolidated financial statements for the year ended 31 December 2009 and for the nine month period than ended 30 September 2009.

Basis of Consolidation

The details of the Groupôs subsidiary as at 30 September 2010 and 31 December 2009 are as follows:

		Shareholding Interest %			
Subsidiary	Founding and operating location	30 September 2010	31 December 2009	Voting power	Main business area
Nevotek	Turkey	85.24	88.24(*)	85.24	IT, audio and communication systems

(*) According to the Board of Directors decision dated 26 May 2010, General Management of the Company has been authorized for the limited sale of shares of the Company in Nevotek. According to this decision, on 1 June 2010, 2.99% of shares of Nevotek has been sold to a person called Ali Saeb and by this date, control of these shares has been transferred to Ali Saeb. By this transaction, as at 30 September 2010, shareholding interest of Ķķ Girikim in Nevotek has decreased to 85.24%.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries or jointly controlled entities. 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 included in the consolidated statement of equity.

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

<u>Basis of Consolidation (continued)</u>

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 combination and the minorityôs share in the changes of equity subsequent to the date of the combination. Losses applicable to the minority in excess of the minorityôs interest in the subsidiaryôs 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.

<u>Associates</u>

Associates are the entities on which the Group has significant influence apart from subsidiaries and entities that are jointly controlled by the Company. Significant influence is the participation power to govern the financial and operating policies of an entity without having individually or jointly control power. The details of Groupôs associates as at 30 September 2010 and 31 December 2009 are as follows:

		Shareholding interest (%)			
Associate	Founding and operational location	30 September 2010	31 December 2009	Voting power	Main business area
Probil	Turkey	10.00	10.00	(***)	Service
ITD	Turkey	-	34.98	(**)	Service
Ode	Turkey	17.24	17.24	(*)	Production
Türkmed	Turkey	25.78	25.78	(*)	Service
Ortopro	Turkey	30.00	30.00	(*)	Production-Commerce
Dr. F. Frik	Turkey	20.00	20.00	(**)	Commerce
Havaş Holding	Turkey	6.67	-	(****)	Service

(*) Total number of Board of Directors members is 4 and 1 member represents Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. Besides, Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. has power to veto some decisions.

(**) Total number of Board of Directors members is 6 and 2 members represent Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. Besides, Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. has power to veto some decisions. The Company has sold its total shares of 34.98% in ITD at 30 July 2010.

(***) Total number of Board of Directors members is 8 and 2 members represent Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. Besides, Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. has power to veto some decisions.

(****) Total number of Board of Directors members is 6 and 1 member represents Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. Besides, Ķş Giriışim Sermayesi Yatırım Ortaklığı A.ş. power to veto some decisions. Assembly quorum for Board of Directors is 5. Board of Directors decisions are taken by at least 4 affirmative votes. Important Board of Directors decisions are taken by affirmative votes of all members (2 people) nominated by Group B shareholders in which Ķş Giriışim is included.

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

The financial performance, assets and liabilities of the associates are accounted by using equity method in the accompanying consolidated interim financial statements except for the ones that are held for sale in accordance with TFRS 5. The equity accounted investees are subsequently measured after acquisition in the consolidated financial statements by adjusting the initial cost of the associates to the Group's shareholding interest on the subsequent change in the net assets of the associates after initial recognition by deducting any impairment losses on the value of the associate. Loss of the associate is not recognized if it exceeds the shareholding interest of the Group on associate (including long-term investment that is the part of Group's net investment in subsidiary in substance).

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 acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

2.2 Changes in Accounting Policies

Starting as of 1 January 2010, the Group has changed its accounting policies in the following areas:

Accounting for increases in non-controlling interests

The Group has adopted TFRS 3 Business Combinations and TAS 27 Consolidated and Separate Financial Statements for all business combinations occurring in the financial year starting 1 January 2010. The Group has adopted TAS 27 Consolidated and Separate Financial Statements standard for increases in non-controlling interests as explained in Note 2.1. According to the new accounting policy, the main shareholder accounts decreases in shareholding interests under equity as long as the main Company does not lose its control over the subsidiary. (for example: transactions with shareholders as long as they are shareholders) The change in accounting policy is applied prospectively and had no material impact on earnings per share.

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.

2. BASIS OF PRESENTATION (continued)

2.4 Standards and interpretations that are not yet effective as at 30 September 2010

<u>Standards and interpretations that are effective in 2010</u>

The Company applied all of the relevant and required standards promulgated by Turkey Accounting Standards Board (ñTASBò) and the interpretations of the Turkey Financial Reporting Interpretations Committee (ñTFRICò) as of 30 September 2010.

<u>Standards and interpretations that are not yet effective as at 30 September 2010</u>

A number of new standards, amendments to standards and interpretations which are not yet effective for the period ended 30 September2010. These new standards, amendments to standards and interpretations have not been applied in preparing these consolidated financial statements, except TFRS 9 ï Financial Instruments issued at 27 April 2010 by TASB which summarized below, are not expected to have an impact on the consolidated financial statements.

TFRS 9 ***ñ****Financial Instruments****ò*** has been issued on November 2009, by the TASB as the first step in its project to replace TAS 39 *Financial Instruments: Recognition and Measurement*.

The objective of TFRS 9, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entityôs future cash flows. With TFRS 9 an entity shall classify financial assets as subsequently measured at either amortised cost or fair value on the basis of both the entityôs business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in TAS 39 on impairment of financial assets and hedge accounting continues to apply.

The amendment is effective for annual periods beginning on or after 1 January 2013, although entities are permitted to adopt them earlier. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

New standards, amendments to standards and interpretations have not been applied and not expected to have an impact on the consolidated financial statements:

- TAS 32 ï *Financial Instruments: Presentation* standard amends the reclassification of rights,
- The revised T*AS 24* ***ñ****Related Party Disclosures****ò*** amends the definition of a related party and modifies certain related party disclosure requirements government-related entities,
- TFRS 1 ï *First-time Adoption of International Financial Reporting Standards*, limited exceptions of comparative information mentioned in TFRS 7 ï *Financial Instruments: Disclosures* which can be applied by the first time adopted companies,
- TFRS Interpretation 14 ï *TAS 19* ***ï*** *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* standard amendments to unasked prepaid contributions,
- TFRS Interpretation 19 ï *Extinguishing Financial Liabilities with Equity Instruments*

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies

Revenue

Private equity

Revenues are comprised of sale of subsidiary and/or associate, income from consultancy services provided to associates and income on cash and cash equivalents and financial assets.

Revenues of the sale of non-controlling interests of the subsidiary without a change in control and/or associate are recognized when the sales are realized. Consultancy services given to associates are recognized at the date of the service rendered.

Dividend and interest income

Interest income is accrued by remaining principal in proportion as effective interest rate that reduces expected cash flows obtained from financial asset during its expected useful life to its carrying value in the related period.

Dividend income from equity investments and associates are recognized when shareholders have the right to receive the dividend.

Income stems from the sale of security portfolio and coupon payment and amortization income are recognized when the transaction is realized. The period end valuation income is recognized in the related accounts as at the period end.

IT, audio and communication systems

Revenue is recognized on an accrual basis by the amount of excess of the fair value if it is probable that the future economic benefits of the revenue will flow to the Company.

Group recognizes revenue when Group has available contracts with clients, product or service is delivered, amount of revenue measured reliably, and it is probable that the Group will be receiving economical benefit.

Group recognizes revenue for license and software solutions after the software is delivered and the service is started to be used by considering the conditions mentioned in the first paragraph.

Inventories

Inventories are stated at the lower of cost or net realizable value. Their costs, including fixed and variable production costs, are valued in accordance with the appropriate method for the related class of inventory and commonly weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed every year, with the effect of any changes in estimates accounted prospectively.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Regular repair and maintenance expenditures of tangible assets are accounted as expense.

The estimated useful lives for the current and comparative periods are as follows:

	Useful life
Machinery and equipment	3-5 years
Furniture and fixtures	4-5 years
Leasehold improvements	5 years

Intangible Assets

Goodwill

Goodwill represents the excess amount of the acquisition cost over the fair value of the associateǒs 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. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Acquired Intangible assets

Intangible assets that are acquired by the Group are carried at their cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization method are reviewed at each financial year end and the effect of the changes in estimates accounted prospectively.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Computer software

Acquired computer software are recognized with their acquisition costs and the costs incurred in the period until the software is ready to use. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives.

Useful life for computer software is 5 years.

Intangible assets acquired through business combinations

Intangible assets acquired through business combinations are defined and accounted separately from goodwill if the fair value of intangible is measured properly and meets definition of intangible asset. The cost of such kind of an intangible asset is equal to its fair value as at the acquisition date.

Subsequent to initial recognition, the intangible assets acquired through business combinations are carried at cost less accumulated depreciation and impairment losses as the same as if intangible assets acquired separately.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortization period for internally-generated intangible assets is 5 years.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Impairment of Assets

Assets that have infinite useful lives, such as goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets held for sale

Assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale or distribution. These assets can be an operating unit, sales groups or a separate tangible asset. Assets held for sale are expected to be sold in twelve months following the balance sheet date. The assets held for sale are measured at the lower of their carrying amount and fair value. In the condition that the carrying amount exceeds the fair value, the impairment is recognized as a loss in the related period's consolidated statement of comprehensive income.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The capitalization of the borrowing costs ceased when all the operations are done for the preparation and the qualifying asset is ready to use. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

The Group has not capitalized borrowing costs.

Financial Instruments

Financial Assets

Financial assets, except for the financial assets classified as at fair value through profit or loss and initially measured with fair value, are recognized with total of fair values and transaction costs related with acquisition. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Financial assets are classified into the following categories: 'financial assets at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the initial recognition.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts to present value through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and although they are not initially acquired for the purpose of trading, recognized in this category at the initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedges.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

As of the reporting date, Group does not have any held-to-maturity investments.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. Gains and losses arising from changes in fair value, other than impairment losses, interest income calculated using effective interest rate and foreign exchange gain/losses which are recognized, are recognized in other comprehensive income and accumulated under fair value reserve. When the investment is disposed or impaired, the cumulative gain or loss previously recognized in fair value reserve is included in the comprehensive income for the period.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Available-for-sale financial assets (continued)

Dividends related to equity instruments held for sale are recognized in profit or loss when the Group has right to receive dividend.

Fair value of available for sale financial assets in foreign currency is determined in the currency it is denominated and converted by the foreign exchange rate at end of the reporting date. Foreign exchange gains/losses recognized in profit of loss statement is determined at amortized cost of monetary assets. Other foreign exchange gains/losses are recognized in the other comprehensive income.

As of the reporting date, Group does not have any available-for-sale financial assets.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable repayments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less any impairment losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in income statement.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which have maturities of three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit and loss ("FVTPL")

Financial liabilities at FVTPL are carried at fair value, with any resultant gain or loss recognized in profit or loss and reassessed at each reporting date. The net gain or loss recognized in profit or loss comprises any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially recognized at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments to net present value through the expected life of the financial liability, or, where appropriate, a shorter period.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, defined as the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceeds the cost of the business combination, the excess amount is recognized in profit or loss immediately.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the fair value of the assets, liabilities and contingent liabilities recognized.

Foreign Currency Transactions

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 consolidated financial statements, the results of operations and financial position of each entity is presented in Turkish Lira ("TL"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

When preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates on which their fair values are determined. Foreign currency non-monetary items measured at historic cost are not subject to translation again.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

Foreign currency translation differences, except for the cases below, are recognized as profit or loss in related period:

- Foreign exchange gains or losses included in cost of assets and adjustment in interest cost in liabilities denominated in foreign currency and also related with assets under constructions for future usage,
- Foreign exchange gains or losses from settlement of transactions to have financial protection against foreign currency risks (accounting policies provide financial protection against risks are disclosed below).
- Foreign exchange gains or losses from monetary payables and receivables of foreign operations that are part of net investment, accounted in translation reserves and related to gain or loss from sale of net investment that are not intended or possible to be paid

Group's monetary assets and liabilities denominated in foreign currencies in foreign operations have been translated into TL at the exchange rates prevailing at the balance sheet dates. Income and expense items are translated to TL at the exchange rates from average rate of the period if there is not significant fluctuation in exchange rate. (If so, income and expense items are translated to TL at the exchange rates at the dates of the transactions are done) Translation difference is classified to equity and transferred to Group's foreign currency translation difference. Those translation differences are recognized in income statement after the disposal of foreign operation.

Goodwill stems from acquisition of foreign operations and fair value adjustments are considered as assets and liabilities of foreign operations and translated by the foreign exchange rates prevailing at the balance sheet date.

Earnings per share

Earnings per share disclosed in the consolidated statements of comprehensive income are calculated by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events represent all events between the balance sheet date and the publication date of the financial statements, even if these events are related with previous publication of certain profits and losses or specific financial information.

The Group; restates its financial statements if such subsequent adjusting events arise.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made about the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When the provision is measured by using the estimated cash flows to meet the present liability, carrying amount of the concerned provision is equal to present value of related cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

The Group has two operating segments. Each segment's information are used for the evaluation and allocation of the resources separately by the management. Since these segments are affected from different economic conditions, they are managed separately (see Note 3). The Group has started to apply IFRS 8 "Operating Segments" in 2009. According to internal reporting, reporting is made based on IFRS figures in two different segments named as Private equity and IT, audio and communication systems. In this respect, there is not any change in the Group's segment reporting as compared to prior periods.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Income Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated interim financial statements, have been calculated on a separate-entity basis.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. is exempt from Corporate Tax in accordance with the 5th /d-3 article. Besides, income from private equity is not subject to advance tax application.

With 3rd 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. Nevotek is a corporate taxpayer operating in Technology Development Area with the Article No. 4691/2 of Technology Development Area and the Article No.5035. Nevotek's income from R&D activities and software in this area is exempt from income and corporate tax until 31 December 2013.

Expenses related to personnel working in these areas as a researcher, software developer and research and development personnel are not subject to any kind of taxes until 31 December 2013.

There is not any estimated tax liability related with other operating results other than the income from research and development and software in the current period in Nevotek therefore it has not made any provision for tax in accompanying consolidated interim financial statements.

Income tax expense comprises the sum of the current tax payable and deferred tax.

Current Tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Taxation and deferred tax (continued)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, which is used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into consideration in calculating goodwill or determining the excess cost of the acquirer's interest over fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

2. BASIS OF PRESENTATION (continued))

2.5 Summary of Significant Accounting Policies (continued)

Employee Benefits

Employee Severance Pay Liability

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("TMS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Employee bonuses

Group makes provision if there is a contractual obligation or constructive obligation caused by previous applications.

Other short-term employee benefits

Other short-term employee benefits include vacation pay liability. In Turkey, according to the legislation, the employer has to make payments for unused vacation days when the personnel leaves the company. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employee.

Post Employment Plans

The Group does not have any retirement or post employment benefit plans.

Statements of cash flows

In the statement of cash flows, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows generated from operating activities.

Cash flows from operating activities represent the cash flows provided from Group's private equity and IT, audio and communication systems.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (fixed investments and financial investments)

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Share capital and Dividends

Common shares are classified as equity. Dividends on common shares are deducted from retained earnings and reclassed as dividend payable in the period that the dividend distribution decision is taken.

2. BASIS OF PRESENTATION (continued))

2.6 Use of Estimates and Judgments

Accounting estimates

The preparation of consoldiated 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. Mainly notes that the estimation is used is as follows:

Note 11 – Property, plant and equipment
Note12 – Intangible assets
Note 14 – Employee benefits
Note 24 – Income Taxes

Group's critical decisions taken during the application of accounting policies

In applying the accounting policies explained in Note 2.5, the significant estimates and judgments used by the Company are included in the following notes:

Estimated impairment of goodwill

In accordance with the accounting policy disclosed in Note 2.5, goodwill is tested for impairment annually. Recoverable amounts of cash-generating units are determined in accordance with residual value calculations. These calculations require use of estimates.

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

3. SEGMENT REPORTING

For the period ended 30 September 2010:

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	1 January-30 September 2010	1 January-30 September 2010	1 January-30 September 2010	1 January-30 September 2010
Revenue				
Sales revenue	6,163,904	6,442,210	-	12,606,114
Cost of sales (-)	(1,682,993)	(2,224,330)	-	(3,907,323)
Marketing, sales and distribution expenses (-)	-	(1,019,609)	-	(1,019,609)
Administrative expenses (-)	(3,301,511)	(1,873,402)	-	(5,174,913)
Research and development expenses (-)	-	(1,379,566)	-	(1,379,566)
Other operating income	90,646	22,056	4,543,113	4,655,815
Other operating expenses	(312)	(805,328)	-	(805,640)
Share of profit / (loss) of equity accounted investees	-	-	1,403,482	1,403,482
Finance income	5,654,681	1,168,012	-	6,822,693
Finance costs (-)	(861,702)	(1,491,366)	-	(2,353,068)
Profit / (loss) before taxation	6,062,713	(1,161,323)	5,946,595	10,847,985
Tax expense	-	-	-	-
Profit / (loss) from continuing operations	6,062,713	(1,161,323)	5,946,595	10,847,985
Non-controlling interest				(171,390)
Owners of the Company				11,019,375
				10,847,985

Other information

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total Continuing Operations
	1 January-30 September 2010	1 January-30 September 2010	1 January-30 September 2010	1 January-30 September 2010
Share capital increase	25,200,000	-	-	25,200,000
Amortisation and depreciation expenses	(12,570)	(333,017)	-	(345,587)
Acquisition of property, plant and equipment and intangible assets	15,047	39,141	-	54,188

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	1 January-30 September 2010	1 January-30 September 2010	1 January-30 September 2010	1 January-30 September 2010
Balance Sheet				
Segment assets	141,951,741	7,188,171	(8,578,519)	140,561,393
Segment liabilities	(423,031)	(2,414,643)	-	(2,837,674)

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

3. SEGMENT REPORTING (continued)

For the period ended 30 September 2009:

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	1 January-30 September 2009	1 January-30 September 2009	1 January-30 September 2009	1 January-30 September 2009
Revenue				
Sales revenue	254,648	4,577,392	-	4,832,040
Cost of sales (-)	-	(1,307,093)	-	(1,307,093)
Marketing, sales and distribution expenses (-)	-	(814,594)	-	(814,594)
Administrative expenses (-)	(2,658,886)	(1,603,471)	-	(4,262,357)
Research and development expenses (-)	-	(1,302,049)	-	(1,302,049)
Other operating income	50	86,905	-	86,955
Other operating expenses	-	(198,987)	-	(198,987)
Share of profit / (loss) of equity accounted investees	-	-	(3,192,178)	(3,192,178)
Finance income	15,270,569	1,330,893	-	16,601,462
Finance costs (-)	(510,628)	(1,682,612)	-	(2,193,240)
Profit / (loss) before taxation	12,355,753	(913,616)	(3,192,178)	8,249,959
Tax expense	-	-	-	-
Profit / (loss) from continuing operations	12,355,753	(913,616)	(3,192,178)	8,249,959
Non-controlling interest				(107,466)
Owners of the Company				8,357,425
				8,249,959

Other information

	Private equity	IT, audio and communication Systems	Consolidation adjustments	Total continuing operations
	1 January-30 September 2009	1 January-30 September 2009	1 January-30 September 2009	1 January-30 September 2009
Share capital increase	1,800,000	-	-	1,800,000
Amortisation and depreciation expenses	(15,732)	(444,510)	-	(460,242)
Acquisition of property, plant and equipment and intangible assets	2,348	30,357	-	32,705

	Private equity	IT, audio & communication Systems	Consolidation adjustments	Total continuing operations
	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009
Balance Sheet				
Segment assets	140,847,143	7,738,673	(17,196,932)	131,388,884
Segment liabilities	(511,364)	(1,876,846)	-	(2,388,210)

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	30 September 2010	31 December 2009
Cash on hand	3,164	1,014
Cash at banks (Note 26)	14,089,427	9,310,573
Demand deposit	*505,365*	*385,664*
Time deposits with maturities less than 3 months	*13,584,062*	*8,924,909*
Receivables from reverse repurchase agreements	-	21,040
B type liquid fund	1,955,832	122,313
	16,048,423	9,454,940

Reconciliation between the elements comprises cash and cash equivalents in balance sheet and statement of cash flows:

	30 September 2010	31 December 2009
Cash and cash equivalents	16,048,423	9,559,785
Less: Accrued interests	(26,510)	(54,789)
	16,021,913	9,504,996

As at 30 September 2010 and 31 December 2009, interest and maturity details of the bank deposits are as follows:

	30 September 2010			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time deposit	8.50	22 October 2010	TL	1,470,714
Accrued interests				2,397
				1,473,111
TL Time deposit	8.75	1 November 2010	TL	6,350,964
Accrued interests				1,522
				6,352,486
USD Time deposit	2.50	1 November 2010	USD	5,758,071
Accrued interests				394
				5,758,465
				13,584,062

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

4. CASH AND CASH EQUIVALENTS (continued)

	31 December 2009			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time deposit	9.4	7 January 2010	TL	8,870,085
Accrued interests				54,824
				8,924,909

The details of B Type liquid funds and receivables from reverse repurchase agreements classified as cash and cash equivalents are as follows:

	30 September 2010		
	Nominal (*)	Cost	Fair Value
B type liquid fund	176,734,930	1,933,635	1,955,832
Reverse repurchase agreements	-	-	-
		1,933,635	1,955,832

	31 December 2009		
	Nominal (*)	Cost	Fair Value
B type liquid fund	1,121	122,161	122,313
Reverse repurchase agreements	21,050	21,037	21,040
		143,198	143,353

(*) Investment fund is presented in units, reverse repurchase agreement is represented in nominal value.

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

As at 30 September 2010 and 31 December 2009 there are not any blockages on cash and cash equivalents.

5. FINANCIAL ASSETS

	30 September 2010	31 December 2009
Financial assets designated at fair value through profit or loss	59,087,909	77,260,996
	59,087,909	77,260,996

(Amounts are expressed in Turkish Lira (ñTLò), unless otherwise stated)

5. FINANCIAL ASSETS (continued)

Financial Assets at Fair Value Through Profit or Loss:

	30 September 2010		
	Nominal(*)	Cost	Fair Value
Government bonds	11.500.000	12,359,777	12,581,775
Investment funds	1.222.419.350	32,912,884	34,406,566
Eurobond and foreign government bonds	1.500.000	1,600,278	1,622,624
Private sector bonds and notes	3.787.000	3,795,929	3,832,604
Shares quoted to stock exchange	5.190.891	7,007,703	6,644,340
		57,676,571	59,087,909

	31 December 2009		
	Nominal(*)	Cost	Fair Value
Government bonds	23.688.437	21,693,497	24,768,659
Investment funds	1.588.494.124	35,139,782	38,700,406
Eurobond and foreign government bonds	2.000.000	1,628,874	2,133,703
Private sector bonds and notes	4.500.000	4,788,450	4,650,525
Shares quoted to stock exchange	5.190.891	2,803,081	7,007,703
		66,053,684	77,260,996

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

Interest rates of private sector bonds and government bonds held for trading are between the rates 2.55 % and 11.80 % per annum. (31 December 2009: 4.46%-10.06%)

Eurobonds issued by Turkish Treasury and private sector bonds are denominate in USD, discounted and couponed securities. As at 30 September 2010, annual interest income of one Eurobond in Groupôs portfolio is 9.25%. (31 December 2009: 9.25%).

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

6. FINANCIAL LIABILITIES

Financial Liabilities	30 September 2010	31 December 2009
Short term bank and other borrowings	1,260,953	885,333
Long term bank borrowings	22,625	46,478
Short term factoring payables (Note 26)	-	289,945
	1,283,578	1,221,756

Bank and Other Borrowings:

		30 September 2010	
Currency	Interest rate (%)	Short term	Long term
US Dollar	-(*)	185,096	-
TL	11	1,075,857	22,625
		1,260,953	22,625

		31 December 2009	
Currency	Interest rate (%)	Short term	Long term
US Dollar	-(*)	175,120	-
TL	13.48	710,213	46,478
		885,333	46,478

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

The maturity of bank borrowings is as follows:

	30 September 2010	31 December 2009
0-1 year	1,260,953	885,333
1-2 years	21,068	23,752
2-3 years	1,557	22,726
	1,283,578	931,811

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

6. FINANCIAL LIABILITIES (continued)

Significant bank borrowings of the Group are summarized as follows:

As at 30 September 2010, revolving borrowings amounting TL 1,260,953 with interest rates between 9% and 14.5% have been utilized. TL 435,000 of these loans with interest rates between 9% and 10% have been utilized from Türkiye İş Bankası which is a related party (Note 26) for short-term financing. The Group also has spot loan amounting to TL 8,139 without interest for short-term financing from Türkiye İş Bankası which is a related party. (31 December 2009: TL 9,537 spot, interest free) (Note 26)

The Group used installment-based loan amounting TL 56,183 on 25 November 2009. Repayments will start on 18 May 2010 and will end on 18 November 2012.

There are interest-free loan amounting USD 127,547 (TL equivalent 185,096) taken from Technology Development Foundation of Turkey on project basis. Repayments will be done on 1 July 2011.

There is a security bill of TL 246,524 given against for the loans of the Group as collateral (Note 13).

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at balance sheet date, the detail of trade receivables is as follows:

Short term trade receivables	30 September 2010	31 December 2009
Trade Receivables	5,912,725	6,459,557
Discount of trade receivables	(97,654)	(47,164)
Due from related parties (Note 26)	41,054	13,616
Doubtful receivables	44,556	-
Provision for doubtful receivables (-)	(44,556)	-
	5,856,125	6,426,009

As at 30 September 2010, the amount of Group's receivables that are highly probable to collect and not due is equal to 3,454,747 TL. (31 December 2009: 3,777,962 TL). Average collection maturity of the Company's subsidiary's service sales is 256 days. (31 December 2009: 270 days)

As at balance sheet date, TL 2,401,378 of the Group's trade receivables is overdue but not impaired (31 December 2009: TL 2,648,047). Trade receivables consist of various customers, from which the Group has not faced any collection risk recently.

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

7. TRADE RECEIVABLES AND PAYABLES (continued)

a) Trade Receivables (continued)

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

	30 September 2010	31 December 2009
Up to 1 month	116,453	128,415
Up to 3 months	214,297	236,310
Between 3-12 months	1,782,753	1,965,877
More than 12 months	287,875	317,445
	2,401,378	2,648,047

As at 30 September 2010, the Group has allowance for possible losses on these trade receivables amounting to TL 44,556 (30 September 2009: 224,136).

The movement of Group's allowance for doubtful receivables is as follows:

Movement of Allowance for Doubtful Receivables	1 January- 30 September 2010	1 January- 30 September 2009
Opening balance	-	(55,048)
Allowance provided during the year	(44,556)	(169,088)
Amounts recovered during the year	-	-
Write offs	-	-
Closing balance	(44,556)	(224,136)

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

7. TRADE RECEIVABLES AND LIABILITIES (continued)

b) Trade Payables:

As at the balance sheet date, the details of trade payables are as follows:

Short term trade payables	30 September 2010	31 December 2009
Trade payables	86,901	274,615
Discount of trade payables	(5,506)	(2,276)
Notes payable	56,409	42,260
Trade payables to related parties (Note 26)	17,847	6,077
	155,651	320,676

Long term trade payables	30 September 2010	31 December 2009
Notes payable	135,290	-
	135,290	-

8. OTHER RECEIVABLES AND LIABILITIES

a) Other Receivables:

Other short term receivables	30 September 2010	31 December 2009
Deposits and guarantees given	963	963
	963	963

Other long term receivables	30 September 2010	31 December 2009
Deposits and guarantees given	20,454	16,962
	20,454	16,962

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

8. OTHER RECEIVABLES AND LIABILITIES (continued)

b) Other Liabilities:

Other Short Term Liabilities	30 September 2010	31 December 2009
Taxes and funds payable	95,650	87,368
Social security contributions	49,556	46,814
Other miscellaneous payables	27,098	38,076
	172,304	172,258

9. INVENTORIES

	30 September 2010	31 December 2009
Trading Goods	140,355	72,796
	140,355	72,796

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

As at 30 September 2010, the details of the Groupĝs associates are as follows:

	Shareholding interest (%)			
Associates	30 September 2010	31 December 2009	Voting Power	Main Business Area
Probil	10.00	10.00	(*)	Service
ITD(**)	-	34.98	(*)	Service
Ode	17.24	17.24	(*)	Production
Türkmed	25.78	25.78	(*)	Service
Ortopro	30.00	30.00	(*)	Production-Commerce
Dr. F. Frik	20.00	20.00	(*)	Commerce
Havaк Holding	6.67	-	(*)	Service

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

(**) By the Board of Directors decision dated 30 July 2010, the Company has sold all of its shares in ITD to Asseco South Eastern Europe S.A amounting USD 3,936,068 (TL 5,916,698) at 30 July 2010.

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

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

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

	30 September 2010	31 December 2009
Total assets	906,602,549	368,384,550
Total liabilities	(435,131,824)	(238,708,338)
Net assets	471,470,725	129,676,212
Group's share in associates' net assets	46,024,792	24,587,796
Goodwill in equity accounted investees	11,365,981	11,446,274
Investments in equity accounted investees	57,390,773	36,034,070

	30 September 2010	30 September 2009
Sales		
Revenue	502,090,055	308,744,503
Profit/ (loss) for the period	32,897,837	(16,465,300)
Group's share of profit /(loss) of associates (*)	1,403,482	(3,192,178)

Associates	Goodwill	
	30 September 2010	31 December 2009
ITD (*)	-	80,293
Türkmed	2,043,820	2,043,820
Ortopro	3,455,578	3,455,578
Dr. F. Frik	5,866,583	5,866,583
	11,365,981	11,446,274

Group performed impairment test for each associate and did not determine any impairment losses. Group has calculated recoverable amount by using discounted cash flow method and 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. Group tests goodwill for impairment annually at the year ends.

(*)The Company has sold its total shares in equity accounted investment ITD at 30 July 2010. Due to the sale, the amount which was previously classified as "Assets Held for Sale" and the goodwill related to the investment has been unrecognized.

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

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

Havaк Havalimanlarē Yer Hizmetleri Yatērēm Holding Anonim ķirketi (ñHavaк Holdingò), in which the Company has 6.67% shareholding interest, is established with a share capital amounting 228,000,000 TL and the Company transferred a capital of Euro 8,000,000 (TL 16,705,959). Besides, Havaк Holding has obtained a cash loan amounting Euro 60,000,000 from Türkiye Ķķ Bankasē Aķ with the loan agreement signed on 24 March 2010 and with this borrowed fund, Havaк Holding acquired the total shares of Havaalanlarē Yer Hizmetleri A.ķ. (ñHavaкò) from the current shareholders with an amount of Euro 180,000,000. Eventually, Havaк Holding and Havaк are going to be merged and all parties are going to have direct shareholding interests in Havaк.

The calculation of goodwill arising from the purchase of 6.67% shares of Havaк Holding by the Company is as follows:

	31 March 2010		
	Carrying value	Fair value	Share of parent company
Cash and cash equivalents	52,997,711	52,997,711	3,533,181
Trade and other receivables	21,480,465	21,480,465	1,432,031
Inventories	3,762,244	3,762,244	250,816
Other assets	15,247,842	15,247,842	1,016,523
Property, plant and equipment	44,614,225	44,614,225	2,974,282
Intangible assets	429,018,203	429,018,203	28,601,214
Financial liabilities	(164,486,617)	(164,486,617)	(10,965,774)
Trade payables	(67,085,193)	(67,085,193)	(4,472,346)
Other liabilities	(16,812,796)	(16,812,796)	(1,120,855)
Net assets	318,736,084	318,736,084	21,249,072
Total cash paid			(16,705,959)
Negative goodwill (Note 20)			(4,543,113)

At the reporting date, assets and liabilities of Havaк Holding are presented in the financial statements with their fair values, which are determined temporarily.

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

11. PROPERTY, PLANT AND EQUIPMENT

	Plant, Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
Opening balances as at 1 January 2010	300,751	446,601	445,718	1,193,070
Additions	26,386	17,504	842	44,732
Closing balances as at 30 September 2010	327,137	464,105	446,560	1,237,802
Accumulated Depreciation				
Opening balances as at 1 January 2010	(226,632)	(384,529)	(434,743)	(1,045,904)
Charge for the period	(32,513)	(23,102)	(2,888)	(58,503)
Closing balances as at 30 September 2010	(259,145)	(407,631)	(437,631)	(1,104,407)
Net book value as at 30 September 2010	67,992	56,474	8,929	133,395
Net book value as at 31 December 2009	74,119	62,072	10,975	147,166

	Plant, Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
Opening balances as at 1 January 2009	268,160	418,437	445,718	1,132,315
Additions	22,980	6,239	-	29,219
Closing balances as at 30 September 2009	291,140	424,676	445,718	1,161,534
Accumulated Depreciation				
Opening balances as at 1 January 2009	(189,269)	(357,031)	(429,925)	(976,225)
Charge for the period	(27,288)	(20,026)	(3,614)	(50,928)
Closing balances as at 30 September 2009	(216,557)	(377,057)	(433,539)	(1,027,153)
Net book value as at 30 September 2009	74,583	47,619	12,179	134,381
Net book value as at 31 December 2008	78,891	61,406	15,793	156,090

All of the current year depreciation expense amounting TL 58,503 is included in administrative expenses (30 September 2009: TL 50,928).

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

12. INTANGIBLE ASSETS

Cost	Capitalized development expenses	(*)Other	Total
Opening balances as at 1 January 2010	2,503,665	133,801	2,637,466
Additions	-	9,456	9,456
Closing balances as at 30 September 2010	2,503,665	143,257	2,646,922
Accumulated Amortization			
Opening balances as at 1 January 2010	(2,053,799)	(121,089)	(2,174,888)
Charge for the period	(277,375)	(9,709)	(287,084)
Closing balances as at 30 September 2010	(2,331,174)	(130,798)	(2,461,972)
Net book value as at 30 September 2010	172,491	12,459	184,950
Net book value as at 31 December 2009	449,866	12,712	462,578

Cost	Capitalized development expenses	(*)Other	Total
Opening balances as at 1 January 2009	2,503,665	130,315	2,633,980
Additions	-	3,486	3,486
Closing balances as at 30 September 2009	2,503,665	133,801	2,637,466
Accumulated Amortization	-		
Opening balances as at 1 January 2009	(1,555,634)	(96,656)	(1,652,290)
Charge for the period	(390,846)	(18,468)	(409,314)
Closing balances as at 30 September 2009	(1,946,480)	(115,124)	(2,061,604)
Net book value as at 30 September 2009	557,185	18,677	575,862
Net book value as at 31 December 2008	948,031	33,659	981,690

(*) Other intangible assets include software expenses.

For the nine month period ended 30 September 2010, the amortization expenses amounting TL 277,375 (30 September 2009: TL 390,846) is included in research and development expenses and TL 9,709 (30 September 2009: TL 18,468) is included in administrative expenses.

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

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2010	31 December 2009
Letter of Credits given	108,425	10,000
Other (*)	246,524	403,706
	354,949	413,706

(*) As of 30 September 2010, other balance comprise of promissory notes given as collateral against the borrowed funds from Türkiye Teknoloji Geliķtirme Vakfē for financing of project by the Companyôs subsidiary.

14. EMPLOYEE BENEFITS

Short term	30 September 2010	31 December 2009
Employee salaries payable	224,247	55,326
Provision for employee bonuses	76,570	336,991
Vacation pay liability	263,084	208,226
	563,901	600,543
Long term		
Reserve for employee severance pay liability	69,686	40,667
	69,686	40,667

Under Turkish Labor 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 Lawôs numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, employees who are quitted by gaining right to receive termination benefits are to be paid 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 30 September 2010 is subject to monthly TL 2,517.01 (31 December 2009: TL 2,365.16)

Severance pay liability is not subject to any legal funding. The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 (ñEmployee Benefitsò) requires actuarial valuation methods to be developed to estimate the enterpriseôs obligation under defined benefit plans. Accordingly, the actuarial assumptions explained in the following paragraph were used in the calculation of the total liability.

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

14. EMPLOYEE BENEFITS (continued)

The principal assumption is that the maximum liability for each year of service will increase parallel to the change in inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 30 September 2010, 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 balance sheet date is calculated assuming an annual inflation rate of 4.8% and a discount rate of 11%, resulting in a real discount rate of approximately 5.92% (31 December 2009: 5.92% real discount rate is calculated assuming an annual inflation rate of 4.8% and a discount rate of 11%).The probability of voluntarily leases is also considered in the calculation. As the maximum liability is revised semi annually, the maximum amount of TL 2,517.01 effective from 1 January 2010 has been taken into consideration in calculation of reserve for severance pay liability.

The movement of provision for employee bonuses

	1 January- 30 September 2010	1 January- 30 September 2009
Provision as at 1 January	336,991	324,168
Charge for the period	208,063	384,600
Employee bonuses paid	(468,484)	(420,077)
Provision as at 30 September	76,570	288,691

The movement of vacation pay liability

	1 January- 30 September 2010	1 January- 30 September 2009
Provision as at 1 January	208,226	178,033
Charge for the period	54,858	14,919
Provision as at 30 September	263,084	192,952

The movement of reserve for employee severance pay liability

	1 January- 30 September 2010	1 January- 30 September 2009
Provision as at 1 January	40,667	24,131
Cost of services	14,895	16,376
Interest cost	22,439	-
Paid severance indemnity	(41,651)	(4,984)
Actuarial difference	33,336	-
Provision as at 30 September	69,686	35,523

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

15. OTHER ASSETS AND LIABILITIES

Other Current Assets	30 September 2010	31 December 2009
Prepaid taxes and funds	1,027,359	1,058,322
VAT receivables	292,234	256,657
Job advances	196,483	15,222
Prepaid expenses	45,418	97,749
Advances given to personnel	-	30,274
Advances given for inventories	136,552	54,180
	1,698,046	1,512,404

Other Short Term Liabilities	30 September 2010	31 December 2009
Advances received	346,622	1,452
Accrued income	76,658	-
Accrued expenses	33,984	30,858
	457,264	32,310

16. CAPITAL AND RESERVES

a) Share Capital

As at 30 September 2010 and 31 December 2009 the share capital structure is as follows:

Shareholders	Group	%	30 September 2010	%	31 December 2009
Ķş Yatērēm Menkul Deĵ erler A.ķ.	A	8.9	4,480,000	8.9	2,240,000
Ķş Yatērēm Menkul Deĵ erler A.ķ.	B	20.1	10,139,423	20.1	5,069,711
Türkiye Teknoloji Geliştirme Vakfē	B	11.1	5,600,000	11.1	2,800,000
Türkiye Sēnai Kalkēnma Bankasē A.ķ.	B	16.7	8,400,000	16.7	4,200,000
Other	B	12	6,048,000	12	3,024,000
Publicly-traded capital	B	31.2	15,732,577	31.2	7,866,289
Nominal capital		100	50,400,000	100	25,200,000

As at 30 September 2010 the Company's share capital consists of 5.040.000.000 unit shares (31 December 2009: 2.520.000.000 shares). The par value of each share is TL 0.01 (31 December 2009: TL 0.01 per share).

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

16. CAPITAL AND RESERVES (continued)

a) Share Capital (continued)

The nominal share capital of the Company amounting TL 50,400,000 comprised of Group A and Group B shares, amounting TL 4,480,000 and TL 45,920,000, respectively. Group A shares holders 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 Vakfē.

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.

According to the Board of Directors decision dated 26 April 2010, the Company has decided to increase its share capital amounting to TL 25,200,000 from inflation adjustment to share capital account by 100% to 50,400,000 within the capital ceiling of TL 200,000,000. The Company referred to Capital Markets Board on 26 April 2010. After capital increase by bonus issue which started on 8 June 2010 and accomplished on 10 June 2010, share capital of TL 50,400,000 has been registered on 30 June 2010 and appeared in Trade Registry Gazette on 8 July 2010.

As at 30 September 2010, the Company has inflation adjustment to share capital amounting TL 21,606,400 (31 December 2009: TL 46,806,400).

b) Other Reserves

Other reserves comprise of profits or losses from sale of subsidiary shares.

On 1 June 2010, 2.99% of shares of Nevotek is sold to an individual called Ali Saeb and control of the shares has been transferred to Ali Saeb as at the sale date. After this transaction, as at 30 June 2010, shares of the Company in Nevotek has decreased to 85.24%. Nevotek has been fully consolidated in the accompanying consolidated interim financial statements, the shares that are not under control of the Equity holders of the Company directly or indirectly has been recognized as non-controlling interest and according to TFRS, 3 the effect of this transaction amounting TL 249,702 has been accounted under ñother reservesò in the statement of changes in equity.

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

16. CAPITAL AND RESERVES (continued)

c) Legal Reserves

	30 September 2010	31 December 2009
Legal Reserves (*)	6,904,334	6,371,604
	6,904,334	6,371,604

(*) TL 944,974 of legal reserve balance is composed of inflation adjustment differences in the statutory records. (31 December 2009: TL 944,974).

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.

d) Retained Earnings

As at 30 September 2010 the Group has retained earnings amounting TL 39,338,636 (31 December 2009: TL 34,687,092).

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 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.

With the General Assembly decision made on 28 April 2010, The Company distributed dividends from prior year's profit amounting to TL 3,000,000 (30 September 2009: 3,370,000) in the first nine month period of 2010.

e) Translation reserve

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

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

16. CAPITAL AND RESERVES (continued)

f) 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 balance sheet.

As at 30 September 2010 the Group's non controlling interests in equity is TL 704,430 (31 December 2009: TL 689,544). Shares of net loss of the subsidiary that are directly or indirectly not under control of the Equity holders of the Company amounting TL 160,563 has been classified as "non-controlling interest" in the consolidated statement of comprehensive income (30 September 2009: TL 101,765).

17. SALES REVENUE AND COST OF SALES

a) Sales	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Domestic sales	1,069,275	378,881	669,802	295,960
Sale of investments in equity accounted investees	-	-	-	-
Other	1,069,275	378,881	669,802	295,960
Foreign sales	11,025,462	7,569,062	3,730,059	1,061,000
Sale of investments in equity accounted investees (*)	5,916,698	5,916,698	-	-
Other	5,108,764	1,652,364	3,730,059	1,061,000
Other sales income	519,517	179,912	437,013	144,084
Sales returns (-)	(7,539)	-	(4,834)	(4,333)
Sales reductions (-)	(601)	(601)	-	-
	12,606,114	8,127,254	4,832,040	1,496,711

(*) The above mentioned sales are collections from sale of ITD İletişim Teknoloji Danışmanlık Tic. A.Ş. at 30 July 2010.

b) Cost of sales	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Cost of investments in equity accounted investees (**)	(1,682,993)	(1,682,993)	-	-
Cost of trading goods sold	(960,354)	(278,752)	(528,921)	(293,673)
Personnel expenses	(686,959)	(236,345)	(395,329)	(132,761)
Rent expenses	(140,995)	(59,021)	(75,267)	(25,170)
Communication expenses	(106,565)	(38,217)	(106,179)	(36,678)
Traveling expenses	(109,433)	(39,598)	(45,742)	(17,529)
Other expenses	(220,024)	(72,500)	(80,934)	(7,132)
Equipment tenancy expenses	-	-	(74,721)	(46,902)
	(3,907,323)	(2,407,426)	(1,307,093)	(559,845)

(**) The Company has sold all of its shares in ITD to Asseco South Eastern Europe S.A amounting USD 3,936,068 (TL 5,916,698) at 30 July 2010 (Note 10).

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

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

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Research and development expenses (-)	(1,379,566)	(475,151)	(1,302,049)	(435,083)
Marketing, sales and distribution expenses (-)	(1,019,609)	(466,978)	(814,594)	(205,414)
Administrative expenses (-)	(5,174,913)	(1,938,310)	(4,262,357)	(1,528,074)
	(7,574,088)	(2,880,439)	(6,379,000)	(2,168,571)

19. EXPENSES BY FUNCTION

a) The details of research and development expenses	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Personnel expenses	(1,066,151)	(376,502)	(849,049)	(300,687)
Amortization expenses	(277,375)	(75,895)	(390,846)	(118,489)
Traveling expenses	(25,287)	(15,284)	(33,816)	(4,429)
Other expenses	(10,753)	(7,470)	(28,338)	(11,478)
	(1,379,566)	(475,151)	(1,302,049)	(435,083)

b) The details of marketing, sales and distribution expenses	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Personnel expenses	(650,958)	(251,957)	(497,096)	(152,142)
Traveling expenses	(154,256)	(58,260)	(197,907)	(43,319)
Advertising and marketing expenses	(186,908)	(146,141)	(84,807)	(897)
Other expenses	(27,487)	(10,620)	(34,784)	(9,056)
	(1,019,609)	(466,978)	(814,594)	(205,414)

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

19. EXPENSES BY FUNCTION (continued)

c) The details of administrative expenses	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Personnel expenses	(2,494,323)	(887,714)	(2,454,214)	(999,528)
Audit and consultancy expenses	(821,318)	(401,556)	(619,655)	(213,320)
Salaries of board of directors	(299,800)	(103,800)	(285,300)	(95,100)
Travel expenses	(219,049)	(54,340)	(86,912)	(26,917)
Outsourced benefits and services	(257,422)	(93,231)	(82,814)	(3,977)
Rent expenses	(167,487)	(55,861)	(153,528)	(39,166)
Severance indemnity expenses	(70,670)	(22,620)	(16,376)	(8,550)
Depreciation and amortization expenses	(68,212)	(21,816)	(69,396)	(23,380)
Tax and duty expenses	(175,481)	(135,176)	(126,870)	(42,010)
Representation expenses	(25,958)	(8,495)	(72,942)	(21,594)
Communication expenses	(22,862)	(6,147)	(23,991)	(8,000)
Stationery expenses	(11,097)	(4,209)	(61,852)	(9,888)
Other expenses	(541,234)	(143,345)	(208,507)	(36,644)
	(5,174,913)	(1,938,310)	(4,262,357)	(1,528,074)

20. OTHER OPERATING INCOME / EXPENSES

The details of other operating income and expense for the nine month periods ended 30 September are as follows:

Income from other operations	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Negative goodwill recognized as income in the period (*)	4,543,113	-	-	-
Other income and profits	112,702	88,858	86,955	3,425
	4,655,815	88,858	86,955	3,425

(*) The Company paid Euro 8,000,000 in cash for the acquisition of 6.67% share of Havaк Holding on 24 March 2010 and recognized negative goodwill (Note 10) as income arised from this transaction.

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

20. OTHER OPERATING INCOME / EXPENSES (continued)

Other operating expenses	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Provision expenses	-	-	(169,088)	(168,440)
Expenses related to written-off receivables	(805,328)	(34,023)	-	-
Other	(312)	12,353	(29,899)	(16,521)
	(805,640)	(21,670)	(198,987)	(184,961)

As at 30 September 2010, major part of other operating expenses is comprised of receivables that are written-off amounting TL 805,328.

21. FINANCE INCOME

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 J 30 Septem 2
Financial assets value increase	1,987,045	842,614	10,745,138	5,149
Interest income:	1,862,947	778,337	3,367,251	1,465
Bank deposit	576,590	223,052	712,655	315
Reverse repurchase agreements	15,243	641	18,848	4
Financial assets designated at fair value through profit and loss	1,271,114	554,644	2,635,748	1,144
Foreign exchange gain	1,003,353	137,726	1,292,504	157
Dividend income	1,120,912	290,369	212,880	
Trading income	620,980	3,092	931,492	380
Income accruals	227,456	33,859	52,197	11
	6,822,693	2,085,997	16,601,462	7,163

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

22. FINANCE COSTS

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Impairment of securities	(491,272)	731,283	(469,589)	(352,784)
Foreign exchange losses	(1,616,460)	(969,159)	(1,486,444)	(384,545)
Interest expenses on bank loans	(107,909)	(48,808)	(216,957)	(62,706)
Accrued interest expenses	(85,161)	(29,705)	(5,277)	(5,277)
Loss from sale of securities	(27,799)	-	-	-
Commission expenses	(24,467)	-	(14,973)	(2,668)
	(2,353,068)	(316,389)	(2,193,240)	(807,980)

23. NON CURRENT ASSETS HELD FOR SALE

As at 30 September 2010, the Company does not have any non-current assets held for sale. (31 December 2009: None).

24. INCOME TAXES

The Company is exempt from corporate tax. The Company's subsidiary, Nevotek, according to Law No. 5035 and temporary 2. article of Law No. 4691 of the Technology Development Zones, income and corporate taxpayers who are operating in Technology Development Zone and software research and development (R&D) activities in this area exclusively derived from the earnings until 31 December 2013 is exempt from income and corporation tax. Therefore, tax reconciliation information is not disclosed.

24 INCOME TAXES (continued)

Corporate Tax

Ķķ Giriķim Sermayesi Yatērēm Ortaklēĵ ē Aķ 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 2. 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 2013. 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 2013.

Since there is no estimated tax liability, for the subsidiary of the Company, due to the other operating activities except from current period R&D and programmed operations, tax provision 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 can not be deducted from the tax base and, deducting domestic dividends received from resident companies, not subject to tax and investment income.

In Turkey, advance corporate tax returns are calculated as quarterly and accrued. In 2009, the corporate income tax during the period as the taxation of corporate income tax is calculated at a rate of over 20% (2008: 20%).

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 previousô 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 yearsô records of the corporate tax return and can be changed by the tax office.

24. INCOME TAXES (continued)

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.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive utilization is abolished commencing from 1 January 2006. If companies cannot use investment incentive amounts due to inadequate profit, such outstanding investment incentive amounts can be carried forward to following years until 2008, after 2008 the investment incentive amounts can not be deducted from tax base.

Supreme Court, with the meeting dated 15 October 2009, has abolished legal arrangement that removes the vested right before, by claiming to be against the Constitution and so time limitation due to investment incentive utilization is abolished and mentioned decision has been published in Official Gazette in 8 January 2010.

Subsequently, new treatment on investment incentive was introduced by the Law no. 6009 "Law on the Amendment of the Income Tax Law and Certain Laws and Decree Laws" which was promulgated in the Official Gazette on 1 August 2010. According to this law companies are allowed to benefit from the investment incentive in 2010, stemming from as of 31 December 2005due to the lack of taxable income. However, in the regulations investment incentive amount can be benefited up to 25% of the taxable income of the respective tax period, remaining part of the taxable income will be subject to current tax rate (20%). 19.8% withholding taxes calculated over the investment incentive certificates is to be 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 2009: 20%).

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

24. INCOME TAXES (continued)

Deferred Tax (continued)

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)/liabilities:	30 September 2010	31 December 2009
Differences in depreciation of tangible and intangible assets	(13,904)	5,555
Severance indemnity	(6,300)	(3,260)
Vacation pay liability	(12,756)	(11,023)
Discount on receivables	(19,531)	(9,433)
Interest expense accruals	(74)	(74)
Discount on payables	1,101	455
Unrecognized deferred tax assets (net)	(51,464)	(17,780)

Deferred tax assets 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 2013 in accordance with Turkish Law numbered as 5035 and Research and Technological Development Law numbered as 4691's 2nd article.

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

25. EARNINGS PER SHARE

	1 January-30 September 2010	1 January-30 September 2009
Earning per share		
Weighted average number of shares available during the period (full value)	25,200,000	23,400,000
Transfer from retained earnings	-	1,800,000
Transfer from capital inflation adjustment account(*)	25,200,000	-
Total(*)	50,400,000	25,200,000
Net profit	11,019,375	8,357,425
Earnings per share (TL 1 nominal value)	0.218638	0.165822

(*) Capital increase in the second half of the year 2010 is made from internal funds, the number of shares is considered as 50.400.000 in earning per share calculation of the prior period.

26. RELATED PARTIES

Since the transactions made between the Company and its subsidiary are 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 free of interest.

Key management remuneration:

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

	1 January-30 September 2010	1 January-30 September 2009
Salaries and other short term liabilities	1,947,693	1,991,695
	1,947,693	1,991,695

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

26. RELATED PARTIES (continued)

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

Türkiye İş Bankası A.Ş.	30 September 2010	31 December 2009
Demand deposit	222,991	245,514
Time deposit	13,584,062	8,924,909
	13,807,053	9,170,423

Borrowings from related parties	Original currency	Interest rate	30 September 2010 Short term	30 September 2010 Long term
Türkiye İş Bankası A.Ş.	TL	10%	435,000	-
Türkiye İş Bankası A.Ş.	TL	-	8,139	-
Türkiye Teknoloji Geliştirme Vakfı	US Dollar	-	185,096	-
			628,235	-

Borrowings from related parties	Original currency	Interest rate	31 December 2009 Short term	31 December 2009 Long term
Türkiye İş Bankası A.Ş.	TL	-	9,537	-
Türkiye Teknoloji Geliştirme Vakfı	US Dollar	-	175,120	-
			184,657	-

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

26. RELATED PARTIES (continued)

Factoring transactions with related parties	Original currency	Interest rate	30 September 2010 Short term	Long term
Ķş Faktoring Finansman Hizmetleri A.ķ.	-	-	-	-
			-	-

Factoring transactions with related parties	Original amount	Interest rate	31 December 2009 Short term	Long term
Ķş Faktoring Finansman Hizmetleri A.ķ.	TL	13%	289,945	-
			289,945	-

	30 September 2010			
	Receivables Short term		Payables Short term	
Balances with related parties	Trading	Other	Trading	Other
Associates				
Ode	1,770	-	-	-
Ortopro	32,204	-	-	-
Türkmed	7,080	-	-	-
Meg Elektrik Elektronik Bilgi ve Ķletiĸim Sistemleri	-	-	-	-
ATT Technology Management BV	-	-	-	-
Anadolu Anonim Türk Sigorta ķirketi	-	-	17,276	-
Ķş Merkezleri Yönetim ve Ķşletim A.ķ.	-	-	571	-
	41,054	-	17,847	-

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

26. RELATED PARTIES (continued)

	31 December 2009			
	Receivables Short term		Payables Short term	
Balances with related parties	Trading	Other	Trading	Other
Associates				
Ode	3,540	-	-	-
Ortopro	5,356	-	-	-
Türkmed	4,720	-	-	-
Meg Elektrik Elektronik Bilgi ve Ķletiķim Sistemleri	-	-	-	-
ATT Technology Management BV	-	-	476	-
Anadolu Anonim Türk Sigorta ķirketi	-	-	2,659	-
Ķķ Merkezleri Yönetim ve Ķķletim A.ķ.	-	-	1,015	-
Ķķ Yatērēm Menkul Deĵerler A.ķ.	-	-	1,475	-
Ķķ Factoring Finansman Hizmetleri A.ķ.	-	-	-	-
Ķķ Net Elektronik Bilgi Üretim Daĵētēm Ticaret ve Ķletiķim Hizmetleri A.ķ.	-	-	-	-
T. Ķķ Bankasē A.ķ.	-	-	452	-
Other	-	-	-	-
	13,616	-	6,077	-

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

26. RELATED PARTIES (continued)

	1 January – 30 September 2010							
Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Ode	-	-	-	-	-	-	13,500	-
Ortopro	-	-	-	-	-	-	41,048	-
Türkmed	-	-	-	-	-	-	18,000	-
Dr. F. Frik.	-	-	-	-	-	-	174,658	-
T. İş Bankası A.Ş.	573,507	(23,100)	-	-	(2,020)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(24,467)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(115,488)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(389,508)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(51,443)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(90,775)	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	(47,442)
Meg Elektrik Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	(726,448)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret	-	-	(3,487)	-	-	-	-	-
ve İletişim Hizmetleri A.Ş.	-	-	-	-	-	-	-	-
Probil	-	-	-	-	(3,203)	-	290,369	-
	573,507	(47,567)	(3,487)	(90,775)	(394,731)	(115,488)	537,575	(825,333)

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

26. RELATED PARTIES (continued)

	1 January – 30 September 2009							
Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Ode	-	-	-	-	-	-	13,500	-
Ortopro	-	-	-	-	-	-	42,537	-
Türkmed	-	-	-	-	-	-	18,000	-
Dr. F. Frik	-	-	-	-	-	-	180,613	-
T. İş Bankası A.Ş.	292,127	(83,088)	-	-	(2,224)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(50,183)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(114,205)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(172,745)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(51,443)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(73,105)	-	-	-	-
ATT Technology Management BV	-	-	(12,876)	-	-	-	-	-
Meg Elektrik Elektronik Bilgi ve İletişim Sistemleri	-	-	(15,869)	-	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret		-	(12,995)	-	-	-	-	-
ve İletişim Hizmetleri A.Ş.	-	-	-	-	-	-	-	-
Probil	-	-	-	-	(3,823)	-	-	-
	292,127	(133,271)	(41,740)	(73,105)	(178,792)	(114,205)	254,650	(51,443)

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 optimisation 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 consist of many customers that operate in various industries and locations. Credit risk evaluation is continuously performed for the trade receivables from customers.

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

27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

	Receivables						
	Trade receivables		Other receivables				
30 September 2010	Related parties	Other	Related parties	Other	Cash and Cash Equivalents(**)	Financial Assets	Investments in equity accounted investees
Maximum net credit risk as of balance sheet date(*)	41,054	5,815,071	-	21,417	16,045,259	59,087,909	57,390,773
- The portion of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	41,054	3,413,693	-	-	16,045,259	59,087,909	57,390,773
B. Net book value of financial assets that are negotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired		2,401,378					
- under guarantee with collateral, etc.	-	-	-	-	-	-	-
D. Net book value of impaired assets							
- Past due (gross carrying amount)	-	44,556	-	-	-	-	-
- Impairment (-)	-	(44,556)	-	-	-	-	-
- The portion of net book value under guarantee with collateral, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The portion of net book value under guarantee with collateral, etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) Items like guarantees taken which increase reliability of loans have been ignored when determining the amount.
(**) Does not include cash on hand.

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

27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

	Receivables						
	Trade receivables		Other receivables				
31 December 2009	Related parties	Other	Related parties	Other	Cash and Cash Equivalents(**)	Financial Assets	Investments in equity accounted investees
Maximum net credit risk as of balance sheet date(*)	13,616	6,412,393		17,925	9,453,926	77,260,996	36,034,070
- The portion of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	13,616	3,764,346			9,453,926	77,260,996	36,034,070
B. Net book value of financial assets that are negotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired		2,648,047					
under guarantee with collateral, etc.	-	-	-	-	-	-	-
D. Net book value of impaired assets							
- Past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The portion of net book value under guarantee with collateral, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The portion of net book value under guarantee with collateral, etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) Items like guarantees taken which increase reliability of loans have been ignored when determining the amount.
(**) Does not include cash on hand.

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

27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Aging of overdue but not yet impaired receivables:

30 Septemer 2010	Trade Receivables	Other receivables	Cash at banks	Derivative Instruments	Other	Total
Past due 1-30 days	116,453	-	-	-	-	116,453
Past due 1-3 months	214,297	-	-	-	-	214,297
Past due 3-12 months	1,782,753	-	-	-	-	1,782,753
Past due 1-5 years	287,875	-	-	-	-	287,875
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	2,401,378	-	-	-	-	2,401,378
The portion under guarantee with collateral	-	-	-	-	-	-

31 December 2009	Trade Receivables	Other receivables	Cash at banks	Derivative Instruments	Other	Total
Past due 1-30 days	128,415	-	-	-	-	128,415
Past due 1-3 months	236,310	-	-	-	-	236,310
Past due 3-12 months	1,965,877	-	-	-	-	1,965,877
Past due 1-5 years	317,445	-	-	-	-	317,445
Past due more than 5 years	-	-	-	-	-	-
Total past due receivables	2,648,047	-	-	-	-	2,648,047
The portion under guarantee with collateral	-	-	-	-	-	-

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

27. FINANCIAL RISK MANAGEMENT (continued)

Credit risk management (continued)

As at the balance sheet date, 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", in order to minimize the risk of liquidity the details of unused loans, in case of need, as at balance sheet date is disclosed in Note 6. In part "Private Equity", equity is used completely. Investments made in private 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.

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.

30 September 2010

Contractual Maturities	Carrying amount	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						
Bank borrowings	1,283,578	1,319,399	1,268,259	19,482	31,658	-
Trade payables	290,941	293,443	155,651	-	137,792	-
Other payables (*)	27,098	27,098	27,098	-	-	-
Total liabilities	1,601,617	1,639,940	1,451,008	19,482	169,450	-

(*) Taxes and other duties payables are excluded.

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

27. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk management (continued)

31 December 2009

Contractual maturities	Carrying amount	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						
Bank borrowings	931,811	948,084	699,819	194,625	53,640	-
Trade payables	320,676	322,952	322,952	-	-	-
Factoring payables	289,945	289,945	289,945	-	-	-
Other payables (*)	38,076	38,076	38,076	-	-	-
Total liabilities	1,580,508	1,599,057	1,350,792	194,625	53,640	-

(*)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.

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

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

27. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency risk management (continued)

	30 September 2010					
	TL (Functional currency)	USD	Euro	JPY	GBP	Other
1. Trade receivables	5,263,435	2,120,327	1,106,123	-	-	-
2a. Monetary Financial Assets	7,885,613	5,284,171	109,964	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. CURRENT ASSETS	13,149,048	7,404,498	1,216,087	-	-	-
5. Trade receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-	-
9. TOTAL ASSETS	13,149,048	7,404,498	1,216,087			-
10. Trade payables	48,971	33,745	-	-	-	-
11. Financial liabilities	185,096	127,547	-	-	-	-
12a. Other Monetary Financial Liabilities	71,753	8,947	29,750	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
13. SHORT TERM LIABILITIES	305,821	170,239	29,750		-	
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other Monetary Financial Liabilities	22,576	13,044	1,838	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
17. LONG TERM LIABILITIES	22,576	13,044	1,838		-	
18. TOTAL LIABILITIES	328,397	183,283	31,588		-	-
19. Net asset/liability position of the off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-	-
19.a 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	12,820,651	7,221,215	1,184,500		-	-
21. Monetary items, net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	12,820,651	7,221,215	1,184,500		-	-
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	5,108,764	2,151,677	811,824	-	-	581,686
24. Import	468,591	183,411	78,503	-	-	-

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

27. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency risk management (continued)

	31 December 2009					
	TL (Functional currency)	USD	Euro	JPY	GBP	Other
1. Trade receivables	6,319,925	2,854,566	863,631	-	-	379,105
2a. Monetary Financial Assets	2,490,130	1,532,851	32,574	-	-	271,426
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	-	-	-	-		-
4. CURRENT ASSETS	8,810,055	4,387,417	896,205	-	-	650,531
5. Trade receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-	-
9. TOTAL ASSETS	8,810,055	4,387,417	896,205	-	-	650,531
10. Trade payables	247,565	127,165	25,965	-	-	-
11. Financial liabilities	175,120	116,305	-	-	-	-
12a. Other Monetary Financial Liabilities	192,193	40,437	41,220	-	-	102,647
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
13. SHORT TERM LIABILITIES	614,878	283,907	67,185	-	-	102,647
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	24,699	13,688	1,838	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
17. LONG TERM LIABILITIES	24,699	13,688	1,838	-	-	-
18. TOTAL LIABILITIES	639,577	297,595	69,023	-	-	102,647
19. Net asset/liability position of the off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-	-
19.a 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	8,170,478	4,089,822	827,182	-	-	547,884
21. Monetary items, net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	8,170,478	4,089,822	827,182	-	-	547,884
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	6,698,324	2,775,679	1,135,329	-	-	-

24. Import 807,705 31,967 122,538 - 2,838 -

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 Groupŝ 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 managementŝ 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.

	30 September 2010			
	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 of TL against the U.S. Dollar			
1 - U.S. Dollar net assets / liabilities	1,047,943	(1,047,943)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)	1,047,943	(1,047,943)	-	-
	10% appreciation of TL against Euro			
4 ï Euro net assets / liabilities	233,986	(233,986)	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	233,986	(233,986)	-	-
	10% appreciation of TL against other currencies			
7 ï Other currencies net assets / liabilities	-	-	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	-	-	-	-
TOTAL (3 + 6 +9)	1,281,929	(1,281,929)	-	-

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

27. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency risk management (continued)

Foreign currency risk sensitivity analysis (continued)

	30 September 2009			
	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 of TL against the U.S. Dollar			
1 - U.S. Dollar net assets / liabilities	494,994	(494,994)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)	494,994	(494,994)	-	-
	10% appreciation of TL against Euro			
4 ï Euro net assets / liabilities	225,061	(225,061)	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	225,061	(225,061	-	-
	10% appreciation of TL against other currencies			
7 ï Other currencies net assets / liabilities	16,928	(16,928)	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	16,928	(16,928)	-	-
			-	-
TOTAL (3 + 6 +9)	736,983	(736,983)	-	-

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

27. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk Management

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.

The interest position of the Group as at 30 September 2010 and 31 December 2009 is as follows:

Interest Position Table

Fixed interest rate financial instruments		30 September 2010	31 December 2009
Financial assets	Financial assets at fair value through profit or loss	18,037,003	31,552,887
	Available for sale financial assets	-	-
Financial liabilities (*)		(1,090,343)	(747,154)
		16,946,660	30,805,733
Floating rate financial instruments		--	--
Financial assets		--	--
Financial liabilities		--	--
		--	--

(*) The non-interest loans utilized from Türkiye Teknoloji Geliştirme Vakfı amounting US Dollar 127,547 (185,096 TL equivalent) and TL 8,139 from Türkiye İş Bankası have been deducted from the total amount.

Fixed income securities that are classified as designated at fair value through profit and loss in the Group's consolidated balance sheet are exposed to price risk depending on interest rate changes. According to the analysis that the Group calculated, effect on fixed-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:

30 September 2010

Risk type	Risk rate	Risk direction	Impact on profit for the period
Interest rate risk	1%	Increase	(450,807)
		Decrease	520,290

30 September 2009

Risk type	Risk rate	Risk direction	Impact on profit for the period
Interest rate risk	1%	Increase	(339,815)
		Decrease	390,567

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 balance sheet position as at 30 September 2010, 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 664,434 (30 September 2009: TL 880,209) lower/higher.

According to the balance sheet position as at 30 September 2010, 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 (stock-indexed investment funds are excluded), net profit would be TL 363,624 (30 September 2009: TL 334,180) lower/higher.

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

28. FINANCIAL INSTRUMENTS

30 September 2010	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	14,092,591	-	1,955,832	-	16,048,423	16,048,423	4
Financial assets	-	-	59,087,909	-	59,087,909	59,087,909	5
Trade receivables	-	5,856,125	-	-	5,856,125	5,856,125	7
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	1,283,578	1,283,578	1,283,578	6
Trade payables	-	-	-	290,941	290,941	290,941	7
Other payables (*)	-	-	-	27,098	27,098	27,098	8

31 December 2009	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	9,332,627	-	122,313	-	9,454,940	9,454,940	4
Financial assets	-	-	77,260,996	-	77,260,996	77,260,996	5
Trade receivables	-	6,426,009	-	-	6,426,009	6,426,009	7
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	1,221,756	1,221,756	1,221,756	6
Trade payables	-	-	-	320,676	320,676	320,676	7
Other payables (*)	-	-	-	38,076	38,076	38,076	8

*Taxes and other duties payables are excluded.

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

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; and
- 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:

		Fair value level as at reporting date		
		1st level	2nd level	3rd level
Financial assets	30 September 2010	TL	TL	TL
Financial asset at fair value through profit or loss	59,087,909	59,087,909	-	-
B type liquid funds	1,955,832	1,955,832		
Total	61,043,741	61,043,741	-	-

		Fair value level as at reporting date		
		1st level	2nd level	3rd level
Financial assets	31 December 2009	TL	TL	TL
Financial assets at fair value through profit or loss	77,260,996	77,260,996	-	-
B type liquid funds	122,313	122,313		
Total	77,383,309	77,383,309	-	-

29. OTHER SIGNIFICANT ISSUES

- By the Board of Directors decision No. 231 and dated 16 October 2009 the ñShare Purchase and Shareholders Agreementò ("Agreement") is signed on 16 October 2009 to have shareholding interest in Havaalanlarē Yer Hizmetleri Aķ (ñHavaкò).

Havaк Havalimanlarē Yer Hizmetleri Yatērēm Holding Anonim ķirketi (ñHavaк Holdingò), in which the Company has 6.67% shareholding interest, is established with a share capital amounting 228,000,000 TL and the Company transferred a capital of Euro 8,000,000. Besides, Havaк Holding has obtained a cash loan amounting Euro 60,000,000 from Türkiye Ķķ Bankasē Aķ with the loan agreement signed on 24 March 2010 and with this borrowed fund Havaк Holding acquired the total shares of Havaalanlarē Yer Hizmetleri A.ķ. (ñHavaкò) from the current shareholders with an amount of Euro 180,000,000. Eventually, Havaк Holding and Havaк are going to be merged and all parties are going to have direct shareholding interests in Havaк.

In accordance with the Loan Agreement signed between Havaк Holding and Ķķ Bank, the Company has executed a Share Pledge Agreement with Ķķ Bank, together with the other shareholders of Havaк Holding and have placed a first degree pledge on the shares of Havaк Holding of 6.67%, in favor of Türkiye Ķķ Bankasē A.ķ.

- As of 31 December 2009, the private equity investments of the Company have decreased under the minimum ratio of 50% stated in Series: VI, Number: 15 Clause: 18 of "Principles of Private Equity Investment Trusts Communiquéò. The application for 1 year extension to Capital Markets Board was sent in 6 January 2010. On 15 February 2010 application to Capital Markets Board about the Companyôs private equity investments to total portfolio ratio decreased under the minimum ratio of 50%, defined in the Article 18 of Serial VI, No: 15 named ñGuideline about Private Equity Investment Trusts Communiquéò, has been approved and the Company is granted additional time to recover the ratio until 31 December 2010. With the Havaк Holding investment of the Company in March and sales of ITD investment in July, the related ratio reached to 51.07% as at 30 September 2010.

- Due to the decision taken at the Companyôs Board of Directorôs meeting number 247, dated 26 May 2010, The Company had authorized General Management to sell its 2.99% of shares in its subsidiary Nevotek Biliкim Ses ve Ķletiкim Sistemleri Sanayi ve Ticaret A.ķ. (ñNevotekò). As at 1 June 2010, the Company sold its 2.99% of shares in Nevotek against USD 249,500 (TL 390,841) (Note 16). After this sale the Companyôs total shares in Nevotek decreased from 88.24% to %85.24. However, there has not been any change in Companyôs control power.

- Due to the decision taken at the Companyôs Board of Directorôs meeting, dated 11 June 2010, the Company started negotiations with Asseco South Eastern Europe S.A. about the sale of its shares in ITD and exclusivity agreement is signed within parties as at 11 June 2010. By the Board of Directors decision dated 30 July 2010, the Company sold all of its shares 34,98% to Asseco South Eastern Europe S.A. amounting USD 3,936,068 (TL 5,916,698). The Company gathered a total dividend income of TL 366,613 in 2008 and 2009.

- Due to the decision taken by the General Assembly of Probil, it has distributed cash dividends to the Company amounting TL 290,369 as at 30 July 2010.

- The Companyôs ordinary General Assembly meeting is held on 28 April 2010. By the General Assembly it is decided to distribute dividend amounting TL 3,000,000 from the extraordinary reserves starting from 5 May 2010. As of the reporting date, dividend distribution is completed (Note 16).

29. OTHER SIGNIFICANT ISSUES (continued)

- By the Company's Board of Directors decision dated 26 April 2010, it is decided to increase Company's issued share capital from TL 25,200,000 to TL 50,400,000 by %100, which is within the TL 200,000,000 registered capital ceiling, from "inflation adjustment to share capital" reserves. With the capital increase by bonus issue started on 8 June 2010 ended on 10 June 2010, the increased share capital amounting TL 50,400,000 was registered on 30 June 2010 and appeared in the Trade Registry Gazette dated 8 July 2010 (Note 16).

30. SUBSEQUENT EVENTS

None.