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

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2010

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

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi
5 April 2011

This report contains2 pages of independent auditors' report and 75 pages of financial statements and notes to the consolidated financial statements

Convenience Translation of the Independent Auditors' Report
As at 31 December2010 Originally Prepared and Issued in Turkish (See Note 2.1)

To the Board of Directors of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi,

We have audited the accompanying consolidated statement of financial position of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiary (together "Group") as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Group Management's Responsibility for the Financial Statements

The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards promulgated by Capital Markets Board (CMB). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards promulgated by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiary as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards promulgated by Capital Markets Board (Note 2).

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matter.

The accompanying corresponding figures presented, excluding the adjustments described in Note 2.1 to the consolidated financial statements, are based on the consolidated financial statements of the Group as at and for the year ended 31 December 2009, which were audited by other auditors who expressed an unmodified opinion on those statements on 30 March 2010. As part of our audit we audited the adjustments described in Note 2.1 that were applied to restate the corresponding figures. In our opinion, such adjustments are appropriate and have been properly applied.

Istanbul, 5 April 2011

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Orhan Akova
Partner

Additional paragraph for convenience translation to English:
As explained in Note 2.1, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

CONTENTS

PAGE NUMBERS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		1-2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		4
CONSOLIDATED STATEMENT OF CASH FLOWS		5
NOTES TO THE CONSOLIDATED 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	INVESTMENT SECURITIES	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 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	REVENUE AND COST OF SALES	46
NOTE 18	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES, ADMINISTRATIVE EXPENSES	47
NOTE 19	EXPENSES BY NATURE	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	EVENTS AFTER THE REPORTING PERIOD	75

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

(In Turkish Lira ("TL"))

	Note	Audited 31 December 2010	Restated* Audited 31 December 2009	Restated* Audited 1 January 2009
ASSETS				
Current Assets		**86,362,021**	**94,728,108**	**84,584,831**
Cash and cash equivalents	4	14,443,298	9,454,940	12,332,130
Financial assets	5	63,073,597	77,260,996	64,458,826
Trade receivables	7	6,984,070	6,426,009	6,375,801
- Trade receivables from related parties		*48,428*	*13,616*	*19,320*
- Other trade receivables		*6,935,642*	*6,412,393*	*6,356,481*
Other receivables	8	-	963	-
Inventories	9	175,742	72,796	24,542
Other current assets	15	1,685,314	1,512,404	1,393,532
Non Current Assets		**54,670,397**	**36,660,776**	**42,074,213**
Other receivables	8	22,298	16,962	16,102
Investments in equity accounted investees	10	54,390,318	36,034,070	40,919,633
Property, plant and equipment	11	133,891	147,166	156,090
Intangible assets	12	123,890	462,578	981,690
Other non-current assets		-	-	698
TOTAL ASSETS		**141,032,418**	**131,388,884**	**126,659,044**

** See Note 2.*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

(In Turkish Lira ("TL"))

LIABILITIES	**Note**	**Audited 31 December 2010**	**Restated* Audited 31 December 2009**	**Restated* Audited 1 January 2009**
Short Term Liabilities		**1,973,417**	**2,301,065**	**2,278,464**
Financial liabilities	6	616,444	1,175,278	884,644
Trade payables	7	388,030	320,676	428,542
- Trade payables to related parties		*3,909*	*6,077*	*21,928*
- Other trade payables		*384,121*	*314,599*	*406,614*
Other payables	8	221,370	172,258	235,291
Employee benefits	14	620,569	600,543	663,721
Other short term liabilities	15	127,004	32,310	66,266
Long Term Liabilities		**412,741**	**87,145**	**256,576**
Financial liabilities	6	186,892	46,478	232,445
Trade Payables	7	144,128	-	-
Employee benefits	14	81,721	40,667	24,131
EQUITY	16	**138,646,260**	**129,000,674**	**124,124,004**
Equity attributable to owners of the Company		**137,667,790**	**128,311,130**	**123,442,469**
Share capital		50,400,000	25,200,000	23,400,000
Inflation adjustment to share capital		21,606,400	46,806,400	46,806,400
Share premium		7,000,000	7,000,000	7,000,000
Revaluation surplus		19,896	-	-
Hedging reserve		(15,735)	-	-
Other reserves		249,702	-	-
Translation reserve		(52,253)	(35,748)	(54,559)
Legal reserves		5,959,360	5,426,630	4,947,208
Retained earnings		40,345,542	35,693,998	21,510,560
Profit for the year		12,154,878	8,219,850	19,832,860
Non-controlling interests		**978,470**	**689,544**	**681,535**
TOTAL EQUITY AND LIABILITIES		**141,032,418**	**131,388,884**	**126,659,044**

** See Note 2.*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(In Turkish Lira ("TL"))

		Audited	Audited
		1 January- 31 December	1 January- 31 December
CONTINUING OPERATIONS	**Note**	**2010**	**2009**
Sales Revenue	17	17,137,107	8,229,138
Cost of sales (-)	17	(5,335,621)	(1,876,471)
GROSS PROFIT		**11,801,486**	**6,352,667**
Marketing, sales and distribution expenses	18-19	(1,375,236)	(1,315,863)
Administrative expenses	18-19	(6,919,604)	(6,011,859)
Research and development expenses	18-19	(1,821,408)	(1,669,529)
Other operating income	20	43,846	476,732
Other operating expenses	20	(1,272,533)	(837,920)
OPERATING PROFIT/ (LOSS)		**456,551**	**(3,005,772)**
Share of profit/(loss) of equity accounted investees	10	3,764,433	(4,781,835)
Finance income	21	10,461,504	18,139,778
Finance costs	22	(2,408,391)	(2,126,819)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		**12,274,097**	**8,225,352**
Continuing operations tax income/expense			-
Current tax income/(expense)	24		-
Deferred tax income/(expense)	24	- -	-
PROFIT FROM CONTINUING OPERATIONS		**12,274,097**	**8,225,352**
PROFIT FROM DISCONTINUED OPERATIONS		**-**	**-**
PROFIT FOR THE YEAR		**12,274,097**	**8,225,352**
Other comprehensive income			
Change in foreign currency translation differences		(23,517)	21,318
Change in financial assets revaluation surplus		19,896	-
Change in cash flow hedge reserve		(19,669)	-
Income tax on other comprehensive income		3,934	-
Other comprehensive income for the year, net of tax		**(19,356)**	**21,318**
TOTAL COMPREHENSIVE INCOME		**12,254,741**	**8,246,670**
Profit attributable to			
Non-controlling interests		119,219	5,502
Owners of the Company		12,154,878	8,219,850
		12,274,097	**8,225,352**
Total comprehensive income attributable to			
Non-controlling interests		113,477	8,009
Owners of the Company		12,141,264	8,238,661
		12,254,741	**8,246,670**
Basic and Diluted Earnings per share (TL 1 nominal value)	25	**0.241168**	**0.163092**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

(In Turkish Lira (“TL”))

	Note	Share Capital	Inflation Adj to. Share Capital	Share Premium	Revaluation Surplus	Hedging Reserve	Other Reserves	Legal Reserves	Translation Reserve	Profit for the year	Retained Earnings	Total Before Non-Controlling Interests	Non-Controlling Interests	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
Effect of restatement	2.1	-	-	(61,932)	-	-	-	(944,974)	-	-	1,006,906	-	-	-
Restated balance at 1 January 2009		23,400,000	46,806,400	7,000,000	-	-	-	4,947,208	(54,559)	19,832,860	21,510,560	123,442,469	681,535	124,124,004
Total comprehensive income														
Profit for the year		-	-	-	-	-	-	-	-	8,219,850	-	8,219,850	5,502	8,225,352
Other comprehensive income														
Change in translation reserve		-	-	-	-	-	-	-	18,811	-	-	18,811	2,507	21,318
Other comprehensive income			**-**	**-**	**-**	**-**	**-**	**-**	**18,811**	**-**	**-**	**18,811**	**2,507**	**21,318**
Total comprehensive income			-	-	-	-	-	-	18,811	8,219,850	-	8,238,661	8,009	8,246,670
Dividend payment		-	-	-	-		-	-	-	-	(3,370,000)	(3,370,000)	-	(3,370,000)
Issue of ordinary shares		1,800,000	-	-	-	-	-	-	-	-	(1,800,000)	-	-	-
Transfers		-	-	-	-	-	-	479,422	-	(19,832,860)	19,353,438	-	-	-
Balance at 31 December 2009	16	**25,200,000**	**46,806,400**	**7,000,000**	**-**	**-**	**-**	**5,426,630**	**(35,748)**	**8,219,850**	**35,693,998**	**128,311,130**	**689,544**	**129,000,674**

	Note	Share Capital	Inflation Adj to. Share Capital	Share Premium	Revaluation Surplus	Hedging Reserve	Other Reserves	Legal Reserves	Translation Reserve	Profit for the year	Retained Earnings	Total Before Non-Controlling Interests	Non-Controlling Interests	Total
Balance at 1 January 2010		25,200,000	46,806,400	7,000,000	-	-	-	5,426,630	(35,748)	8,219,850	35,693,998	128,311,130	689,544	129,000,674
Total comprehensive income						-								
Profit for the year		-	-	-	-	-	-	-	-	12,154,878	-	12,154,878	119,219	12,274,097
Other comprehensive income						-								
Change in non-controlling interests		-	-	-	-	-	-	(1,270)	-	-	-	(1,270)	1,270	-
Change in fair value of financial assets, net of tax	16	-	-	-	19,896	-	-	-	-	-	-	19,896	-	19,896
Change in cash flow hedging reserve, net of tax	16	-	-	-	-	(15,735)	-	-	-	-	-	(15,735)	-	(15,735)
Change in translation reserve		-	-	-	-	-	-	-	(16,505)	-	-	(16,505)	(7,012)	(23,517)
Total other comprehensive income		**-**	**-**	**-**	**19,896**	**(15,735)**	**-**	**(1,270)**	**(16,505)**	**-**	**-**	**(13,614)**	**(5,742)**	**(19,356)**
Total comprehensive income		-	-	-	19,896	(15,735)	-	(1,270)	(16,505)	12,154,878	-	12,141,264	113,477	12,254,741
Dividend payment		-	-	-	-	-	-	-	-	-	(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 ordinary shares		25,200,000	(25,200,000)	-	-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	534,000	-	(8,219,850)	7,685,850	-	-	-
Balance at 31 December 2010	16	**50,400,000**	**21,606,400**	**7,000,000**	**19,896**	**(15,735)**	**249,702**	**5,959,360**	**(52,253)**	**12,154,878**	**40,345,542**	**137,667,790**	**978,470**	**138,646,260**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

(In Turkish Lira ("TL"))

	Note	Audited 1 January-31 December 2010	Audited 1 January-31 December 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		12,274,097	8,225,352
Interest expenses	22	136,629	265,657
Interest income on bank deposits		(727,377)	(929,232)
Gain on sale of investment	17	(4,233,705)	-
Change in investments in equity accounted investees (net)	10	(3,764,433)	4,781,835
Change in foreign currency translation reserve of investments in equity accounted investees		8,310	-
Impairment loss on goodwill	20	427,002	-
Dividend income from investments in equity accounted investees	21	(290,369)	-
Dividend income from equity investments	21	(830,543)	(212,880)
Depreciation	11	77,656	69,679
Amortization of intangible assets	12	352,318	522,598
Discount of receivables and payables (net)		289,356	(34,768)
Allowance for doubtful receivables (net)	7	54,891	508,450
Change in fair value of investment securities (net)		(3,743,305)	(11,207,312)
TEYDEB grant income	20	-	333,745
Provision for employee bonuses	14	314,064	395,568
Increase in vacation pay liability	14	68,848	30,193
Increase in severance pay liability	14	73,851	23,520
Accrued expenses	15	(127,004)	(30,858)-
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in trade receivables		(901,856)	(798,136)
Increase in inventories		(102,946)	(48,254)
Increase in other receivables and current assets		(177,283)	(119,834)
Decrease/(Increase) in trade payables		211,030	(110,620)
Increase in non-current assets		-	(162)
Increase/(decrease) in other payables		238,915	(172,326)
Employee severance payments	14	(32,797)	(6,984)
Employee bonus payments	14	(330,991)	(382,745)
Net cash from / (used in) operating activities		**(735,642)**	**435,266**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		17,930,704	(1,594,858)
Proceeds from sale of investments	17	5,916,698	-
Acquisition of equity accounted investee	10	(16,705,959)	-
Dividend received from equity accounted investees	21	290,369	103,728
Proceeds from sale of shares in subsidiary	29	390,845	-
Dividend received from equity investments	21	830,543	212,880
Acquisition of property and equipment	11	(64,381)	(60,755)
Acquisition of intangible assets	12	(13,630)	(3,486)
Interest received		679,891	907,295
Net cash from / (used in) investing activities		**9,255,080**	**(435,196**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowed funds		1,991,583	2,408,265
Repayment of financial liabilities		(2,419,250)	(1,693,493)
Finance costs paid		(127,382)	(265,287)
Dividends paid	16	(3,000,000)	(3,370,000)
Net cash used in financing activities		**(3,555,049))**	**(2,920,515)**
Foreign currency translation difference		(23,517)	21,318
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,940,872**	**(2,899,127)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**9,399,961**	**12,299,088**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	**14,340,833**	**9,399,961**

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

1. ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("the Company"), was established in İstanbul. The registered address of the Company is İş Kuleleri Kule 2, Kat:8, Levent, İstanbul. Türkiye İş Bankası A.Ş is the ultimate shareholder of the Group. The Company's shares are traded in the Istanbul Stock Exchange since 2004.

The Company and its subsidiary ("Group") have operations in 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 Group's core business activities are as follows:

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

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

Group's segment reporting is disclosed in Note 3.

As at 31 December 2010, the Company has13 and the Group have 60 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 Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. ("Nevotek")	None	Service	Providing project consultancy, research and development of computer hardware and, audio technologies and telecommunication systems in domestic and foreign market. Exporting, importing, distributorship, agency, installation, maintenance, after sale services, training and management, marketing of these systems and acting as the agent.
Nevotek Middle East LLC	None	Service	Audio technologies and telecommunication systems
Nevotek Intercorporation	None	Service	Audio technologies and telecommunication systems
Convera Systems FZ LLC	None	Service	Software sale and services

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 İşlem Destek ve Danış. San. ve Tic. A.Ş. ("Probil")	None	Service	Development of integrated information and communication technology solutions and services.
ODE Yalıtım Sanayi ve Ticaret A.Ş. ("Ode")	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 Sağlığı Kurumları A.Ş. ("Türkmed")	None	Service	Investing in companies operating in dialysis sector, supplying personnel to these companies and other activities written in its main agreement.
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro")	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 İlaç A.Ş. ("DR F.Frik")	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 Limanları Yer Hizmetleri A.Ş. ("Havaş""	None	Service	Providing ground handling services for airlines at the airports

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

Approval of Financial Statements:

The consolidated financial statements of the Group as at 31 December 2010 are approved by the Board of Directors and authorized for issue on 5 April 2011. General Assembly has the power to amend the financial statements after their issue.

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. The entities controlled by the subsidiary operating in foreign countries maintain their books of account and prepare their statutory financial statements in the functional currency of the country, which they are operating in and in compliance with the related country’s regulations.

The accompanying consolidated financial statements of the Group is prepared in accordance with the communiqué Serial: XI, No:29 “Communiqué on Financial Reporting Standards in Capital Markets” (“Communiqué XI-29”) promulgated by Capital Markets Board of Turkey (“CMB), which is published at 9 April 2008 in the Official Gazette numbered 26842. In accordance with the communiqué Serial: XI, No: 29 the entities are required to apply “International Financial Reporting Standards (“IAS/IFRSs”) as adopted by European Union (“EU”). However, until the differences between the IAS/IFRSs as adopted by EU and IAS/IFRSs as issued by IASB are declared by the Turkish Accounting Standards Board (TASB), IAS/IFRSs will be applied. In this respect the Turkish Accounting/Financial Reporting Standards (“TAS/TFRS”) promulgated by TASB, which are compatible with the applied standards will be adopted.
Until the differences between the IAS/IFRSs as adopted by EU and IAS/IFRSs as issued by IASB are declared by TASB, the financial statements are prepared in accordance with IAS/IFRSs as declared in the communiqué Serial: XI, No: 29. The accompanying consolidated financial statements and notes to the consolidated financial statements are prepared in accordance with the compulsory standard formats and recommended formats as prescribed by CMB.

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

Additional paragraph for convenience translation to English:

The differences between the accounting principles promulgated by the CMB, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) may have influence on the accompanying financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. Functional currency of Nevotek, the subsidiary of the Company, is TL. The functional currency of Havaş, the associate of the Company, is Euro. Other associates’ functional currency is TL.

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

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Functional and Presentation Currency (continued)

The foreign exchange rates used by the Group as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
US Dollar	1.5460	1.5057
Euro	2.0491	2.1603

Preparation of Financial Statements in Hyperinflationary Periods

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

Comparative Information

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

Restatement of Prior Periods Financial Statements

In accordance with the CMB's regulations "Legal Reserves" and "Share Premiums" should be carried with their recorded amounts in the statutory accounts. In this respect inflation adjustment on "Legal Reserves" and "Share Premiums" which have not been subject to profit distribution or capital increase should be reclassed to retained earnings. As at 31 December 2009 and 1 January 2009, the inflation adjustments on Share Premiums and Legal Reserves amounting to TL 61,932 and TL 944,974, respectively are reclassed in the statements of financial position as follows:

	Restated 31 December 2009	**As previously reported 31 December 2009**
Share Premium	7,000,000	7,061,932
Legal Reserves	5,426,630	6,371,604
Retained Earnings	35,693,998	34,687,092

	Restated 1 January 2009	**As previously reported 1 January 2009**
Share Premium	7,000,000	7,061,932
Legal Reserves	4,947,208	5,892,182
Retained Earnings	21,510,560	20,503,654

Consequently, the Group's prior year's consolidated statement of financial position and consolidated statement of changes in equity and consolidated statement of financial position as at the beginning of the earliest comparative period, which is 1 January 2009, are restated.

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

2. BASIS OF PRESENTATION (continued)

2.2 Basis of Presentation (continued)

Basis of Consolidation

The details of the Group's subsidiary as at 31 December 2010 and 31 December 2009 are as follows:

		Shareholding Interest %			
Subsidiary	Founding and operating location	31 December 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, 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 have been sold to an individual called Ali Saeb and as at that date, the control of these shares has been transferred to Ali Saeb. Subsequent to this transaction, the shareholding interest of İş Girişim in Nevotek has decreased to 85.24% as at 31 December 2010.

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

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

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

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

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

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

2. BASIS OF PRESENTATION (continued)

2.2 Basis of Presentation (continued)

Basis of Consolidation (continued)

Associates

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

		Shareholding interest (%)			
Associate	Founding and operational location	31 December 2010	31 December 2009	Voting power	Main business area
Probil	Turkey	10.00	10.00	(4)	Service
ITD	Turkey	-	34.98	(3)	Service
Ode	Turkey	17.24	17.24	(1)	Production
Türkmed	Turkey	25.78	25.78	(1)	Service
Ortopro	Turkey	31.00	30.00	(1)	Production-Commerce
Dr. F. Frik	Turkey	20.00	20.00	(2)	Commerce
Havaş	Turkey	6.67	-	(5)	Service

(1) Total number of Board of Directors members is 4 and 1 member represents İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has power to veto some decisions. Shares corresponding to 1% of paid-up capital of Ortopro's have been taken over as bonus shares on 17 December 2010 from its existing shareholders.

(2) Total number of Board of Directors members is 6 and 2 members represent İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has power to veto some decisions.

(3) The Company has sold its total shares of 34.98% in ITD at 30 July 2010.

(4) Total number of Board of Directors members is 8 and 2 members represent İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has power to veto some decisions.

(5) Total number of Board of Directors members is 6 and 1 member represents İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim 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 İş Girişim 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 financial statements. 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

From 1 January 2010, the Group has changed its accounting policies in the following areas:

Accounting for increases in non-controlling interests

The Group has applied TFRS 3 Business Combinations and TAS 27 Consolidated and Separate Financial Statements for all business combinations from 1 January 2010. The Group has applied 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 New standards and interpretations

New standards and interpretations adopted as at 31 December 2010

The Group applied all of the relevant and required standards and interpretations promulgated by TASB as at 31 December 2010.

New standards and interpretations not yet adopted as at 31 December 2010

None of these new standards and interpretations is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which will be applied in the Group's 2013 consolidated financial statements. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

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.

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.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

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.

Property and equipment

Property 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 costs of tangible assets are recognized as expense as incurred.

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 associate’s 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.

2. BASIS OF PRESENTATION

2.5 Summary of Significant Accounting Policies (continued)

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.

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

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Internally-generated intangible assets – research and development expenditure (continued)

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.

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 reporting period. 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 profit or loss

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 recognized in profit or loss in the period in which they are incurred.

The Group does not have any capitalized borrowing costs.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

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.

Effective interest method

The effective interest method is a method of calculating the amortized 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 hedging instrument.

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 amortized cost using the effective interest method, less impairment. .

The Group does not have any held-to-maturity investments as at the end of the reporting 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

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 measured at fair value. Gains and losses arising from changes in fair value, other than impairment losses, interest income calculated using effective interest method 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 recognized in profit or loss.

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.

The Group does not have any available-for-sale financial assets as at the end of the reporting period.

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 the end of each reporting period. 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 financial assets measured with effective interest method, 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.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 profit or loss.

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.

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.

2. BASIS OF PRESENTATION (continued)

2.6 Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

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.

The effective interest method is a method of calculating the amortized 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.

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 non-controlling shareholders in the acquiree is initially measured at the non-controlling's proportion of the fair value of the assets, liabilities and contingent liabilities recognized.

Due to the fact that the management of the Group is proceeding with determination of the fair values of net identifiable assets and liabilities of the acquired entity, the acquisition accounting is not finalized and the provisional acquisition accounting is applied as at 31 December 2010. The identifiable assets and liabilities are initially recorded with their provisional amounts. In accordance with TFRS 3 "Business Combinations", during the measurement period, which cannot exceed one year from the acquisition date, the acquirer retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. Therefore when the acquisition accounting is finalized there may be changes in the bargain purchase gain recognized in profit or loss.

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.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

When preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates at the end of the reporting periods. 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.

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 end of the reporting periods. 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 reserve. Those translation differences are recognized in profit or loss 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 at the end of the reporting period.

Earnings per share

Earnings per share disclosed in the consolidated statement 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 retrospective 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)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Events after the reporting period Events after the reporting period are those events, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.
The Group adjusts its consolidated financial statements to reflect adjusting events after the reporting period and discloses the material non-adjusting events after the reporting period in the notes to the consolidated financial statements.

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 end of the reporting period, 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 is 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 (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 financial statements, have been calculated separately for each entity.

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. With the decision of amendment to Technology Development Area Law No 6170, this exemption period is extended until 31 December 2023.

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 there isn't any current tax liability recognized in the accompanying consolidated financial statements.

Current Tax

Current tax liability is calculated on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Taxation and deferred tax (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

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 Turkish Accounting Standard No. 19 "Employee Benefits" ("TMS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligations. The actuarial gains and losses are recognized in profit or loss

2. BASIS OF PRESENTATION (continued))

2.5 Summary of Significant Accounting Policies (continued)

Employee Benefits

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 leave 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 Group'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 group's cash flows used in/provided from investing activities (fixed investments and financial investments)

Cash flows from financing activities represent the Group's funds used in and repayment of the funds during the year.

Share capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary 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 consolidated financial statements in accordance with Communiqué XI-29 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The estimates are used particularly in the following notes:
Note 7 – Trade receivables
Note 10- Investments in equity Accounted Investees (*)
Note 11– Useful lives of property and equipment
Note12 – Useful lives of intangible assets
Note 14 – Employee benefits
Note 24 – Income taxes

(*) Impairment loss on goodwill

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

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

3. SEGMENT REPORTING

For the year ended 31 December 2010:

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	1 January-31 December 2010	1 January-31 December 2010	1 January-31 December 2010	1 January-31 December 2010
Revenue				
Sales revenue	6,243,154	10,893,953	-	17,137,107
Cost of sales	(1,682,993)	(3,652,628)	-	(5,335,621)
Marketing, sales and distribution expenses	-	(1,375,236)	-	(1,375,236)
Administrative expenses	(4,431,690)	(2,487,914)	-	(6,919,604)
Research and development expenses	-	(1,821,408)	-	(1,821,408)
Other operating income	18,837	25,009	-	43,846
Other operating expenses	(427,863)	(844,670)		(1,272,533)
Share of profit / (loss) of equity accounted investees	-	-	3,764,433	3,764,433
Finance income	8,452,094	2,009,410	-	10,461,504
Finance costs	(469,760)	(1,938,631)	-	(2,408,391)
Profit before tax	7,701,779	807,885	3,764,433	12,274,097
Tax expense	-	-	-	-
Profit from continuing operations	7,701,779	807,885	3,764,433	12,274,097
Non-controlling interests				119,219
Owners of the Company				12,154,878
				12,274,097

Other information

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total Continuing Operations
	1 January-31 December 2010	1 January-31 December 2010	1 January-31 December 2010	1 January-31 December 2010
Share capital increase	25,200,000	-	-	25,200,000
Amortization and depreciation expenses	(17,465)	(412,510)	-	(429,975)
Acquisition of property and equipment and intangible assets	15,048	62,963	-	78,011

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	1 January-31 December 2010	1 January-31 December 2010	1 January-31 December 2010	1 January-31 December 2010
Statement of Financial Position				
Segment assets	144,385,482	8,225,910	(11,578,974)	141,032,418
Segment liabilities	(790,701)	(1,595,457)	-	(2,386,158)

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

3. SEGMENT REPORTING (continued)

For the year ended 31 December 2009:

	Private equity	IT, audio and 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
Revenue				
Sales revenue	335,377	7,893,761	-	8,229,138
Cost of sales	-	(1,876,471)	-	(1,876,471)
Marketing, sales and distribution expenses	-	(1,315,863)	-	(1,315,863)
Administrative expenses	(3,723,648)	(2,288,211)	-	(6,011,859)
Research and development expenses	-	(1,669,529)	-	(1,669,529)
Other operating income	2,492	474,240	-	476,732
Other operating expenses	-	(837,920)	-	(837,920)
Share of profit / (loss) of equity accounted investees	103,728	-	(4,885,563)	(4,781,835)
Finance income	16,631,421	1,508,357	-	18,139,778
Finance costs	(285,229)	(1,841,590)	-	(2,126,819)
Profit / (loss) before tax	13,064,141	46,774	(4,885,563)	8,225,352
Tax expense	-	-	-	-
Profit / (loss) from continuing operations	13,064,141	46,774	(4,885,563)	8,225,352
Non-controlling interests				5,502
Owners of the Company				8,219,850
				8,225,352

Other information

	Private equity	IT, audio and 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
Share capital increase	1,800,000	-	-	1,800,000
Amortization and depreciation expenses	(21,227)	(571,050)	-	(592,277)
Acquisition of property and equipment and intangible assets	6,891	57,350	-	64,241

	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
Statement of Financial Position				
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 ("TL"), unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Cash on hand	2,516	1,014
Cash at banks (Note 26)	14,356,101	9,310,573
Demand deposit	354,676	*385,664*
Time deposits with maturities less than 3 months	14,001,425	*8,924,909*
Receivables from reverse repurchase agreements	-	21,040
B type liquid fund	84,681	122,313
	14,443,298	9,454,940

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

	31 December 2010	31 December 2009
Cash and cash equivalents	14,443,298	9,454,940
Less: Accrued interests	(102,465)	(54,979)
	14,340,833	9,399,961

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

	31 December 2010			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time deposit	8.50	21 January 2011	TL	1,497,070
Accrued interests				3,486
				1,500,556
TL Time deposit	9.10	3 January 2011	TL	12,401,925
Accrued interests				98,944
				12,500,869
				14,001,425

(Amounts are expressed in Turkish Lira ("TL"), 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:

	31 December 2010	
	Nominal (*)	Fair Value
B type liquid fund	760	84,681
		84,681

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

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

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

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

5. INVESTMENT SECURITIES

	31 December 2010	31 December 2009
Financial assets designated at fair value through profit or loss	63,073,597	77,260,996
	63,073,597	77,260,996

Financial Assets at Fair Value through Profit or Loss:

	31 December 2010	
	Nominal(*)	Fair Value
Government bonds	11.500.000	13,407,605
Investment funds (Note 26)	1.146.526.350	34,796,887
Eurobond (private sector)	1.500.000	2,130,099
Private sector bonds and notes	5.481.500	5,679,394
Shares quoted to stock exchange(Note 26)	5.190.891	7,059,612
		63,073,597

	31 December 2009	
	Nominal(*)	Fair Value
Government bonds	23.688.437	24,768,659
Investment funds (Note 26)	1.588.494.124	38,700,406
Eurobond (private sector)	2.000.000	2,133,703
Private sector bonds and notes	4.500.000	4,650,525
Shares quoted to stock exchange (Note 26)	5.190.891	7,007,703
		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 1.40 % and 9.22 % per annum. (31 December 2009: 4.46%-10.06%)

Eurobonds issued by private sector are denominated in US Dollar and has coupon payments. As at 31 December 2010, annual interest income from the Group's investment in Eurobond is 9.25%. (31 December 2009: 9.25%).

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

6. FINANCIAL LIABILITIES

Financial Liabilities	31 December 2010	31 December 2009
Short term bank and other borrowings	616,444	885,333
Long term bank borrowings	186,892	46,478
Short term factoring payables (Note 26)	-	289,945
	803,336	1,221,756

Bank and Other Borrowings:

	31 December 2010		
Currency	Interest rate (%)	Short term	Long term
Secured US Dollar	-(*)	28,170	169,018
Unsecured TL	10.62	588,274	17,874
		616,444	186,892

	31 December 2009		
Currency	Interest rate (%)	Short term	Long term
Secured US Dollar	-(*)	175,120	-
Unsecured 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:

	31 December 2010	31 December 2009
0-1 year	616,444	885,333
1-2 years	74,213	23,752
2-3 years	112,679	22,726
	803,336	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 31 December 2010, revolving borrowings amounting TL 552,000 with interest rates between 9% and 15% have been utilized. TL 200, 000 of these loans with interest rates between 9% and 10% has 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 9,650 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 56,783 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 197,188) taken from Technology Development Foundation of Turkey on project basis. Repayments will be done semi-annually by 7 installments starting from1 July 2011.

There is a security bill amounting to TL 443,712 given against for the loans of the Group as collateral (Note 13).

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Current trade receivables	31 December 2010	31 December 2009
Trade Receivables	6,935,642	6,412,393
Due from related parties (Note 26)	48,428	13,616
Doubtful receivables	54,891	-
Provision for doubtful receivables (-)	(54,891)	-
	6,984,070	6,426,009

As at 31 December 2010, the amount of Group's receivables that are highly probable to collect and not due is amounting to TL 5,401,480. (31 December 2009: TL 3,777,962). Average collection maturity of the Company's subsidiary's service sales is 219 days. (31 December 2009: 270 days)

As at the end of the reporting period, TL 1,582,590 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:

	31 December 2010	31 December 2009
Up to 1 month	76,746	128,415
Up to 3 months	141,229	236,310
Between 3-12 months	1,174,895	1,965,877
More than 12 months	189,720	317,445
	1,582,590	2,648,047

As at 31 December 2010, the Group has allowance for possible losses on these trade receivables amounting to TL 54,891 (31 December 2009: None). The movement of Group's allowance for doubtful receivables is as follows:

Movement of Allowance for Doubtful Receivables	1 January-31 December 2010	1 January-31 December 2009
Opening balance	-	(55,048)
Allowance provided during the year	(54,891)	(539,166)
Amounts recovered during the year	-	30,716
Write offs	-	563,498
Closing balance	(54,891)	-

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

7. TRADE RECEIVABLES AND LIABILITIES (continued)

b) Trade Payables:

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

Short term trade payables	31 December 2010	31 December 2009
Trade payables	314,168	272,339
Notes payable	69,953	42,260
Trade payables to related parties (Note 26)	3,909	6,077
	388,030	320,676

Long term trade payables	31 December 2010	31 December 2009
Notes payable	144,128	-
	144,128	-

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

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

Other long term receivables	31 December 2010	31 December 2009
Deposits and guarantees given	22,298	16,962
	22,298	16,962

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

8. OTHER RECEIVABLES AND PAYABLES (continued)

b) Other Payables:

Other Short Term Payables	31 December 2010	31 December 2009
Taxes and funds payable	141,319	87,368
Social security contributions	49,102	46,814
Other miscellaneous payables	30,949	38,076
	221,370	172,258

9. INVENTORIES

	31 December 2010	31 December 2009
Trading goods	175,742	72,796
	175,742	72,796

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

As at 31 December 2010, the details of the Group’s associates are as follows:

	Shareholding interest (%)			
Associates	31 December 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	31.00	30.00	(*)	Production-Commerce
Dr. F. Frik	20.00	20.00	(*)	Commerce
Havaş	6.67	-	(*)	Service

(*) Voting power is disclosed in Section 2 in Note 2.1.
(**)The Company sold ITD’s shares to Asseco South Eastern Europe S.A against USD 3,936,068 (TL 5,916,698) on 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:

	31 December 2010	31 December 2009
Total assets	941,695,947	368,384,550
Total liabilities	(490,843,383)	(238,708,338)
Net assets	450,852,564	129,676,212
Group's share in associates' net assets	43,451,339	24,587,796
Goodwill in equity accounted investees	10,938,979	11,446,274
Investments in equity accounted investees	54,390,318	36,034,070

	31 December 2010	31 December 2009
Revenue	676,185,954	386,772,324
Profit/ (loss) for the year	17,832,116	(37,729,382)
Group's share of profit /(loss) of associates (*)	3,764,433	(4,781,835)

Associates	Goodwill	
	31 December 2010	31 December 2009
ITD (**)	-	80,293
Türkmed	1,616,818	2,043,820
Ortopro	3,455,578	3,455,578
Dr. F. Frik	5,866,583	5,866,583
	10,938,979	11,446,274

Group performed impairment test for each associate and determined impairment losses on goodwill of Türkmed amounting to TL 427,002. 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 annually assesses to determine whether goodwill is impaired or not at the year ends.

(*) The Company has acquired 6.67% of shares of Havaş Holding with an amount of Euro 8,000,000, which is paid in cash on 24 March 2010. As a result of this transaction the Group recognized bargain purchase gain amounting to TL 4,543,113 in profit or loss.

(**) The Company sold ITD's shares, which is equity accounted investee, on 30 July 2010. As a result of this transaction, the Group recognized gain amounting to TL 4,233,705 in profit or loss. The carrying amount of this associate and the goodwill related to this associate is derecognized.

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

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

Havaş Havalimanları Yer Hizmetleri Yatırım Holding Anonim Şirketi ("Havaş Holding"), 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, Havaş Holding has obtained a cash loan amounting Euro 60,000,000 from Türkiye İş Bankası AŞ with the loan agreement signed on 24 March 2010 and with this borrowed fund, Havaş Holding acquired the total shares of Havaalanları Yer Hizmetleri A.Ş. ("Havaş") from the current shareholders with an amount of Euro 180,000,000. The merger of Havaş Holding and Havaş was completed with the registration of the General Assembly resolutions on 28 December 2010 to the Trade Regisrty. Consequently, the Company has direct shareholding interest in Havaş shares of 6.67%.

The details of the acquisition accounting of 6.67% of Havaş shares are 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 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
Consideration paid in cash			(16,705,959)
Bargain purchase gain			(4,543,113)

Due to the fact that the management of the Group is proceeding with determination of the fair values of net identifiable assets and liabilities of the acquired entity, the acquisition accounting is not finalized and the provisional acquisition accounting is applied as at 31 December 2010...

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

11. PROPERTY AND EQUIPMENT

	Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
Opening balances at 1 January 2010	300,751	446,601	445,718	1,193,070
Additions	46,034	17,505	842	64,381
Closing balances at 31 December 2010	346,785	464,106	446,560	1,257,451
Accumulated Depreciation				
Opening balances at 1 January 2010	(226,632)	(384,529)	(434,743)	(1,045,904)
Charge for the year	(42,566)	(31,319)	(3,771)	(77,656)
Closing balances at 31 December 2010	(269,198)	(415,848)	(438,514)	(1,123,560)
Net carrying value at 31 December 2010	77,587	48,258	8,046	133,891
Net carrying value at 1 January 2010	74,119	62,072	10,975	147,166

	Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
Opening balances at 1 January 2009	268,160	418,437	445,718	1,132,315
Additions	32,591	28,164	-	60,755
Closing balances at 31 December 2009	300,751	446,601	445,718	1,193,070
Accumulated Depreciation				
Opening balances at 1 January 2009	(189,269)	(357,031)	(429,925)	(976,225)
Charge for the year	(37,363)	(27,498)	(4,818)	(69,679)
Closing balances at 31 December 2009	(226,632)	(384,529)	(434,743)	(1,045,904)
Net carrying value at 31 December 2009	74,119	62,072	10,975	147,166
Net carrying value at 1 January 2009	78,891	61,406	15,793	156,090

Total current year depreciation expenses amounting to TL 77,656 is included in administrative expenses (31 December 2009: TL 69,679).

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

12. INTANGIBLE ASSETS

Cost	Capitalized development expenses	Software	Total
Opening balances at 1 January 2010	2,503,665	133,801	2,637,466
Additions	-	13,630	13,630
Closing balances at 31 December 2010	2,503,665	147,431	2,651,096
Accumulated Amortization			
Opening balances at 1 January 2010	(2,053,799)	(121,089)	(2,174,888)
Charge for the year	(339,203)	(13,115)	(352,318)
Closing balances at 31 December 2010	(2,393,002)	(134,204)	(2,527,206)
Net carrying value at 31 December 2010	110,663	13,227	123,890
Net carrying value as at 1 January 2010	449,866	12,712	462,578

Cost	Capitalized development expenses	Software	Total
Opening balances at 1 January 2009	2,503,665	130,315	2,633,980
Additions	-	3,486	3,486
Closing balances at 31 December 2009	2,503,665	133,801	2,637,466
Accumulated Amortization	-		
Opening balances at 1 January 2009	(1,555,634)	(96,656)	(1,652,290)
Charge for the year	(498,165)	(24,433)	(522,598)
Closing balances as at 31 December 2009	(2,053,799)	(121,089)	(2,174,888)
Net carrying value as at 31 December 2009	449,866	12,712	462,578
Net carrying value as at 1January 2009	948,031	33,659	981,690

For the year ended 31 December 2010, the amortization expenses amounting to TL 339,203 (31 December 2009: TL 498,165) is included in research and development expenses and TL 13,115 (31 December 2009: TL 24,433) is included in administrative expenses.

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

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2010			31 December 2009		
		Original Amount			Original Amount	
	Total TL Equivalent	TL Amount	USD Amount	Total TL Equivalent	TL Amount	USD Amount
A. CPM given for companies own legal personality (*)	**546,472**	10,000	347,006	**441,716**	10,000	286,721
B. CPM given in behalf of fully consolidated companies	-	-	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPM's	-	-	-	-	-	-
i. Total amount of CPM's given on behalf of majority shareholder	-	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	**546,472**	**10,000**	**347,006**	**441,716**	**10,000**	**286,721**

(*) As at 31 December 2010, TL 443,712 comprise of security bill given as collateral against the borrowed funds from Türkiye Teknoloji Geliştirme Vakfı for financing of project by the Company's subsidiary.

14. EMPLOYEE BENEFITS

	31 December 2010	31 December 2009
Short term		
Vacation pay liability	227,074	208,226
Provision for employee bonuses	320,064	336,991
Employee salaries payable	23,431	55,326
	620,569	600,543
Long term		
Reserve for employee severance pay liability	81,721	40,667
	81,721	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 Law's numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, the Group is obliged to pay termination benefits to the employees who are quitted by gaining right to receive their termination benefits. Some provisions for the pre-retirement service conditions are abolished from the law with amendment on 23 May 2002.

The reserve for severance pay liability as at 31 December 2010 is based on the monthly ceiling amounting to TL 2,517.01 (31 December 2009: TL 2,365.16)

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

14. EMPLOYEE BENEFITS (continued)

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

The principal assumption is that the maximum liability for each year of service will increase parallel to the change in inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 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 end of the reporting period is calculated assuming an annual inflation rate of 5.1% and a discount rate of 10%, resulting in a net discount rate of approximately 4.66% (31 December 2009: 5.92% net discount rate is calculated assuming an annual inflation rate of 4.8% and a discount rate of 11%).The probability of voluntarily eaves is also considered in the calculation.

The movement of reserve for employee severance pay liability

	1 January-31 December 2010	1 January-31 December 2009
Provision as at 1 January	40,667	24,131
Cost of services	20,619	22,091
Interest cost	11,704	1,429
Paid severance indemnity	(32,797)	(6,984)
Actuarial difference	41,528	-
Provision as at 31December	81,721	40,667

The movement of provision for employee bonuses

	1 January-31 December 2010	1 January-31 December 2009
Provision as at 1 January	336,991	324,168
Charge for the year	314,064	395,568
Employee bonuses paid	(330,991)	(382,745)
Provision as at 31 December	320,064	336,991

The movement of vacation pay liability

	1 January-31 December 2010	1 January-31 December 2009
Provision as at 1 January	208,226	178,033
Charge for the year	68,848	30,193
Provision as at 31 December	277,074	208,226

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

15. OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2010	31 December 2009
Prepaid taxes and funds	936,644	1,058,322
VAT receivables	302,742	256,657
Job advances	287,624	15,222
Prepaid expenses	112,164	97,749
Advances given for inventories	46,140	54,180
Advances given to personnel	-	30,274
	1,685,314	1,512,404

Other Short Term Liabilities	31 December 2010	31 December 2009
Accrued expenses	127,004	30,858
Advances received	-	1,452
	127,004	32,310

16. CAPITAL AND RESERVES

a) Share Capital

As at 31 December 2010 and 31 December 2009 the Company’s share capital structure is as follows:

Shareholders	Group	%	31 December 2010	%	31 December 2009
İş Yatırım Menkul Değerler A.Ş.	A	8.9	4,480,000	8.9	2,240,000
İş Yatırım Menkul Değerler A.Ş.	B	20.1	10,139,423	20.1	5,069,711
Türkiye Teknoloji Geliştirme Vakfı	B	11.1	5,600,000	11.1	2,800,000
Türkiye Sınai Kalkınma Bankası A.Ş.	B	16.7	8,400,000	16.7	4,200,000
Other	B	12	6,048,000	12	3,024,000
Publicly held	B	31.2	15,732,577	31.2	7,866,289
Nominal capital		100	50,400,000	100	25,200,000

As at 31 December 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).

16. CAPITAL AND RESERVES (continued)

a) Share Capital (continued)

The nominal share capital of the Company amounting to TL 50,400,000 comprised of Group A and Group B shares, amounting to TL 4,480,000 and TL 45,920,000, respectively. Group A shareholders have the privilege during the BOD election to nominate 6 members of the total 10 members. In addition, one of the members of the Board representing Group B, is elected among the candidates nominated by Türkiye Teknoloji Geliştirme Vakfı.

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.

b) Inflation Adjustment to Share Capital

As at 31 December 2010, the Company has inflation adjustment to share capital amounting TL 21,606,400 arising from the inflation accounting application until 2004 (31 December 2009: TL 46,806,400).

c) Share Premium

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

d) Revaluation surplus

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

e) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged forecast transaction that have not yet occurred.

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

16. CAPITAL AND RESERVES (continued)

f) 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 that date. After this transaction, as at 31 December 2010, shares of the Company in Nevotek has decreased to 85.24%. Nevotek has been fully consolidated in the accompanying consolidated financial statements, the shares that are not under control of the owners of the Company directly or indirectly has been recognized as non-controlling interest and according to TFRS, 3 the effect of this transaction amounting to TL 249,702 has been accounted under “other reserves” in the statement of changes in equity.

g) Legal Reserves

	31 December 2010	31 December 2009
Legal Reserves	5,959,360	5,426,630
	5,959,360	5,426,630

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.

h) Retained Earnings

As at 31 December 2010 the Group has retained earnings amounting to TL 40,345,542 (31 December 2009: TL 35,693,998).

Dividend distribution

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

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

With the General Assembly decision dated 28 April 2010, the Company distributed dividends from prior year’s profit amounting to TL 3,000,000 (31 December 2009: 3,370,000) in 2010.

16. CAPITAL AND RESERVES (continued)

Dividend distribution (continued)

According to CMB’s decision on 27 January 2010, corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends arising from profits gained in 2009 (31 December 2008: 20%), in this respect, for corporations dividend will distributed in accordance with Communiqué Series IV No:27, in relation to main agreement and policies announced to the public.

Besides, with the CMB’s decision companies which have to prepare consolidated financial statements net distributable profit should be prepared and disclosed according to the net profit in the financial statements prepared in accordance with Communiqué Serial: IV No:27, if statutory net distributable profit amount is sufficient.

The Company’s net distributable profit amount is TL 6,310,742 (31 December 2009: TL 13,004,988) and other distributable sources amount is TL 43,073,527 (31 December 2009: TL 33,602,538).

ı) Translation reserve

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

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 statement of financial position.

As at 31 December 2010 the Group's non-controlling interests in equity is amounting to TL 978,470(31 December 2009: TL 689,544). Shares of net loss of the subsidiary that are directly or indirectly not under control of the owners of the Company amounting to TL 119,219 has been classified as “non-controlling interests” in the consolidated statement of comprehensive income (31 December 2009: TL 5,502).

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

17. SALES REVENUE AND COST OF SALES

a) Sales	1 January-31 December 2010	1 January-31 December 2009
Domestic sales	795,667	757,358
Sale of investments in equity accounted investees	-	-
Other	795,667	757,358
Foreign sales	15,943,470	6,698,324
Sale of investments in equity accounted investees (*)	5,916,698	-
Other	10,026,772	6,698,324
Other sales income	426,968	811,241
Sales returns (-)	(15,446)	(36,422)
Sales reductions (-)	(13,552)	(1,363)
	17,137,107	8,229,138

b) Cost of sales	1 January-31 December	1 January-31 December
Cost of investments in equity accounted investees (*)	(1,682,993)	-
Cost of trading goods sold	(1,904,020)	(829,095)
Personnel expenses	(974,201)	(542,295)
Rent expenses	(145,821)	(102,744)
Communication expenses	(161,456)	(134,460)
Traveling expenses	(165,053)	(88,535)
Other expenses	(302,077)	(179,342)
	(5,335,621)	(1,876,471)

(*) The Group sold ITD’s shares to Asseco South Eastern Europe S.A against USD 3,936,068 (TL 5,916,698) on 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- 31 December 2010	1 January- 31 December 2009
Research and development expenses	(1,821,408)	(1,669,529)
Marketing, sales and distribution expenses	(1,375,236)	(1,315,863)
Administrative expenses	(6,919,604)	(6,011,859)
	(10,116,248)	(8,997,251)

19. EXPENSES BY FUNCTION

a) The details of research and development expenses	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	(1,386,542)	(1,110,155)
Amortization expenses	(339,203)	(498,165)
Traveling expenses	(20,852)	(42,570)
Other expenses	(74,811)	(16,403)
Software expenses	-	(2,236)
	(1,821,408)	(1,669,529)

b) The details of marketing, sales and distribution expenses	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	(939,722)	(762,942)
Traveling expenses	(220,287)	(263,609)
Advertising and marketing expenses	(178,974)	(240,614)
Other expenses	(36,253)	(48,698)
	(1,375,236)	(1,315,863)

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

19. EXPENSES BY NATURE (continued)

c) The details of administrative expenses	1 January- 31 December 2010	1 January - 31 December 2009
Personnel expenses	(3,575,431)	(3,166,526)
Audit and consultancy expenses	(957,258)	(815,873)
Salaries of board of directors	(403,600)	(380,400)
Travel expenses	(271,524)	(254,278)
Outsourced benefits and services	(359,191)	(161,016)
Rent expenses	(220,792)	(207,260)
Tax and duty expenses	(125,618)	(144,494)
Depreciation and amortization expenses	(90,771)	(94,112)
Severance indemnity expenses	(73,851)	-
Registration expense CMB	(50,400)	-
Representation expenses	(36,514)	(116,922)
Communication expenses	(30,298)	(33,757)
Stationery expenses	(11,523)	(11,834)
Other expenses	(712,833)	(625,387)
	(6,919,604	(6,011,859)

20. OTHER OPERATING INCOME / EXPENSES

The details of other operating income and expenses for the year ended 31 December are as follows:

Other operating income	1 January- 31 December 2010	1 January- 31 December 2009
Retained earnings	25,696	116,645
TEYDEB grant income	-	333,475
Other income	18,150	26,612
	43,846	476,732

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

20. OTHER OPERATING INCOME / EXPENSES (continued)

Other operating expenses	1 January- 31 December 2010	1 January- 31 December 2009
Expenses related to written-off receivables	(809,137)	(821,218)
Impairment loss on goodwill(Note 10)	(427,002)	-
Provision expenses	-	(4,457)
Other	(36,394)	(12,245)
	(1,272,533)	(837,920)

21. FINANCE INCOME

	1 January- 31 December 2010	1 January- 31 December 2009
Financial assets value increase	3,878,807	11,541,276
Interest income on:	2,186,811	3,740,433
Bank deposit	727,377	929,232
Reverse repurchase agreements	16,222	22,738
Financial assets designated at fair value through profit and loss	1,443,212	2,788,463
Foreign exchange gain	2,014,313	1,472,576
Dividend income	1,120,912	212,880
Trading income	876,871	1,123,045
Income accruals	383,790	49,568
	10,461,504	18,139,778

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

22. FINANCE COSTS

	1 January-31 December 2010	1 January-31 December 2009
Impairment on investment securities	(75,868)	(271,876)
Foreign exchange losses	(1,834,110)	(1,569,819)
Interest expenses on bank loans	(136,629)	(265,657)
Accrued interest expenses	(303,798)	(3,425)
Loss from sale of securities	(27,799)	-
Commission expenses	(30,187)	(16,042)
	(2,408,391)	(2,126,819)

For the year ended 31 December 2010 and 2009, the finance income/costs recognized in other comprehensive income are as follows:

	1 January-31 December 2010	1 January-31 December 2009
Change in translation reserve	(23,517)	21,318
Change in Fair Value of financial asset	19,896	-
Change in cash flow hedging reserve	(19,669)	-
Tax income	3,934	-
	(19,356)	**21,318**

23. NON CURRENT ASSETS HELD FOR SALE

As at 31 December 2010, the Group 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 2023 is exempt from income and corporation tax. Therefore, tax reconciliation information is not disclosed.

24 INCOME TAXES (continued)

Corporate Tax

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

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

The Company's subsidiary, Nevotek, is an income and corporate taxpayer in Turkey. However, according to Law No. 5035 and temporary 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. With the decision of amendment to Technology Development Area Law No 6170, the exemption period is extended until 31 December 2023

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 cannot 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. Tax Losses, can be carried forward up to five years in order to be deducted from possible future taxable income. Tax losses cannot be deducted retrospectively from the profits of the previous' years.

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

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 cannot 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:	31 December 2010	31 December 2009
Differences in depreciation of tangible and intangible assets	(9,110)	5,555
Severance pay liability	(6,427)	(3,260)
Vacation pay liability	(14,322)	(11,023)
Discount on receivables	(67,214)	(9,433)
Accrued interest expenses	(74)	(74)
Discount on payables	546	455
Provision for employee bonuses	(8,709)	(18,122)
Tax losses	(172,423)	(162,518)
Unrecognized deferred tax assets (net)	(277,733)	(198,420)

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. With the decision of amendment to Technology Development Area Law No 6170, the exemption period is extended until 31 December 2023.

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

25. EARNINGS PER SHARE

	1 January- 31 December 2010	1 January- 31 December 2009
Earnings per share		
Weighted average number of shares available during the period (full amount)	25,200,000	23,400,000
Transfer from retained earnings	-	1,800,000
Transfer from inflation adjustment to share capital account(*)	25,200,000	-
Total(*)	50,400,000	25,200,000
Net profit for the year	12,154,878	8,219,850
Earnings per share (TL 1 nominal value)	0.241168	0.163092

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

26. RELATED PARTIES

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

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

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

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

Key management compensation:

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

	1 January- 31 December 2010	1 January- 31 December 2009
Salaries and other short term liabilities	2,592,159	2,282,524
	2,592,159	2,282,524

The compensation disclosed above includes, bonuses, insurance and other similar benefits.

(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:

Investment Fund	31 December 2010	31 December 2009
İş Yatırım Menkul Değerler AŞ B Tipi Değişken Fonu	15,163,837	15,119,968
İş Yatırım Menkul Değerler AŞ B Tipi Tahvil Bono Fonu	16,293,443	14,685,003
İş Yatırım Menkul Değerler AŞ A Tipi Fonu	1,991,529	-
İş Yatırım Menkul Değerler AŞ IBOXX Borsa Fonu	-	2,038,290
İş Yatırım Menkul Değerler AŞ Arbitraj Fonu	-	3,144,250
Türkiye İş Bankası AŞ Anapara Korumalı 8. Alt Fonu	515,848	-
Türkiye İş Bankası AŞ Anapara Korumalı 22. Alt Fonu	832,230	-
Türkiye İş Bankası AŞ Anapara Garantili 1. Alt Fonu	-	991,879
Türkiye İş Bankası AŞ Anapara Korumalı 1. Alt Fonu	-	716,826
Türkiye İş Bankası AŞ Anapara Korumalı 2. Alt Fonu	-	508,669
Türkiye İş Bankası AŞ Anapara Korumalı 3. Alt Fonu	-	490,722
Türkiye İş Bankası AŞ Anapara Korumalı 6. Alt Fonu	-	1,004,799
	34,796,887	38,700,406

Shares quoted to stock exchange	31 December 2010	31 December 2009
İş Yatırım Ortaklığı AŞ	7,059,612	7,007,703

Türkiye İş Bankası A.Ş.	31 December 2010	31 December 2009
Demand deposit	238,104	245,514
Time deposit	14,001,425	8,924,909
Türkiye İş Bankası AŞ 801 Liquid Fund	84,681	122,313
	14,324,210	9,292,736

			31 December 2010	
Borrowings from related parties	Original currency	Interest rate	Short term	Long term
Türkiye İş Bankası A.Ş.	TL	9-10%	200,000	-
Türkiye İş Bankası A.Ş.	TL	-	9,650	
Türkiye Teknoloji Geliştirme Vakfı	US Dollar	-	28,170	169,018
			237,820	169,018

			31 December 2009	
Borrowings from related parties	Original currency	Interest rate	Short term	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)

The Group has no factoring transactions as at 31 December 2010.

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

	31 December 2010			
	Receivables Current		Payables Short term	
Balances with related parties	Trade	Other	Trade	Other
Ode	1,770	-	-	-
Ortopro	31,692	-	-	-
Türkmed	4,720	-	-	-
ATT Technology Management BV	10,246	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	2,857	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	1,052	-
	48,428	-	3,909	-

	31 December 2009			
	Receivables Current		Payables Short term	
Balances with related parties	Trade	Other	Trade	Other
Ode	3,540	-	-	-
Ortopro	5,356	-	-	-
Türkmed	4,720	-	-	-
ATT Technology Management BV	-	-	476	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	2,659	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	1,015	-
İş Yatırım Menkul Değerler A.Ş.	-	-	1,475	-
T. İş Bankası A.Ş.	-	-	452	-
	13,616	-	6,077	-

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

26. RELATED PARTIES (continued)

	1 January – 31 December 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	-	-	-	-	-	-	18,000	-
Ortopro	-	-	-	-	-	-	54,500	-
Türkmed	-	-	-	-	-	-	24,000	-
Dr. F. Frik.	-	-	-	-	-	-	229,955	-
T. İş Bankası A.Ş.	720,578	(43,489)	-	-	(2,755)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(24,467)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(154,242)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(433,167)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(67,577)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(105,150)	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	(81,538)
Meg Elektrik Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	(773,903)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(5,830)	-	-	-	-	-
Probil	-	-	-	-	(5,624)	-	290,369	-
	720,578	(67,956)	(5,830)	(105,150)	(441,546)	(154,242)	616,824	(923,018)

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

26. RELATED PARTIES (continued)

	1 January – 31 December 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	-	-	-	-	-	-	18,000	-
Ortopro	-	-	-	-	-	-	55,992	-
Türkmed	-	-	-	-	-	-	24,000	-
Dr. F. Frik	-	-	-	-	-	-	237,385	-
T. İş Bankası A.Ş.	347,227	(86,906)	-	-	(3,097)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(60,608)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(154,602)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(260,146)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(68,468)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(85,926)	-	-	-	-
ATT Technology Management BV	-	-	(35,732)	-	-	-	-	-
Meg Elektrik Elektronik Bilgi ve İletişim Sistemleri	-	-	(33,182)	-	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret		-	(19,298)	-	-	-	-	-
ve İletişim Hizmetleri A.Ş.	-	-	-	-	-	-	-	-
Probil	-	-	-	-	(5,098)	-	-	-
	347,227	(147,514)	(88,212)	(85,926)	(268,341)	(154,602)	335,377	(68,468)

27. FINANCIAL RISK MANAGEMENT

Capital management

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

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

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

Financial Risk Factors

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

Credit Risk Management

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

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

(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 2010	Related parties	Other	Related parties	Other	Cash and Cash Equivalents(**)	Investment Securities(***)	Investments in equity accounted investees
Maximum net credit risk at the end of the reporting period(*)	48,428	6,935,642	-	22,298	14,440,782	56,013,985	54,390,318
- The portion of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-	-
A. Net carrying value of financial assets that are neither past due nor	48,428	5,353,052	-	22,298	14,440,782	56,013,985	54,390,318
B. Net carrying value of financial assets that are negotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired	-	1,582,590					
- under guarantee with collateral, etc.	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-						
- Past due (gross carrying amount)	-	54,891	-	-	-	-	-
- Impairment (-)	-	(54,891)	-	-	-	-	-
- 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.
(***) Does not include shares quoted to stock exchange

(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(**)	Investment securities(***)	Investments in equity accounted investees
Maximum net credit risk as at the end of the reporting period(*) (*)	13,616	6,412,393	-	17,925	9,453,926	70,253,293	36,034,070
- The portion of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-	-
A. Net carrying value of financial assets that are neither past due nor	13,616	3,764,346	-	17,925	9,453,926	70,253,293	36,034,070
B. Net carrying value of financial assets that are negotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired under guarantee with collateral, etc.	-	2,648,047-	-	-	-	-	-
D. Net carrying 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.
(***) Does not include shares quoted to stock exchange

(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:

31 December 2010	Trade Receivables	Other receivables	Total
Past due 1-30 days	76,746	-	76,746
Past due 1-3 months	141,229	-	141,229
Past due 3-12 months	1,174,895	-	1,174,895
Past due 1-5 years	189,720	-	189,720
Past due more than 5 years	-	-	-
Total past due receivables	1,582,590	-	1,582,590
The portion under guarantee with collateral	-	-	-

31 December 2009	Trade Receivables	Other receivables	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)

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

Liquidity risk management

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

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

31 December 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						
Financial Liabilities	803,336	812,413	568,956	50,087	193,370	-
Trade payables	532,158	534,886	346,219	44,539	144,128	-
Other payables (*)	30,949	30,949	30,949	-	-	-
Total liabilities	1,366,443	1,378,248	946,124	94,626	337,498	-

(*) 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						
Financial Liabilities	1,221,756	1,238,029	989,764	194,625	53,640	-
Trade payables	320,676	322,952	322,952	-	-	-
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 as at the end of the reporting period are as follows:

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

27. FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency risk management (continued)

	31 December 2010					
	TL (Functional currency)	USD	Euro	JPY	GBP	Other
1. Trade receivables	5,473,724	2,252,150	972,644	-	-	-
2a. Monetary Financial Assets	2,378,374	1,460,808	58,545	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. CURRENT ASSETS	7,852,098	3,712,958	1,031,189	-	-	-
5. Trade receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-	-
9. TOTAL ASSETS	7,852,098	3,712,958	1,031,189			-
10. Trade payables	33,693	12,830	6,763	-	-	-
11. Financial liabilities	144,129	93,227	-	-	-	-
12a. Other Monetary Financial Liabilities	19,460	-	9,497	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
13. SHORT TERM LIABILITIES	197,282	106,057	16,260		-	
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	197,188	127,547	-	-	-	-
16a. Other Monetary Financial Liabilities	118,285	20,493	40,497	-	1,500	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-		-
17. LONG TERM LIABILITIES	315,473	148,040	40,497	-	1,500	
18. TOTAL LIABILITIES	512,755	254,097	56,757	-	1,500	-
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	7,339,343	3,458,861	974,432	-	(1,500)	-
21. Monetary items, net foreign currency asset/liability					-	-
position (1+2a+5+6a-10-11-12a-14-15-16a)	7,339,343	3,458,861	974,432	-	(1,500)	-
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	10,026,772	4,429,639	1,564,543	-	-	707,964
24. Import	1,246,704	573,573	101,296	-	-	-

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

	31 December 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	534,740	(534,740)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)	534,740	(534,740)	-	-
	10% appreciation of TL against Euro			
4 – Euro net assets / liabilities	199,671	(199,671)	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	199,671	(199,671)	-	-
	10% appreciation of TL against other currencies			
7 – Other currencies net assets / liabilities	(476)	476	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	(476)	476	-	-
TOTAL (3 + 6 +9)	733,935	(733,935)	-	-

(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)

	31 December 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	615,804	(615,804)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	615,804	(615,804)	-	-
	10% appreciation of TL against Euro			
4 – Euro net assets / liabilities	178,696	(178,696)	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	178,696	(178,696)	-	-
	10% appreciation of TL against other currencies			
7 – Other currencies net assets / liabilities	22,548	(22,548)	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	22,548	(22,548)	-	-
TOTAL (3 + 6 +9)	817,048	(817,048)	-	-

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

27. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

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

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

Interest Position Table

Fixed interest rate financial instruments		31 December 2010	31 December 2009
Financial assets	Financial assets at fair value through profit or loss	21,217,098	31,552,887
	Time Deposit	14,001,425	8,924,909
Financial liabilities (*)		(596,498)	(747,154)
		34,622,025	39,730,642
Floating rate financial instruments		**--**	**--**
Financial assets		--	--
Financial liabilities		--	--
		--	--

(*) The non-interest loans utilized from Türkiye Teknoloji Geliştirme Vakfı amounting to US Dollar 127,547 (197,188 TL equivalent) and TL 9,650 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 statement of financial position 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:

31 December 2010

Risk type	Risk rate	Risk direction	Impact on profit for the year
Interest rate risk	1%	Increase	(481,220)
		Decrease	682,835

31 December 2009

Risk type	Risk rate	Risk direction	Impact on profit for the year
Interest rate risk	1%	Increase	(240,943)
		Decrease	255,460

27. FINANCIAL RISK MANAGEMENT (continued)

Other Price Risk

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

According to the consolidated financial position as at 31 December 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 705,961 (31 December 2009: TL 904,599) lower/higher.

According to the consolidated financial position as at31 December 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 348,816 (31 December 2009: TL 367,844) lower/higher.

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

28. FINANCIAL INSTRUMENTS

31 December 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
Financial assets							
Cash and cash equivalents	14,358,617	-	84,681	-	14,443,298	14,443,298	4
Investment securities	-	-	63,073,597	-	63,073,597	63,073,597	5
Trade receivables	-	6,984,070	-	-	6,984,070	6,984,070	7
Financial liabilities							
Financial liabilities	-	-	-	803,336	803,336	803,336	6
Trade payables	-	-	-	532,158	532,158	532,158	7
Other payables (*)	-	-	-	30,949	30,949	30,949	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
Financial assets							
Cash and cash equivalents	9,332,627	-	122,313	-	9,454,940	9,454,940	4
Investment securities	-	-	77,260,996	-	77,260,996	77,260,996	5
Trade receivables	-	6,426,009	-	-	6,426,009	6,426,009	7
Financial liabilities							
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 hierarchy at the end of the reporting period		
		1st level	2nd level	3rd level
Financial assets	31 December 2010	TL	TL	TL
Financial asset at fair value through profit or loss	63,073,597	63,073,597	-	-
B type liquid funds	84,681	84,681		
Total	63,158,278	63,158,278	-	-

		Fair value hierarchy at the end of the reporting period		
		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 “Share Purchase and Shareholders Agreement” ("Agreement") is signed on 16 October 2009 to have shareholding interest in Havaalanları Yer Hizmetleri AŞ (“Havaş”).

Havaş Havalimanları Yer Hizmetleri Yatırım Holding Anonim Şirketi (“Havaş Holding”), 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, Havaş Holding has obtained a cash loan amounting Euro 60,000,000 from Türkiye İş Bankası AŞ with the loan agreement signed on 24 March 2010 and with this borrowed fund Havaş Holding acquired the total shares of Havaalanları Yer Hizmetleri A.Ş. (“Havaş”) from the current shareholders with an amount of Euro 180,000,000. The merger of Havaş Holding and Havaş was completed with the registration of the General Assembly resolutions on 28 December 2010 to the Trade Registry. Consequently, the Company has direct shareholding interest in Havaş shares of 6.67%.

With this transaction, dissolution of Havaş Holding without liquidation was realized and all assets without liquidation were transferred to Havaş. In accordance with the relevant articles of Turkish Commercial Code since, Havaş is universal successor of Havaş Holding, responsible party of bank loan agreement signed with Türkiye İş Bankası A.Ş. ("İş Bankası") by Havaş Holding became Havaş and Havaş is also responsible for all the debts of dissolved Havaş Holding. Besides, contract of share pledge agreement based on the bank loan agreement with İş Bankası, by which there is first degree pledge of İş Bankası on all the shares of Havaş is currently effective.

- As at 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 Communiqué”. 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 Company’s 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 “Guideline about Private Equity Investment Trusts Communiqué”, has been approved and the Company is granted additional time to recover the ratio until 31 December 2010. With the Havaş Holding investment of the Company in March and sales of ITD investment in July, the related ratio reached to 50.78% as at 31 December 2010.

- The Company’s 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 at the end of the reporting period, dividend distribution is completed (Note 16).

- 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.With the capital increase by bonus issue started on 8 June 2010 ended on 10 June 2010, the increased share capital amounting to TL 50,400,000 was registered on 30 June 2010 and announced in the Trade Registry Gazette dated 8 July 2010 (Note 16).

- Due to the decision taken at the Company’s Board of Director’s meeting number 247, dated 26 May 2010, The Company had authorized management to sell its 2.99% of shares in its subsidiary Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. (“Nevotek”). As at 1 June 2010, the Company sold its 2.99% of shares in Nevotek against USD 249,500 (TL 390,845) (Note 16). After this sale the Company’s total shares in Nevotek decreased from 88.24% to %85.24. However, there has not been any change in the Company’s control power.

29. OTHER SIGNIFICANT ISSUES (continued)

-As at 30 July 2010, the Company sold all of its shares 34,98% in ITD 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 and recognized gain amounting to TL 4,233,705 in profit or loss from this sale

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

- In accordance with the signed agreement between Ortopro and Ortopro's existing shareholders on 4 December 2007,1% of Ortopro’s shares is transferred to the Company as bonus shares on 17 December 2010. Consequently the Group’s shareholding interest in Ortopro is increased from 30% to 31%.

30. EVENTS AFTER THE REPORTING PERIOD

None.