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

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013
WITH INDEPENDENT AUDITORS' REPORT THEREON

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

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

4 February 2014

This report contains 2 pages of the independent auditors' report and 92 pages of the consolidated financial statements and their explanatory notes.

KPMG

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Convenience Translation of the Independent Auditors' Report
As at 31 December 2013 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 statement of consolidated financial position of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi ("the Company") and its subsidiaries (together referred as "the Group") as at 31 December 2013 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

The 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 Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement and provide a true and fair view of the Group.

An audit involves performing independent audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessment, the Group's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Group and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly the financial position of İş Girişim Sermayesi Yatırım Ortaklığı and its subsidiaries as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the TAS (Note 2).

KPMG

Emphasis of matter

Without qualifying our opinion, we draw attention to the matter below. As explained in Note 2.3, the comparative information in the accompanying consolidated statement of financial position, an error was detected at goodwill. Group has corrected this error retrospectively in the consolidated financial statements as of 31 December 2013 and restated the consolidated statement of financial position as of 31 December 2012.

Reports on independent auditor's responsibilities arising from other regulatory requirements

In accordance with Article 402 of the Turkish Commercial Code ("TCC") no 6102; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period between 1 January – 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

Pursuant to Article 378 of Turkish Commercial Code, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Group formed the mentioned committee on 21 November 2012 and it is comprised of two members. The committee has met 13 times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

İstanbul, 4 February 2014

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Funda Aslanoğlu,
Partner, Certified Public Accountant

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

CONTENTS	PAGE NUMBERS

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(In Turkish Lira ("TL"))

	Notes	Audited 31 December 2013	Restated (*) Audited 31 December 2012
ASSETS			
Current assets			
Cash and Cash Equivalents	8	76,025,923	40,802,761
Investment Securities	9	126,728,499	101,216,342
Trade Receivables	10	68,049,822	59,187,881
- Due From Related Parties	7	*2,457*	*7,080*
- Trade Receivables From Third Parties		*68,047,365*	*59,180,801*
Other Receivables	12	640,053	689,910
- Other Receivables		*640,053*	*689,910*
Prepaid Expenses	24	2,961,792	2,304,695
Inventories	13	54,281,259	41,242,332
Other Current Assets	25	6,245,075	3,800,299
Total Current Assets		**334,932,423**	**249,244,220**
Non-current Assets			
Other Receivables	12	142,231	83,205
- Due From Related Parties	7	*150*	-
- Other Receivables From Third Parties		*142,081*	*83,205*
Investments in Equity Accounted Investees	5	-	23,565,589
Property and Equipment	14	21,062,433	11,218,825
Intangible Assets	15	63,209,993	70,733,842
- Goodwill	16	*38,673,879*	*41,323,879*
- Other Intangible Assets	15	*24,536,114*	*29,409,963*
Prepaid Expenses	24	909,203	258,782
Deferred Tax Assets	35	424,236	320,604
TOTAL NON-CURRENT ASSETS		**85,748,096**	**106,180,847**
TOTAL ASSETS		**420,680,519**	**355,425,067**

(*) See Note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013(CONTINUED)

(In Turkish Lira ("TL"))

	Notes	Audited 31 December 2013	Restated (*) Audited 31 December 2012
LIABILITES			
Current Liabilities			
Short-Term Loans and Borrowings	11	30,215,418	44,488,294
Short Term Portion of Long Term Loans and Borrowings	11	17,290,184	6,341,027
Trade Payables	10	38,397,490	31,705,458
- Due to Related Parties	7	*533,092*	*123,955*
- Trade Payables to Third Parties		*37,864,398*	*31,581,503*
Employee Benefit Payables		2,300,800	1,328,234
Other Payables	12	982,494	1,370,659
- Other Payables to Third Parties		*982,494*	*1,370,659*
Current Tax Liability	35	160,860	416,040
Short-Term Provisions		4,461,381	2,559,007
-Short-Term Employee Benefits	*22*	*3,519,217*	*1,963,389*
-Other Short-Term Provisions	20	*942,164*	*595,618*
Other Current Liabilities	25	1,853,052	2,980,367
TOTAL CURRENT LIABILITIES		**95,661,679**	**91,189,086**
Non-current Liabilities			
Long-Term Loans and Borrowings	11	46,318,860	20,828,670
Trade Payables	10	1,648,650	2,798,531
- Due to Related Parties	7	*500,000*	*1,000,009*
- Trade Payables to Third Parties	10	*1,148,650*	*1,798,522*
Other Payables	12	-	16,299
- Other Payables to Third Parties		-	*16,299*
Long-Term Provisions		4,657,299	2,575,584
- Long-Term Employee Benefits	22	*4,657,299*	*2,575,584*
Deferred Tax Liabilities	35	3,607,351	4,152,784
Other Non-Current Liabilities	25	83,472	122,038
TOTAL NON-CURRENT LIABILITIES		**56,315,632**	**30,493,906**
TOTAL LIABILITES		**151,977,311**	**121,682,992**

(*) See Note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013(CONTINUED)

(In Turkish Lira ("TL"))

	Notes	Audited 31 December 2013	Restated (*) Audited 31 December 2012
EQUITY		**268,703,208**	**233,742,075**
Equity Attributable to Owners of the Company		**248,187,676**	**211,500,731**
Share Capital	26	66,654,000	57,960,000
Adjustment to Share Capital	26	21,606,400	21,606,400
Share Premium		7,000,000	7,000,000
Other Reserves	26	2,639,654	2,812,485
Other Comprehensive Income Items That May Be Reclassified To Profit Or Loss		(1,300,965)	(257,148)
- Foreign Currency Translation Differences		*(1,300,965)*	*(257,148)*
Legal Reserves	26	14,520,826	9,496,886
Retained Earnings	26	68,403,268	62,620,532
Profit for the Period		68,664,493	50,261,576
Non-Controlling Interests	26	**20,515,532**	**22,241,344**
TOTAL EQUITY		**268,703,208**	**233,742,075**
TOTAL EQUITY AND LIABILITIES		**420,680,519**	**355,425,067**

(*) See Note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(In Turkish Lira ("TL"))

	Notes	Audited 1 January-31 December 2013	Restated (*) Audited 1 January-31 December 2012
CONTINUING OPERATIONS			
Revenue	27	282,479,300	124,836,585
Cost of Sales (-)	27	(135,740,569)	(55,382,976)
GROSS PROFIT/LOSS		**146,738,731**	**69,453,609**
Administrative Expenses (-)	23	(41,055,599)	(18,642,477)
Marketing, Sales and Distribution Expenses (-)	23	(29,622,761)	(7,519,010)
Research and Development Expenses (-)	23	(3,678,774)	(3,083,465)
Other Operating Income	29	3,657,611	8,175,249
Other Operating Expense (-)	29	(7,850,141)	(3,728,511)
Share of Profit of Equity-Accounted Investees	5	4,300,659	5,357,953
OPERATING PROFIT		**72,489,726**	**50,013,348**
Gain on Investing Activities	32	1,217,014	832,073
Loss on Investing Activities (-)	33	(312,996)	(281,222)
PROFIT/LOSS BEFORE FINANCE COSTS		**73,393,744**	**50,564,199**
Finance Income	30	7,548,457	4,458,157
Finance Costs (-)	30	(14,463,579)	(7,547,910)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		**66,478,622**	**47,474,446**
Income tax from continuing operations		**440,598**	**(1,235)**
- Current income tax income/(expense)	35	(294,697)	(22,840)
- Deferred tax income/(expense)	35	735,295	21,605
PROFIT/LOSS FROM CONTINUING OPERATIONS		**66,919,220**	**47,473,211**
PROFIT/LOSS FROM DISCONTINUED OPERATIONS	34	**-**	**4,202,485**
PROFIT FOR THE PERIOD		**66,919,220**	**51,675,696**

(*) See Note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

(In Turkish Lira ("TL"))

	Notes	Audited 1 January-31 December 2013	Restated (*) Audited 1 January-31 December 2012
OTHER COMPREHENSIVE INCOME			
Items that Would Never Be Reclassified to Profit or Loss:		**253,059**	**(390,434)**
Remeasurements of the Defined Benefit Liability/ (Asset)	31	339,288	(475,688)
Tax on Items that Would Never be Reclassified to Profit or Loss		(86,229)	85,254
-Deferred Tax Expense/Income	31	*(86,229)*	*85,254*
Items that May Be Reclassified to Profit or loss:		**(1,376,427)**	**1,061,181**
Foreign Currency Translations Differences	31	(1,376,427)	944,526
Net Change in Cash Flow Hedging Reserve		-	116,655
Tax on Items that May Be Reclassified Subsequently to Profit or Loss		-	-
OTHER COMPREHENSIVE INCOME		**(1,123,368)**	**670,747**
TOTAL COMPREHENSIVE INCOME		**65,795,852**	**52,346,443**
Total comprehensive income attributable to:		**65,795,852**	**52,346,443**
Non-controlling interests		(1,898,643)	1,228,580
Owners of the Company		67,694,495	51,117,863
Profit/loss attributable to:		**66,919,218**	**51,675,696**
Non-controlling interests		(1,745,275)	1,414,120
Owners of the Company		68,664,493	50,261,576
Earnings per share			
Earnings per share – continuing operations	36	1.030	0,7541
Earnings per share – discontinued operations	34	-	0,0630
Diluted earnings per share			
Diluted earnings per share – continuing operations	36	1.030	0,7541
Diluted earnings per share – discontinued operations	34	-	0,0630

(*) See Note 2.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

(In Turkish Lira (“TL”))

					Other Comprehensive Income/Expense that may be Reclassified to Profit or Loss				Retained Earnings				
	Note	**Share Capital**	**Adjustment To Share Capital**	**Share Premium**	**Cash flow Hedging Reserves**	**Foreign Currency Translation Reserves**	**Other Reserves**	**Legal Reserves**	**Profit/Loss For the Period**	**Retained Earnings**	**Total Before Non-controlling Interests**	**Non-Controlling Interests**	**Total Toplam**
Balance at 1 January 2012		**50,400,000**	**21,606,400**	**7,000,000**	**(116,655)**	**(1,172,533)**	**249,702**	**6,778,897**	**42,022,704**	**43,651,570**	**170,420,085**	**1,129,279**	**171,549,364**
Adjustments related to changes in accounting policies		-	-	-	-	-	-	-	40,799	(40,799)	-	-	-
Restated balance at 1 January2012 (*)		**50,400,000**	**21,606,400**	**7,000,000**	**(116,655)**	**(1,172,533)**	**249,702**	**6,778,897**	**42,063,503**	**43,610,771**	**170,420,085**	**1,129,279**	**171,549,364**
Transfers		-	-	-	-	-	-	2,717,989	(42,063,503)	39,345,514	-	-	-
Total comprehensive income		-	-	-	116,655	915,385	-	-	50,261,576	(175,753)	51,117,863	1,228,580	52,346,443
Dividends paid	26	-	-	-	-	-	-	-	-	(12,600,000)	(12,600,000)	-	(12,600,000)
Issue of ordinary shares	26	7,560,000	-	-	-	-	-	-	-	(7,560,000)	-	-	-
Business combination	3	-	-	-	-	-	19,671,543	-	-	-	19,671,543	19,883,485	39,555,028
Balance at 31 December 2012		**57,960,000**	**21,606,400**	**7,000,000**	**-**	**(257,148)**	**19,921,245**	**9,496,886**	**50,261,576**	**62,620,532**	**228,609,491**	**22,241,344**	**250,850,835**

					Other Comprehensive Income/Expense that may be Reclassified to Profit or Loss				Retained Earnings				
	Note	**Share Capital**	**Adjustment To Share Capital**	**Share Premium**	**Cash flow Hedging Reserves**	**Foreign Currency Translation Reserves**	**Other Reserves**	**Legal Reserves**	**Profit/Loss For the Period**	**Retained Earnings**	**Total Before Non- Interests**	**Non-Controlling Interests**	**Total**
Balance at 1 January 2013		**57,960,000**	**21,606,400**	**7,000,000**	**-**	**(257,148)**	**19,921,245**	**9,496,886**	**50,261,576**	**62,620,532**	**228,609,491**	**22,241,344**	**250,850,835**
Adjustments related to TAS 8	2.3	-	-	-	-		(17,108,760)	-	-	-	(17,108,760)	-	(17,108,760)
Restated balance at 1 January2013 (*) Balance at 1 January 2013		**57,960,000**	**21,606,400**	**7,000,000**	**-**	**(257,148)**	**2,812,485**	**9,496,886**	**50,261,576**	**62,620,532**	**211,500,731**	**22,241,344**	**233,742,075**
Transfers		-	-	-	-	-	-	5,023,940	(50,261,576)	45,237,636	-	-	
Total comprehensive income		-	-	-	-	(1,043,817)	-	-	68,664,493	73,819	67,694,495	(1,898,643)	65,795,852
Dividends paid	26	-	-	-	-	-	-	-	-	(30,834,719)	(30,834,719)	-	(30,834,719)
Issue of ordinary shares	26	8,694,000	-	-	-	-	-	-	-	(8,694,000)	-	-	-
Sale of non-controlling interest	4	-	-	-	-	-	(172,831)	-	-	-	(172,831)	172,831	-
Balance at 31 December 2013		**66,654,000**	**21,606,400**	**7,000,000**	**-**	**(1,300,965)**	**2,639,654**	**14,520,826**	**68,664,493**	**68,403,268**	**248,187,676**	**20,515,532**	**268,703,208**

(*) See Note 2.

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(In Turkish Lira ("TL"))

	Note	Audited 1 January-31 December 2013	Restated (*) Audited 1 January-31 December 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Period		66,919,220	51,675,696
Adjustments to reconcile net profit/loss:			
Depreciation	14	3,655,267	1,693,718
Amortization	15	5,365,645	647,466
Provision for doubtful receivables (net)	10	285,304	741,703
Deferred tax income		(735,295)	(282,962)
Impairment for inventories, net	13	(678,557)	615,186
Increase in bonus provision	22	4,923,842	832,047
Increase in vacation pay liability	22	291,537	113,632
Increase in severance pay liability	22	657,090	444,526
Increase in accrued expenses		(223,097)	300,770
Increase in accrued income	10	(2,953,317)	(3,992,903)
Finance costs	30	8,801,933	2,762,560
Finance income	30	(7,548,457)	(4,588,116)
Gain on the sale of investment securities		-	(25,165,701)
Loss on goodwill impairment	16	2,650,000	1,375,909
Profits arising from business combination	3, 29	-	(6,516,626)
Change in investments in equity accounted investees (net)	5	(4,300,659)	(5,357,953)
Gain on sale from equity-accounted investees	27	(72,633,751)	-
Gain on sale from discontinued operation (after tax)	34	-	(4,200,013)
Dividend income from equity investments	27	(1,038,178)	(830,543)
Gain/loss from the sale of non-current assets	32	(791,106)	(461,700)
Change in fair value of investment securities (net)		2,338,474	(6,470,926)
Changes in Working Capital			
Interest received		7,243,258	4,369,098
Changes in trade receivables		(9,147,245)	11,139,190
Changes in inventory		(12,360,370)	88,765
Changes in other receivables and assets		(808,146)	(56,120)
Changes in trade payables		5,548,830	(9,531,177)
Changes in other payables		(622,605)	(13,200,118)
Net cash from Operating Activities			
Severance payments	22	(856,501)	(196,825)
Vacation payments	22	(30,661)	(25,442)
Bonus payments	22	(1,008,476)	(653,739)
Net cash used in Operating Activities		**(7,056,021)**	**(4,730,598)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in investment securities		(27,850,630)	(19,158,848)
Acquisition of property and equipment		(14,510,390)	(2,834,115)
Proceeds from sale of associates	5	100,500,000	53,923,995
Subsidiaries acquired, including net cash acquired		-	(48,945,603)
Net cash used in discontinued operations	34	-	(477,677)
Acquisition of intangible assets	15	(494,921)	(13,705)
Proceeds from sale of property and equipments		1,805,749	1,134,218
Dividend received from equity investments		1,038,178	830,543
Net cash from / (used in) investing activities		**60,487,986**	**(15,541,192)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		36,439,343	66,585,744
Repayment of borrowings		(14,707,826)	(68,710,131)
Acquisition of non-controlling interest of a subsidiary		-	39,555,028
Dividends paid	26	(30,834,719)	(12,600,000)
Interest paid		(8,801,933)	(2,762,560)
Net cash from/ (used in)financing activities		**(17,905,135)**	**22,068,081**
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**35,526,830**	**1,796,291**
D. EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD		**(1,043,817)**	**(944,526)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8	**40,514,194**	**39,662,429**
NET INCREASE IN CASH EQUIVALENTS (A+B+C+D)		**34,483,013**	**851,765**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	8	**74,997,207**	**40,514,194**

(*) See Note 2.

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

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

The Group's core business activities are as follows:

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

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

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

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

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

Group's continuing operating segments in basis of operating fields is disclosed in Note 6.

As at 31 December 2013, the Company has 18 employees and the Group has 853 employees (31 December 2012: Company: 15 employees and Group: 764 employees).

(In Turkish Lira ("TL") unless otherwise is stated)

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

The details of subsidiaries of the Company are as follows:

Subsidiaries	Nature of Operations	Place of Incorporation	31 December 2013 Shareholding Interest %	31 December 2013 Voting Power %
Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. ("Nevotek")	Service	Turkey	81.24	81.24
Nevotek Middle East FZ LLC	Service	United Arab Emirates	81.24	81.24
Nevotek Intercorporation	Service	United States of America	81.24	81.24
Convera Systems FZ LLC	Service	United Arab Emirates	81.24	81.24
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro")	Production / Commerce	Turkey	32.5	52.5(1)
Covision Medikal Technologies Limited	Commerce	United Kingdom	32.5	52.5(1)
Toksöz Spor Malzemeleri Ticaret AŞ ("Toksöz Spor")	Commerce	Turkey	56	56(2)
Numnum Yiyecek ve İçecek AŞ ("Numnum")	Service	Turkey	61.66	61.66

(1) The Company took over 1.5% bonus shares and İş Girişim's share owned in Ortopro increased to 32.5% based on Subscription and Stakeholders Engagement signed at 4 December 2007 with Ortopro. As of 5 March 2012, Erol Frik has become shareholder with holding %20 of the shares through capital increase by limiting existing shareholders' stock warrant. İş Girişim's owned shares in Ortopro have been maintained at the rate of %32.5. Simultaneously İş Girişim's claim of appointment for Board of Director increased from 1 to 2 and İş Girişim has started to control more than half of the shares owned by Group B through capital increase.

(2) On 10 September 2013, the Group's 2,5% of shares corresponding to 425.782 shares in Toksöz Sports has been transferred to Samil Toksoz and Kamil Toksoz in the context of other shares with the "Capital Associates, Share Transfer and Shareholders Convention" agreement which was signed on 27 June 2012. According to this agreement, İş Girişim Sermayesi's share in the capital of Toksöz Sports reduced from 58,50% to 56,00%.

2. BASIS OF PRESENTATION

2.1 Basis of Presentation

a) Approval of the Financial Statements

Group's consolidated financial statements position as at and for the year ended 31 December 2013 approved by the Board of Director and authorization for issue is given for publishing on 4 February 2014. The General Assembly has power to amend the consolidated financial statements after their issue.

b) Preparation of Consolidated Financial Statements and Statement of Compliance to TAS

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.

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

b) Preparation of Consolidated Financial Statements and Statement of Compliance to TAS (continued)

The accompanying consolidated financial statements are prepared in accordance with the Communiqué numbered II-14,1, "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") which is published by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The accompanying consolidated financial statements as at 31 December 2013 have been prepared in accordance with the communiqué numbered 20/670 "Announcement on Financial Statements and Footnote Formats" published by Capital Markets Board ("CMB") dated 7 June 2013.

c) Policy Resolutions Promulgated by POA

Assembly Policy Resolutions published by POA for companies preparing their financial statements according to TAS and this resolutions will be effective until a new regulation is published by TAS. Resolutions are prepared for the reality and relevance, comparability, verifiability and understandability of financial statements and in order to facilitate audit of the financial statements and enhancing the financial statements unique.

The details of the assembly resolutions policy decisions impact on the details of the Group are as follows:

- ***Illustrative Financial Statement and User Guide (2013-l)***

Illustrative Financial Statement and User Guide is prepared according to the "Determination the Scope of Application of Turkish Accounting Standards Board Decision" for companies preparing their financial statements according to TAS and the reality and relevance, comparability, verifiability and understandability of financial statements and in order to facilitate audit of the financial statements and enhancing the financial statements unique. These assembly resolutions, after the publication date of 20 May 2013 entered into force as of the first reporting period. Group has made certain reclassifications to fulfil the requirements of these regulations described in Note 2.1.

The following other assembly resolutions are published on 21 July 2013 and came into force for annual reporting periods beginning on or after the reporting period of 31 December 2012. It is not expected that the decisions had effect on the Group's consolidated financial statements.

- ***Accounting for Business Combinations Under Common Control (2013-2)***

Combination of entities under common control should be recognized using the pooling of interest method. Thus, goodwill should not be included in the financial statements.

The effect of business combinations under common control is accounted under equity in "Effect of Merging of Joint Venture Enterprises" account While using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred.

(In Turkish Lira ("TL") unless otherwise is stated)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

- ***Accounting of Redeemed Share Certificates (2013-3)***

Clarification has been provided on classification and measurement of the redeemed share certificates and principles for the recognition was determined.

- ***Accounting of Cross Shareholding Investments (2013-4)***

If a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings as explained below and the recognition principles have been determined for each of them. The subsidiary holding the equity based financial instruments of the parent, the associates or joint ventures holding the equity based financial instruments of the parent, the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 39 and TFRS 9 by the parent.

d) Basis of Measurement

The consolidated financial statements have been prepared based on the historical cost, except for the investment securities which are measured at fair value.

The methods used to measure fair value are disclosed separately in Note 40.

e) Functional 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 the subsidiaries of the company namely Ortopro, Nevotek, Toksöz and Numnum, the subsidiaries of the Company, is TL.

The foreign exchange rates used by the Group as at 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013	31 December 2012
US Dollar	2.1343	1.7826
Euro	2.9365	2.3517

f) 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.

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

g) 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.

h) Restatement to Prior Period Consolidated Financial Statements

Based on decision numbered 20/670 taken by CMB on 7 June 2013, a new illustrative financial statement and guidance to it has been issued. The new illustrative financial statement and guidance is effective from the interim periods ended after 31 March 2013, applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting In Capital Markets. Based on these new illustrative financial statements, a number of changes have been made at the Group's consolidated statements of financial position and profit or loss and other comprehensive income. The reclassifications that are made at the Group's consolidated financial statements as at 31 December 2012 are as:

- Borrowings amounting TL 6,341,027 is reclassified from current borrowings to short term portion of long term liabilities.
- Social security taxes payable amounting TL 559,218 and salaries amounting to TL 769,016 are reclassified respectively from other payables and employee benefits to employee benefit payables.
- Accrued expenses amounting to TL 595,617 TL is reclassified from other short term liabilities to other short term provisions.
- Prepaid expenses amounting to TL 2,304,695 is reclassified from advances given in other current assets, prepaid expenses, prepaid rent expenses and job advances is reclassified to prepaid expenses. Prepaid expenses amounting to TL 258,782 is reclassified from advances given in other current assets, prepaid expenses, prepaid rent expenses and job advances is reclassified to prepaid expenses.
- Income accruals amounting to TL 3,992,903 is reclassified from other current assets to trade receivables.
- Interest income from treasury bond and private sector bonds, interest from bank deposits, dividend income, interest income from reverse repurchase agreements, trading income from securities and fair value gains of securities amounting to TL 19,589,535 is reclassified to revenue.
- Interest eliminated on purchases amounting to TL 281,222 is reclassified from financial costs to expenses from investing activities; interest eliminated on sales amounting to TL 370,373 is reclassified from financial income to income from investing activities.
- Share of profit of equity-accounted investees amounting to TL 5,357,953 is classified under operating profit.
- Gain on property and equipment amounting to TL 461,700 is reclassified from other operating income to gain on investing activities.
- Interest income from bank deposits, foreign exchange gains and income accruals amounting to TL 4,458,156 TL are reclassified to finance income and interest expenses and foreign exchange loss amounting to TL 7,547,910 are reclassified to finance costs.

(In Turkish Lira ("TL") unless otherwise is stated)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

i) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group can control a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries have been included in the consolidated financial statements from the date control commences until the date that end.

			Shareholding interest (%)			
Subsidiaries	Acquisition date	Incorporation and operating location	31 December 2013	31 December 2012	Voting power	Nature of operations
Nevotek	30 September 2003	Turkey	81.24	81.24	81.24	Service
Ortopro	10 December 2007	Turkey	32.50	32.50	52.50	Production / trading
Toksöz Spor	13 November 2012	Turkey	56.00	58.50	58.50	Trading
Num Num	5 December 2012	Turkey	61.66	61.66	61.66	Service

Interest's in equity - accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture**.**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

The details of Group's associates as at 31 December 2013 and 31 December 2012 are as follows:

			Shareholding interest (%)			
Associates	Acquisition date	Founding and operating location	31 December 2013	31 December 2012	Voting power	Nature of operations
Türkmed	17 December 2007	Turkey	-	25.78	(1)	Service

Joint venture	Acquisition date	Founding and operating location	31 December 2013	31 December 2012	Voting power	Nature of operations
Aras Kargo	15 November 2011	Turkey	-	20.00	(1)	Service

(1) The Group has sold its shareholding interests in Aras Kargo and Türkmed on 30 July 2013 and 13 September 2013, respectively.

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

h) Basis of Consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Group has adjusted the financial statements its subsidiaries to apply accounting policies consistently Group entities in these consolidated financial statements.

Non-controlling interests(NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.2 Changes in Accounting Policies

The Group adopted TAS 19 *Employee Benefits* (2011) with a date of initial application of 1 January 2013 and changed its basis of determining the expense related to defined benefit obligations.

The Group adopted indirect changes in IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint venture,* IFRS 12 *Disclosure of Interests in Other Entities and* IAS 28 *Investments in Associates and Joint Ventures* with a date of initial application of 1 January 2013.

a) Defined benefit obligation

As a result of the application of TAS 19 (2011), all actuarial losses are recognized in other comprehensive income.

As a result of this accounting policy change, actuarial gains / losses derives from employee severance pay liability after tax of the Group, are recognized in other comprehensive income and expenses not to be reclassified to profit or loss. Before the changes in accounting policy, the Group recognized actuarial gains/(losses) in "cost of sales" and "operating expenses" and recognized tax effect on tax expense. The change in accounting policy has been applied retrospectively. As a result, the Group reduced the employee severance indemnity expense recognised in profit or loss and accordingly increased the defined benefit obligation actuarial differences recognised in other comprehensive income amounting to TL 475,688 (TL 390,434 including tax expense) for the year ended 31 December 2012.

(In Turkish Lira ("TL") unless otherwise is stated)

2. BASIS OF PRESENTATION (continued)

2.2 Changes in Accounting Policies (continued)

The following tables summarise the restatements on the Group's consolidated statements of financial position as at 1 January 2012 and 31 December 2012 and statement of profit or loss and other comprehensive income for the year ended 31 December 2012.

	Previously reported	Effect of change in accounting policy	Restated balance
Profit or loss (1 January 2012 – 31 December 2012)			
Administrative expenses	(19,118,165)	475,688	(18,642,477)
Tax expense	84,019	(85,254)	(1,235)
Profit / Loss	**51,285,262**	**390,434**	**51,675,696**
Non-controlling interests	1,199,439	214,681	1,414,120
Owners of the Company	50,085,823	175,753	50,261,576
Other Comprehensive Income(1 January 2012-31 December 2013)			
Remeasurements of the defined benefit liability	-	475,688	475,688
Tax on items that would never be reclassified to profit or loss	-	(85,254)	(85,254)
Total comprehensive income	-	**390,434**	**390,434**
Equity (1 January 2012)			
Profit for the period – Attributable to owners of the company	42,022,704	40,799	42,063,503
Retained Earnings – Attributable to owners of the company	**43,651,570**	**(40,799)**	**43,610,771**

Change in accounting policy did not have an impact to net assets as of 31 December 2012 and its impact on the earnings per share in comparative period is not material.

2. BASIS OF PRESENTATION (continued)

2.2 Change in Accounting Policies (continued)

b) Subsidiaries

In accordance with TFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees.

In accordance with the transitional provisions of TFRS 10, the Group reassessed the control conclusion for its investees at 1 January 2013. As a consequence, the Group has not changed and it does not affect assets and liabilities and comprehensive income of the Group.

c) Joint arrangements

In accordance with TFRS 11, the Group changed their accounting policy about shares of joint ventures.

Under TFRS 11, the Group has reclassified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and has reclassified the investment from a jointly controlled entity to a joint venture. Notwithstanding the reclassification, the investment continues to be recognized by applying the equity method and there has been no impact on the recognized assets, liabilities and comprehensive income of the Group.

2.3 Changes in the 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 accounting errors are corrected retrospectively and the prior period financial statements are restated accordingly.

Restatement to prior year consolidated financial statements

Goodwill is restated retrospectively due to the unintentionally exclusion of the capital increase which were part of the acquisition and should be included to the net identifiable asset calculation of Numnum and Toksöz acquisitions on the date of 5 December 2012 and 13 November 2012, respectively. As a result of this restatement, goodwill presented in "Intangible Assets" and ''other reserves'' presented in equity has been reduced in amount of TL 17,108,760 as at 31 December 2012. This restatement has no effect on the Group's profit or loss and earnings per share.

(In Turkish Lira ("TL") unless otherwise is stated)

2. BASIS OF PRESENTATION (continued)

2.3 Changes in the Accounting Estimates and Errors (continued)

Accordingly, restatements on the Group's consolidated statement of financial position as at 31 December 2012 are presented below:

	Previously reported 31 December 2012	Restatements	Restated 31 December 2012
ASSETS			
Current Assets	**123,289,607**	**(17,108,760)**	**106,180,847**
Goodwill	58,432,639	(17,108,760)	41,323,879
TOTAL ASSETS	**372,533,827**	**(17,108,760)**	**355,425,067**
EQUITY			
Equity attributable to the owners of the company	**228,609,491**	**(17,108,760)**	**211,500,731**
Other Reserves	19,921,245	(17,108,760)	2,812,485
TOTAL EQUITY	**250,850,835**	**(17,108,760)**	**233,742,075**

2.4 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 Group.

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)

2.4 Summary of Significant Accounting Policies (continued)

Revenue (continued)

Orthopaedics and medical equipments

Revenues are calculated by received payments or fair value of payments which will be received. Estimated refunds, discounts, and provisions are deducted from the mentioned amount.

Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received and receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of the ownership have been transferred to customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Food and beverage services revenue

Revenue is measured at fair values of the consideration received or receivable. Estimated discount is recognized as a reduction of revenue as the sales are granted.

Food and beverage revenues are recognized as the services are rendered. Revenues that are generated from main operating activities are measured at fair values of the consideration received or receivable and after sale discounts and deductions.

Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods, and the amount of revenue can be measured reliably.

Sponsorship revenue

Sponsorship revenues are earned as cash and non-cash benefits from sales of food suppliers and other suppliers' in respect of their marketing activities. Sponsorship revenues are recognized as the services are rendered related to sponsorship activities performed. Sponsorship revenue related with uncollected part of long term agreements are deferred until services are rendered. There are no deferred costs related to these revenues.

Commission Revenues

Commission revenues are generated from franchising agreements that were made in order to lease registered trademarks and also restaurants' operating rights to third parties. Commission revenues include both franchise entrance fees and sale commission fees which is computed over the specified rate. Franchise entrance fees are recognized as revenue as a restaurant which is mentioned on the agreement start to operate. Sale commission fees are recognized as revenue when recovery of the consideration is probable and if the company believes that the payment amount is collectible and there is enough evidence that the amount of revenue can be measured reliably.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs involved in inventories are comprised of direct material, direct labour used for bringing inventories to their existing condition if applicable and production overheads. Weighted average cost method is used in calculating cost of inventories. Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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.

Leased assets are depreciated over the shorter of the lease term and their useful life as if property and equipment.

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

	Useful Life
Machinery and equipment	3-7 years
Inventories	2-15 years
Vehicles	4-5 years
Leasehold improvements	5-10 years

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

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 combinations in which the goodwill arose.

Acquired intangible assets

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

Software

Acquired software is 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. Software development costs recognized as assets are amortized over their estimated useful lives.

Useful life for software is 3-5 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.

Trade mark and leasing contracts are recognized intangible assets within TFRS 3 that are explained in Notes 15 for the acquisition of Num Num. Leasing contracts are valuations as intangible asset for the differences between fair value and carrying value that not to exceed for fair value. The useful life of these intangible assets is 6-10 years.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Intangible assets acquired through business combinations (continued)

Trade mark, exclusivity agreement and leasing are intangible assets recognized related to the acquisition of Toksöz within TFRS 3 that are explained in Note 15. The useful life of these intangible assets is 2-10 years.

As distribution network and licences are explained in Note 15, recognized as intangible assets in accordance with TFRS 3 for the reason of changing in controlling interest of the Group owned in Ortopro. The useful life of these intangible assets is 3-5 years.

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

Derecognition of intangible assets

If an intangible asset disposed of, or there isn't any future economic benefit expectation from the usage or sale, will be excluded from the statement of financial position. The intangible asset is derecognized and the resulting gain or loss is the difference between any proceeds received and the carrying amount of intangible asset. When this difference is derecognized the statement of financial position of the related asset, it will be recognized in profit or loss.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Finance Leases

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases, the other leases except finance lease is classified as operational lease.

On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Liability against lessor is presented as financial lease liability in statement of financial position. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability through principal payment and provide interest calculation with fixed rate on the rest of principal after payment. Within the Group's borrowing policy financial expenses except capitalized part is recognized in profit/loss.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Impairment of Non- Financial 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 period.

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)

2.4 Summary of Significant Accounting Policies (continued)

Financial Instruments

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", "held-to-maturity investments", "available-for-sale" 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 financial assets at fair value through profit or loss.

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 at the end of the reporting period.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Financial Instruments (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 at the end of the reporting period.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable repayments that are quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less any impairment losses.

Impairment of financial assets

Financial assets, other than those at assets at fair value through profit or loss, 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.

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.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Trade receivables and doubtful receivable allowances

Trade receivables is impaired if the objective evidence indicates that a loss event occurred after the initial recognition of receivable, and that the loss event had a negative effect on the estimated future cash flows of that receivable that can be estimated reliably. An impairment loss in respect of a trade receivable measured at amortised cost is calculated as the difference between carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss reversed through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, receivable from reverse repo 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 or loss

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

Other financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

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.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value at acquisition date, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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.

Only if the fair value of acquired identifiable assets, liabilities and contingent liabilities or cost of the business combination is determined temporarily, if the merger has to be done temporarily at the end of the acquisition period, provisional acquisition accounting is applied by the Company In accordance with TFRS 3 "Business combinations", the provisional acquisition accounting process must be completed within 12 months from the date of transaction.

The Group does not any new business combinations in year 2013.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions

The Group's businesses' financial statements are presented in currency that is valid around basic economical environment (functional currency) where they are operating in Turkish Lira ("TL"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

When preparing the financial statements of the individual entities, transactions in foreign currencies (currencies other than TL) 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 retranslation.

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.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Earnings per Share

Earnings per share disclosed in the consolidated statement of profit or loss and other comprehensive income are calculated by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

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. Accordingly, 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.

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of 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 recognised in other comprehensive income and presented in the hedging reserve in equity. 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 the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to 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.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Related Parties

In the financial statements, top management of the Company, shareholders and board of directors, their families and their companies or affiliates, joint ventures and subsidiaries are regarded as related parties. Top management includes general manager and vice general managers.

Segment Reporting

The Group has five 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 6). According to internal reporting, reporting is made based on TFRS figures in five different segments named as Private equity, IT, audio and communication systems and orthopaedics and medical equipments, wholesale and retail sales of sports wearing equipments, restaurant management and in two geographical field as Turkey and the United Kingdom.

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.

Income tax expense is comprised of current tax and deferred tax expense.

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 and earning from portfolio management withholding rate is determined as %0.

Subsidiaries of the Group, Ortopro, Toksöz Spor and Numnum, are subject to income tax and corporate tax that are effective in Turkey.

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 at 12 March 2011, this exemption period is extended until 31 December 2023.

The Groups subsidiaries' income in United Arab Emirates is not exposed to corporate tax. The subsidiary's income in California in United States of America is exposed to both federal and state income tax. The federal tax rate is gradual and between 15%- 35%, the state tax rate is 8.84%.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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 combinations) 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.

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 combinations. In the case of a business combinations, the tax effect is taken into consideration in calculating goodwill or determining the excess cost of the acquirer's interest over fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Employee Benefits

Employee severance pay liability

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 "Employee Benefits" ("TAS 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 other comprehensive income would never be reclassified to the profit or loss.

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 cash flows provided from Group's private equity and IT, audio and communication systems, productions and trading of orthopaedics, medical, surgical equipments, wholesale and retail of sports wearing equipments and restaurant management.

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.

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Discontinued Operations

Discontinued operations have stated as disposal of the main business line or the geographical branch of operations of the entity. Discontinued operations are part of the sale of separate main business line or geographical branch within the framework of separately coordinated plan or subsidiary acquired for sale. The net assets relevant to discontinued operations are measured at fair value less cost to sell and pre-tax profit or loss and post-tax profit or loss are reflected to financial statements in course of disposal of the assets and group of assets that discontinued operations are constituted, are disclosed and the analysis of pre-tax profit/loss is succeed in concurrence with income/expense. Besides cash flows from each of operating, investing and financing activities related to discontinued operations are disclosed. The group of assets is classified as held for sale in case of the assets are planned to be recovered as a consequence sale instead of planning to be used. Liabilities, directly attributable to these assets, are grouped similar as the assets. The group of assets is measured at the lower of carrying amount less directly attributable liabilities and fair value less costs to sell. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued in the current year. The Group does not have and discontinued operations in the current year.

Share Capital and Dividends

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

2.5 Significant Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with TAS requires making 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 16	Goodwill (*)
Note 14-15	Useful lives of tangible and intangible assets
Note 20	Provisions, Contingent Assets and Liabilities
Note 22	Employee benefits
Note 35	Tax assets

(*)Impairment of goodwill

Group performs impairment test annually according to the accounting policy explained in Note 2.4. Recoverable amount of cash generating units are determined with the applicable measurement techniques. These computations require the use of estimates.

2. BASIS OF PRESENTATION (continued)

2.6 New standards and interpretations not yet adopted as of 31 December 2013

- TFRS 9 *Financial Instruments*

TFRS 9 (2010) introduces new requirements for the classification and measurement of financial assets. Under TFRS 9 (2011), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. TFRS 9 (2010) introduces additional changes relating to financial liabilities. Changes in TFRS 9 (2011) affect measurement and classification of financial assets and measurement requirements of financial liabilities fair value through profit or loss. Fair value changes related to credit risk of fair value through profit or loss financial liabilities is to be presented in other comprehensive income. Changes to TFRS 9 (2010) and (2011) are effective for annual periods beginning on or after 1 January 2015. The Group does not plan to adopt these Standard early. The Group is not planning to early adoption of this standard and the potential effects of this amendment have not been evaluated.

- TAS *32 Financial Instruments: Offsetting Financial Assets and Financial liabilities (Amended)*

The amendments clarify the meaning of "presence of legal right related with offsetting recognized amounts" and "simultaneous accrual and payment" and also clarify the application of the TAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. The amendment will be effective for annual periods beginning on or after 1 January 2014 and retrospectively applied. If necessary disclosures are made by the Company related with the amendments of IFRS 7, earlier adoption is permitted. The Group is not planning to early adoption of this Standard and the potential effects of this amendment have not been evaluated.

- *TFRS 10 Consolidated Financial Statements (Amended): Difference in measurement of fair value through profit or loss of investment enterprises of all subsidiaries*

The amendment in the communiqué No.13 published by POA clarifies the definition and determination of the entity's investment business, consolidation exception and implementation guidance. Also the amendment determined the effective and first application date and the related changes were made on the explanations of consolidated and individual financial statements and related disclosures. With this amendment, the companies that meet the definition of investment company are obligated to measure fair value of their all subsidiaries and to reflect fair value difference measurement to the statement of profit or loss and become exempt from presentation of consolidated financial statements. The amendment will be effective for annual periods beginning on or after of 31 December 2013 and enter into force on the date of publication. The Group has not evaluated the potential effects of this amendment.

(In Turkish Lira ("TL") unless otherwise is stated)

3 BUSINESS COMBINATIONS

Ortopro

Erol Frik has become shareholder with shareholding interest of 20% through transferring USD 4.500.000 to Ortopro through capital increase by limiting existing shareholders' stock warrant as of 5 March 2012. Simultaneous with capital increase, İş Girişim has acquired bonus share at the rate of 6.5% from Tolga Yalçınkaya, shareholder of Ortopro, and İş Girişim's shares in Ortopro remained at the rate of 32.5%. İş Girişim's claim of appointment for Board of Directors increased from 1 to 2 and İş Girişim has started to control more than half of the shares owned by Group B through capital increase. Therefore; Ortopro has been included by consolidation in the financial statements as the subsidiary and non-controlling interest are recognized as at 31 December 2012 which was equity accounted investee of the Group. The change in control power is recognized in accordance with "TFRS 3: Business Combinations".

In accordance with "TFRS 3: Business Combinations" the Group obtained a valuation report for the purpose of measuring the fair value of Ortopro's identifiable assets and liabilities and determining fair value of the equity interest as of the date that the control is obtained. The valuation report has been prepared through considering audited financial statements as at 31 December 2011 since the effect of the operations between the time when the control of Ortopro is obtained and 31 December 2011 is at an insignificant level.

Hence, as of the time when the control is obtained by the Group, fair value of the previously obtained equity interest is calculated. The difference between fair value and carrying value of the shares of the participation amounting to TL 6,516,626 is recognised as revenue arising from business combinations in "Other Operating Income" in the consolidated statement of profit or loss and other comprehensive income and the difference between fair value of the net assets of Ortopro and fair value of the equity interest amounting to TL 9,206,499 is recognized as goodwill. Distribution network and licenses arising from acquisition are recognised at fair value determined by, an independent from.

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

	31 December 2011	
Ortopro	**Carrying Value**	**Fair Value**
Cash and Cash Equivalents	1,675,829	1,675,829
Trade and Other Receivables	27,051,998	27,051,998
Inventories	12,420,333	12,420,333
Other Assets	2,430,662	2,430,662
Deferred Tax Asset	1,290,717	716,117
Tangible Assets	5,978,910	5,978,910
Intangible Assets(*)	232,425	3,105,425
Financial Liabilities	(21,193,465)	(21,193,465)
Trade Payables	(26,921,832)	(26,921,832)
Other Liabilities	(1,725,538)	(1,725,538)
Total Net Asset	1,240,039	3,538,439

(*) Includes fair value of distribution network and licenses amounting to TL 2,873,000.

(In Turkish Lira ("TL") unless otherwise is stated)

3. BUSINESS COMBINATIONS (continued)

Ortopro (continued)

Fair value of equity interest	10,356,492
Non-controlling interests	2,388,446
Total net identifiable assets	(3,538,439)
Goodwill	**9,206,499**

Fair value of equity interest	10,356,492
Carrying value of Ortopro as of 31 December 2011	(3,839,866)
Income from business combination (Note 29)	**6,516,626**

Toksöz (Restated)

The Group acquired the shares of Toksöz Spor composed of 8.775.585 shares, with a nominal amount of TL 8,775,585 which corresponds to 58.5% of the Toksöz's share, with a payment of TL 23,900,000 on 13 November 2012.

In accordance with TFRS 3 "Business Combinations", the Group obtained a valuation report to determine the fair value of Toksöz's assets and liabilities from an independent firm as of the date of the acquisition. Due to immaterial impact of operations between acquisition date and 31 October 2012, the valuation was based on the audited financial statements of Toksöz as of 31 October 2012.

As of acquisition date, difference between the fair value of Toksöz's net assets and consideration paid was recognized as goodwill.

As of acquisition date of Toksöz, the fair value of identifiable assets and assumed liabilities are given below:

	13 November 2012 *(Restated)*	
Toksöz	**Carrying Value**	**Fair Value**
Cash and Cash Equivalents	954,397	954,397
Trade and Other Receivables	46,169,396	46,169,396
Inventories	31,404,368	31,404,368
Other Assets	7,252,124	7,252,124
Deferred Tax Asset	812,739	812,739
Tangible Assets	3,728,629	3,728,629
Intangible Assets (*)	91,889	12,361,889
Financial Liabilities	(49,127,475)	(49,127,475)
Trade Payables	(27,413,600)	(27,413,600)
Other Liabilities	(16,046,768)	(16,046,768)
Deferred Tax Liabilities	-	(2,454,000)
Total Net Asset	**(2,174,301)**	**7,641,699**

(*) Includes the fair values of trade mark, exclusivity agreement and leasing agreements amounting TL to 12,270,000.

(In Turkish Lira ("TL") unless otherwise is stated)

3. BUSINESS COMBINATIONS (continued)

Toksöz *(Restated) (continued)*

Consideration paid in cash	23,900,000
Total identifiable net assets	(7,641,699)
Non-controlling interests	3,171,305
Goodwill	**19,429,606**

Num Num (Restated)

The Group has purchased 59.459 shares with a nominal value of TL 59,459 from Mehmet Gürs representing 19.244% of Numnum's share capital amounting to TL 308,975 for a consideration of TL 4,000,000 TL 3,000,000 of the amount was paid in cash whereas the remaining amount of TL 1,000,000 was accounted for in current payables related to acquisitions. 246.881 shares of NumNum having the total nominal value of TL 246,881 have been acquired as a result of the General Assembly decision dated 5 December 2012 with regard to injection of the net fund amount of TL 973.926 to the share capital and accordingly distribution of 973,926 issued shares to company shareholders in accordance with related laws and regulations. Through restricting NumNum's current shareholders pre-emptive rights for purchasing new shares in the mean time; 1,666,481 shares with the total nominal value of TL 1,666,481 and representing 61,66% of the post-investment share capital of TL 2,702,500 have been acquired in return of TL 23,000,000 thereof TL 1,419,599 and TL 21,580,401 were transferred to the share capital and share in accordance with premium account, respectively.

According to "TFRS 3: Business Combinations", the Group obtained a valuation report for the purpose of measuring the fair value of Numnum's identifiable assets and liabilities and determining fair value of the equity interest as of the date that the control is obtained. The valuation report has been prepared through considering audited financial statements as at 31 December 2012 since the effect of the operations between the time when the controlling interest of Numnum is obtained and 31 December 2012 is at an insignificant level. As of the acquisition date of NumNum, the difference between fair value of net assets and purchase price are recognized as goodwill.

	5 December 2012 *(Restated)*	
Num Num	**Carrying Value**	**Fair Value**
Cash and Cash Equivalents	17,096,989	17,096,989
Trade and Other Receivables	141,056	141,056
Inventories	536,728	536,728
Other Assets	803,081	803,081
Deferred Tax Asset	296,595	296,595
Tangible Assets	1,865,294	1,865,294
Intangible Assets (*)	71,805	14,661,805
Financial Liabilities	(2,981,930)	(2,981,930)
Trade Payables	(3,580,524)	(3,580,524)
Other Liabilities	(2,712,762)	(2,712,762)
Deferred Tax Liabilities	-	(2,918,000)
Total Net Asset	**11,536,332**	**23,208,332**

(*) Fair value amounting to TL 14,590,000 includes value of license and leasing agreements.

(In Turkish Lira ("TL") unless otherwise is stated)

3. BUSINESS COMBINATIONS (continued)

Num Num (Restated)

Net cash paid for acquisition	26,000,000
Payables to shareholders (Note 7)	1,000,000
Total identifiable net assets	(23,208,332)
Non-controlling interests	8,896,106
Goodwill *(Restated)*	**12,687,774**

4. SALE OF NON-CONTROLLING INTEREST

On 10 September 2013, the Group's 2.5% of shares corresponding to 425.782 shares in Toksöz Sports have been transferred to Şamil Toksöz and Kamil Toksöz without any consideration in the context of other shares with the "Capital Associates, Share Transfer and Shareholders Convention" agreement signed on 27 June 2012. The Group recognised decrease in other reserves amounting to TL 172,831, increase in non-controlling interest at the same amount.

5. INTERESTS IN OTHER ENTITITES

The following table summarises the information relating to each of the Group's subsidiaries as at 31 December 2013 and 31 December 2012.

31 December 2013	Nevotek	Ortopro	Toksöz	Numnum
Non-current assets	198,558	6,035,026	7,238,156	10,276,632
Current assets	17,953,169	32,361,891	80,280,760	17,140,236
Long-term liabilities	(105,380)	(1,444,788)	(40,057,507)	(7,607,057)
Short-term liabilities	(7,434,988)	(26,390,962)	(49,305,153)	(9,274,843)
Net assets	**10,611,359**	**10,561,167**	**(1,843,744)**	**10,534,968**
The carrying value of non-controlling interest	1,991,413	8,059,640	2,463,728	8,000,751
Revenue	16,033,060	20,749,718	108,012,773	29,567,106
Profit/(Loss)	3,121,335	(450,642)	685,067	(950,697)
Non-controlling interest	585,469	(720,486)	(733,287)	(876,971)
Total comprehensive income	**1,770,411**	**(435,312)**	**947,960**	**(1,001,364)**
Allocated to non-controlling share of Other comprehensive income	332,076	(710,138)	(624,186)	(896,395)
Cash flows from operating activities	(2,348,084)	566,728	(8,435,423)	(2,060,541)
Cash flows from investing activities	(95,587)	47,650	(4,280,634)	(8,327,019)
Cash flows from financing activities (dividend paid ton on-controlling interest: nil)	2,655,244	(1,099,430)	7,449,474	8,043,149
Net increase/(decrease) in cash and cash equivalents	299,299	(485,052)	(5,266,583)	(2,344,411)

(In Turkish Lira ("TL") unless otherwise is stated)

5. INTERESTS IN OTHER ENTITITES (continued)

31 December 2012	Nevotek	Ortopro	Toksöz	Numnum
Non-current assets	173,235	6,211,396	4,383,759	2,403,776
Current assets	12,728,539	27,430,537	71,343,273	18,407,772
Long-term liabilities	(138,793)	(2,707,495)	(20,581,038)	(1,548,333)
Short-term liabilities	(3,922,034)	(19,937,959)	(57,937,699)	(7,726,883)
Net assets	**8,840,948**	**10,996,479**	**(2,791,705)**	**11,536,332**
The carrying value of non-controlling interest	1,659,336	8,769,778	3,087,914	8,897,146
Revenue	16,152,391	19,954,104	14,973,922	-
Profit/(Loss)	2,114,713	1,882,116	(617,404)	-
Non-controlling interest	390,365	1,279,323	(255,568)	-
Total comprehensive income	2,240,420	1,864,970	(617,404)	-
Allocated to non-controlling share of Other comprehensive income	390,365	1,093,783	(255,568)	-
Cash flows from operating activities	(588,480)	(8,831,802)	12,850,292	-
Cash flows from investing activities	(85,729)	(720,105)	(45,611,946)	-
Cash flows from financing activities (dividend paid ton on-controlling interest: nil)	(820,004)	8,476,611	36,893,951	-
Net increase/(decrease) in cash and cash equivalents	(1,494,213)	(1,075,296)	4,132,297	-

The carrying value of the equity-accounted investees in the statement of financial position is as follows:

	31 December 2013	31 December 2012
Aras Kargo (**)	-	23,565,589
	-	**23,565,589**

For the year ended 31 December 2013 and 31 December 2012, Group's share of profit of equity accounted investees in the comprehensive income table is as follows:

	1 January – 31 December 2013	1 January – 31 December 2012
Türkmed (*)	-	(65,975)
Aras Kargo (**)	4,300,659	6,065,578
Havaş Havalimanları Yer Hizmetleri A.Ş.	-	(641,650)
	4,300,659	**5,357,953**

(*) On 13 September 2013, the Group has sold all shares in Türkmed of which carrying amount was zero to Mr. Basri Yılmaz in return of TL 500,000.

(**) On 30 July 2013, the Group has sold all shares in Aras of which carrying amount was TL 27,866,249 (TL 8,664,311 the Group's share of net assets and TL 19,201,938 TL goodwill) to Post 206 Beteiligungs GmbH in return of TL 100,000,000. The carrying amount of Aras Kargo in the statement of financial position as of 31 December 2012 was amounting to TL 23,565,589.

(In Turkish Lira ("TL") unless otherwise is stated)

5. INTERESTS IN OTHER ENTITITES (continued)

Türkmed

	31 December 2013	31 December 2012
Non-current assets	-	1,262,515
Current assets (cash amounting to TL 654 and cash equivalents are included)	-	3,087,708
Long-term liabilities	-	(351,114)
Short-term liabilities (Trade payables amounting to TL 1,775,331,other payables and provisions are included)	-	(4,366,759)
Net assets	**-**	**(367,650)**
Group's interests on net assets	-	25.78%
Carrying value in statement of financial position	-	-

Aras Kargo

	31 December 2013	31 December 2012
Non-current assets	-	163,767,227
Current assets (including cash and cash equivalents amounting to TL 34,943,711)	-	106,344,249
Long-term liabilities	-	(88,260,977)
Short-term liabilities (including trade payables, other payables and provisions amounting to TL 109,459,573)	-	(160,032,232)
Net assets	**-**	**21,818,267**
Group's interest on net assets	-	% 20
Carrying value in statement of financial position	-	4,363,651

	31 December 2013	31 December 2012
Revenue	-	624,225,453
Depreciation and amortisation expense	-	16,165,735
Tax expense/income	-	9,403,995
Profit for the year	**-**	**41,686,988**
Other comprehensive income	-	(3,436,644)
Total comprehensive income	**-**	**38,250,344**
Group's interest on net profit for the period	4,300,659	6,065,591

5. INTERESTS IN OTHER ENTITITES (continued)

Goodwill on equity-accounted investees

	31 December 2013	31 December 2012
Türkmed	-	1,616,818
Türkmed goodwill impairment	-	(1,616,818)
Aras Kargo	-	19,201,938
	-	**19,201,938**

The 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.

(In Turkish Lira (“TL”) unless otherwise is stated)

6. SEGMENT REPORTING

	Private equity		IT, audio and communication systems		Orthopaedics, medical and surgical equipments		Wholesale and retail sales of sports wearing equipments		Restaurant management		Total continuing operations	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Revenue	108,116,643	73,756,167	16,033,060	16,152,391	20,749,718	19,954,105	108,012,773	14,973,922	29,567,106	-	282,479,300	124,836,585
Cost of Sales	(27,866,249)	(28,758,294)	(3,983,256)	(4,613,563)	(10,573,819)	(12,358,248)	(68,289,325)	(9,652,871)	(25,027,920)	-	(135,740,569)	(55,382,976)
Profit/(loss) before tax	71,347,731	48,414,966	3,416,032	2,114,679	(3,697,126)	(2,455,519)	(1,739,216)	(599,680)	(2,848,801)	-	66,478,620	47,474,446
Current tax income/expense	-	-	(294,697)	-	-	-	-	(22,840)	-	-	(294,697)	(22,840)
Deferred tax income/expense	-	-	-	-	136,804	(67,323)	37,282	88,928	561,209	-	735,295	21,605
Profit/(Loss) from continuing operations	71,347,731	48,414,966	3,121,335	2,114,679	(3,560,322)	(2,522,842)	(1,701,934)	(533,592)	(2,287,592)	-	66,919,218	47,473,211
Profit from discontinued operations (*)	-	-	-	-	-	4,202,485	-	-		-	-	4,202,485
Profit/(loss) for the period	**71,347,731**	**48,414,966**	**3,121,335**	**2,114,679**	**(3,560,322)**	**1,679,643**	**(1,701,934)**	**(533,592)**	**(2,287,592)**	**-**	**66,919,218**	**51,675,696**
Non-controlling interests											(1,745,275)	1,414,120
Owners of the Company											68,664,493	50,261,576

(*) Ortopro, the subsidiary of the Group, has sold Orsem Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret A.Ş. (“Orsem”) at 30 March 2012 and classified its operations for the three month period ended as discontinued operations in the statement of profit or loss and other comprehensive income.

(In Turkish Lira ("TL") unless otherwise is stated)

6. SEGMENT REPORTING (continued)

31 December 2013	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Wholesale and retail sales of sports wearing equipments	Restaurant management	Consolidation adjustments	Total
Segment assets	250,175,978	18,151,727	38,396,917	87,518,916	27,416,868	(979,887)	**420,680,519**
Segment liabilities	(6,749,282)	(7,540,368)	(27,835,750)	(89,362,660)	(16,881,900)	(3,607,351)	**(151,977,311)**

31 December 2012	Private equity	IT, audio and communication systems	Orthopaedics, medical and surgical equipments	Wholesale and retail sales of sports wearing equipments	Restaurant management	Consolidation adjustments	Total
Segment assets	202,794,182	12,901,774	33,641,933	75,727,032	20,811,548	9,548,598	**355,425,067**
Segment liabilities	(3,029,975)	(4,060,826)	(22,645,454)	(78,518,737)	(9,275,216)	(4,152,784)	**(121,682,992)**

Geographical Areas:

31 December 2013

	Turkey	United Kingdom	Elimination(*)	Total
Sales	290,205,442	5,554,451	(13,280,593)	**282,479,300**
Total Assets	426,637,735	3,129,870	(9,087,086)	**420,680,519**
Acquisition of Tangible And Intangible Assets (**)	15,005,311	-	-	**15,005,311**

31 December 2012

	Turkey	United Kingdom	Elimination(*)	Total
Sales	131,225,929	5,001,552	(11,390,896)	**124,836,585**
Total assets	363,668,175	3,069,672	(11,312,780)	**355,425,067**
Acquisition of Tangible and Intangible Assets (**)	2,847,820	-	-	**2,847,820**

(*) Presents, the elimination arising from the transaction and payables/receivables between the Group firms during the consolidation..

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

(In Turkish Lira ("TL") unless otherwise is stated)

7. RELATED PARTIES

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

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

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

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

Key management compensation:

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

	31 December 2013	**31 December 2012**
Wage and other benefits	8,321,742	6,376,468
	8,321,742	**6,376,468**

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

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

Investment funds	**31 December 2013**	**31 December 2012**
İş Yatırım Menkul Değerler A.Ş. Bosphorus Kapital B Type Free Fund	4,029,416	-
İş Yatırım Menkul Değerler A.Ş. Ark Free Fund	3,836,400	774,660
İş Yatırım Menkul Değerler A.Ş. A Type Fund	3,371,579	3,897,495
İş Yatırım Menkul Değerler A.Ş. Ashmore A Type Fund	189,947	216,114
İş Yatırım Menkul Değerler A.Ş. Logos Dinamik Free Fund	-	1,514,192
İş Yatırım Menkul Değerler A.Ş. Ashmore B Type Variable Multistrategy Fund	-	1,141,453
İş Yatırım Menkul Değerler A.Ş. B Type Variable Fund	-	673,720
İş Yatırım Menkul Değerler A.Ş. Leveraged Security Free Fund	-	341,949
	11,427,342	**8,559,583**

Private sector bonds	**31 December 2013**	**31 December 2012**
İş Finansal Kiralama A.Ş.	4,910,144	1,000,000
T. İş Bankası A.Ş.	-	8,118,989
İş Yatırım Menkul Değerler A.Ş.	-	4,403,313
	4,910,144	**13,522,302**

(In Turkish Lira ("TL") unless otherwise is stated)

7. RELATED PARTIES (continued)

Shares quoted to stock Exchange	31 December 2013	31 December 2012
İş Yatırım Ortaklığı A.Ş.	5,035,164	5,969,525

Cash and cash equivalents	31 December 2013	31 December 2012
Türkiye İş Bankası A.Ş. Time Deposit	53,562,716	27,126,265
Türkiye İş Bankası A.Ş. Demand Deposit	870,496	7,258,215
İş Yatırım Menkul Değerler A.Ş. Bosphorus Kapital B Type Short-term Treasury Fund	9,002,669	-
İş Yatırım Menkul Değerler A.Ş. B Type Short-term Treasury Bond Fund	1,765,092	4,217,940
Türkiye İş Bankası A.Ş. Liquid Fund	82,437	163,199
	65,283,410	**38,765,619**

			31 December 2013	
Borrowings from Related Parties	**Original Currency**	**Interest Rate %**	**Short Term**	**Long Term**
Türkiye İş Bankası A.Ş.	TL, US Dollar	0 – 11.28	23,468,062	42,038,560
İş Faktoring A.Ş.	TL	7.0 - 8.0	2,137,195	-
İş Finansal Kiralama A.Ş.	TL, Euro, US Dollar	8.05 – 14.50	582,042	1,027,854
Türkiye Teknoloji Geliştirme Vakfı	US Dollar	-	44,729	-
			26,232,028	**43,066,414**

			31 December 2012	
Borrowings from Related Parties	**Original Currency**	**Interest Rate %**	**Short Term**	**Long Term**
Türkiye İş Bankası A.Ş.	TL	0 – 13.50	6,202,334	369,694
İş Finansal Kiralama A.Ş.	TL, Euro US Dollar	8.05 – 14.50	637,465	1,299,062
Türkiye Teknoloji Geliştirme Vakfı	US Dollar	-	115,261	74,718
			6,955,060	**1,743,474**

(In Turkish Lira ("TL") unless otherwise is stated)

7. RELATED PARTIES (continued)

	31 December 2013			
Balances with Related Parties	**Receivables Short Term**		**Payables Short Term**	
	Trade	**Other**	**Trade**	**Other**
Mehmet Gürs (*)	-	-	(500,000)	-
ATT Technology Management BV	-	-	(28,484)	-
Anadolu Anonim Türk Sigorta Şirketi	2,457	-	(2,640)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(1,968)	-
	2,457	**-**	**(533,092)**	**-**

	31 December 2012			
Balances with Related Parties	**Receivables Short Term**		**Payables Short Term**	
	Trade	**Other**	**Trade**	**Other**
Türkmed	7,080	-	-	-
ATT Technology Management BV	-	-	(120,044)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(1,689)	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	(2,222)	
	7,080	**-**	**(123,955)**	**-**

	31 December 2013			
Balances with Related Parties	Receivables Long term		Payables Long term	
	Trade	**Other**	**Trade**	**Other**
Mehmet Gürs (*)	-	-	(500,000)	-
Other	-	150		-
	-	**150**	**(500,000)**	**-**

	31 December 2012			
Balances with Related Parties	Receivables Long term		Payables Long term	
	Trade	**Other**	**Trade**	**Other**
Mehmet Gürs (*)	-	-	(1,000,000)	-
Other	-	-	(9)	-
	-	**-**	**(1,000,009)**	**-**

(*) The Group has acquired 59.459 shares with a nominal value of TL 59,459 from Mehmet Gürs representing 19.244 % of Num Num's pre- investment share capital amounting to TL 308,975 by making a total payment of TL 4,000,000, of which TL 3,000,000 is paid in cash and TL 1,000,000 in instalments. On 21 January 2014, TL 500.000 was paid to Mehmet Gürs, which was recognized in short term trade payables.

(In Turkish Lira ("TL"))

7. RELATED PARTIES (continued)

	1 January – 31 December 2013							
Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Türkmed	-	-	-	-	-	-	14,000	-
Aras Kargo Yurtiçi Yurtdışı Taşımacılık A.Ş.	-	-	(1,066)	-	-	-	107,946	-
Numnum Yiyecek ve İçecek A.Ş.			(7,309)	-	-	-		-
T. İş Bankası A.Ş.	2,804,382	(3,192,778)	(525)	-	(62,608)	-	19,045	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(39,496)	-	-	-	-	-	-
İş Finansal Kiralama AŞ	-	(1,110,776)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(372,376)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(342,828)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(125,174)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(162,237)	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	(106,095)
Meg Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	(90,369)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(11,752)	-	-	-	-	-
Evre Gayrimenkul İnşaat ve Dan. A.Ş.	-	-	-	-	-	(400,000)	-	-
	2,804,382	**(4,343,050)**	**(20,652)**	**(162,237)**	**(405,436)**	**(772,376)**	**140,991**	**(321,638)**

(In Turkish Lira ("TL"))

7. RELATED PARTIES *(continued)*

	1 January – 31 December 2012							
Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Türkmed	-	-	-	-	-	-	24,000	-
Aras Kargo Yurtiçi Yurtdışı Taşımacılık A.Ş.	-	-	(1,478)	-	-	-	218,640	-
T. İş Bankası A.Ş.	2,137,624	(135,329)	(16,538)	-	(3,963)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(42,019)	-	-	-	-	-	-
İş Finansal Kiralama AŞ	-	-	-	-	-	-	-	(356,978)
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(350,762)	-	-
İş Yatırım Menkul Değerler A.Ş	-	-	-	-	(587,357)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(135,194)	-	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(136,548)	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	(362,744)
Meg Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	(13,870)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(7,642)	-	-	-	-	-
	2,137,624	**(177,348)**	**(160,852)**	**(136,548)**	**(591,320)**	**(350,762)**	**242,640**	**(733,592)**

(In Turkish Lira ("TL") unless otherwise is stated)

8. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash on hand	144,999	141,861
Cash at banks	61,967,084	35,588,840
Demand deposit	*3,071,021*	*8,372,653*
Time deposits with maturities less than 3 months	*58,896,063*	*27,216,187*
B type liquid fund	10,850,197	4,381,139
Receivables from reverse repo	910,181	613,214
Other liquid assets	2,153,462	77,707
	76,025,923	**40,802,761**

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

	31 December 2013	31 December 2012
Cash and cash equivalents	76,025,923	40,802,761
Less: Accrued interest	(524,216)	(219,017)
Less: Blocked amount	(504,500)	(69,550)
	74,997,207	**40,514,194**

As at 31 December 2013, the Group has restricted deposits amouting to TL 504,500 related to direct debiting system (31 December 2012: TL 69,550 related to payment of cheques given).

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

	31 December 2013			
	Interest Rate %	**Maturity**	**Currency**	**Amount TL**
TL Time Deposit	9.00	21 January 2014	TL	48,177,534
TL Time Deposit	8.50-9.90	31 January 2014	TL	10,718,529
				58,896,063

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

(In Turkish Lira ("TL") unless otherwise is stated)

8. CASH AND CASH EQUIVALENTS (continued)

The details of B type liquid funds that are classified as cash and cash equivalent assets are as follow.

	31 December 2013	
	Nominal (*)	Fair Value
B type liquid fund	949.196.114	10,850,197
		10,850,197

	31 December 2012	
	Nominal (*)	Fair Value
B type liquid fund	219.754.345	4,381,139
		4,381,139

(*) Investment funds are shown in units.

Foreign currency risks, interest rate risks and sensitivity analysis for Group's financial asset and liabilities are explained in Note 39.

As at 31 December 2013, maturity of due from reverse repurchase agreement is 2 days and interest rate is 7.24% (31 December 2012: 2 days, 4.25%).

9. INVESTMENT SECURITIES

	31 December 2013	31 December 2012
Financial assets designated at fair value through profit or loss	126,728,499	101,216,342
	126,728,499	**101,216,342**

	31 December 2013	
	Nominal (*)	Fair Value
Private sector bonds (Note 7)	55.980.000	56,252,458
Government bonds	46.000.000	51,995,460
Investment funds (Note 7)	699.933.580	13,445,417
Shares quoted to stock exchange (Note 7)	5.190.891	5,035,164
		126,728,499

(In Turkish Lira ("TL") unless otherwise is stated)

9. INVESTMENT SECURITIES (continued)

	31 December 2012	
	Nominal (*)	**Fair Value**
Government Bonds	46.000.000	51,829,690
Private sector bonds (Note 7)	34.931.167	34,857,543
Investment funds (Note 7)	321.865.255	8,559,583
Shares quoted to stock exchange (Note 7)	5.190.891	5,969,526
		101,216,342

(*) Nominal values of investment funds and securities quoted in an active market are presented in units, government bonds and private sector bonds are presented in TL.

As at 31 December 2013, interest rates of private sector bonds and government bonds held for trading are between the rates 7.05% and 13.35% per annum (31 December 2012: between 4.48%-10.19% per annum).

10. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

At the end of the reporting period, the details of the Group's trade receivable are as follows:

Current Trade Receivables	**31 December 2013**	**31 December 2012**
Trade Receivables	44,328,110	47,698,850
Income Accruals	6,946,220	3,992,903
Notes Receivable	5,087,381	7,489,048
Receivables from Related Parties (Note 7)	2,457	7,080
Other Receivables	11,685,654	-
Doubtful receivables	3,434,781	3,149,477
Allowance for impairment on doubtful receivables (-)	(3,434,781)	(3,149,477)
	68,049,822	**59,187,881**

As at 31 December 2013, the Group's receivables that are highly probable to collect and not due is amounting to TL 58,186,355 (31 December 2012: TL 50,353,500).

At the end of the reporting period, TL 9,863,467 of the Group's trade receivables is overdue but not impaired (31 December 2012: TL 8,834,381). Trade receivables consist of various customers, from which the Group has not faced any collection risk recently.

(In Turkish Lira ("TL") unless otherwise is stated)

10. TRADE RECEIVABLES AND PAYABLES (continued)

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

	31 December 2013	**31 December 2012**
Up to 1 month	2,289,337	2,728,764
Up to 3 months	1,711,499	1,277,156
Between 3-12 months	3,481,743	3,764,223
More than 12 months	2,380,888	1,064,238
	9,863,467	**8,834,381**

As at 31 December 2013, the Group has allowance for impairment losses on trade receivables amounting to TL 3,434,781 (31 December 2012: TL 3,149,477). The movement of Group's allowance impairment on for doubtful receivables is as follows:

Movements of allowance for impairment on for doubtful receivables	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Opening balance	(3,149,477)	(1,394,980)
Business combination (Note 3)	-	(3,520,031)
Disposal due to discontinued operations (Note 34)	-	723,009
Charge for the period	(1,156,293)	(741,703)
Receivables written-off	-	1,394,980
Collections	870,989	359,354
Reversals	-	29,894
Closing balance	**(3,434,781)**	**(3,149,477)**

b) Trade Payables:

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

Short Term Trade Payables	**31 December 2013**	**31 December 2012**
Trade payables	18,056,908	18,676,655
Notes payable	15,927,805	10,819,809
Cheques given and payment orders	3,879,685	2,085,039
Due to related parties (Note 7)	533,092	123,955
	38,397,490	**31,705,458**

Long Term Trade Payables	**31 December 2013**	**31 December 2012**
Notes Payable	1,148,650	1,798,522
Due to related parties (Note 7)	500,000	1,000,009
	1,648,650	**2,798,531**

(In Turkish Lira ("TL") unless otherwise is stated)

11. FINANCIAL LIABILITIES

Financial liabilities	31 December 2013	31 December 2012
Short-term bank loans	25,268,598	41,955,411
Short-term finance lease liabilities	311,304	884,443
Short-term factoring payables	4,635,516	1,648,440
Total Short-term Financial Liabilities	**30,215,418**	**44,488,294**
Short-term portion of long term bank loans	16,220,023	5,121,336
Short-term portion of long-term finance lease liabilities	1,070,161	1,219,691
Total Short-term Portion of Long-term Financial Liabilities	**17,290,184**	**6,341,027**
Long-term bank loans	44,647,224	18,046,538
Long-term finance lease liabilities	1,671,636	2,782,132
Total Long-term Financial Liabilities	**46,318,860**	**20,828,670**
Total	**93,824,462**	**71,657,991**

		31 December 2013	
Currency	**Interest Rate**	**Short-term**	**Long-term**
Secured TL	8.75-10.50	20,551,085	38,232,778
Unsecured TL	9.75-14.00	15,222,832	6,181,995
Secured US Dollar	(-)(*)	85,265	-
Unsecured US Dollar	3.75-7.20	5,629,439	232,451
Finance lease liabilities (Note 17)	8.00-14.50	1,381,465	1,671,636
Factoring payables	13.00-15.00	4,635,516	-
		47,505,602	**46,318,860**

		31 December 2012	
Currency	**Interest Rate**	**Short-term**	**Long-term**
Secured TL	8.00-14.50	26,378,407	17,097,130
Unsecured TL	8.00-14.00	19,084,754	369,694
Secured US Dollar	-(*)	115,261	74,718
Unsecured US Dollar	4.90-7.20	1,477,838	504,996
Unsecured Euro credits	4.50	20,486	-
Finance lease liabilities (Note 17)	8.05-26.20	2,104,134	2,782,132
Factoring payables	13.00-18.50	1,648,441	-
		50,829,321	**20,828,670**

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

(In Turkish Lira ("TL") unless otherwise is stated)

11. FINANCIAL LIABILITIES (continued)

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

To be paid in:	31 December 2013	31 December 2012
0 - 1 year	46,124,137	48,725,187
1 - 2 years	13,930,549	4,157,099
2 - 5 years	27,968,075	8,420,106
5 - 10 years	2,748,600	5,469,334
	90,771,361	**66,771,726**

12. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other Short Term Receivables	31 December 2013	31 December 2012
Deposits and guarantees given	528,419	411,758
Other receivables	111,634	278,152
	640,053	**689,910**

Other Long Term Receivables	31 December 2013	31 December 2012
Deposits and guarantees given	142,231	83,205
	142,231	**83,205**

b) Other Payables:

Other Short Term Payables	31 December 2013	31 December 2012
Taxes and funds payable	868,354	1,234,041
Other miscellaneous payables	114,140	136,618
	982,494	**1,370,659**

Other Long Term Payables	31 December 2013	31 December 2012
Other Payables (*)	-	16,299
	-	**16,299**

(*) As at 31 December 2013 other payables are comprised of the long term debts arising from the restructured tax debts in accordance with law numbered 6111. As at 31 December 2013, remaining portion in amount of TL 30,770 is presented in short term liabilities.

(In Turkish Lira ("TL") unless otherwise is stated)

13. INVENTORIES

	31 December 2013	31 December 2012
Trading goods	46,604,066	35,768,170
Semi-finished goods	7,352,412	4,872,070
Finished goods	996,183	1,600,574
Raw materials and supplies	562,850	874,433
Other	103,182	143,076
Allowance for impairment losses on inventories	(1,337,434)	(2,015,991)
	54,281,259	**41,242,332**

Movement of allowance for impairment on inventories	31 December 2013	31 December 2012
Opening balance	(2,015,991)	-
Business combinations (Note 3)	-	(1,481,969)
Disposal due to discontinued operations (Note 34)	-	81,164
Charge/(reversal) for the period	678,557	(615,186)
Closing balance	**(1,337,434)**	**(2,015,991)**

(In Turkish Lira ("TL") unless otherwise is stated)

14. PROPERTY AND EQUIPMENT

	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Other	Construction in Progress	Total
Cost							
Opening balances at 1 January 2013	753,450	512,796	15,299,952	7,906,212	208,641	-	24,681,051
Acquisitions	129,794	11,246	5,655,774	8,396,181	45,000	272,394	14,510,389
Disposal	-	(49,527)	(994,340)	(778,637)	-	-	(1,822,504)
Closing balances at 31 December 2013	**883,244**	**474,515**	**19,961,386**	**15,523,756**	**253,641**	**272,394**	**37,368,936**
Accumulated Depreciation							
Opening balances at 1 January 2013	(524,587)	(210,036)	(8,466,616)	(4,052,485)	(208,502)	-	(13,462,226)
Charge for the period	(111,894)	(79,837)	(1,761,484)	(1,702,052)	-	-	(3,655,267)
Disposal	-	41,114	728,388	41,488	-	-	810,990
Closing balances at 31 December 2013	**(636,481)**	**(248,759)**	**(9,499,712)**	**(5,713,049)**	**(208,502)**	**-**	**(16,306,503)**
Net carrying value at 31 December 2013	**246,763**	**225,756**	**10,461,674**	**9,810,707**	**45,139**	**272,394**	**21,062,433**
Net carrying value at 1 January 2013	**228,863**	**302,760**	**6,833,336**	**3,853,727**	**139**	**-**	**11,218,825**

(In Turkish Lira ("TL") unless otherwise is stated)

14. PROPERTY AND EQUIPMENT (continued)

	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Other	Construction in Progress	Total
Cost							
Opening balances at 1 January 2012	421,292	-	527,554	446,560	-	-	1,395,406
Business combination (Note 3)	208,900	1,251,576	16,255,708	6,934,604	281,898	202,994	25,135,680
Disposal due to discontinued operations (Not 34)	(8,595)	(132,575)	(2,981,878)	(96,780)	(73,257)	-	(3,293,085)
Acquisitions	131,853	120,974	1,931,315	649,973	-	-	2,834,115
Disposal	-	(727,179)	(432,747)	(28,145)	-	(202,994)	(1,391,065)
Closing balances at 31 December 2012	**753,450**	**512,796**	**15,299,952**	**7,906,212**	**208,641**	**-**	**24,681,051**
Accumulated Depreciation							
Opening balances at 1 January 2012	(321,411)	-	(447,084)	(441,998)	-	-	(1,210,493)
Business Combination (Note 3)	(84,744)	(552,518)	(9,249,183)	(3,394,699)	(281,703)	-	(13,562,847)
Disposal due to discontinued operations (Note 34)	8,595	39,322	2,086,191	78,921	73,257	-	2,286,286
Charge for the period	(127,027)	(30,823)	(1,222,400)	(313,412)	(56)	-	(1,693,718)
Disposal/sales	-	333,983	365,860	18,703	-	-	718,546
Closing balances at 31 December 2012	**(524,587)**	**(210,036)**	**(8,466,616)**	**(4,052,485)**	**(208,502)**	**-**	**(13,462,226)**
Net carrying value at 31 December 2012	**228,863**	**302,760**	**6,833,336**	**3,853,727**	**139**	**-**	**11,218,825**
Net carrying value at 1 January 2012	**99,881**	**-**	**80,470**	**4,562**	**-**	**-**	**184,913**

Total current period depreciation expenses amounting to TL 495,626 is included in marketing, sales and distribution expenses (31 December 2012: TL 670,043), TL 1,588,493 is included in administrative expenses (31 December 2012: TL 458,715), TL 1,571,144 is included in cost of sales (31 December 2012: TL 434,619). (In 2012, the depreciation expense related to the discontinued operations is amounting to TL 130,341.)

(In Turkish Lira ("TL") unless otherwise is stated)

15. INTANGIBLE ASSETS

Cost	**Capitalized development expenses**	**Distribution network, licences, trade mark and leasing contracts**	**Rights**	**Software**	**Other**	**Total**
Opening balances at 1 January 2013	2,503,665	29,733,000	45,320	488,768	161,495	32,932,248
Acquisitions	-	-	21,653	473,268	-	494,921
Disposal	-	-	-	(8,613)	-	(8,613)
Closing balances at 31 December 2013	**2,503,665**	**29,733,000**	**66,973**	**953,423**	**161,495**	**33,418,556**
Accumulated amortization						
Opening balances at 1 January 2013	(2,503,665)	(574,600)	(29,338)	(263,034)	(151,648)	(3,522,285)
Charge for the year	-	(5,229,469)	(17,772)	(110,494)	(7,910)	(5,365,645)
Disposal	-	-	-	5,488	-	5,488
Closing balances at 31 December 2013	**(2,503,665)**	**(5,804,069)**	**(47,110)**	**(368,040)**	**(159,558)**	**(8,882,442)**
Net carrying value at 31 December 2013	**-**	**23,928,931**	**19,863**	**585,383**	**1,937**	**24,536,114**
Net carrying value at 1 January 2013	**-**	**29,158,400**	**15,982**	**225,734**	**9,847**	**29,409,963**

(In Turkish Lira ("TL") unless otherwise is stated)

15. INTANGIBLE ASSETS (continued)

Cost	Capitalized development expenses	Distribution network, licences, trade mark and leasing contracts	Rights	Software	Other	Total
Opening balances at 1 January 2012	2,503,665	-	-	-	161,495	2,665,160
Business combination (Note 3)	-	29,733,000	219,022	651,543	-	30,603,565
Disposal due to discontinued operations (Note 34)	-	-	(173,702)	(176,480)	-	(350,182)
Acquisitions	-	-	-	13,705	-	13,705
Closing balance at 31 December 2012	**2,503,665**	**29,733,000**	**45,320**	**488,768**	**161,495**	**32,932,248**
Accumulated Amortization						
Opening balances at 1 January 2012	(2,478,197)	-	-	-	(144,810)	(2,623,007)
Business Combination (Note 3)	-	-	(122,290)	(352,156)	-	(474,446)
Disposal due to discontinued operations (Note 34)	-	-	99,966	122,668	-	222,634
Charge for the period	(25,468)	(574,600)	(7,014)	(33,546)	(6,838)	(647,466)
Closing balance at 31 December 2012	**(2,503,665)**	**(574,600)**	**(29,338)**	**(263,034)**	**(151,648)**	**(3,522,285)**
Net carrying value at 31 December 2012	**-**	**29,158,400**	**15,982**	**225,734**	**9,847**	**29,409,963**
Net carrying value at 1 January 2012	**25,468**	**-**	**-**	**-**	**16,685**	**42,153**

Total current year amortization expenses amounting to TL 1,765 TL is included in cost of sales (31 December 2012: TL 3,335), TL 2,711 is included in research and development expenses (31 December 2012: TL 25,468) and TL 5,344,586 is included in administrative expenses (31 December 2012: 601,154 TL) and TL 16,583 is included in cost of goods sold. (31 December 2012: Nil) (In 2012, amortization expense amounting to TL 17,509 is related to discontinued operations.).

(In Turkish Lira ("TL") unless otherwise is stated)

16. GOODWILL

Goodwill has been allocated to the cash generating units ("CGUs") as follow:

	Goodwill	
		Restated
	31 December 2013	**31 December 2012**
Ortopro (*)	9,206,499	9,206,499
Toksöz (*)	19,429,606	19,429,606
Num Num (*)	12,687,774	12,687,774
Impairment loss (Ortopro)	(2,650,000)	-
	38,673,879	41,323,879

(*) Goodwill related to business combinations in year 2012.

As three separate CGU, Ortopro, Toksöz and Numnum's determination of the fair value of the equity, was conducted by an independent valuation firm. Fair values of Ortopro, Toksöz and Numnum which are determined by income and market approaches. In the analysis, income approach (discounted cash flow method) was mostly used, with lower weightings applied to the values of the CGUs' resulting from the Guideline Transaction and Company methods.

5-year business plan prepared by the management prepared by the management were used in the valuation of companies. The growth in business plan of Ortopro, Toksöz and Numnum Tbilisi is driven by the opportunities in companies' businesses and addition of new customers.

Significant judgements used in discounted cash flow projections

The significant assumptions used in the calculation of the recoverable amount of the discount rate and terminal growth rates. These assumptions are as follows:

	Post-tax discount rate	Terminal Growth Rate
Ortopro	20 %	7 %
Toksöz	19 %	7 %
Num Num	20 %	7 %

The Group has identified an impairment loss as a result of the goodwill impairment test of Ortopro using the assumptions outlined above in the amount of TL 2,650,000. Impairment losses were recognized in other expenses from operations. Because of the Toksöz and Numnum has higher carrying value than their recoverable value there wasn't any impairment loss determined to be recognized.

17. LEASINGS

Finance Lease Liabilities

Group has acquired some portion of its property and equipment through finance lease. As of 31 December 2013, remaining average leasing period is 4 years. For the year ended 31 December 2013, the average interest rate is 6.29% (31 December 2012: 5.55%). Fixed interest rates expose the Group to fair-value interest-rate risks. All leasing contracts are subject to fixed payments, and no adjustment is performed to conditional leasing payments.

Details of financial leasing payables are as follows:

	31 December 2013	
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	1,642,904	1,381,465
1-2 years	1,039,125	884,072
2-5 years	886,706	787,564
Finance costs of the future	(515,634)	-
Current value of lease liabilities	**3,053,101**	**3,053,101**
Liabilities to be paid in 12 months (included in short-term liabilities)		(1,381,465)
Liabilities to be paid after 12 months		**1,671,636**

	31 December 2012	
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	2,497,084	2,104,134
1-2 years	2,089,421	1,617,838
2-5 years	1,553,617	1,164,294
Finance costs of the future	(1,253,856)	-
Current value of lease liabilities	**4,886,266**	**4,886,266**
Debt to be paid in 12 months (included in short-term liabilities)		(2,104,134)
Liabilities to be paid after 12 months		**2,782,132**

The Group has bought tool set and production machines through leasing for the sector of orthopaedics medical and surgical. As at contract date the interest rate related to financial lease transactions is fastened for the whole leasing period. Average yearly effective interest rate for contracts in Euro is 11.22%, for contracts in US Dollar is 8.05%, for contracts in TL is 9.60%-14.5% (31 December 2012: Average yearly effective interest rate for contracts in Euro is 11.22%, for contracts in US Dollar is 8.05%, for contracts in TL is 14.50%-26.2%).The finance lease liabilities to İş Finansal Kiralama A.Ş. is amounting to TL 1,609,896 and of which interest rate is between 8.05% and 14.5% (31 December 2012: TL 1,936,527, interest rate 8.05% - 14.5%) (Note 7).

(In Turkish Lira ("TL") unless otherwise is stated)

18. IMPAIRMENT OF ASSETS

The Group reviews indicators of impairment for intangible assets and goodwill once in a year, and carried out an annual impairment test for goodwill as of 31 December 2013. Results of the impairment test are explained in Note 16.

19. COST OF BORROWING

In 2013, there is not any capitalised borrowing cost on tangible assets (31 December 2012: None).

20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 3l December 2013, provisions comprised of other short-term accruals for invoices not yet recorded and pos commission and other commission provision and other expense accruals amounting to TL 942,164 (31 December 2012: TL 595,618).

21. COMMITMENTS

Collateral / Pledge / Mortgage ("CPM")

As of 31 December 2013 and 31 December 2012, the Group's collateral, pledge and mortgage (CPM) position is disclosed as follows:

	Total TL Equivalent	TL Amount	USD Amount	EUR Amount	Total TL Equivalent	TL Amount	USD Amount	EUR Amount
A. CPM given for companies own legal personality (*)	7,897,929	6,261,026	453,037	228,158	3,841,679	2,587,336	500,494	154,000
B. CPM given in behalf of fully consolidated companies	-	-	-	-	306,440	306,440	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	18,282,000	18,282,000	-	-	17,145,000	17,145,000	-	
D. Total amount of other CPM's	-	-	-	-	-	-	-	-
i. Total amount of CPM's given on behalf of majority shareholder	-	-	-	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C (**)	-	-	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C								
A. CPM given for companies own legal personality (*)	**26,179,929**	**24,543,026**	**453,037**	**228,158**	**21,293,119**	**20,038,776**	**500,494**	**154,000**

(*) As of 31 December 2013, TL 89,461 (31 December 2012: 149,439) is attributable to letter of guarantee which is given to Türkiye Teknoloji Geliştirme Vakfı project and remaining for purchasing product from suppliers.

(**) The balance is comprised of warrant given by the Group for Orsem Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret Anonim Şirketi ("Orsem") which was sold on 30 March 2012.

(In Turkish Lira ("TL") unless otherwise is stated)

22. EMPLOYEE BENEFITS

Short Term	31 December 2013	31 December 2012
Vacation pay liability	1,215,789	954,913
Provision for employee bonuses	2,303,428	1,008,476
	3,519,217	**1,963,389**
Long Term		
Reserve for employee severance payments	1,746,360	2,285,059
Provision for employee bonuses	2,910,939	290,525
	4,657,299	**2,575,584**

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

The reserve for severance pay liability as at 31 December 2013 is based on the monthly ceiling amounting to TL 3,254.44 (31 December 2012: TL 3,033.98).

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. 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 with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated statement of financial position as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provision at the end of the reporting period has been calculated assuming an annual inflation rate of 6% (31 December 2012: 4.39%) and a discount rate of 10,3% (31 December 2012: 7.38%) resulting in a net discount rate of approximately 4.06% (31 December 2012: 2.86%) The anticipated rate of forfeitures is also considered.

The movement of reserve for employee severance payments:

	1 January-31 December 2013	1 January-31 December 2012
Provision as at 1 January	2,285,059	87,413
Business combinations (Note 3)	-	1,482,417
Disposal due to discontinued operations (Note 34)	-	(8,160)
Cost of services	472,145	421,364
Interest cost	184,945	23,162
Paid severance indemnity	(856,501)	(196,825)
Actuarial difference (*)	(339,288)	475,688
Provision as at 31 December	**1,746,360**	**2,285,059**

(*)The Group has recognized actuarial differences in other comprehensive income.

(In Turkish Lira ("TL") unless otherwise is stated)

22. EMPLOYEE BENEFITS (continued)

The movement of provision for employee bonuses:

	1 January- 31 December 2013	1 January- 31 December 2012
Provision as at 1 January	1,299,001	1,077,352
Business combinations (Note 3)	-	43,341
Charge for the year	4,923,842	832,047
Employee bonuses paid	(1,008,476)	(653,739)
Provision as at 31 December	**5,214,367**	**1,299,001**

The movement of vacation pay liability:

	1 January- 31 December 2013	1 January- 31 December 2012
Provision as at 1 January	954,913	354,269
Business combinations (Note 3)	-	539,979
Disposal due to discontinued operations (Note 34)	-	(27,525)
Vacation paid	(30,661)	(25,442)
Charge for the year	291,537	113,632
Provision as at 31 December	**1,215,789**	**954,913**

23. EXPENSES BY NATURE

a) Research and Development Expenses

	1 January- 31 December 2013	1 January- 31 December 2012
Personnel expenses	(3,033,153)	(2,657,906)
Travel expenses	(199,753)	(205,357)
Outsourcing expenses	(109,241)	(45,761)
Rent expenses	(95,863)	(68,729)
Amortisation expenses	(2,711)	(25,468)
Other expenses	(238,053)	(80,244)
	(3,678,774)	**(3,083,465)**

(In Turkish Lira ("TL") unless otherwise is stated)

23. EXPENSES BY NATURE (continued)

b) Marketing, sales and distribution expenses

	1 January- 31 December 2013	1 January- 31 December 2012
Personnel expenses	(14,134,669)	(3,374,869)
Advertisement and promotion expenses	(2,378,350)	(848,214)
Commission expenses	(1,691,924)	(1,014,338)
Warehouse and logistic expenses	(1,465,472)	-
Travel and organization expenses	(1,246,125)	(536,164)
Rent expenses	(5,174,540)	
Transportation expenses	(709,517)	(154,052)
Royalty expenses	(601,372)	(194,286)
Depreciation and amortization expenses	(497,391)	(673,378)
Other expenses	(1,723,401)	(723,709)
	(29,622,761)	**(7,519,010)**

c) Administrative expenses

	1 January- 31 December 2013	1 January- 31 December 2012
Personnel expenses	(19,411,219)	(8,532,183)
Rent expenses	(1,043,832)	(1,536,185)
Audit and consultancy expenses	(3,061,106)	(2,247,874)
Outsourcing expenses	(2,433,330)	(1,149,281)
Communication, electricity and stationary expenses	(1,892,283)	(485,357)
Depreciation and amortization expenses	(6,933,081)	(1,059,869)
Travel expenses	(987,369)	(569,352)
Provision for employee termination benefits	(657,089)	(444,526)
Salaries of board of directors	(638,000)	(584,200)
Taxes and dues	(634,911)	(666,755)
Other expenses	(3,363,379)	(1,366,895)
	(41,055,599)	**(18,642,477)**

24. PREPAID EXPENSES

Short-term	31 December 2013	31 December 2012
Advances given	1,978,137	1,093,577
Prepaid expenses	641,087	573,322
Prepaid rent expenses	278,475	255,415
Job advances	64,093	382,381
	2,961,792	**2,304,695**

(In Turkish Lira ("TL") unless otherwise is stated)

24. PREPAID EXPENSES (continued)

Long Term	31 December 2013	31 December 2012
Prepaid rent expenses	238,021	123,859
Advances given	302,265	
Prepaid expenses	257,976	134,923
Other	110,941	-
	909,203	**258,782**

25. OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2013	31 December 2012
VAT receivables	4,725,612	2,857,215
Prepaid taxes and funds	1,476,139	865,050
Advance given to personnel	36,933	78,034
Other	6,391	-
	6,245,075	**3,800,299**

Other Short-Term Liabilities	31 December 2013	31 December 2012
Advances received	1,057,681	1,853,156
Revenue collected in advance	592,681	759,531
Accrued expenses	144,584	367,681
Other	58,106	-
	1,853,052	**2,980,368**

Other Long-Term Liabilities	31 December 2013	31 December 2012
Income accruals	83,472	122,038
	83,472	**122,038**

(In Turkish Lira ("TL") unless otherwise is stated)

26. CAPITAL AND RESERVES

a) Share Capital

As at 31 December 2013 and 31 December 2012, the capital structure of the Company is as follows:

Shareholder	Group	%	31 December 2013	%	31 December 2012
İş Yatırım Menkul Değerler A.Ş.	A	8.9	5,924,800	8.9	5,152,000
İş Yatırım Menkul Değerler A.Ş.	B	20.1	13,409,388	20.1	11,660,337
Türkiye Teknoloji Geliştirme Vakfı	B	11.1	7,406,000	11.1	6,440,000
Türkiye Sınai Kalkınma Bankası A.Ş.	B	16.7	11,108,999	16.7	9,660,000
Other	B	12	7,998,479	12	6,955,200
Publicly held	B	31.2	20,806,334	31.2	18,092,463
Nominal capital			**66,654,000**		**57,960,000**

As at 31 December 2013 the Company's share capital consists of 6,665,400,000 unit shares (31 December 2012: 5,796,000,000 shares). The par value of each share is TL 0.01 (31 December 2012: TL 0.01 per share). The Company has distributed bonus shares amounting to TL 8,694,000 in accordance with general assembly resolution dated 3 May 2013.

The nominal share capital of the Company amounting to TL 66,654,000 comprised of Group A and Group B shares, amounting to TL 5,924,800 and TL 60,729,200, respectively. Group A shareholders have the privilege during the BOD election to nominate six members of the total ten members. In addition, one of the members of the Board representing Group B, is elected among the candidates nominated by Türkiye Teknoloji Geliştirme Vakfı unless their share in issued capital is below TL 2,000,000.

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

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

b) Inflation Adjustment Share Capital

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

c) Share Premium

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

d) Revaluation Surplus

The revaluation surplus comprises the cumulative net change in the fair value of non-current assets that are not recognized in profit or loss. 31 December 2013, the Group does not have any revaluation fund (31 December 2012: None).

(In Turkish Lira ("TL") unless otherwise is stated)

26. CAPITAL AND RESERVES (continued)

e) Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged forecast transaction that have not yet occurred. As of 31 December 2013 Group does not have any hedging reserve. (31 December 2012: None).

f) Other Reserves

Other reserves comprised of profit or loss related with the sale of shares while retaining control and increase in share capital (non-reciprocal capital contributions made by a parent or non-controlling interest to non-wholly owned subsidiary) after obtained control of a subsidiary which changes its ownership interest in that subsidiary without losing control by buying shares from the non-controlling interest at the beginning of the period. The effects of these transactions on the non-controlling interests in the accompanying consolidated financial statements are allocated to proportionally to non-controlling interest and classified as 'non-controlling interests'.

	1 January – 31 December 2013	**1 January – 31 December 2012**
Opening balance as previously reported	19,921,245	249,702
Adjustments in accordance with TAS 8 (Note 2.3)	(17,108,760)	-
Restated opening balance	2,812,485	249,702
Capital increase in subsidiary	-	2,924,077
Share premium increase in subsidiary	-	16,747,466
Bonus share transferred in subsidiary (Note 4)	(172,831)	-
Closing balance	**2,639,654**	**19,921,245**

g) Legal reserves

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. First legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of historical based paid-in share capital (not adjusted for the effects of inflation). Second legal reserve is generated by 10% over the total of cash dividend distribution after the first legal reserves and dividend distributions. The Group has performed transfer to legal reserves amounting to TL 5,023,940 in year 2013.

h) Retained Earnings

As at 31 December 2013, the Group has retained earnings amounting to TL 68,403,268 (31 December 2012: TL 62,620,532). As at 31 December 2013, current year remasurement gains of defined benefit plans including deferred tax effects were transferred to retained earnings is amounting to TL 73,819 (31 December 2012: TL 175,753 remeasurement loss on defined benefit plans).

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.

(In Turkish Lira ("TL") unless otherwise is stated)

26. CAPITAL AND RESERVES (continued)

h) Retained Earnings (continued)

The Group distributes dividend in accordance with requirements in Turkish Commercial Code and Capital Market Regulations.

In accordance with the resolutions dated 16 January 2013, 3 May 2013 and 1 October 2013 in General Assembly of the Group, total TL 30,834,719 have been decided to be distributed in cash and through increasing capital amounting to TL 8,694,000 bonus share distribution has been performed (31 December 2012: TL 12,600,000 dividend in cash and TL 7,650,000 bonus share issue).

i) Translation reserve

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

j) Non-controlling interests

Shares of net assets of the subsidiaries that are directly or indirectly not under control of the equity holders of the Company are classified as "non-controlling interests" in the consolidated statement of financial position.

	1 January – 31 December 2013	**1 January – 31 December 2012**
Beginning balance	22,241,344	1,129,279
Business combinations	-	3,564,617
Increase in share capital of subsidiaries	-	1,564,786
Increase in share premium of subsidiaries	-	14,754,082
Actuarial gains and loses	162,012	73,562
Sale of non-controlling interest (Note 4)	172,831	-
Profit for the year attributable to non-controlling interest	(1,745,275)	1,125,877
Foreign currency translation differences	(315,380)	29,141
Closing balance	**20,515,532**	**22,241,344**

(In Turkish Lira ("TL") unless otherwise is stated)

27. REVENUE AND COST OF SALES

a) Sales Revenue	**1 January – 31 December 2013**	**1 January – 31 December 2012**
Domestic sales	163,974,317	83,286,599
Sales of equity accounted investees	*500,000*	*53,923,995*
Other	*163,474,317*	*29,362,604*
Overseas sales	123,352,866	23,951,901
Sales of equity accounted investees	*100,000,000*	-
Other	*23,352,866*	*23,951,901*
Other expenses	2,084,848	685,742
Sale returns (-)	(7,484,591)	(1,570,599)
Sale discounts (-)	(6,942,835)	(1,106,593)
Interest income from treasury bonds, private sector bonds	5,309,217	2,656,457
Interest income on bank deposits	2,465,118	3,843,651
Dividend income	1,038,178	830,543
Reverse repo interest income	684,504	416,955
Investment security trading income	336,152	5,167,300
Investment security fair value gains/losses (net)	(2,338,474)	6,674,629
	282,479,300	**124,836,585**

b) Cost of Sales	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Cost of trading goods sold	(76,741,231)	(16,990,531)
Purchase of equity accounted investees	(27,866,250)	(28,758,294)
Cost of goods sold	(12,024,924)	(6,853,106)
Personnel expenses	(9,064,696)	(1,766,731)
Rent expenses	(4,716,993)	(84,398)
Depreciation and amortization expenses	(1,587,727)	(434,619)
Energy expenses	(954,895)	-
Material costs	(566,072)	-
Travel expenses	(216,668)	(294,081)
Telephone and communication expenses	(105,677)	(138,912)
Other expenses	(1,895,436)	(62,304)
	(135,740,569)	**(55,382,976)**

(*) The Group has sold all shares in Aras of which carrying amount was TL 27,866,250 to Post 206 Beteiligungs GmbH in return of TL 100,000,000 on 30 July 2013, and all shares in Türkmed of which carrying amount was zero to Mr. Basri Yılmaz in return of TL 500,000 on 13 September 2013. The Group makes gain on these transactions amounting to TL 72,133,750 and TL 500,000, respectively.

(In Turkish Lira ("TL") unless otherwise is stated)

28. RESEARCH AND DEVELOPMENTS EXPENSES, MARKETING SALES AND DISTRUBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

	1 January-31 December 2013	1 January-31 December 2012
Research and developments expenses	(3,678,774)	(3,083,465)
Marketing sales and distribution expenses	(29,622,761)	(7,519,010)
Administrative expenses	(41,055,599)	(18,642,477)
	(74,357,134)	**(29,244,952)**

29. OTHER OPERATING INCOME/EXPENSE

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

Other Operating Income	1 January-31 December 2013	1 January-31 December 2012
Provision reversals	2,142,870	29,894
Business combination (Note 3)	-	6,516,626
Fulfilment of denial compensation (*)	250,000	831,924
Organization income	76,197	-
Other	1,188,544	796,805
	3,657,611	**8,175,249**

(*) As of 31 December 2012, the Group has collected fulfilment denial compensation amounting to TL 431,924, TL 831,924 including interest from one of its sponsoring companies with respect to court decision numbered 2011/34. In the current period, the Group collected amounting to TL 250,000.

Other Operating Expenses	1 January-31 December 2013	1 January-31 December 2012
Goodwill impairment loss (*) (Note 16)	(2,650,000)	(1,616,818)
Write-off expenses	(2,132,197)	(785,215)
Other provisions	(1,239,968)	(741,703)
Other	(1,827,976)	(584,775)
	(7,850,141)	**(3,728,511)**

(*) As of 31 December 2013, impairment loss on goodwill is related to Ortopro (31 December 2012: Türkmed).

(In Turkish Lira ("TL") unless otherwise is stated)

30. FINANCE COSTS AND FINANCE INCOME

	1 January-31 December 2013	**1 January-31 December 2012**
Interest expenses on bank loans	(8,801,933)	(2,762,560)
Foreign exchange losses	(4,487,423)	(4,006,912)
Rediscount interest expenses	(320,239)	(249,995)
Other	(853,984)	(528,443)
	(14,463,579)	**(7,547,910)**

	1 January-31 December 2013	**1 January-31 December 2012**
Foreign exchange gain	5,570,942	4,022,996
Interest income on bank deposit	1,883,427	327,510
Rediscount interest income	94,088	107,651
	7,548,457	**4,458,157**

31. OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2012 and 31 December 2013, finance income/ (losses) that are recognized in other comprehensive income are as follows:

	1 January-31 December 2013	**1 January-31 December 2012**
Changes in foreign currency translation differences	(1,376,427)	944,526
Changes in cash flow hedging reserve	-	116,655
Tax income/(expense) on other comprehensive income	-	-
	(1,376,427)	**1,061,181**

For the years ended 31 December 2013 ve 31 December 2012, remasurement gains / (losses) on defined benefit plans recognised in other comprehensive income are as follows:

	1 January-31 December 2013	**1 January-31 December 2012**
Remesurement gains / (losses) from defined benefit plans	339,288	(475,688)
Tax income /(expense) on other comprehensive income	(86,229)	85,254
	253,059	**(390,434)**

(In Turkish Lira ("TL") unless otherwise is stated)

32. GAIN ON INVESTING ACTIVITIES

	1 January-31 December 2013	1 January-31 December 2012
Gain on sale of tangible assets	791,106	461,700
Eliminated interest from sales	425,908	370,373
	1,217,014	**832,073**

33. LOSS ON INVESTING ACTIVITIES

	1 January-31 December 2013	1 January-31 December 2012
Eliminated interest on purchases	(312,996)	(281,222)
	(312,996)	**(281,222)**

(In Turkish Lira ("TL") unless otherwise is stated)

34. DISCONTINUED OPERATIONS

As at 31 March 2012 Ortopro has sold 99% owned subsidiary, Orsem Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret AŞ, to a third party for an amount of TL 700,000. The results arising from discontinued operations are as follows:

Results of discontinued operation	**31 December 2012**
Revenue	4,777,195
Expenses	(4,831,084)
Results from operating activities	(53,889)
Tax	56,361
Results from operating activities, net of tax	2,472
Gain on sale of discontinued operations	3,995,018
Tax on gain on sale of discontinued operation	204,995
Gain on sale of discontinued operations, net of tax	4,200,013
Profit for the period	**4,202,485**
Basic and diluted earnings per share	0.063049

	31 December 2012
Cash flows from (used in) discontinued operation	
Net cash used in operating activities	(335,566)
Net cash used in investing activities	(477,677)
Net cash from financing activities	-
Net cash used in discontinued operations	(813,243)

Effect of disposal on the financial position of the Group	Notes	
Property, plant and equipment	14	(1,006,799)
Intangible assets	15	(127,548)
Inventories		(2,756,788)
Allowance for impairment loss on inventories	13	81,164
Deferred tax asset	35	(653,847)
Trade and other receivables		(14,782,566)
Allowance for impairment loss on trade receivables	10	723,009
Cash and cash equivalents		(1,177,677)
Financial liabilities		7,333,321
Severance pay liability	22	8,160
Vacation pay liability	22	27,525
Trade and other payables		15,627,064
Net assets and liabilities		3,295,018
Consideration received, satisfied in cash		700,000
Cash and cash equivalents disposed of		(1,177,677)
Net cash outflow		**(477,677)**

(In Turkish Lira ("TL") unless otherwise is stated)

35. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability:	**1 January-31 December 2013**	**1 January-31 December 2012**
Current corporate tax provision	294,697	1,695,480
Less: Prepaid taxes	(133,837)	(1,279,440)
	160,860	**416,040**

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

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

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

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

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

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

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

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

Withholding tax

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

(In Turkish Lira ("TL") unless otherwise is stated)

35. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

Deferred Tax

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

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

Deferred tax (assets)/liabilities:	**31 December 2013**	**31 December 2012**
Severance pay liability	21,076	12,815
Rediscounts on receivables and payables	4,364	9,268
Vacation pay liability	29,110	27,344
Differences in depreciation of tangible and intangible assets	(8,257)	(5,417)
Income accrual	(1,389,244)	(798,581)
Tax losses carried forward	235,638	71,425
Unrecognized tax asset (net)	**(1,107,313)**	**(683,146)**

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 2023 in accordance with Turkish Law numbered as 5035 and Research and Technological Development Law numbered as 4691's 2nd article.

Deferred tax (assets)/liabilities:	**31 December 2013**		**31 December 2012**	
	Asset	**Liability**	**Asset**	**Liability**
Differences in depreciation of tangible and intangible assets	1,160,814	(6,630,190)	114,920	(6,310,745)
Rediscount income	176,414	-	93,728	-
Allowance for impairment losses on trade receivables	114,845	-	439,945	-
Vacation pay liability	158,519	-	113,695	-
Interest Accrual Expense	52,173	-	170,123	-
Severance Pay Liability	311,674	-	429,211	-
Allowance for impairment losses on inventories	727,742	-	819,272	-
Tax losses carried forward	520,456	-	204,995	-
Other provision	30,916	-	36,500	-
Rediscount expense	-	(21,995)	-	(9,893)
Rediscount on receivable/payable	-	(55,086)	-	(89,553)
Correction on sponsorship expense	32,954		-	(95,893)
Other	338,388	(100,739)	155,933	95,582
Total deferred tax asset / (liability)	**3,624,895**	**(6,808,010)**	**2,578,322**	**(6,410,502)**
Net-off	**(3,200,659)**	**3,200,659**	**(2,257,718)**	**2,257,718**
Net deferred tax asset / (liability)	**424,236**	**(3,607,351)**	**320,604**	**(4,152,784)**

(In Turkish Lira ("TL") unless otherwise is stated)

35. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

Deferred Tax (continued)

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

Deferred tax (asset) / liability movement:	**1 January - 31 December 2013**	**1 January - 31 December 2012**
Opening balance at 1 January	3,832,180	3,546,549
Deferred tax profit/(loss)	(735,295)	(21,605)
Deferred tax income – Other comprehensive income	86,229	(85,254)
Deferred tax income from discontinued operations	-	(261,356)
Disposal due to discontinued operations (Note 34)	-	653,847
Closing balance at 31 December	**3,183,115**	**3,832,180**

Tax expense / (income) is as follows:

Tax expense/ (income):	**1 January- 31 December 2013**	**1 January- 31 December 2012**
Current tax (income) /expense	(294,697)	(22,840)
Deferred tax (income) / expense	735,295	21,605
	440,598	**(1,235)**

Continuing operations	1 January- 31 December 2013	1 January- 31 December 2012
Current tax expense	(294,697)	(22,840)
Deferred tax income	735,295	21,605
	440,598	**(1,235)**

Discontinued operations	1 January- 31 December 2013	1 January- 31 December 2012
Current tax expense		-
Deferred tax income (Note 34)	-	261,356
	-	**261,356**

(In Turkish Lira ("TL") unless otherwise is stated)

35. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

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

	1 January – 31 December 2013	1 January – 31 December 2012
Profit from continuing operations	66,478,622	47,474,446
Profit from discontinued operations	-	3,941,129
Pre-tax profit from operations	66,478,622	51,415,575
Income tax rate 20%	(13,295,724)	(10,283,115)
Tax effect:		
- non-taxable income	14,369,442	10,062,517
- non-taxable free zone income	1,212,330	263,633
- non-tax-deductible expenses	(640,320)	(222,322)
- effect of non-taxable profit from sale of discontinued operations	-	1,019,978
- unrecognised deferred tax assets	(1,178,190)	(768,356)
- other	(26,940)	(73,570)
Total tax income / (expense)	440,598	(1,235)

36. EARNINGS PER SHARE

	1 January- 31 December 2013	1 January- 31 December 2012
Earnings per share		
Weighted average number of shares available during the period (full amount) (*)	66,654,000	66,654,000
Total	**66,654,000**	**66,654,000**
Net profit/(loss) for the year ,attributable to the owners of the Company	68,664,493	50,261,576
Basic and diluted earnings per share (TL 1 nominal value)	1.030	0.7541

(*) Increase in share capital has been performed through internal resources and increase in number of shares is used in the calculation of previous year's earnings per share.

37. EFFECTS OF EXCHANGE RATE CHANGES

Regarding the analysis of the effects of changes in foreign exchange in 31 December 2013 and 31 December 2012 is disclosed in Note 39.

38. REPORTING IN HYPERINFLATIONARY PERIODS

In accordance with the CMB"s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

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.

The Group's fund structure comprises of the liabilities with the loans disclosed in Note 11, cash and cash equivalents, issued capital, reserves and retained earnings.

The 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.

(In Turkish Lira ("TL"))

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2013	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents (**)	Investment Securities (***)
Maximum credit risk exposure as at report date (*)	2,457	68,047,365	-	782,284	75,880,924	121,693,335
The part of maximum risk under guarantee with collateral etc.						
A. Net book value of financial assets that are neither past due nor impaired	2,457	58,183,898	-	782,284	75,880,923	121,693,333
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	9,863,467	-	-	-	-
-the part under guarantee with collateral etc						
D. Net book value of impaired assets		-				
- Past due (gross carrying amount)	-	3,434,781	-	-	-	-
- Impairment (-)		(3,434,781)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Elements including credit risk on off statement of financial position						

(*) Deposits and guarantees and collaterals are excluded since they are not financial assets.
(**) Cash on hand is excluded.
(***) Shares quoted to stock exchange are excluded.

(In Turkish Lira ("TL"))

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2012	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents (**)	Investment Securities (***)
Maximum credit risk exposure as at report date(*)	7,080	59,180,801	-	773,115	40,660,899	95,246,817
The part of maximum risk under guarantee with collateral etc.	-	415,000	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	7,080	50,346,420	-	773,115	40,660,899	95,246,817
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-		-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	8,834,381	-	-	-	-
-the part under guarantee with collateral etc						
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	3,149,477	-	-	-	-
- Impairment (-)		(3,149,477)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Elements including credit risk on off statement of financial position						

(*) Deposits and guarantees given and collaterals are excluded since they are not financial assets.
(**) Cash on hand is excluded.
(***) Shares quoted to stock exchange are excluded.

(In Turkish Lira ("TL") unless otherwise is stated)

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit-risk management (continued)

Aging of overdue but not yet impaired receivables as follows:

31 December 2013	Trade Receivables	Other Receivables	Total
Past due 1-30 days	2,289,337	-	2,289,337
Past due 1-3 months	1,711,499	-	1,711,499
Past due 3-12 months	3,481,743	-	3,481,743
Past due 1-5 years	2,380,888	-	2,380,888
Past due more than 5 years	-	-	-
Total past due receivables	9,863,467	-	9,863,467
The portion under guarantee with collateral	-	-	-

31 December 2012	Trade Receivables	Other Receivables	Total
Past due 1-30 days	2,728,764	-	2,728,764
Past due 1-3 months	1,277,156	-	1,277,156
Past due 3-12 months	3,764,223	-	3,764,223
Past due 1-5 years	1,064,238	-	1,064,238
Past due more than 5 years	-	-	-
Total past due receivables	8,834,381	-	8,834,381
The portion under guarantee with collateral	-	-	-

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

Liquidity risk management

Liquidity risk management responsibility mainly belongs to the top management. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. In part "IT, audio and communication Systems" and "Orthopaedics, surgery, medical appliances", in order to minimize the risk of liquidity the details of unused loans, in case of need, as at the end of the reporting period are disclosed in Note 8. "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.

(In Turkish Lira ("TL") unless otherwise is stated)

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Liquidity risk management (continued)

31 December 2013

Contractual maturity	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities	93,824,462	110,589,886	28,132,611	20,056,283	57,611,598	4,789,394
Trade payables	40,046,139	40,693,061	21,260,032	17,784,380	1,648,649	-
Other payables (*)	114,139	114,139	114,139	-	-	-
Total Liabilities	133,984,740	151,397,086	49,506,782	37,840,663	59,260,247	4,789,394

(*)Taxes and other duties payables are excluded.

31 December 2012

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

(*)Taxes and other duties payables are excluded.

Market risk

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

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

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

Foreign currency risk management

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

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

(In Turkish Lira ("TL") unless otherwise is stated)

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

31 December 2013	TL (Functional currency)	US Dollar	Euro	GBP	Other
1. Trade Receivables	9,593,645	3,945,503	395,987	-	17,141
2a. Monetary Financial Assets	228,220	25,000	57,690	922	4,901
2b. Non-monetary Financial Assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. CURRENT ASSETS	9,821,865	3,970,503	453,677	922	22,042
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	9,821,865	3,970,503	453,677	922	22,042
10. Trade Payables	(4,396,184)	(695,069)	(982,906)	(6,933)	(858)
11. Financial Liabilities	(7,289,594)	(3,349,101)	(48,223)	-	-
12a. Other Financial Liabilities	(77,076)	(21,673)	(1,838)	(7,200)	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-
13. SHORT TERM LIABILITIES	(11,762,854)	(4,065,843)	(1,032,967)	(14,133)	(858)
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	(1,698,131)	(331,314)	(337,479)	-	-
16a. Other Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	(1,698,131)	(331,314)	(337,479)	-	-
18. TOTAL LIABILITIES	(13,460,985)	(4,397,157)	(1,370,446)	(14,133)	(858)
19. Off balance sheet derivatives net asset/liability position (19a-19b)	-	-	-	-	-
19a. Active off balance sheet derivative(foreign currency)	-	-	-	-	-
	-	-	-	-	-
19b. Passive off balance sheet derivative(foreign currency)	-	-	-	-	-
	-	-	-	-	-
20. Net foreign currency asset liability position	(3,639,120)	(426,654)	(916,769)	(13,211)	21,184
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(3,639,120)	(426,654)	(916,769)	(13,211)	21,184
22. Fair value of derivative instruments used in foreign currency hedge					
23. Hedged portion of foreign currency assets					
24. Hedged portion of foreign currency liabilities					
23. Export	23,419,975	10,996,831	908,621	-	131,460
24. Import	15,844,820	2,351,300	4,379,760	97,863	16,700

(In Turkish Lira ("TL") unless otherwise is stated)

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

31 December 2012	TL (Functional currency)	US Dollar	Euro	GBP	Other
1. Trade receivables	8,810,969	4,369,351	434,649	-	-
2a. Monetary financial assets	477,595	239,163	21,389	330	8
2b. Non-monetary financial liabilities	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets	9,288,564	4,608,514	456,038	330	8
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets	-	-	-	-	-
9. Total Assets	9,288,564	4,608,514	456,038	330	8
10. Trade payables	(3,927,728)	(856,654)	(1,012,750)	(59)	(6,858)
11. Financial liabilities	(2,555,970)	(899,003)	(405,412)	-	-
12a. Other monetary liabilities	(152,196)	(82,943)	(1,838)	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short Term Liabilities	(6,635,894)	(1,838,600)	(1,420,000)	(59)	(6,858)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(1,409,003)	(345,190)	(337,487)	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Long Term Liabilities	(1,409,003)	(345,190)	(337,487)	-	-
18. Total Liabilities	(8,044,897)	(2,183,790)	(1,757,487)	(59)	(6,858)
19. Off-balance sheet derivative instruments' net asset / (liability) position (19a-19b)					
19a. The amount of long-position off-balance sheet derivative instruments denominated in foreign currency					
19b. The amount of short-position off-balance sheet derivative instruments in foreign currency	-	-	-	-	
20. Net foreign currency asset / (liability) position	1,243,667	2,424,724	(1,301,449)	271	(6,850)
21. Net foreign currency asset / (liability) position	-				
of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	1,243,667	2,424,724	(1,301,449)	271	(6,850)
22. Fair value of derivative instruments used in	-	-	-	-	-
foreign currency hedge	-	-	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-	-
24. Hedged portion of foreign currency liabilities	-	-	-	-	-
25. Export	24,211,408	11,112,075	754,063	-	4,433,4 88
26. Import	16,810,319	4,013,435	4,071,661	36,614	-

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (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 2013			
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
			-	-
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - US Dollar net asset / liability	(91,061)	91,061	-	-
2- Portion secured from US Dollar (-)	-	-		
3- US Dollar net effect (1 +2)	(91,061)	91,061	-	-
			-	-
	10% appreciation / depreciation of TL against Euro			
4 - Euro net asset / liability	(269,695)	269,695	-	-
5 - Portion secured from Euro (-)	-	-		
6 - Euro net effect (4+5)	(269,695)	269,695	-	-
			-	-
	10% appreciation / depreciation of TL against other currencies			
7- Other foreign currency net asset / liability	(3,409)	3,409	-	-
8- Portion secured from other currency (-)	-	-		
9- Other currency net effect (7+8)	(3,409)	3,409	-	-
TOTAL (3 + 6 +9)	(364,165)	364,165	-	-

(In Turkish Lira ("TL") unless otherwise is stated)

39. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis (continued)

	31 December 2012			
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - US Dollar net asset / liability	432,231	(432,231)	-	-
2- Portion secured from US Dollar (-)	-	-	-	-
3- US Dollar net effect (1 +2)	432,231	(432,231)	-	-
	10% appreciation / depreciation of TL against Euro			
4 - Euro net asset / liability	(306,062)	306,062	-	-
5 - Portion secured from Euro (-)	-	-	-	-
6 - Euro net effect (4+5)	(306,062)	306,062	-	-
	10% appreciation / depreciation of TL against other currencies			
7- Other foreign currency net asset / liability	(255)	255	-	-
8- Portion secured from other currency (-)	-	-	-	-
9- Other currency net effect (7+8)	(255)	255	-	-
TOTAL (3 + 6 +9)	125,914	(125,914)	-	-

(In Turkish Lira ("TL") unless otherwise is stated)

39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Interest rate risk

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

Interest Position Table

Fixed interest rate instruments	31 December 2013	31 December 2012
Financial assets		
Financial assets at fair value through profit or loss	34,568,072	63,294,702
Time deposit	58,896,063	27,216,187
Financial liabilities (*)	(93,529,175)	(70,437,015)
	(65,040)	20,073,874
Floating interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	73,679,845	23,392,531
Financial liabilities	-	-
	73,679,845	23,392,531

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

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

31 December 2013

Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	1%	Increase	(2,253,828)
		Decrease	2,488,950

31 December 2012

Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	1%	Increase	(2,532,247)
		Decrease	2,369,850

39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Other price risks

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 2013, in case of 10% increase/decrease, if all the other variables remain constant, in the value of stock investment that are in the Group's portfolio, with the effect of equity investment designated at fair value through profit or loss and stock-indexed investment fund, net profit would be TL 503,516 (31 December 2012: TL 596,952) lower/higher.

According to the consolidated financial position as at 31 December 2013, in case of 1% increase/decrease, if all the other variables remain constant, in the value of investment fund that are in the Group's portfolio, with the effect of investment funds designated at fair value through profit or loss, net profit would be TL 242,956 (31 December 2012: TL 129,407) lower/higher.

(In Turkish Lira ("TL"))

40. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

31 December 2013	Other financial assets measured with effective interest method	Loans and receivables	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying Amount	Fair Value	Note
Financial assets							
Cash and cash equivalents	62,112,083	2,153,462	11,760,378	-	76,025,923	76,025,923	8
Financial investments	-	-	126,728,498	-	126,728,499	126,728,499	9
Trade receivables	-	68,049,822	-	-	68,049,822	68,049,822	10
Financial liabilities							
Financial liabilities	-	-	-	93,824,462	93,824,462	93,824,462	11
Trade payables	-	-	-	40,046,140	40,046,140	40,046,140	10
Other financial liabilities (*)	-	-	-	114,140	114,140	114,140	12

31 December 2012	Other financial assets measured with effective interest method	Loans and receivables	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying Amount	Fair Value	Note
Financial assets							
Cash and cash equivalents	35,730,701	77,707	4,994,353	-	40,802,761	40,802,761	8
Financial investments	-	-	101,216,342	-	101,216,342	101,216,342	9
Trade receivables	-	59,187,881	-	-	59,187,881	59,187,881	10
Financial liabilities							
Financial liabilities	-	-	-	71,657,991	71,657,991	71,657,991	11
Trade payables	-	-	-	34,503,989	34,503,989	34,503,989	10
Other financial liabilities (*)	-	-	-	152,917	152,917	152,917	12

(*)Taxes and other duties payables are excluded.

(In Turkish Lira ("TL"))

40. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (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		
Financial assets	31 December 2013	1.Level TL	2. Level TL	3. Level TL
Financial asset at fair value through profit or loss	126,728,498	126,728,498	-	-
Cash and cash equivalents				
(B type liquid funds)	10,850,197	10,850,197	-	-
(Reverse repurchase agreements)	910,181	910,181		
Total	138,488,876	138,488,876	-	-

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

41. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED TO BE EXPLAINED FOR CLEAR UNDERSTANDİNG OF THE FINANCIAL STATEMENTS

- In the extraordinary general meeting held on 16 January 2013 the Articles of Association was changed and it was decided to distribute cash dividend. The payment of cash dividend amounting to TL 7,360,920 was started on 21 January 2013 and was completed on 23 January 2013. The results of extraordinary General Assembly Meeting was registered on 22 January 2013 and published at Turkish Trade Registry Gazette on 28 January 2013.

- On 28 February 2013, Toksöz Spor merged with Ons Spor, Arena, Sportive and Tajmahal by fully taking over them without discontinuing in accordance to the clause 136 of Turkish Commercial Code and to the clauses 18, 19 and 20 of Corporate Tax Law. The new share capital of Toksöz Spor is TL 17,031,299 with a number of 17.031.299 shares having a par value of TL 1. There of 5.364.859 are A Group shares and 11.666.440 are B Group shares. This decision was registered in the Turkish Trade Registry Gazette numbered 8272 on 6 March 2013.

  On 10 September 2013, the Group's 2,5% of shares in Toksöz Sports has been transferred to Samil Toksoz and Kamil Toksoz free of charge in the context of other shares with the "Capital Associates, Share Transfer and Shareholders Convention" agreement which was signed on 27 June 2012. According to this agreement, İş Girişim Sermayesi's share in the capital of Toksöz Sports reduced from 58.50% to 56.00%.

- The results of the Ordinary General Assembly Meeting of İş Girişim Sermayesi held on 3 May 2013 that change in the Articles of Association was adopted; was registered on 10 May 2013 and published at Turkish Trade Registry Gazette on 15 May 2013.

- % 17.50 of the share capital as cash dividend (TL 10,143,000) and %15 of the share capital as bonus shares (TL 8,694,000) from the period profit are decided to be distributed in the İş Girişim General Assembly Meeting dated 3 May 2013. On 10 May 2013 the cash dividend distribution and on 13 June 2013 the capital increase are completed, the new issued TL 66,654,000 share capital is registered on 28 June 2013 and published on 4 July 2013 in the Trade Registry Gazette.

- On 30 July 2013, the Group has sold all shares in Aras Kargo to Post 206 Beteiligungs GmbH in return of TL 100,000,000.

- On 13 September 2013, the Group has sold all shares in Türkmed to Mr Basri Yılmaz in return of TL 500,000.

- Cash dividend amouting to TL 13,330,800 is started to be distributed on 4 October 2013 and completed on 8 October 2013 as decided in General Assembly meeting of İş Girişim Sermayesi on 1 October 2013.

42. EVENTS AFTER REPORTING PERIOD

- On 21 January 2014, the Company was paid first instalment to Mehmet Gürs whose the existing interest owner of one of the owners in its subsidiary, Num Num Yiyecek ve İçecek A.Ş. ("Num Num"), in the context of "Capital Associates, Share Transfer and Shareholders Convention" agreement which was signed on 19 October 2012. The amount due for acquisition of total share transfers will be paid in two equal instalments amounting to TL 1,000,000 on January 2014 and January 2015.
- İş Girişim Sermayesi's portfolio of venture capital investments full output perform due 31 December 2013 as III-48-3 No. Venture Capital Investment Trusts Basis Communiqué 22.1.b specified in Article minimum of 51% of venture capital investment made on the portfolio limitations adapt to the inability to and to ensure compliance with these restrictions, in accordance with Article 24.2 of the Communiqué of 31 December 2015 be given until the request by the Capital Markets Board on 27 January 2014 was received positively.