EFG İSTANBUL EQUITIES MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 JUNE 2012
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 26 (a)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Board of Directors of EFG İstanbul Equities Menkul Değerler A.Ş.

Introduction

1. We have reviewed the accompanying consolidated balance sheet of EFG İstanbul Equities Menkul Değerler A.Ş. and its subsidiary (collectively referred to as the "Group") as of 30 June 2012 and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Group Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the financial reporting standards issued by the Capital Markets Board. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in "Section 34 of the Communiqué No: X-22 on the auditing standards issued by the Capital Markets Board". A review of interim financial statements consists principally of making inquiries of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position of EFG İstanbul Equities Menkul Değerler A.Ş. and its subsidiary as of 30 June 2012, and of its financial performance and its cash flows for the six-month period then ended in accordance with financial reporting standards issued by the Capital Markets Board (Note 2).

We draw your attention to the following matter:

4. As explained in detail in Note 1 and 25, on 9 April 2012 the ultimate parent of the Group, Eurobank Ergasias S.A., publicly announced that it has reached an agreement with Burgan Bank to sell its Turkish operations. Under the terms of the agreement, Burgan Bank will acquire 99.26% of Bank's shares from EFG Eurobank Ergasias S.A. and Tekfen Holding A.Ş. where the transaction is expected to close in third quarter of 2012 subject to regulatory approvals by the competent authorities. The other shareholder of the Bank, Tekfen Holding A.Ş., publicly announced that it has been decided to transfer the shares representing 29.26% of Eurobank Tekfen A.Ş.'s capital owned by Tekfen Holding A.Ş. to Burgan Bank through a sale within the framework of the provisions and share transfer conditions stated in the agreements signed with EFG Eurobank Holding (Luxembourg) S.A. on 16 March 2007 and 9 April 2012.

Additional paragraph for convenience translation into English

5. The accounting principles described in Note 2 (defined as "Capital Markets Board Accounting Standards") to the interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. Accordingly, the accompanying interim financial statements are not intended to present the financial position, results of operations and cash flows in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM
Partner

İstanbul, 14 August 2012

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED BALANCE SHEET AT 30 JUNE 2012 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 26 (a)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed Consolidated 30 June 2012	Audited Consolidated 31 December 2011
ASSETS			
Current assets		**71,941,113**	**90,060,285**
Cash and cash equivalents	4	50,529,541	69,148,322
Financial investments	5	12,506,745	11,523,033
Trade receivables	7	294,889	212,504
Other receivables	8	7,454,026	7,285,926
Other current assets	13	1,155,912	1,890,500
Non-current assets		**4,540,576**	**4,821,896**
Other receivables	10	857,219	768,849
Financial investments	5	8,480	8,480
Property and equipment (net)	9	2,140,058	2,479,752
Intangible assets (net)	10	649,614	565,309
Deferred tax assets	20	867,785	964,668
Other non-current assets	13	17,420	34,838
Total assets		**76,481,689**	**94,882,181**
LIABILITIES			
Current liabilities		**6,176,861**	**7,973,461**
Other financial liabilities	6	-	219,366
Trade payables	7	2,897,577	2,235,774
Other payables	8	692,400	569,747
Provisions	11	-	32,609
Provisions for employee benefits	12	2,526,519	4,868,376
Other liabilities	13	60,365	47,589
Non-current liabilities		**554,433**	**553,967**
Provisions for employee benefits	12	554,433	553,967
Shareholders' equity		**69,750,395**	**86,354,753**
Share capital	14	8,450,000	8,450,000
Adjustment to share capital	14	25,355,592	25,355,592
Revaluation fund	14	7,198	7,198
Restricted reserves	14	7,608,187	5,908,187
Retained earnings		27,933,776	39,302,328
Net income for the period		395,642	7,331,448
Total liabilities and shareholders' equity		**76,481,689**	**94,882,181**
Contingent assets and liabilities	11		

The financial statements for the period ended 30 June 2012 have been approved by the Board of Directors on 14 August 2012. General Assembly has the power to amend the financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 26 (a)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed Consolidated 1 January - 30 June 2012	Not reviewed Consolidated 1 April - 30 June 2012	Reviewed Seperate 1 January - 30 June 2011	Not reviewed Seperate 1 April - 30 June 2011
Net sales	15	3,634,419,951	1,857,393,850	2,765,336,632	1,429,946,250
Sales		3,626,499,276	1,853,259,635	2,745,840,792	1,420,711,901
Service income		7,867,204	4,041,503	19,377,710	9,136,488
Deductions from services income (-)		56,563	50,228	12,291	8,663
Other income from operating activities		110,034	142,940	130,421	106,524
Cost of sales (-)	15	3,625,832,755	1,852,800,384	2,745,292,670	1,420,492,361
Gross profit		**8,587,196**	**4,593,466**	**20,043,962**	**9,453,889**
Marketing, selling and distribution expenses (-)	16	836,319	447,345	1,081,705	510,014
General administrative expenses (-)	16	11,029,513	6,010,540	14,285,703	6,693,654
Other operating income	17	142,873	94,447	20,598	10,429
Other operating expenses (-)	17	345,882	70,509	374,929	200,892
Operating (loss)/profit		**(3,481,645)**	**(1,840,481)**	**4,322,223**	**2,059,758**
Financial income	18	4,742,365	2,080,767	10,368,355	6,137,424
Financial expenses (-)	19	768,195	39,193	5,480,563	3,102,887
Profit before tax from continuing operations		**492,525**	**201,093**	**9,210,015**	**5,094,295**
Tax expense from continuing operations					
- Taxes on income	20	-	-	(1,944,795)	(1,441,520)
- Deferred tax (expense)/income	20	(96,883)	(24,029)	138,528	435,407
Profit from continuing operations		**395,642**	**177,064**	**7,403,748**	**4,088,182**
Other comprehensive income		-	-	-	-
Total comprehensive income		**395,642**	**177,064**	**7,403,748**	**4,088,182**
Earnings per share	**21**	**0.05**	**0.02**	**0.88**	**0.48**

The accompanying explanations and notes form an integral part of these financial statements.

EFG İSTANBUL EQUITIES MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2012 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 26 (a)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Share capital	Adjustment to share capital	Revaluation fund	Restricted reserves	Retained earnings	Income for the period	Total shareholders' equity
1 January 2011		**8,450,000**	**25,355,592**	**7,198**	**3,408,187**	**55,482,579**	**11,319,749**	**104,023,305**
Transfers from retained earnings	14	-	-	-	2,500,000	8,819,749	(11,319,749)	-
Dividend payment		-	-	-	-	(25,000,000)	-	(25,000,000)
Total comprehensive income		-	-	-	-	-	7,403,748	7,403,748
30 June 2011		**8,450,000**	**25,355,592**	**7,198**	**5,908,187**	**39,302,328**	**7,403,748**	**86,427,053**
1 January 2012		**8,450,000**	**25,355,592**	**7,198**	**5,908,187**	**39,302,328**	**7,331,448**	**86,354,753**
Transfers from retained earnings	14	-	-	-	1,700,000	(1,700,000)	-	-
Dividend payment		-	-	-	-	(9,668,552)	(7,331,448)	(17,000,000)
Total comprehensive income		-	-	-	-	-	395,642	395,642
30 June 2012		**8,450,000**	**25,355,592**	**7,198**	**7,608,187**	**27,933,776**	**395,642**	**69,750,395**

The accompanying explanations and notes form an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH INTERIM PERIOD 1 JANUARY - 30 JUNE 2012 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 26 (a)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed Consolidated 1 January - 30 June 2012	Reviewed Seperate 1 January - 30 June 2011
Cash flows from operating activities:			
Net income for the period		395,642	7,403,748
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	9	292,971	279,769
Amortization	10	107,920	93,221
Provision for unused vacation	13	(32,157)	69,700
Provision for employment termination benefits	13	71,007	65,957
Payment of employment termination benefits	13	(70,541)	(4,118)
Provision for personnel bonus	13	2,030,300	4,722,000
Provision for corporate tax	20	96,883	1,806,267
The effect of change in foreign exchange rates on cash and cash equivalents		243,742	445,011
Interest income, net		(4,578,541)	(9,370,102)
Interest paid		(75,873)	(480,578)
Interest received		4,357,644	9,489,458
Operating profit before changes in assets and liabilities:			
Net increase in marketable securities		(1,792,547)	(2,065,811)
Net increase in trade receivables		(250,485)	(2,969,016)
Net decrease in other assets		663,636	946,272
Net increase/(decrease) in trade payables		1,021,941	(544,424)
Net decrease in other liabilities and provisions		(3,660,998)	(3,970,529)
Taxes paid		(576,182)	(1,559,141)
Net decrease/(increase) in restricted deposits		1,485,000	(7,560,200)
Net cash used in operating activities		**(270,638)**	**(3,202,516)**
Cash flows used in investing activities:			
Purchase of property and equipment	9	(3,025)	(23,802)
Purchase of intangible assets	10	(192,225)	(71,224)
Sales of property and equipment, net	9	49,748	-
Net cash used in investing activities		**(145,502)**	**(95,026)**
Cash flows from financing activities:			
Net increase in financing leasing payables		-	24
Net increase in payables to Money Markets		-	42,210,439
Dividend payment	14	(17,000,000)	(25,000,000)
Net decrease in other financial liabilities	6	(219,366)	(16,969)
Net cash (used in)/from financing activities		**(17,219,366)**	**17,193,494**
The effect of change in foreign exchange rates on cash and cash equivalents		**(243,742)**	**(445,011)**
Net (decrease)/increase in cash and cash equivalents		**(17,879,248)**	**13,450,941**
Cash and cash equivalents at the beginning of the period	4	65,685,176	145,667,012
Cash and cash equivalents at the end of the period	**4**	**47,805,928**	**159,117,953**

The accompanying explanations and notes form an integral part of these financial statements.

1 - ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY AND GROUP

EFG İstanbul Menkul Değerler Anonim Şirketi ("the Company") (former name HC İstanbul Menkul Değerler Anonim Şirketi) was established under the name Kapital Menkul Değerler Anonim Şirketi on 19 November 1990. Due to the change in shareholders of EFG İstanbul Holding A.Ş. which is the main shareholder of HC İstanbul Menkul Değerler A.Ş., the Company's trade name was changed to EFG İstanbul Menkul Değerler A.Ş. This change was approved by the Capital Markets Board on 11 May 2005 and announced in the Trade Registry Gazette dated 23 May 2005, numbered 6308. Following the Capital Markets Board's approval, dated 28 September 2007 and numbered 24535, the shares of the Company were purchased by Eurobank Tekfen A.Ş. which became the main shareholder of the Company. According to Capital Market Board ("CMB")'s approval , dated 24 December 2010 and numbered B.02.1.SPK.0.16-1360 and the permission of Ministry of Industry and Commerce dated 5 January 2011 , numbered 63, the trade name of the company "EFG Istanbul Menkul Değerler A.Ş" changed to "EFG İstanbul Equities Menkul Değerler A.Ş." and it is decided that company will use "EFG İstanbul Equities" title.

The Company's principal activities are, as a member firm of the stock exchange, to purchase and sell marketable securities such as share certificates and bonds, and other securities representing financial assets and liabilities of issuers, in the marketable securities markets in the name and on account of others or on the account of others and in the name of itself or in the name and on account of itself; to act as intermediary in the purchase and sale of capital market instruments through public offering and to manage portfolios consisting of capital market instruments on account of customers, in accordance with its Articles of Association and the Capital Markets Law (No,2499). The Company is registered in Turkey at the following address: Büyükdere Cad. Apa Giz Plaza No: 191 Kat:9 34394 Levent/ Istanbul.

The Company has authority certificates for portfolio management, purchase and sale of derivative instruments, investment consultancy, purchase and sale intermediation, marketable securities repurchase ("repo") and resale ("reverse repo") agreements and for intermediation in public offerings.

On 9 April 2012, EFG Eurobank Ergasias S.A. has made the following declaration:

"EFG Eurobank Ergasias SA announces it has reached an agreement with Burgan Bank to sell its Turkish operations. Under the terms of the transaction, Burgan will acquire 99.3% of Eurobank Tekfen, from Eurobank EFG and the Tekfen Group. The transaction is expected to close in in the third quarter 2012 subject to regulatory approvals by the competent authorities."

On 9 April 2012, Tekfen Holding A.Ş. has made the following declaration:

"Tekfen Holding A.Ş. and EFG Eurobank Holding (Luxembourg) S.A., a subsidiary of Eurobank EFG, concluded an agreement which enables to transfer the shares representing 29.26 % of Eurobank Tekfen capital owned by Tekfen Holding to Eurobank Holding or to any other beneficiary determined by Eurobank Holding, by allowing an early exercise of the call option described in the Shareholders' Agreement signed on March 16, 2007. In this context; Eurobank Holding is released to transfer its shares to any third party by waiving pre-emption rights of Tekfen Holding on the Eurobank Tekfen A.Ş. shares derived from the Shareholders' Agreement signed on 16 March 2007. Tekfen Holding will be able to keep its position as a Partner in the Eurobank Tekfen A.Ş. by contracting a Shareholders' Agreement with the third party with which Eurobank Holding signs a sales agreement. The transactions shall be subject to the approval and permission of Banking Regulation and Supervision Agency and the relevant national authorities of which the parties are subject to."

1 - ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY AND GROUP (Continued)

23 November 2011 the Company participated in shares of EFG İstanbul Portföy Yönetimi A.Ş. ("EFG Portföy") with a nominal value of TL999,999.96 that constitutes 99.99% of the total TL1,000,000 nominal value and became the controlling partner. Its incorporation was registered on 23 November 2011 and published on the Trade Registry Gazette No: 7950 dated 29 November 2011. EFG Portföy, conducts its operations at Büyükdere Cad, Apa Giz Plaza no: 191 Kat: 9 34394 Levent/Istanbul, Turkey and provides portfolio management services.

For the purposes of the consolidated financial statements, EFG İstanbul Equities Menkul Değerler A.Ş. and its subsidiary, EFG İstanbul Portföy Yönetimi A.Ş. are together referred to as "Group". As at 30 June 2012, there are 61 (31 December 2011: 67) employees in the Group.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

Accounting Standards

CMB, regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting periods starting 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats required by the CMB, with the announcement dated 14 April 2008, including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative financial statements.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

These financial statements, except for financial assets and liabilities expressed at fair values, are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected within the framework of Communiqué XI, No: 29 "Financial Reporting Standards in the Capital Markets" and in TL.

Comparative Figures and the Reclassification to the Financial Statements of the Prior Period

The Group complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the consolidated financial statements of the Group have been prepared in comparison with the financial statements of previous periods. The Group prepared its consolidated balance sheet as of 30 June 2012 in comparison with the consolidated balance sheet prepared as of 31 December 2011; prepared its consolidated comprehensive income statement, statement of changes in shareholders' equity and statement of cash flows between 1 January - 30 June 2012 in comparison with seperate comprehensive income statement, statement of changes in shareholders' equity and statement of cash flows between 1 January - 30 June 2011. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Adoption of New or Revised International Financial Reporting Standards and Interpretations

The Group adopted the standards, amendments and interpretations published by the IASB and International Financial Reporting Interpretation Committee ("IFRIC") and which are mandatory for the accounting periods beginning on or after 1 January 2012.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

New standards and amendments:

- IAS 24 (revised) (amendment), "Related party disclosures", is effective for annual periods beginning on or after 1 January 2011. The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. Earlier adoption is permitted either for the entire standard or for the reduced disclosures for government-related entities.
- IFRIC 14 (amendment), "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction", is effective for annual periods beginning on or after 1 January 2011. The amendment removes unintended consequences arising from the treatment of pre-payments where there is a minimum funding requirement. The amendment also results in pre-payments of contributions in certain circumstances being recognised as an asset rather than an expense. It will apply from the beginning of the earliest comparative period presented. Earlier adoption is permitted.
- Annual Improvements to IFRSs 2010 (effective 1 January 2011) amendments effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34, IAS 1 and IFRIC 13.
- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.

Standards, amendments and interpretations not yet effective and not early adopted:

- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, "Income taxes - recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. Early adoption is permitted.
- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.
- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.
- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRIC 20, "Stripping costs in the production phase of a surface mine" is effective for annual periods beginning on or of 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.
- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.
- IAS 32 (amendment), "'Financial instruments: Presentation', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

The Group management does not foresee any material impact of adoption of the aforementioned standards and interpretations on the financial statements of the Group in the upcoming periods.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

B. CHANGES IN ACCOUNTING POLICIES

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The Group applied the Communiqué Serial XI, No. 29 regulated by the CMB effective from 1 January 2008. Within this scope, the comparative financial figures are reclassified and presented. The application of the Communiqué Serial XI, No. 29 caused no significant change in the accounting policies of the Group.

C. CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. The accounting estimates are not changed for the 1 January - 30 June 2012 period.

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarised below:

(a) Consolidation principles

Subsidiaries

The consolidated financial statements include the financial statements of the Company and its Subsidiary. Control is exercised when a company has power over financial and operational policies of a business with the purpose of benefiting from the business' operations.

In assessing control, the existing voting rights and convertibles are considered. The financial statements of subsidiaries, the date on which control power occurs till the end, are indicated in consolidated financial statements.

As of 30 June 2012 and 31 December 2011, details of the subsidiary and associate of the Group are as follows:

Company name	30 June 2012 Share in capital	31 December2011 Share in capital	Principal activity
EFG İstanbul Portföy Yönetimi A.Ş.	99.99%	99.99%	Portfolio Management

The balance sheet and statements of income of the subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity.

Where necessary, accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the Company.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Intercompany transactions and balances between the Company and the subsidiary are eliminated during consolidation. Subsidiary is consolidated from the date on which control is transferred to the Company and will no longer be consolidated from the date that control ceases.

(b) Revenue

(i) Fee and commission income and expenses

Portfolio management fees, mutual funds management fees, investment consulting income and fees from intermediary transactions are recorded as income or expense at the time the transactions to which they relate are made. Furthermore fund management, investment consulting fees, intermediary commissions and portfolio management commissions are recognized on an accrual basis.

(ii) Interest income and expense

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income includes coupons earned on fixed income investment securities and amortization of discounts on government bonds.

(c) Property and equipment

All property and equipment are carried at cost less depreciation (Note 9).

Depreciation is calculated on property and equipment using the straight-line method over their estimated useful lives as follows:

Furniture and fixtures	5 years
Leasehold improvements	10 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and impairments are recognized in the income statement.

Gains and losses on the disposal of property and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(d) Intangible assets

Intangible assets comprise acquired computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding five years from the date of acquisition (Note 10).

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

(e) Financial instruments

(i) Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or a dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists.

Trading securities are initially recognized at cost and are subsequently re-measured at fair value.

In assessing the fair value of the trading securities, the best bid price as of the balance sheet date is used.

All related realized and unrealized gains and losses, dividends received and interest earned whilst holding trading securities is reported as "Financial income" or "Financial expenses".

All regular way purchases and sales of trading securities are recognized at the settlement date, which is the date that the asset is delivered to/from the Group.

(ii) Investment securities

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Available-for-sale securities are initially recognized at cost. Available-for-sale investment debt and equity securities are subsequently measured at fair value, or amounts derived from cash flow models. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in the shareholders' equity, unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortized cost using the effective yield method, less any provision for impairment.

Interest earned whilst holding investment securities is reported as interest income. The dividends receivable is included separately in dividend income when a dividend is declared.

All purchases and sales of investment securities are recognized at the settlement date, which is the date that the asset is delivered to/from the Group.

(iii) Sale and repurchase agreements

Securities sold under sale and repurchase agreements ("repos") are retained in the financial statements and the counterparty liability is recorded as due to customers. Securities purchased under agreements to resell ("reverse repos") are recorded as reverse repo receivables on the cash and due from banks account, together with the difference between the sale and repurchase price, which is accrued evenly over the life of the agreement using the effective yield method.

(f) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using year-end exchange rates of Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated comprehensive income statement.

(g) Earnings per share

Earnings per share disclosed in these consolidated statements of comprehensive income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned (Note 21).

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

(h) Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Group adjusts its consolidated financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 25).

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(i) Finance leases - as lessee

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payment. Leased assets are included in the property and equipment and depreciation on the leased asset is charged to income on a straight-line basis over the useful life of the asset. Lease payments are treated as comprising of capital and interest elements; the capital element is treated as reducing the capitalized obligation under the lease, which is classified as the lease obligation, and the interest element is charged to consolidated comprehensive income.

(j) Related parties

For the purpose of these consolidated financial statements, the shareholders, key management personnel and Board members, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties (Note 22).

(k) Deferred tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 20).

(l) Employment termination benefits

Employment termination benefits, as required by the Turkish Labor Law, are recognized in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 12).

(m) Reporting of cash flows

For the purposes of cash flows statement, cash and cash equivalents include cash due from banks, trading and available-for-sale securities with original maturity periods of less than three months (Note 4).

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(n) Provision, commitments and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the financial statements and treated as contingent assets or liabilities (Note 11).

(o) Taxation on Corporate Income

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses (Note 20).

(p) Turkish Derivatives Exchange ("TurkDEX") operations

Margin amounts deposited to take position at TurkDEX are presented in other receivables. Gains or losses from the operations during the period are recorded in the income statement as other operating income/expenses. Open positions are valued by their market price. Gain and loss resulting from the valuation of open positions are presented in the other receivables after offsetting the paid commissions and interest income from the remaining margin amounts.

(r) Impairment of assets

Assets, except for financial assets, are subject to tests for indicators of impairment. If the carrying value of an asset is greater than its recoverable value then a provision for impairment is recognized. Net recoverable value is the higher of the net sales value or value in use. Value in use of an asset is estimated as the total of projected future cash inflows and salvage value at the end of the useful life of the asset.

E. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

3 - SEGMENT REPORTING

The Group does not prepare segment reporting as of 30 June 2012 since it performs its activities in Turkey and only in intermediary services sector.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

4 - CASH AND CASH EQUIVALENTS

	30 June 2012	31 December 2011
Cash	5,694	7,515
Cheques received	-	150,000
B type liquid fund shares (*)	2,192,396	845,067
Demand deposits (**)	614,725	1,058,449
	2,812,815	**2,061,031**
Time deposits (***)	47,716,726	67,087,291
Total cash and receivables from banks	**50,529,541**	**69,148,322**

(*) B type liquid fund shares include TL2,192,396 (31 December 2011: TL845,076) of fund shares that belong to customers but which are kept in the Group's own accounts.

(**) Demand deposits includes TL488,343 (31 December 2011: TL848,481) of bank deposit that belong to customers but which are kept in the Group's own accounts.

(***) As of 30 June 2012 the Group has no restricted deposits (As of 31 December 2011 time deposits include restricted deposits amounting to TL1,485,000 in Akbank A.Ş. for guarantee letters received.).

As of 30 June 2012 time deposits in TL have a weighted average interest of 10.96% (31 December 2011: 11.39%), and foreign currency time deposits are all in US$ and have a weighted average interest rate of 1.50% (31 December 2011: 1.50%).

Cash and cash equivalents of the Group are shown in cash flow statements in 30 June 2012 and 31 December 2011 by deducting customer's assets, restricted deposits and interest accruals:

	30 June 2012	31 December 2011
Cash and cash equivalents	50,529,541	69,148,322
Customer's assets	(2,680,739)	(1,693,548)
Interest accruals	(42,874)	(284,598)
Restricted deposits	-	(1,485,000)
	47,805,928	**65,685,176**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

5 - FINANCIAL INVESTMENTS

Short term financial investments

Financial assets at fair value through profit or loss	**30 June 2012**	**31 December 2011**
Government bonds and treasury bills	11,259,001	11,104,763
Shares certificates	798,217	-
Mutual funds (*)	449,527	418,270
	12,506,745	**11,523,033**

(*) Mutual fund shares include TL98,697 (31 December 2011: TL81,004) fund shares that belong to customers but which are kept in the Group's own accounts.

As of 30 June 2012 the securities portfolio include government bonds amounting to TL11,259,001 (31 December 2011: TL11,104,763) with a nominal value of TL7,509,000 (31 December 2011: TL7,509,000) that are given as collateral to comply with the guarantee and blockage commitments required by Money Market.

The securities portfolio has an average interest of 9.03% (31 December 2011: 9.03%).

Long term financial investments

Available-for-sale financial assets	**30 June 2012**	**31 December 2011**
İMKB Takas ve Saklama Bankası A.Ş.	8,480	8,480
	8,480	**8,480**

6 - OTHER FINANCIAL LIABILITIES

	30 June 2012	**31 December 2011**
Liabities due to short sellling (*)	-	219,366
	-	**219,366**

(*) As of 31 December 2011 liability amounting to TL219,366 comes from short selling transaction among Türkiye Halk Bankası A.Ş. common stocks with nominal amount of 22,069.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

7 - TRADE RECEIVABLES AND PAYABLES

	30 June 2012	31 December 2011
Short term trade receivables		
Due from customers	171,812	54,048
Commission income accrual	57,617	23,148
Service fee income accrual	37,342	18,253
Consultancy fee accrual	19,571	104,892
Advances given	8,547	-
Due from loan customers	-	12,163
Doubtful trade receivables	2,907,422	2,907,422
Allowance for doubtful receivables	(2,907,422)	(2,907,422)
	294,889	**212,504**

	30 June 2012	31 December 2011
Short term trade payables		
Due to customers (*)	2,779,436	1,774,552
Short term other trade payables	118,141	461,222
	2,897,577	**2,235,774**

(*) Due to customers includes TL488,343 (31 December 2011: TL848,481) of bank deposits and TL2,291,093 (31 December 2011: TL926,071) of fund shares that belong to customers but which are kept in the Group's own accounts.

8 - OTHER RECEIVABLES AND PAYABLES

	30 June 2012	31 December 2011
Other short term receivables		
Receivables from TurkDEX	7,447,228	7,039,794
Advances given to personnel	4,775	4,132
Receivables from share certificate lending transactions	2,023	242,000
	7,454,026	**7,285,926**
Other long term receivables		
Deposits and guarantees given	857,219	768,849
	857,219	**768,849**
Other short term payables		
Taxes and duties payable	692,400	569,747
	692,400	**569,747**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

9 - PROPERTY AND EQUIPMENT

31 December 2011	Leasehold improvements	Motor vehicles	Furniture and fixtures	Total
Net book value, 1 January 2011	1,817,097	130,476	875,113	2,822,686
Additions	-	-	221,235	221,235
Disposals, (net) (-)	-	-	-	-
Depreciation charge (-)	215,892	53,611	294,666	564,169
Net book value	**1,601,205**	**76,865**	**801,682**	**2,479,752**
Cost	2,158,929	268,052	1,941,200	4,368,181
Accumulated depreciation (-)	557,724	191,187	1,139,518	1,888,429
Net book value	**1,601,205**	**76,865**	**801,682**	**2,479,752**
30 June 2012				
Net book value, 1 January 2012	1,601,205	76,865	801,682	2,479,752
Additions	-	-	3,025	3,025
Disposals, (net) (-)	-	49,748	-	49,748
Depreciation charge (-)	107,946	21,569	163,456	292,971
Net book value	**1,493,259**	**5,548**	**641,251**	**2,140,058**
Cost	2,158,929	110,950	1,944,225	4,214,104
Accumulated depreciation (-)	665,670	105,402	1,302,974	2,074,046
Net book value	**1,493,259**	**5,548**	**641,251**	**2,140,058**

The net book values of property and equipment approximate their fair values.

10 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	31 December 2011
Cost	1,089,293	71,225	-	1,160,518
Accumulated amortization (-)	405,393	189,816	-	595,209
Net book value	**683,900**	**(118,591)**	**-**	**565,309**

	1 January 2012	Additions	Disposals	30 June 2012
Cost	1,160,518	192,225	-	1,352,743
Accumulated amortization (-)	595,209	107,920	-	703,129
Net book value	**565,309**	**84,305**	**-**	**694,614**

The net book values of intangible assets approximate their fair values.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
Short term provisions		
Provision for lawsuits (*)	-	32,609
	-	**32,609**

(*) As of 31 December 2011 provision for lawsuits amounting to TL32,609 consists of provisions for reemployment lawsuits.

The letters of guarantees given to third parties are as follows:

	30 June 2012	31 December 2011
Letters of guarantees given	133,284,249	173,748,359
	133,284,249	**173,748,359**

In addition, as of 30 June 2012 the Group held share certificates with nominal value of TL83,216,820 (31 December 2011: TL94,751,652) and 10,097 (31 December 2011: 27,092) future contracts in custody for its customers.

12 - PROVISION FOR EMPLOYEE BENEFITS

	30 June 2012	31 December 2011
Short term employee benefits		
Personnel bonus provision	2,030,300	4,340,000
Unused vacation provision	496,219	528,376
	2,526,519	**4,868,376**
Long term employee benefits		
Provision for employment termination benefits	554,433	553,967
	554,433	**553,967**

The provision for employment termination benefits is reserved in line with the explanations below:

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month’s salary limited to a maximum of TL2,917 (31 December 2011: TL2,732) for each period of service at 30 June 2012.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

IAS 19 requires actuarial valuation methods to be developed to estimate the provision for employment termination benefits. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	30 June 2012	**31 December 2011**
Discount rate (%)	4.66	4.66
Turnover rate to estimate the probability of retirement (%)	100	100

Additionally, the principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation.

Movements in the reserve for employment termination benefits during the current year are as follows:

	30 June 2012	**31 December 2011**
Opening balance	553,967	395,965
Service cost	48,305	88,192
Interest cost	22,702	38,574
Charge for the year	-	49,338
Employee termination benefit paid (-)	70,541	18,102
	554,433	**553,967**

13 - OTHER ASSETS AND LIABILITIES

Short term other assets	**30 June 2012**	**31 December 2011**
Prepaid taxes	576,182	1,363,559
Prepaid expenses	540,509	523,406
Income accruals	39,221	3,535
	1,155,912	**1,890,500**

Long term other assets

Prepaid expenses	17,420	34,838
	17,420	**34,838**

Short term other liabilities

Expense accruals	60,365	47,589
	60,365	**47,589**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

14 - SHAREHOLDERS' EQUITY

Share capital

The share capital of the Company is TL8,450,000 (31 December 2011: TL8,450,000) and consists of 845,000,000 (31 December 2011: 845,000,000) authorized shares with a nominal value of 1 Kr each.

As of 30 June 2012 and 31 December 2011 the issued and fully paid-in share capital held is as follows:

	30 June 2012		31 December 2011	
Shareholders	**TL**	**Pay %**	**TL**	**Pay %**
Eurobank Tekfen A.Ş.	8,449,999.95	100	8,449,999.95	100
Other	0.05	-	0.05	-
	8,450,000	**100**	**8,450,000**	**100**
Adjustment to share capital	25,355,592		25,355,592	
Total paid-in share capital	**33,805,592**		**33,805,592**	

According to the Board of Directors Decision No: 58, dated 16 June 2010, the shares of Eurobank Tekfen A.Ş. amounting to TL0.01 have been transferred to the Company's new partner, EFG Finansal Kiralama A.Ş..

Moreover, according to the Board of Directors Decision No: 59, dated 17 June 2010, one of the Company's partners, EFG Securities Investment Firm S.A. has merged with another partner of the Company, EFG Telesis Finance Investment Firm, and together formed a new company under the name EFG Eurobank Equities Investment Firm and the total amount of shares has not been changed.

According to the Board of Directors Decision No:27, dated 15 December 2011, the shares of Eurobank EFG Asset Management Investment Firm S.A. amounting TL0.01 have been transferred to the Company's new partner, Eurobank EFG Mutual Fund Management Company SA.

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital due to the inflation adjustments.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

In accordance with the CMB Financial Reporting Standards these amounts that mentioned above shall be classified in "Restricted reserves". As of 30 June 2012 restricted reserve of the Company is TL7,608,187 (31 December 2011: TL5,908,187).

14 - SHAREHOLDERS' EQUITY (Continued)

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "Accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

Under the resolution of General Assembly dated 13 June 2008 and published in the Official Gazette numbered 7089 on 23 June 2008, after legal reserves allocation the remaining profit from the operations of year 2007 will not be distributed but eliminated from "Accumulated deficit", and the remaining amount of the accumulated deficit will be eliminated from extraordinary reserves and legal reserves in turn. Based on this resolution, the Company eliminated accumulated deficit in its statutory records amounting to TL21,200,931, first from profits from the operations of 2007 TL16,997,305, then from the extraordinary reserves TL4,203,626.

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, emission premiums, Legal reserves, Special reserves and Extraordinary reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "Equity inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could be utilised at bonus capital increases and offsetting accumulated losses, carrying amount of extraordinary reserves could be utilised in bonus capital increases, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué Serial: XI, No: 29 which became effective as of 1 January 2008 and according to the CMB's announcements clarifying the said Communiqué, "Share capital", "Restricted reserves allocated from profit" and "Share premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising from the valuation of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital";

- if the difference is arising from valuation of "Restricted reserves" and "Share premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings",

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

14 - SHAREHOLDERS' EQUITY (Continued)

Restricted reserves

	30 June 2012	31 December 2011
First legal reserves	3,406,787	3,406,787
Second legal reserves	4,201,400	2,501,400
Restricted reserves	**7,608,187**	**5,908,187**

Additionally, pursuant to CMB decision with no 7/242 and dated 25 February 2005, the whole amount of the profit distribution amount, which is calculated over the net distributable profit, determined according to the CMB regulations, in accordance with the CMB regulations regarding minimum profit distribution liability, shall be distributed, if all of this amount can be covered by the distributable profit included in the legal records; on the other hand, if the whole of this amount cannot be met, the whole of the net distributable profit included in the legal records shall be distributed. In case period losses exist in the financial statements, prepared according to the CMB regulations, and in any one of the legal records, profit distribution shall not be performed.

30 June 2012 and 31 December 2011 revaluation fund is as follows;

	30 June 2012	31 December 2011
Revaluation fund for financial assets	7,198	7,198
	7,198	**7,198**

15 - SALES AND COST OF SALES

	1 January - 30 June 2012	1 April- 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Sales	**3,626,499,276**	**1,853,259,635**	**2,745,840,792**	**1,420,711,901**
Equity share sales	3,626,499,276	1,853,259,635	2,745,840,792	1,420,711,901
Services	**7,867,204**	**4,041,503**	**19,377,710**	**9,136,488**
Intermediary commissions on equity share transactions	3,546,699	1,673,977	8,646,780	3,178,942
Intermediary commissions on future contract transactions	2,589,968	1,539,809	6,020,982	2,315,472
Investment consultancy income	1,353,112	626,848	4,162,770	3,315,819
Custody commissions	283,273	152,389	229,720	107,586
Mutual funds management fee income	72,166	35,309	170,874	95,719
Portfolio management fee income	18,325	11,204	114,325	106,750
Mutual funds intermediary commission	3,661	1,967	32,259	16,200
Deductions from services income (-)	**56,563**	**50,228**	**12,291**	**8,663**
Commission returns (-)	56,563	50,228	12,291	8,663
Other income from operating activities	**110,034**	**142,940**	**130,421**	**106,524**
Profit on future contract sales	110,034	142,940	130,421	106,524
Total sales revenue	**3,634,419,951**	**1,857,393,850**	**2,765,336,632**	**1,429,946,250**
Cost of sales (-)	**3,625,832,755**	**1,852,800,384**	**2,745,292,670**	**1,420,492,361**
Cost of equity share sales (-)	3,625,832,755	1,852,800,384	2,745,292,670	1,420,492,361
Net operating revenue	**8,587,196**	**4,593,466**	**20,043,962**	**9,453,889**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

16 - EXPENSES BY NATURE

Marketing expenses	**1 January - 30 June 2012**	**1 April- 30 June 2012**	**1 January - 30 June 2011**	**1 April - 30 June 2011**
Membership and subscription fees	836,319	447,345	1,081,705	510,014
	836,319	**447,345**	**1,081,705**	**510,014**

General administrative expenses				
Personnel expenses	7,515,708	4,193,944	10,508,426	4,834,077
Communication expenses	1,063,718	501,662	856,382	412,168
Rent expense	603,927	306,424	515,453	265,752
Depreciation and amortization expenses (Note 9 and 10)	400,891	201,407	372,990	187,193
Sundry taxes and duties	356,199	182,513	460,935	207,215
Audit and consultancy fees	260,417	152,751	212,450	86,709
Accommodation, transportation and travel expenses	185,268	99,244	507,572	234,091
Representation expenses	111,420	84,405	232,319	185,171
Other	531,965	288,190	619,176	281,278
	11,029,513	**6,010,540**	**14,285,703**	**6,693,654**

17 - OTHER OPERATING INCOME/EXPENSES

Other operating income	**1 January - 30 June 2012**	**1 April- 30 June 2012**	**1 January - 30 June 2011**	**1 April - 30 June 2011**
Income from sales of property and equipment	94,447	94,447	-	-
Other	48,426	-	20,598	10,429
	142,873	**94,447**	**20,598**	**10,429**

Other operating expenses				
Customer transaction differences expenses (net)	324,400	56,997	362,981	194,999
Disallowable expenses	11,043	3,081	11,948	5,893
Other	10,439	10,431	-	-
	345,882	**70,509**	**374,929**	**200,892**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

18 - FINANCIAL INCOME

	1 January - 30 June 2012	1 April- 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Interest income from time deposits	3,588,563	1,548,465	9,207,642	5,137,469
Interest income from marketable securities	695,341	258,202	389,664	385,579
Interest income from future contracts	357,852	183,740	246,123	139,274
Foreign exchange gain	85,813	82,173	467,436	420,702
Dividend income	925	925	16,550	16,550
Other interest income	13,871	7,262	40,940	37,850
	4,742,365	**2,080,767**	**10,368,355**	**6,137,424**

19 - FINANCIAL EXPENSES

	1 January - 30 June 2012	1 April- 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Foreign exchange loss	343,600	-	12,018	4,189
Interest expenses to Money Markets	311,633	-	4,943,846	2,830,737
Letter of guarantees commission expenses	55,545	9,585	456,854	225,030
Share certificate lending transactions commission expenses	20,328	11,781	23,724	13,439
Interest expenses to borrowings	353	353	1,309	-
Other interest and commission expenses	36,736	17,474	42,812	29,492
	768,195	**39,193**	**5,480,563**	**3,102,887**

20 - TAX ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
Corporate tax payable	-	1,911,662
Prepaid taxes	(576,182)	(3,275,221)
Tax asset, net	**(576,182)**	**(1,363,559)**
Current year tax expense	-	1,911,662
Deferred tax expense/(income)	96,883	(15,147)
	96,883	**1,896,515**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

20 - TAX ASSETS AND LIABILITIES (Continued)

Expected income tax reconciliation using the Group's statutory tax rate:

	30 June 2012
Statutory loss before tax	(1,851,122)
Effect of adjustments given on statutory loss	2,343,647
Additions	39,824
Income exempt from taxation	(6,718)
Statutory loss before tax	**(1,818,016)**

	31 December 2011
Profit before tax	9,227,963
Theoretical income tax at the applicable tax rate of 20%	1,845,593
Additions	65,205
Income exempt from taxation	(14,283)
Current year tax expense	**1,896,515**

Many clauses of Corporate Tax Law No.5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2012 (2011: 20%). The corporate tax rate is calculated on the total income of the Group after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

20 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

As of 30 June 2012 and 2011 current tax expense is as follows:

	30 June 2012	30 June 2011
Current year tax expense	-	1,944,795
Deferred tax (income)/expense	96,883	(138,528)
	96,883	**1,806,267**

Deferred taxes

	30 June 2012	31 December 2011
Deferred tax assets	989,728	1,090,990
Deferred tax liabilities	(121,943)	(126,322)
Deferred tax assets, net	**867,785**	**964,668**

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between its financial statements as reported for CMB Accounting Standards and its statutory tax financial statements.

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming periods under the liability method is 20% (31 December 2011: 20%).

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 30 June 2012 and 31 December 2011 calculated using the enacted tax rates, are as follows:

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

20 - TAX ASSETS AND LIABILITIES (Continued)

	30 June 2012		31 December 2011	
	Cumulative temporary difference	Deferred tax assets/ liabilities	Cumulative temporary difference	Deferred tax assets/ liabilities
Tax deductable loss	1,819,785	363,957	-	-
Personnel bonus provision	2,030,300	406,060	4,340,000	868,000
Provision for employment termination benefits	554,433	110,887	553,967	110,793
Unused vacation provision	496,219	99,244	528,376	105,675
Expense accruals	47,900	9,580	32,609	6,522
Deferred tax assets		**989,728**		**1,090,990**
Difference between tax base and carrying value of tangible and intangible assets	596,108	119,222	608,552	121,710
Valuation difference on securities	8,018	1,604	23,058	4,612
Income accruals	5,586	1,117	-	-
Deferred tax liabilities		**121,943**		**126,322**
Deferred tax assets, net		**867,785**		**964,668**

The Group's tax losses carried forward and last deduction dates are as follows:

	Tax loss carry forwards	Last deduction date
2011	1,769	31 December 2016
2012	1,818,016	31 December 2017
	1,819,785	

21 - EARNINGS PER SHARE

Earnings per share are calculated through division of net profit to weighted average number of shares.

	1 January - 30 June 2012	1 April- 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2011
Profit attributable to equity holders	395,642	177,064	7,403,748	4,088,182
Weighted average number of ordinary shares in issue	845,000,000	845,000,000	845,000,000	845,000,000
Earnings per share (Kr)	**0.05**	**0.02**	**0.88**	**0.48**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
Deposits due from related parties		
Eurobank Tekfen A.Ş.	48,322,026	66,561,718
	48,322,026	**66,561,718**
Financial investments from related parties		
Eurobank Tekfen A.Ş. Mutual Funds	2,192,396	845,067
EFG İstanbul Equties Menkul Değerler A.Ş. Mutual Funds	449,527	418,270
	2,641,923	**1,263,337**
Receivables from related parties		
Eurobank Tekfen A.Ş. Mutual Funds	6,821	12,521
EFG İstanbul Equties Menkul Değerler A.Ş. Mutual Funds	5,859	7,670
Advances given to personnel	4,775	4,132
Eurobank Tekfen A.Ş.	602	1,108
Eurobank EFG Fund Management Luxemburg	-	58,329
	18,057	**83,760**
Payables to related parties		
Payables to personnel	8,300	-
Eurobank Tekfen A.Ş.	1,319	1,507
Euro World Travel Ltd.Şti.	-	15,171
	9,619	**16,678**

b) As of 30 June 2012 and 2011 the interest and service income from related parties are as follows:

	1 January - 30 June 2012	1 January - 30 June 2011
Interest income from related parties		
Eurobank Tekfen A.Ş.	3,574,641	159,436
	3,574,641	**159,436**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

22 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Service income from related parties	1 January - 30 June 2012	1 January - 30 June 2011
EFG Eurobank Securities S.A.	537,428	203,467
EFG İstanbul Equties Menkul Değerler A.Ş. Mutual Funds	42,112	113,881
Eurobank Tekfen A.Ş. Mutual Funds	40,270	115,484
Eurobank EFG Fund Management Company (Luxemburg) S.A.	5,645	49,843
Eurobank Tekfen A.Ş.	3,661	32,259
EFG Eurobank Ergasias S.A.	-	10
	629,116	**514,944**

c) As of 30 June 2012 and 2011 the interest and service expenses to related parties are as follows:

Interest expense to related parties	1 January - 30 June 2012	1 January - 30 June 2011
Eurobank Tekfen A.Ş.	353	1,309
	353	**1,309**
Service expense to related parties		
EFG Eurobank Ergasias S.A.	12,500	75,000
EFG Capital International Corp.	-	66,250
Eurobank Tekfen A.Ş.	8,141	11,237
	20,641	**152,487**

d) Salaries and other benefits paid to the Board of Directors and top management:

Total salaries and benefits paid to members of the Board of Directors, general manager, assistant general managers and other top management amount to TL2,353,713 (30 June 2011: TL2,273,421).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

i, Informations on credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

	Trade Receivables		Other Receivables			
30 June 2012	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits (*)**	**Finansal investments (**)**
Maximum credit risk exposure as of the financial statements date	**13,282**	**281,607**	**4,775**	**8,306,470**	**50,523,847**	**12,515,225**
Net book value of financial assets which are neither past due nor impaired	13,282	281,607	4,775	8,306,470	50,523,847	12,515,225
Net book value of impaired financial assets	-	-	-	-	-	-
- Past due financial assets (Gross)		2,907,422				
- Impairment charge (-)	-	(2,907,422)	-	-	-	-
- Collateralized portion of the net exposure	-	-	-	-	-	-

(*) Deposits include related party deposits from Eurobank Tekfen A.Ş. amounting to TL48,322,026 and B type Liquid Fund whose founder is Eurobank Tekfen A.Ş. amounting to TL2,192,396.

(**) Financial instruments include mutual funds founded by related parties amounting to TL449,527.

	Trade Receivables		Other Receivables			
31 December 2011	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits (*)**	**Finansal investments (**)**
Maximum credit risk exposure as of the financial statements date	**79,628**	**132,876**	**4,132**	**8,050,643**	**69,140,807**	**11,531,513**
Net book value of financial assets which are neither past due nor impaired	79,628	132,876	4,132	8,050,643	69,140,807	11,531,513
Net book value of impaired financial assets	-	-	-	-	-	-
- Past due financial assets (Gross)	-	2,907,422	-	-	-	-
- Impairment charge (-)	-	2,907,422	-	-	-	-
- Collateralized portion of the net exposure	-	-	-	-	-	-

(*) Bank deposits include related party deposits from Eurobank Tekfen A.Ş. amounting to TL66,561,718 and B Type Liquid Fund whose founder is Eurobank Tekfen A.Ş. amounting to TL845,067.

(**) Financial instruments include mutual funds founded by related parties amounting to TL418,270.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL RISK MANAGEMENT (Continued)

For the purposes of the table above, collaterals and other guarantees which increase the collectibility of the financial asset are not taken into account. As of 30 June 2012 all of the financial assets at fair value through profit or loss of the Group are government bonds and treasury bills issued by the Republic of Turkey Prime Ministry Undersecretariat of Treasury and has been rated as "Ba1" by the Moody's, one of the global rating agencies.

ii, Information on liquidity risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk. The Group manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The Group does not have any derivative financial liabilities. The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of and 30 June 2012 and 31 December 2011.

	30 June 2012						
	Carrying value	**Up to 1 month**	**1 to -3 month**	**3 months to 1 year**	**1 to 5 years**	**Demand**	**Total of contractual cash flows**
Trade payables	2,897,577	118,141	-	-	-	2,779,436	2,897,577
Other payables	692,400	692,400	-	-	-	-	692,400
Total liabilities	**3,589,977**	**810,541**	**-**	**-**	**-**	**2,779,436**	**3,589,977**

	31 December 2011						
	Carrying value	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Demand**	**Total of contractual cash outflows**
Other financial liabilities	219,366	219,366	-	-	-	-	219,366
Trade payables	2,235,774	272,620	188,602	-	-	1,774,552	2,235,774
Other payables	569,747	569,747	-	-	-	-	569,747
Total liabilities	**3,024,887**	**1,061,733**	**188,602**	**-**	**-**	**1,774,552**	**3,024,887**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL RISK MANAGEMENT (Continued)

iii, Information on market risk

Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Group at 30 June 2012 and 31 December 2011 in original currency and total TL equivalents are as follows:

	30 June 2012				31 December 2011			
	TL Equivalent	USD	EUR	GBP	TL Equivalent	USD	EUR	GBP
Trade receivables	4,878	2,700	-	-	21,627	-	8,850	-
Financial assets	5,827,157	3,225,489	137	-	6,130,699	3,223,876	137	13,982
Total assets	**5,832,035**	**3,228,189**	**137**		**6,152,326**	**3,223,876**	**8,987**	**13,982**
Trade payables	488,343	270,153	137	-	863,651	440,970	6,345	5,210
Total liabilities	**488,343**	**270,153**	**137**	**-**	**863,651**	**440,970**	**6,345**	**5,210**
Net foreign currency assets	**5,343,692**	**2,958,036**	**-**	**-**	**5,288,675**	**2,782,906**	**2,642**	**8,772**

The table below shows the sensitivity of the Group to a 10% change in USD, EUR and other currencies exchange rates. The amounts below represent the effect on income statement in the case of a 10% increase/decrease in USD, EUR and GBP against TL. In this analysis it was assumed that all other factors especially interest rates remains constant.

	30 Janurary 2012	31 December 2011
USD net assets/(liabilities)	534,369	525,663
EUR net assets/(liabilities)	-	2,559
GBP net assets/(liabilities)	-	646
Total	**534,369**	**528,868**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

	30 June 2012	31 December 2011
Financial instruments with variable interest rates		
Financial instruments		
- Financial assets at fair value through profit/loss	11,259,001	11,104,763

The profit before tax of the Group from the financial asset valuation will decrease by TL168,170 (31 December 2011: TL231,267) and increase by TL173,028 (31 December 2011: TL239,126) in the case of a 1% decrease/increase in TL market interest rates with all other factors remaining constant as of 30 June 2012.

Price risk

Equity shares on the Group's balance sheet which are reflected to financial assets at fair value through profit/loss classified as financial instruments are completely traded on ISE. According to the analysis the profit before tax of the Group will decrease/increase by TL39,911 in the case of a 5% decrease/increase in ISE National Index with all other factors remining constant as of 30 June 2012 (31 December 2011: None).

iv, Share capital management

The Group's objectives when managing capital is to decrease the investment risk through portfolio diversification. The Group tries to provide returns for shareholders, preserve and increase the value of its portfolio. In order to add value to its portfolio, the Group invests in high yielding marketable securities and other financial instruments, monitors the developments in capital markets, other financial institutions and modifies its portfolio strategy accordingly.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24 - FINANCIAL INSTRUMENTS

Fair value of the financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets:

The fair values of certain financial assets carried at cost, including cash and due from banks, are considered to approximate their respective carrying values.

The fair values of financial assets designated at fair value through profit/loss, trading and available-for-sale securities are determined by reference to the market value.

Financial liabilities:

The fair value of monetary liabilities is considered to approximate their respective carrying values.

The fair values and carrying values of financial asset and liabilities of the Group are as follows:

	30 June 2012		31 December 2011	
	Fair value	**Carrying value**	**Fair value**	**Carrying value**
Cash and cash equivalents	51,026,399	50,529,541	70,652,060	69,148,322
Financial investments	12,515,225	12,515,225	11,531,513	11,531,513

Fair values of financial assets and liabilities are determined as follows:

- Level 1: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.

- Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.

- Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

24 - FINANCIAL INSTRUMENTS (Continued)

Financial assets carried at fair value:

30 June 2012

	Level 1	**Level 2**	**Level 3**
Government bonds	11,259,001	-	-
Equity shares	798,217	-	-
Mutual funds	449,527	-	-
	12,506,745	**-**	**-**

31 December 2011

	Level 1	**Level 2**	**Level 3**
Government bonds	11,104,763	-	-
Mutual funds	418,270	-	-
	11,523,033	**-**	**-**

25 - SUBSEQUENT EVENTS

Until 23 July 2012, the ultimate parent of the Group Eurobank Ergasias S.A. ("Eurobank") was a member of the EFG Group, the operating parent company of which is "European Financial Group EFG (Luxembourg) S.A.". On 23 July 2012, 43.55% out of 44.70% held by EFG Group, was transferred to ten independent legal entities, each of which acquired 4.4%. As a result, from 23 July 2012 onwards, Eurobank has ceased to belong to the EFG Group, is not included in its consolidated financial statements and operates as an independent company, not controlled by any (one or more) individuals or legal entities. In accordance with the above and following the resolution of the Annual Shareholders Meeting held on 29 June 2012, the corporate name and trade name of Eurobank, was amended on 2 August 2012, so as no longer include the EFG suffix.

26 - DISCLOSURE OF OTHER MATTERS

a) Convenience translation of financial statements originally issued in Turkish

The accounting principles described in Note 2 to the financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

b) Capital management and capital adequacy requirements

The Group describes and manages its capital in accordance with the Communiqué of Principles regarding Capital and Capital Adequacy of the Brokerage Companies, Serial: V No: 34, In accordance with the said Communiqué, capital of the brokerage companies are the amounts representing the part of the net assets which is covered by the partnership, according to the financial statements prepared as of the valuation date. The initial capital amount that is required for intermediary activity is TL832,000 for the period ending 30 June 2012 (1 January - 31 December 2011: TL815,000). Furthermore, brokerage companies are required to increase their capital at the rates stated below for each type of capital market activity they conduct. Total capital requirement of the Group in this context is TL2,087,000 (31 December 2011: TL2,045,000).

a) 50% of the initial capital is required for public offering intermediary activities,

b) 50% of the initial capital is required for marketable security repurchase and resale activities,

c) 40% of the initial capital is required for portfolio management activities,

d) 10% of the initial capital is required for investment consultancy activities,

In accordance with the Article 4 of Communiqué Serial: V No 34, the capital adequacy bases of the brokerage companies represent the amounts calculated by deducting the net amounts of the tangible and intangible assets, financial assets net of the impairment provisions and capital commitments, and other assets excluding those listed in stock exchanges and other organized markets, unsecured receivables from the staff, shareholders, investments in associates, subsidiaries and people or entities directly or indirectly related to the firm in respect of capital, management and audit, even if they bear client status, and amounts of capital market instruments issued by these people and entities which are not listed in stock exchanges and other organized markets from the shareholders' equity.

In accordance with article 8 of Communiqué Serial: V No 34 the Capital adequacy bases of brokerage companies cannot be lower than any of the following; minimum capital requirement according to the market activity they conduct as explained above, risk amount calculated in accordance with the stated Communiqué and operating expenses of the three months prior to the valuation date.

As of 30 June 2012 and 31 December 2011 the Group has met the relevant requirements of capital adequacy.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

26 - DISCLOSURE OF OTHER MATTERS (Continued)

c) Fund management activity

The Group has been managing five mutual funds in accordance with CMB regulations (31 December 2011: 5) and charges fund management fee. As of 30 June 2012, total fund management fee income amounts to TL72,166 (30 June 2011: TL170,874)

The details of daily management fee commission rates and net assets values for each fund is as follows:

	30 June 2012		31 December 2011	
Fund name	**Commission rate (%)**	**Fund value**	**Commission rate (%)**	**Fund value**
Eurobank Tekfen A.Ş. B Tipi Likit Fon	0.00300	16,223,249	0.00750	12,953,518
Eurobank Tekfen A.Ş. B Tipi Altın Fonu	0.00450	7,278,817	0.00450	9,626,212
EFG İstanbul Equities Menkul Değerler A.Ş. A Tipi Hisse Senedi Fonu (Formerly known as "EFG İstanbul Menkul Değerler A.Ş. A Tipi Hisse Senedi Fonu")	0.01000	1,494,821	0.01000	1,517,354
Eurobank Tekfen A.Ş. B Tipi Değişken Fon	0.00800	461,059	0.00800	734,011
EFG İstanbul Equities Menkul Değerler A.Ş. B Tipi Uzun Vadeli Tahvil ve Bono Fonu (Formerly known as "EFG İstanbul Menkul Değerler A.Ş. B Tipi Uzun Vadeli Tahvil ve Bono Fonu")	0.00800	474,713	0.00800	460,825
		25,932,659		**25,291,920**

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