

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2010
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying financial statements of EFG İstanbul Menkul Değerler A.Ş. ("the Company") which comprise the balance sheet as of 31 December 2010 and comprehensive income statement, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of EFG İstanbul Menkul Değerler A.Ş. as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board (See Note 2).

Additional Paragraph for Convenience Translation into English

5. The accounting principles described in Note 2 (defined as “Capital Markets Board Accounting Standards”) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying 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

Talar Gül, SMMM
Partner

İstanbul, 9 March 2011

EFG İSTANBUL MENKUL DEĞERLER A.Ş

CONTENTS		PAGE
BALANCE SHEET.....		1
COMPREHENSIVE INCOME STATEMENT		2
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		3
CASH FLOWS STATEMENT		4
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS		5-36
NOTE 1	ORGANISATION AND NATURE OF OPERATIONS	5
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	5-12
NOTE 3	SEGMENT REPORTING.....	12
NOTE 4	CASH AND CASH EQUIVALENTS.....	12
NOTE 5	FINANCIAL INVESTMENTS	13
NOTE 6	FINANCIAL LIABILITIES	13-14
NOTE 7	OTHER FINANCIAL LIABILITIES	14
NOTE 8	TRADE RECEIVABLES AND PAYABLES	14-15
NOTE 9	OTHER RECEIVABLES AND PAYABLES	15
NOTE 10	PROPERTY AND EQUIPMENT	16
NOTE 11	INTANGIBLE ASSETS.....	16
NOTE 12	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	17
NOTE 13	COMMITMENTS	17-18
NOTE 14	PROVISION FOR EMPLOYEE BENEFITS	18-19
NOTE 15	OTHER ASSETS AND LIABILITIES	19
NOTE 16	SHAREHOLDER'S EQUITY.....	20-22
NOTE 17	SALES AND COST OF SALES	23
NOTE 18	EXPENSES BY NATURE	23
NOTE 19	OTHER INCOME/EXPENSES	24
NOTE 20	FINANCIAL INCOME.....	24
NOTE 21	FINANCIAL EXPENSES	24
NOTE 22	TAX ASSETS AND LIABILITIES	25-26
NOTE 23	EARNINGS PER SHARE	27
NOTE 24	BALANCES AND TRANSACTIONS WITH RELATED PARTIES	27-28
NOTE 25	FINANCIAL RISK MANAGEMENT	29-32
NOTE 26	FINANCIAL INSTRUMENTS.....	33-34
NOTE 27	SUBSEQUENT EVENTS.....	34
NOTE 28	DISCLOSURE OF OTHER MATTERS.....	35-36

EFG İSTANBUL MENKUL DEĞERLER A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
AUDITED BALANCE SHEETS AT 31 DECEMBER 2010 AND 31 DECEMBER 2009
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

	Notes	31 December 2010	31 December 2009
ASSETS			
Current assets		207.100.219	109.084.281
Cash and cash equivalents	4	184.020.660	88.317.098
Financial investments	5	13.651.342	17.430.660
Trade receivables	8	2.853.303	499.978
Other receivables	9	6.024.822	2.154.430
Other current assets	15	550.092	682.115
Non-current assets		6.219.551	6.114.009
Other receivables	9	1.681.644	1.930.203
Financial investments	5	8.480	8.480
Property and equipment (net)	10	2.822.686	3.243.326
Intangible assets (net)	11	683.900	257.715
Deferred tax assets	22	949.521	674.285
Other non-current assets	15	73.320	-
Total assets		213.319.770	115.198.290
LIABILITIES			
Current liabilities		108.900.500	22.179.571
Financial liabilities	6	98.449.229	15.212.885
Other financial liabilities	7	16.969	226
Trade payables	8	4.554.833	2.374.628
Other payables	9	708.365	1.013.966
Current income tax liabilities	22	201.310	-
Provisions	12	97.880	97.880
Provisions for employee benefits	14	4.813.832	3.365.139
Other liabilities	15	58.082	114.847
Non-current liabilities		395.965	315.163
Financial liabilities	6	-	420
Provisions for employee benefits	14	395.965	314.743
Equity		104.023.305	92.703.556
Share capital	16	8.450.000	8.450.000
Adjustment to share capital	16	25.355.592	25.355.592
Revaluation fund	16	7.198	7.198
Restricted reserves	16	3.408.187	3.408.187
Retained earnings		55.482.579	42.973.088
Net income for the period		11.319.749	12.509.491
Total liabilities and equity		213.319.770	115.198.290
Contingent assets and liabilities	12		
Commitments	13		

The financial statements for the period ended 31 December 2010 have been approved by the Board of Directors on 9 March 2011. General Assembly has the power to amend the financial statements.

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

EFG İSTANBUL MENKUL DEĞERLER A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
AUDITED COMPREHENSIVE INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

	Notes	31 December 2010	31 December 2009
Net sales	17	3.925.570.342	833.357.048
Sales		3.892.981.246	803.266.304
Services income		33.790.960	30.145.584
Deductions from services income (-)		24.338	15.569
Other expenses from operating activities (-)		1.177.526	39.271
Cost of sales (-)	17	3.890.529.749	802.228.220
Gross profit		35.040.593	31.128.828
Marketing, selling and distribution expenses (-)	18	2.091.795	1.269.559
General administrative expenses (-)	18	25.528.911	22.697.152
Other operating income	19	22.854	125.642
Other operating expenses (-)	19	1.000.477	301.346
Operating profit		6.442.264	6.986.413
Financial income	20	15.620.655	9.532.560
Financial expenses (-)	21	7.904.300	885.958
Profit before tax from continuing operations		14.158.619	15.633.015
Tax expense from continuing operations			
- Tax expense	22	3.114.106	2.525.866
- Deferred tax (income)/expense	22	(275.236)	597.658
Profit from continuing operations		11.319.749	12.509.491
Other comprehensive income		-	-
Total comprehensive income		11.319.749	12.509.491
Earnings per share	23	1,34	1,48

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

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED STATEMENTS OF
CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

	Notes	Share capital	Adjustment to share capital	Revaluation fund	Restricted reserves	Retained earning	Income for the period	Total shareholders' equity
1 January 2009		8.450.000	25.355.592	7.198	3.408.187	17.929.094	25.043.994	80.194.065
Transfers from retained earnings	16	-	-	-	-	25.043.994	(25.043.994)	-
Total comprehensive income		-	-	-	-	-	12.509.491	12.509.491
31 December 2009		8.450.000	25.355.592	7.198	3.408.187	42.973.088	12.509.491	92.703.556
1 January 2010		8.450.000	25.355.592	7.198	3.408.187	42.973.088	12.509.491	92.703.556
Transfers from retained earnings	16	-	-	-	-	12.509.491	(12.509.491)	-
Total comprehensive income		-	-	-	-	-	11.319.749	11.319.749
31 December 2010		8.450.000	25.355.592	7.198	3.408.187	55.482.579	11.319.749	104.023.305

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

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
AUDITED CASH FLOWS STATEMENTS**

AT 31 DECEMBER 2010 AND 31 DECEMBER 2009

ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

	Notes	31 December 2010	31 December 2009
Cash flows from operating activities:			
Net income for the period		11.319.749	12.509.491
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	10	547.805	410.231
Amortization	11	107.683	73.599
Provision for unused vacation	14	91.693	66.546
Provision for employment termination benefits	14	103.450	96.828
Payment of employment termination benefits	14	(22.228)	(22.912)
Provision for personnel bonus	14	4.357.000	3.000.000
Provision for corporate tax	22	2.838.870	3.123.524
The effect of change in foreign exchange rates on cash and cash equivalents		(564.497)	784
Interest income, net		(14.731.453)	(9.105.182)
Interest paid		(496.018)	(322.395)
Interest received		13.276.351	8.442.415
Operating profit before changes in assets and liabilities:			
Net decrease/(increase) in marketable securities		3.769.859	(12.245.398)
Net increase in trade receivables		(6.223.717)	(1.443.522)
Net decrease in other assets		307.262	138.396
Net increase in trade payables		1.782.547	956.293
Net decrease in other liabilities and provisions		(3.366.886)	(5.507.729)
Taxes paid		(2.908.276)	(5.600.899)
Net increase in restricted deposits		(12.616.863)	(21.522.937)
Net cash used in operating activities		(2.427.669)	(26.952.867)
Cash flows used in investing activities:			
Purchase of property and equipment	10	(132.906)	(3.041.066)
Purchase of intangible assets	11	(533.868)	(121.895)
Sales of property and equipment, net	10	5.741	10.402
Net cash used in investing activities		(661.033)	(3.152.559)
Cash flows from financing activities:			
Net decrease in financing leasing payables	6	(57.229)	(92.675)
Net increase in payables to Money Markets	6	83.293.153	15.155.645
Net decrease in other financial liabilities	7	16.743	226
Net cash from financing activities		83.252.667	15.063.196
The effect of change in foreign exchange rates on cash and cash equivalents		564.497	(784)
Net increase/(decrease) in cash and cash equivalents		80.728.462	(15.043.014)
Cash and cash equivalents at the beginning of the period	4	64.938.550	79.981.564
Cash and cash equivalents at the end of the period	4	145.667.012	64.938.550

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

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

1 - ORGANISATION AND NATURE OF OPERATIONS

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.

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 total number of personnel employed in the Company as of 31 December 2010 is 68 (31 December 2009: 73). 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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

Accounting Standards

The Capital Markets Board of Turkey ("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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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.

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 Company 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 financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its balance sheet as of 31 December 2010 in comparison with the balance sheet prepared as of 31 December 2009; prepared comprehensive income statement, statement of changes in shareholders' equity and statement of cash flows between 1 January - 31 December 2010 in comparison with 1 January - 31 December 2009. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

As of 31 December 2009 personnel bonus provision amounting to TL3.000.000 and unused vacation provision amounting to TL365.139 classified in "Short-term provision" are reclassified to "Provisions for employee benefits".

As of 31 December 2009 the net loss amount TL39.271 of future contract sales amounting to TL300.121.307 and cost of future contract sales amounting to TL300.160.578 classified in "Sales" and "Cost of sales" are reclassified to "Other expenses from operating activities" in "Net sales".

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.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Adoption of New or Revised International Financial Reporting Standards and Interpretations

The Company 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 2010.

(a) Standards and interpretations which are mandatory for the accounting periods beginning on or after 1 January 2010:

- IAS 27 (Revised), "Consolidated and Separate Financial Statements";
- IFRS 3 (Amendment), "Business Combinations";
- IAS 38 (Revised), "Intangible assets";
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations";
- IAS 1 (Revised), "Presentation of Financial Statements";
- IFRS 2 (Amendment), "Share based Payments";
- IFRIC 17, "Distribution of Non-cash Assets to Owners";
- IFRIC 18, "Transfers of Assets from Customers";

(b) Standards, amendments and interpretations to existing standards that are not mandatory and early adopted by the Company:

- IFRS 9 "Financial Instruments";
- IAS 24 (Revised), "Related Party Disclosures";
- IAS 32 (Revised) "Presentation of Financial Statements and IAS 1 Presentation of Financial Statements";
- IFRIC 14 (Revised), "The limit on a defined benefit asset, minimum funding requirements and their interaction";

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

B. CHANGES IN ACCOUNTING POLICIES

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

C. RESTATEMENT AND THE ERRORS IN THE ACCOUNTING ESTIMATES

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates are not changed for the 1 January - 31 December 2010 period.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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.

(b) Property and equipment

All property and equipment are carried at cost less depreciation (Note 10).

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.

(c) 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 11).

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(d) 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 Company.

(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.

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 Company.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(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.

(e) 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 income statement.

(f) Earnings per share

Earnings per share disclosed in these statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned (Note 23).

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.

(g) 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 Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 27).

(h) 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 income (Note 6).

(i) Related parties

For the purpose of these 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 24).

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(i) 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 22).

(j) 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 Company arising from the retirement of its employees regarding the actuarial projections (Note 14).

(k) 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).

(l) Provision, commitments and contingent liabilities

Provisions are recognized when the Company 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 Company are not included in the financial statements and treated as contingent assets or liabilities (Note 12).

(m) 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 22).

(n) 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.

(o) 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.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

E. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of 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 Company does not prepare segment reporting as of 31 December 2010 since it performs its activities in Turkey and only in intermediary services sector.

4 - CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Cash	4.067	5.274
B type liquid fund shares (*)	3.279.220	1.838.005
Demand deposits (**)	429.809	174.074
	3.713.096	2.017.353
Time deposits (***)	180.307.564	86.299.745
Total cash and receivables from banks	184.020.660	88.317.098

(*) Fund shares include TL3.279.220 (31 December 2009: TL1.838.005) of fund shares that belong to customers but which are kept in the Company's own accounts.

(**) Demand deposits includes TL415.264 (31 December 2009: TL17.606) of bank deposit that belong to customers but which are kept in the Company's own accounts.

(***) Time deposits include restricted deposits amounting to TL9.859.800 in Türkiye Garanti Bankası A.Ş., TL4.750.000 in Alternatif Bank A.Ş., TL8.750.000 in Finansbank A.Ş. and TL10.780.000 in Türkiye Ziraat Bankası A.Ş., for guarantee letters received (As of 31 December 2009 time deposits include restricted deposits amounting to TL14.772.937 in Türkiye Garanti Bankası A.Ş. and TL6.750.000 in Alternatif Bank A.Ş., for guarantee letters received).

As of 31 December 2010 time deposits in TL have a weighted average interest of 9% (31 December 2009: 9%), and foreign currency time deposits are all in US\$ and have a weighted average interest rate of 2% (31 December 2009: 3%).

Cash and cash equivalents amounting to TL145.667.012 (31 December 2009: TL64.938.550) includes cash, demand deposits and time deposits with less than three months until maturity.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

5 - FINANCIAL INVESTMENTS

Short term financial investments:

	31 December 2010	31 December 2009
<i>Financial assets at fair value through profit or loss</i>		
Government bonds and treasury bills	11.381.720	14.904.016
Mutual funds (*)	2.269.622	1.379.880
Shares certificates	-	1.146.764
	13.651.342	17.430.660

(*) Fund shares include TL112.990 (31 December 2009: TL255.316) fund shares that belong to customers but which are kept in the Company's own accounts.

As of 31 December 2010 the securities portfolio include government bonds amounting to TL11.381.720 (31 December 2009: TL14.205.162) with a nominal value of TL7.509.000 (31 December 2009: TL11.559.000) 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 12,74% (31 December 2009:12,60%).

Long term financial investments:

	31 December 2010	31 December 2009
<i>Available-for-sale financial assets</i>		
İMKB Takas ve Saklama Bankası A.Ş.	8.480	8.480
	8.480	8.480

6 - FINANCIAL LIABILITIES

	31 December 2010	31 December 2009
Short term financial liabilities:		
Payables to Money Markets (*)	98.448.798	15.155.645
Financial lease obligations	431	57.240
	98.449.229	15.212.885

(*) Payables to Money Markets have due dates shorter than 3 months and weighted average interest rate is 6,96% (31 December 2009: 7,25%).

	31 December 2010	31 December 2009
Long term financial liabilities:		
Financial lease obligations	-	420
	-	420

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

6 - FINANCIAL LIABILITIES (Continued)

Financial lease obligations are as follows:

	31 December 2010	31 December 2009
Short term financial lease obligations:		
Within 1 year	468	58.806
Less: Future finance charges on financial lease	(37)	(1.566)
	431	57.240
Long term financial lease obligations:		
Within 1-2 year	-	456
Less: Future finance charges on financial lease	-	(36)
	-	420

7 - OTHER FINANCIAL LIABILITIES

	31 December 2010	31 December 2009
Liabilities due to derivative instruments (Note 13)	16.969	226
	16.969	226

8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2010	31 December 2009
Short term trade receivables:		
Due from customers	2.239.534	30.414
Consultancy fee accrual	339.064	190.125
Due from loan customers	141.676	-
Commission income accrual	86.239	213.819
Service fee income accrual	43.391	59.966
Advances given	3.399	5.654
Doubtful trade receivables	3.096.024	3.025.946
Allowance for doubtful receivables (-)	(3.096.024)	(3.025.946)
	2.853.303	499.978

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2010	31 December 2009
Short term trade receivables:		
Due to customers (*)	3.807.474	2.110.927
Short term other trade payables	747.359	263.701
	4.554.833	2.374.628

(*) Due to customers includes TL415.264 (31 December 2009: TL17.606) of bank deposits and TL3.392.210 (31 December 2009: TL2.093.321) of fund shares that belong to customers but which are kept in the Company's own accounts.

9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2010	31 December 2009
Other short term receivables:		
Receivables from TurkDEX	6.020.678	2.109.023
Advances given to personnel	4.144	45.141
Receivables from share certificate lending transactions	-	266
	6.024.822	2.154.430
Other long term receivables:		
Deposits and guarantees given	1.681.644	1.930.203
	1.681.644	1.930.203
Other short term payables:		
Taxes and duties payable	707.860	1.008.229
Payables to personnel	505	5.737
	708.365	1.013.966

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

10 - PROPERTY AND EQUIPMENT

31 December 2009	Leasehold assets	Motor vehicles	Furniture and fixtures	Total
Net book value, 1 January 2009	-	247.855	375.038	622.893
Additions	2.158.929	-	882.137	3.041.066
Disposals, (net) (-)	-	-	10.402	10.402
Depreciation charge (-)	125.939	56.260	228.032	410.231
Net book value	2.032.990	191.595	1.018.741	3.243.326
Cost	2.158.929	281.302	1.613.284	4.053.515
Accumulated depreciation (-)	125.939	89.707	594.543	810.189
Net book value	2.032.990	191.595	1.018.741	3.243.326
31 December 2010				
Net book value, 1 January 2010	2.032.990	191.595	1.018.741	3.243.326
Additions	-	-	132.906	132.906
Disposals, (net) (-)	-	5.741	-	5.741
Depreciation charge (-)	215.893	55.378	276.534	547.805
Net book value	1.817.097	130.476	875.113	2.822.686
Cost	2.158.929	268.052	1.733.406	4.160.387
Accumulated depreciation (-)	341.832	137.576	858.293	1.337.701
Net book value	1.817.097	130.476	875.113	2.822.686

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

11 - INTANGIBLE ASSETS

	1 January 2009	Additions	Disposals	31 December 2009
Cost	433.530	121.895	-	555.425
Accumulated amortization (-)	224.111	73.599	-	297.710
Net book value	209.419	48.296	-	257.715
	1 January 2010	Additions	Disposals	31 December 2010
Cost	555.425	533.868	-	1.089.293
Accumulated amortization (-)	297.710	107.683	-	405.393
Net book value	257.715	426.185	-	683.900

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

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Short term provisions:		
Provision for lawsuits (*)	97.880	97.880
	97.880	97.880

(*) As of 31 December 2010 and 2009 provision for lawsuits amounting to TL97.880 consists of provisions for two reemployment lawsuits.

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

	31 December 2010	31 December 2009
Letters of guarantees given	263.721.253	178.179.737
	263.721.253	178.179.737

In addition, as of 31 December 2010 the Company held share certificates with nominal value of TL105.552.572 (31 December 2009: TL81.404.336) and 32.844 future contracts (31 December 2009: 83.618) in custody for its customers.

13 - COMMITMENTS

The commitments of the Company as of 31 December 2010 and 2009 are as follows:

Descriptions about forward transactions

Derivative instruments	31 December 2010		31 December 2009	
	Asset	Liability	Asset	Liability
Foreign currency forward contracts (*)	-	16.969	-	226
	-	16.969	-	226

(*) As of 31 December 2010 the fair values of the Company's foreign currency purchase commitment amounting to USD1.255.771 and sale commitment amounting to TL1.948.542 (As of 31 December 2009 the fair values of the Company's foreign currency purchase commitment amounting to USD8.332 and sale commitment amounting to TL12.627) (Note 7).

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

13 - COMMITMENTS (Continued)

Explanations related to derivative contracts

As of 31 December 2010 there is no open future contract. (The fair value of the existing open future contracts as of 31 December 2009 is TL1.171.210).

31 December 2009

Contract name	Due date	Position	Nominal value	Settlement price	Fair value
111F_IX0300210	28 February 2010	Short	173	67,700	1.171.210
Net Position					1.171.210

14 - PROVISION FOR EMPLOYEE BENEFITS

	31 December 2010	31 December 2009
Short term employee benefits:		
Personnel bonus provision	4.357.000	3.000.000
Unused vacation provision	456.832	365.139
	4.813.832	3.365.139
Long term employee benefits:		
Provision for employment termination benefits	395.965	314.743
	395.965	314.743

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

Under the Turkish Labor Law, the Company 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 TL2.517 (31 December 2009: TL2.260) for each period of service at 31 December 2010.

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.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

14 - 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:

	31 December 2010	31 December 2009
Discount rate (%)	4,66	5,92
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:

	31 December 2010	31 December 2009
Balance of 1 January	314.743	240.827
Service cost	56.000	55.704
Interest cost	30.275	25.668
Charge for the year	17.175	15.456
Employee termination benefit paid (-)	(22.228)	(22.912)
	395.965	314.743

15 - OTHER ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Short term other assets:		
Prepaid expenses	530.368	360.767
Income accruals	19.724	25.222
Prepaid taxes and duties	-	296.126
	550.092	682.115
Long term other assets:		
Prepaid expenses	73.320	-
	73.320	-
Short term other liabilities:		
Expense accruals	58.082	114.847
	58.082	114.847

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

16 - SHAREHOLDERS' EQUITY

Share capital

The share capital of the Company is TL8.450.000 (31 December 2009: TL8.450.000) and consists of 845.000.000 (31 December 2009: 845.000.000) authorized shares with a nominal value of 1 Kr each.

As of 31 December 2010 and 2009 the issued and fully paid-in share capital held is as follows:

Shareholders	31 December 2010		31 December 2009	
	TL	Pay %	TL	Pay %
Eurobank Tekfen A.Ş.	8.449.999,95	100	8.449.999,96	100
Other	0,05	-	0,04	-
	8.450.000	100	8.450.000	100
Adjustment to share capital	25.355.592		25.355.592	
Total paid-in share capita	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.

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 31 December 2010 restricted reserve of the Company is TL3.408.187 (31 December 2009: TL3.408.187).

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

16 - 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 TL16.977.305, 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.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

16 - SHAREHOLDERS' EQUITY (Continued)

Restricted reserves

	31 December 2010	31 December 2009
First legal reserves	3.406.787	3.406.787
Second legal reserves	1.400	1.400
Restricted reserves	3.408.187	3.408.187

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.

31 December 2010 and 2009 revaluation fund is as follows;

	31 December 2010	31 December 2009
Revaluation fund for financial assets	7.198	7.198
	7.198	7.198

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

17 - SALES AND COST OF SALES

	31 December 2010	31 December 2009
Sales	3.892.981.246	803.266.304
Equity share sales	3.885.970.424	803.266.304
Mutual fund sales	7.010.822	-
Services	33.790.960	30.145.584
Intermediary commissions on equity share transactions	16.173.535	13.559.283
Intermediary commissions on future contract transactions	14.005.559	8.772.833
Investment consultancy income	2.418.955	6.568.698
Custody commissions	732.676	784.084
Mutual funds management fee income	371.437	388.302
Mutual funds intermediary commission	55.059	17.840
Portfolio management income	33.739	54.544
Deductions from services income (-)	24.338	15.569
Commission returns (-)	24.338	15.569
Other expenses from operating activities (-)	1.177.526	39.271
Loss on future contract sales (-)	1.177.526	39.271
Total sales revenue	3.925.570.342	833.357.048
Cost of sales (-)	3.890.529.749	802.228.220
Cost of equity share sales (-)	3.884.285.918	802.228.220
Cost of mutual fund sales (-)	6.243.831	-
Net operating revenue	35.040.593	31.128.828

18 - EXPENSES BY NATURE

	31 December 2010	31 December 2009
General administrative expenses		
Personnel expenses	17.700.921	16.295.985
Communication expenses	1.451.723	1.189.844
Sundry taxes and duties	1.262.792	706.745
Accommodation, transportation and travel expenses	1.095.588	971.841
Rent expense	973.707	797.119
Audit and consultancy fees	792.250	594.669
Amortization and depreciation expenses (Note 10 and 11)	655.488	483.830
Representation expenses	622.648	607.963
Other	973.794	1.049.156
	25.528.911	22.697.152
Marketing expenses		
Membership and subscription fees	2.091.795	1.269.559
	2.091.795	1.269.559

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

19 - OTHER OPERATING INCOME/EXPENSES

	31 December 2010	31 December 2009
Other operating income		
Income from sales of property and equipment	6.140	92.753
Other	16.714	32.889
	22.854	125.642
Other operating expenses		
Customer transaction differences expense (net)	871.730	148.908
Disallowable expenses	128.747	54.558
Provision expenses for lawsuits	-	97.880
	1.000.477	301.346

20 - FINANCIAL INCOME

	31 December 2010	31 December 2009
Interest income from time deposits	12.447.154	6.712.366
Interest income from marketable securities net	2.328.053	2.503.897
Interest income from future contracts	431.984	204.057
Foreign exchange gain	263.916	74.930
Dividend income	92.558	24.352
Other interest income	56.990	12.958
	15.620.655	9.532.560

21 - FINANCIAL EXPENSES

	31 December 2010	31 December 2009
Interest expenses to money markets	6.038.737	279.894
Foreign exchange expenses	1.200.931	239.382
Letter of guarantees commission expenses	450.364	294.840
Borrowing interest expenses	76.794	-
Share certificate lending transactions commission expenses	44.415	20.798
Other interest and commission expenses	93.059	51.044
	7.904.300	885.958

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

22 - TAX ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Corporate tax payable	3.109.586	2.522.455
Prepaid taxes	(2.908.276)	(2.818.581)
Tax liability/(asset), net	201.310	(296.126)
Current year tax expense	3.114.106	2.525.866
Deferred tax (income)/expense	(275.236)	597.658
	2.838.870	3.123.524

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

	2010	2009
Profit before tax	14.158.619	15.633.015
Theoretical income tax at the applicable tax rate of 20%	2.831.724	3.126.603
Additions	30.270	12.210
Income exempt from taxation	(23.124)	(15.289)
Current year tax expense	2.838.870	3.123.524

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 2010 (2009: 20%). The corporate tax rate is calculated on the total income of the Company 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.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

22 - TAX ASSETS AND LIABILITIES (Continued)

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.

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.

Deferred taxes

	31 December 2010	31 December 2009
Deferred tax assets	1.064.929	755.552
Deferred tax liabilities	(115.408)	(81.267)
Deferred tax assets, net	949.521	674.285

The Company 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 2009: %20).

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2010 and 2009 calculated using the enacted tax rates, are as follows:

	31 December 2010		31 December 2009	
	Cumulative temporary difference	Deferred tax assets/liabilities	Cumulative temporary difference	Deferred tax assets/liabilities
Personnel bonus provision	4.357.000	871.400	3.000.000	600.000
Unused vacation provision	456.832	91.366	365.139	73.028
Reserve for employment termination benefits	395.965	79.193	314.743	62.949
Expense provisions	114.849	22.970	97.880	19.575
Deferred tax assets		1.064.929		755.552
Difference between tax base and carrying value of tangible and intangible assets	559.219	111.844	376.932	75.386
Valuation difference on securities	17.787	3.557	28.066	5.613
Foreign currency valuation differences	37	7	363	73
Income accruals	-	-	976	195
Deferred tax liabilities		115.408		81.267
Deferred tax assets, net		949.521		674.285

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

23 - EARNINGS PER SHARE

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

	31 December 2010	31 December 2009
Profit attributable to equity holders of the company	11.319.749	12.509.491
Weighted average number of ordinary shares in issue	845.000.000	845.000.000
Earnings per share (Kır)	1,34	1,48

24 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties at 31 December 2010 and 2009 are as follows:

	31 December 2010	31 December 2009
Deposits due from related parties:		
Eurobank Tekfen A.Ş.	7.667.252	51.120.108
	7.667.252	51.120.108
Financial investments from related parties:		
Eurobank Tekfen A.Ş. Mutual Funds	4.237.125	1.768.553
EFG İstanbul Menkul Değerler A.Ş. Mutual Funds	1.311.717	255.316
Eurobank EFG I (LF) Turkish Equity Fund	-	1.124.564
	5.548.842	3.148.433
Receivables from related parties:		
Eurobank Tekfen A.Ş. Mutual Funds	20.922	18.704
EFG İstanbul Menkul Değerler A.Ş. Mutual Funds	7.385	17.974
Eurobank Tekfen A.Ş.	6.485	1.139
Receivables from personnel	4.144	45.141
	38.936	82.958
Payables to related parties:		
EFG Capital International Corp.	40.486	33.821
Eurobank Tekfen A.Ş.	1.421	3.486
Payables to personnel	505	5.737
	42.412	43.044
Foreign currency purchase and sale commitments due to related parties:		
Eurobank Tekfen A.Ş. (Note 13)	16.969	226
	16.969	226

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

24 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

- b) As of 31 December 2010 and 2009 the interest and service income from related parties are as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Interest income from related parties:		
Eurobank Tekfen A.Ş.	2.647.431	5.104.854
	2.647.431	5.104.854

Service income from related parties:

Eurobank Tekfen A.Ş. Mutual Funds	234.971	267.445
EFG İstanbul Menkul Değerler A.Ş. Mutual Funds	163.937	159.525
EFG Eurobank Equities Investment Firm S.A.	198.264	135.893
Eurobank Tekfen A.Ş.	55.059	17.840
EFG Finansal Kiralama A.Ş.	2	-
EFG Eurobank Ergasias S.A.	-	64.884
	652.233	645.587

Other income from related parties:

Eurobank Tekfen A.Ş.	-	72.578
EFG Finansal Kiralama A.Ş.	-	49.142
	-	121.720

- c) As of 31 December 2010 and 2009 the interest and service expenses to related parties are as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Service expense from related parties:		
EFG Eurobank Ergasias S.A.	183.372	295.659
EFG Capital International Corp.	145.579	132.247
EFG Audit and Consulting Services	35.243	-
Eurobank Tekfen A.Ş.	19.011	29.314
	383.205	457.220

Interest expense from related parties:

Eurobank Tekfen A.Ş.	5.819	11.389
	5.819	11.389

- 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 TL3.716.493 (31 December 2009: TL6.867.397).

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

25 - FİNANSAL ARAÇLARDAN KAYNAKLANAN RİSKLERİN NİTELİĞİ VE DÜZEYİ

FINANCIAL RISK MANAGEMENT

The Company'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 Company'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 Company.

i. Informations on credit risk

The Company'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 Company's management based on prior experience and the current economic environment.

31 December 2010	<u>Trade receivables</u>		<u>Other receivables</u>		Bank deposits (*)	Financial investments(**)
	Related parties	Other parties	Related parties	Other parties		
Maximum credit risk exposure as of the financial statements date	34.792	2.818.511	4.144	7.702.322	184.016.593	13.659.822
Net book value of financial assets which are neither past due nor impaired	34.792	2.818.511	4.144	7.702.322	184.016.593	13.659.822
Net book value of impaired financial assets	-	-	-	-	-	-
- Past due financial assets (Gross)	-	3.096.024	-	-	-	-
- Impairment charge (-)	-	3.096.024	-	-	-	-
- Collateralized portion of the net exposure	-	-	-	-	-	-

(*) Bank deposits include related party deposits from Eurobank Tekfen A.Ş. amounting to TL7.667.252 and B Type Liquid Fund whose founder is Eurobank Tekfen A.Ş. amounting to TL3.279.220.

(**) Financial instruments include mutual funds founded by related parties amounting to TL2.269.622.

31 December 2009	<u>Trade receivables</u>		<u>Other receivables</u>		Bank deposits (*)	Financial investments(**)
	Related parties	Other parties	Related parties	Other parties		
Maximum credit risk exposure as of the financial statements date	37.817	462.161	45.141	4.039.492	88.311.824	17.439.140
Net book value of financial assets which are neither past due nor impaired	37.817	462.161	45.141	4.039.492	88.311.824	17.439.140
Net book value of impaired financial assets	-	-	-	-	-	-
- Past due financial assets (Gross)	-	3.025.946	-	-	-	-
- Impairment charge (-)	-	3.025.946	-	-	-	-
- Collateralized portion of the net exposure	-	-	-	-	-	-

(*) Bank deposits include related party deposits from Eurobank Tekfen A.Ş. amounting to TL51.120.108 and B Type Liquid Fund whose founder is Eurobank Tekfen A.Ş. amounting to TL1.768.553.

(**) Financial instruments include mutual funds founded by related parties amounting to TL1.379.880.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

25 - 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 31 December 2010 all of the financial assets at fair value through profit or loss of the Company are government bonds and treasury bills issued by the Republic of Turkey Prime Ministry Undersecretariat of Treasury and has been rated as "Ba2" by the Moody's, one of the global rating agencies.

ii. Information on liquidity risk

Liquidity risk is the inability of the Company 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 Company manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The Company does not have any derivative financial liabilities. The following table presents the cash flows payable by the Company under other financial liabilities according to their remaining contractual maturities as of and 31 December 2010 and 2009.

	31 December 2010						Total of contractual cash outflows
	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	
Financial liabilities	98.448.798	35.330.429	63.782.871	-	-	-	99.113.300
Financial lease obligations	431	-	-	468	-	-	468
Other financial liabilities	16.969	16.969	-	-	-	-	16.969
Trade payables	4.554.833	747.359	-	-	-	3.807.474	4.554.833
Other payables	708.365	708.365	-	-	-	-	708.365
Total liabilities	103.729.396	36.803.122	63.782.871	468	-	3.807.474	104.393.935

	31 December 2009						Total of contractual cash outflows
	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	
Financial liabilities	15.155.645	8.231.496	7.058.837	-	-	-	15.290.333
Financial lease obligations	57.660	8.390	16.780	33.636	456	-	59.262
Other financial liabilities	226	226	-	-	-	-	226
Trade payables	2.374.628	263.701	-	-	-	2.110.927	2.374.628
Other payables	1.013.966	1.013.966	-	-	-	-	1.013.966
Total liabilities	18.602.125	9.517.779	7.075.617	33.636	456	2.110.927	18.738.415

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

25 - FINANCIAL RISK MANAGEMENT (Continued)

iii. Information on market risk

Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Company at 31 December 2010 and 2009 in original currency and total TL equivalents are as follows:

	31 December 2010			31 December 2009		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
Trade receivables	107.589	64.900	3.540	159.017	66.972	26.930
Financial assets	6.136.299	3.704.061	200.000	28.600.962	18.995.068	41
Total assets	6.243.888	3.768.961	203.540	28.759.979	19.062.040	26.971
Trade payables	463.047	34.429	200.000	53.589	34.097	1.041
Financial liabilities	431	279	-	57.660	38.294	-
Total liabilities	463.478	34.708	200.000	111.249	72.391	1.041
Amount of off-balance sheet foreign currency derivative instruments	1.941.422	1.255.771	-	12.546	8.332	-
Net foreign currency assets	7.721.832	4.990.024	3.540	28.661.276	18.997.981	25.930

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

	31 December 2010	31 December 2009
USD net assets	771.458	2.860.526
EUR net assets	725	5.602
Total	772.183	2.866.128

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

25 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Company 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.

31 December 2010 31 December 2009

Financial instruments with variable interest rates:

Financial instruments

- Financial assets at fair value through profit/loss	11.381.720	14.904.016
--	------------	------------

The profit before tax of the Company from the financial asset valuation will decrease by TL288.524 (31 December 2009: TL312.161) and increase by TL299.966 (31 December 2009: TL326.255) in the case of a 1% decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2010.

Share certificate price risk

The Company has no share certificates classified in the trading securities portfolio as of 31 December 2010 (All share certificates classified in the trading securities portfolios of the Company are traded on the Istanbul Stock Exchange ("ISE"). According to the analyses of the Company a 5% decrease/increase in the ISE index with all other factors remaining constant will increase/decrease the net income for the period by TL57.338 as of 31 December 2009.).

The Company has no future contracts as of 31 December 2010 (According to the analyses of the Company a 5% decrease/increase in the TurkDEX index with all other factors remaining constant will increase/decrease the net income for the period by TL58.561 as of 31 December 2009.).

iv. Share capital management

The Company's objectives when managing capital is to decrease the investment risk through portfolio diversification. The Company tries to provide returns for shareholders, preserve and increase the value of its portfolio. In order to add value to its portfolio, the Company 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.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

26 - 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 Company 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 Company 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 Company are as follows:

	<u>31 December 2010</u>		<u>31 December 2009</u>	
	Fair value	Carrying value	Fair value	Carrying value
Cash and cash equivalents	184.323.967	184.020.660	88.317.098	88.317.098
Financial investments	13.659.822	13.659.822	17.439.140	17.439.140
Financial liabilities	98.459.782	98.449.229	15.213.305	15.213.305

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

26 - FINANCIAL INSTRUMENTS (Continued)

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.

Financial assets carried at fair value:

31 December 2010

	Level 1	Level 2	Level 3
Government bonds	11.381.720	-	-
Mutual funds	2.269.622	-	-
	13.651.342	-	-

31 December 2009

	Level 1	Level 2	Level 3
Government bonds	14.904.016	-	-
Mutual funds	1.379.880	-	-
Shares certificates	1.146.764	-	-
	17.430.660	-	-

27 - SUBSEQUENT EVENTS

According to the Board of Directors Decision dated 13 December 2010, the trade name of the Company will be changed from “EFG İstanbul Menkul Değerler A.Ş.” to “EFG İstanbul Equities Menkul Değerler A.Ş.” and the business name to “EFG İstanbul Equities”. Following this decision, the CMB approval dated 24 December 2010, numbered B.02.1.SPK.0.16-1360 and Ministry of Industry and Trade approval dated 5 January 2011, numbered 63 has been obtained. The registration will be approved in the General Assembly during 2011.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)**

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

28 - 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 with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

(b) Capital management and capital adequacy requirements

The Company 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 TL803.000 for the period ending 31 December 2010 (1 January - 31 December 2009: TL799.000). 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 Company in this context is TL2.015.000 (31 December 2009: TL2.006.000).

- 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 31 December 2010 and 2009 the Company has met the relevant requirements of capital adequacy.

EFG İSTANBUL MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

28 - DISCLOSURE OF OTHER MATTERS (Continued)

(c) Fund management activity

The Company has been managing five mutual funds in accordance with CMB regulations (31 December 2009: Four) and charges fund management fee. As of 31 December 2010, total fund management fee income amounts to TL371.437 (31 December 2009: TL388.302).

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

Fund name	31 December 2010		31 December 2009	
	Commission rate (%)	Fund value	Commission rate (%)	Fund value
Eurobank Tekfen A.Ş. B Tipi Likit Fon	0,00120	20.465.460	0,003125	18.673.243
Eurobank Tekfen A.Ş. B Tipi Altın Fonu	0,00045	5.488.846	-	-
Eurobank Tekfen A.Ş. B Tipi Değişken Fon	0,00800	1.297.402	0,003125	789.115
EFG İstanbul Menkul Değerler A.Ş. B Tipi Uzun Vadeli Tahvil ve Bono Fonu (Previously: "EFG İstanbul Menkul Değerler A.Ş. A Tipi Değişken Aktif Fonu")	0,00800	1.293.511	0,001250	895.696
EFG İstanbul Menkul Değerler A.Ş. A Tipi Hisse Senedi Model Portföy Fonu	0,00120	1.129.366	0,001250	722.854
Total mutual funds		29.674.585		21.080.908

.....