EFG İSTANBUL EQUITIES MENKUL DEĞERLER A.Ş.
(Formerly known as "EFG İstanbul Menkul Değerler A.Ş.")

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011
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

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

1. We have audited the accompanying consolidated financial statements of EFG İstanbul Equities Menkul Değerler A.Ş. and its subsidiary (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2011 and consolidated comprehensive income statement, consolidated statement of changes in shareholder's equity and consolidated 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 consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of EFG İstanbul Equities Menkul Değerler A.Ş. and its subsidiary as of 31 December 2011 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board (See Note 2).

Emphasis of Matter

5. As explained in detail in Note 1, and Note 27, On 9 April 2012 the ultimate parent of the Group, EFG Eurobank Ergasias SA, 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 Eurobank Tekfen A.Ş.'s shares that is direct shareholder of the Group from EFG Eurobank Holding (Luxemburg) S.A. and Tekfen Holding A.Ş. The transaction is expected to close in third quarter of 2012 subject to regulatory approvals by the competent authorities. Tekfen Holding A.Ş. which is the other shareholder of the Eurobank Tekfen A.Ş. (the direct shareholder of the Group), also publicly announced that it has signed an agreement which enables to transfer the shares representing 29.26 % of Eurobank Tekfen A.Ş.'s capital owned by Tekfen Holding A.Ş. to EFG Eurobank Holding (Luxembourg) S.A or to any other beneficiary determined by EFG Eurobank Holding (Luxembourg) S.A, by allowing an early exercise of the call option.

Additional Paragraph for Convenience Translation into English

6. The accounting principles described in Note 2 (defined as "Capital Markets Board Accounting Standards") to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. Accordingly, the accompanying consolidated 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, 12 April 2012

EFG İSTANBUL EQUITIES MENKUL DEĞERLER A.Ş.
(Formerly known as "EFG İstanbul Menkul Değerler A.Ş.")

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CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

	Notes	Consolidated 31 December 2011	Seperate 31 December 2010
ASSETS			
Current assets		**90,060,285**	**207,100,219**
Cash and cash equivalents	4	69,148,322	184,020,660
Financial investments	5	11,523,033	13,651,342
Trade receivables	8	212,504	2,853,303
Other receivables	9	7,285,926	6,024,822
Other current assets	15	1,890,500	550,092
Non-current assets		**4,821,896**	**6,219,551**
Other receivables	9	768,849	1,681,644
Financial investments	5	8,480	8,480
Property and equipment (net)	10	2,479,752	2,822,686
Intangible assets (net)	11	565,309	683,900
Deferred tax assets	22	964,668	949,521
Other non-current assets	15	34,838	73,320
Total assets		**94,882,181**	**213,319,770**
LIABILITIES			
Current liabilities		**7,973,461**	**108,900,500**
Financial liabilities	6	-	98,449,229
Other financial liabilities	7	219,366	16,969
Trade payables	8	2,235,774	4,554,833
Other payables	9	569,747	708,365
Current income tax liabilities	22	-	201,310
Provisions	12	32,609	97,880
Provisions for employee benefits	14	4,868,376	4,813,832
Other liabilities	15	47,589	58,082
Non-current liabilities		**553,967**	**395,965**
Provisions for employee benefits	14	553,967	395,965
Equity		**86,354,753**	**104,023,305**
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	5,908,187	3,408,187
Retained earnings		39,302,328	55,482,579
Net income for the period		7,331,448	11,319,749
Total liabilities and equity		**94,882,181**	**213,319,770**

Contingent assets and liabilities	12
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The financial statements for the period ended 31 December 2011 have been approved by the Board of Directors on 12 April 2012. General Assembly has the power to amend the financial statements.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)

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

	Notes	Consolidated 1 January - 31 December 2011	Seperate 1January - 31 December 2010
Net sales	17	5,794,487,787	3,925,570,342
Sales		5,765,889,986	3,892,981,246
Services income		28,423,200	33,790,960
Deductions from services income (-)		121,080	24,338
Other income/(expenses) from operating activities		295,681	(1,177,526)
Cost of sales (-)	17	5,764,746,185	3,890,529,749
Gross profit		**29,741,602**	**35,040,593**
Marketing, selling and distribution expenses (-)	18	1,938,646	2,091,795
General administrative expenses (-)	18	27,529,318	25,528,911
Other operating income	19	265,734	22,854
Other operating expenses (-)	19	1,087,159	1,000,477
Operating (loss)/profit		**(547,787)**	**6,442,264**
Financial income	20	20,783,697	15,620,655
Financial expenses (-)	21	11,007,947	7,904,300
Profit before tax from continuing operations		**9,227,963**	**14,158,619**
Tax expense from continuing operations			
- Tax expense (-)	22	1,911,662	3,114,106
- Deferred tax income	22	15,147	275,236
Profit from continuing operations		**7,331,448**	**11,319,749**
Other comprehensive income		-	-
Total comprehensive income		**7,331,448**	**11,319,749**
Earnings per share	**23**	**0.87**	**1.34**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
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 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**
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	16	-	-	-	2,500,000	8,819,749	(11,319,749)	-
Dividend payment		-	-	-	-	(25,000,000)	-	(25,000,000)
Total comprehensive income		-	-	-	-	-	7,331,448	7,331,448
31 December 2011		**8,450,000**	**25,355,592**	**7,198**	**5,908,187**	**39,302,328**	**7,331,448**	**86,354,753**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 28 (a)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Consolidated 1 January - 31 December 2011	Seperate 1 January - 31 December 2010
Cash flows from operating activities:			
Net income for the year		7,331,448	11,319,749
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	10	564,169	547,805
Amortization	11	189,816	107,683
Change in provision for unused vacation	14	71,544	91,693
Provision for employment termination benefits	14	176,104	103,450
Payment of employment termination benefits	14	(18,102)	(22,228)
Provision for personnel bonus	14	4,340,000	4,357,000
Provision for corporate tax	22	1,896,515	2,838,870
The effect of change in foreign exchange rates on cash and cash equivalents		(959,936)	(564,497)
Interest income, net		(18,201,594)	(14,731,453)
Interest paid		(867,423)	(496,018)
Interest received		20,788,117	13,276,351
Operating profit before changes in assets and liabilities:			
Net decrease in marketable securities		3,078,128	3,769,859
Net decrease/(increase) in trade receivables		1,379,695	(6,223,717)
Net (increase)/decrease in other assets		(389,131)	307,262
Net (decrease)/increase in trade payables		(2,752,276)	1,782,547
Net decrease in other liabilities and provisions		(3,207,823)	(3,366,886)
Taxes paid		(3,476,531)	(2,908,276)
Net decrease/(increase) in restricted deposits		32,654,800	(12,616,863)
Net cash from/(used in) operating activities		**42,597,520**	**(2,427,669)**
Cash flows used in investing activities:			
Purchase of property and equipment	10	(221,235)	(132,906)
Purchase of intangible assets	11	(71,225)	(533,868)
Sales of property and equipment, net	10	-	5,741
Net cash used in investing activities		**(292,460)**	**(661,033)**
Cash flows from financing activities:			
Net decrease in financing leasing payables	6	(431)	(57,229)
Net (decrease)/increase in payables to Money Markets	6	(98,448,798)	83,293,153
Dividend payment		(25,000,000)	-
Net increase in other financial liabilities	7	202,397	16,743
Net cash (used in)/from financing activities		**(123,246,832)**	**83,252,667**
The effect of change in foreign exchange rates on cash and cash equivalents		**959,936**	**564,497**
Net (decrease)/increase in cash and cash equivalents		**(79,981,836)**	**80,728,462**
Cash and cash equivalents at the beginning of the year	4	145,667,012	64,938,550
Cash and cash equivalents at the end of the year	**4**	**65,685,176**	**145,667,012**

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

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. 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 SA 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 (Continued)

The Boards of Directors of EFG Eurobank Ergasias S.A. ("Eurobank") and Alpha Bank AE ("Alpha Bank") publicly announced on 29 August 2011 that they had reached agreement on a combination of Eurobank and Alpha Bank by way of a merger. On 15 November 2011, each of the Extraordinary General Meetings of Eurobank and Alpha Bank resolved the merger of Eurobank with Alpha Bank under the new corporate name "Alpha Eurobank S.A." with the condition that all Greek regulatory permits will be given. These permits were obtained by 23 January 2012.

On 30 January 2012, Alpha Bank announced that the merger between Alpha Bank and Eurobank depends on the current macroeconomic developments directly impacting the banking sector (the PSI). On 14 March 2012, Alpha Bank announced its intention to take action to revoke the decisions of the 15 November 2011 General Meetings of its Shareholders.

Eurobank announced that all the legal requirements for the completion of the merger have been satisfied and are not dependent upon the outcome of the PSI or the terms thereof and no actual events occurred in the meantime that could legally inhibit the completion, and reserves its position.

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 Portföy are together referred to as ("Group"). As at 31 December 2011, there are 67 (31 December 2010: 68) employees in the Group.

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.

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 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 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 31 December 2011 in comparison with the seperate balance sheet prepared as of 31 December 2010; prepared its consolidated comprehensive income statement, statement of changes in shareholders’ equity and statement of cash flows between 1 January - 31 December 2011 in comparison with seperate comprehensive income statement, statement of changes in shareholders’ equity and statement of cash flows between 1 January - 31 December 2010. 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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 2011.

(a) New standards and amendments:

- IAS 32 (amendment), "Financial instruments: Presentation", is effective for annual periods beginning on or after 1 February 2010. The amendment recognizes that the previous requirement to classify foreign-currency-denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities is not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore creates an exception to the 'fixed for fixed' rule in IAS 32 and requires rights issues within the scope of the amendment to be classified as equity. The amendment should be applied retrospectively. Early adoption is permitted.
- IFRIC 19, "Extinguishing financial liabilities with equity instruments", is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a 'debt for equity swap'). Early adoption is permitted. The interpretation should be applied retrospectively from the beginning of the earliest comparative period presented, as adoption in earlier periods would result only in a reclassification of amounts within equity.
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2010. The amendment Provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the amendments to IFRS 7. Also clarifies the transition provisions of the amendments to IFRS 7. Earlier adoption is permitted. Early adoption is required for a first-time adopter that has a first reporting period that begins earlier than 1 July 2010 in order to benefit from the disclosure relief.
- IAS 24 (revised), "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. Amendments effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34 and IFRIC 13.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(b) Standards, amendments and interpretations not yet effective and not early adopted:

- IFRS 7 (amendment), "Financial instruments: Disclosures", 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.
- IAS 12 (amendment), "Income taxes", 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 1 (amendment), "Presentation of financial statements", 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.
- 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.
- IFRS 9, "Financial instruments", 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. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.
- 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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- 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.

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.

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 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 - 31 December 2011 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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

As of 31 December 2011 and 2010, details of the subsidiary and associate of the Group are as follows:

Company name	31 December 2011 Share in capital	31 December2010 Share in capital	Principal activity
EFG İstanbul Portföy Yönetimi A.Ş.	%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.

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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(c) 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.

(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 11).

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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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.

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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(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 income statement.

(g) 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.

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

(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 income (Note 6).

(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 24).

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(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 22).

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

(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).

(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 12).

(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 22).

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(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 31 December 2011 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

	31 December 2011	**31 December 2010**
Cash	7,515	4,067
Cheques received	150,000	-
B type liquid fund shares (*)	845,067	3,279,220
Demand deposits (**)	1,058,449	429,809
	2,061,031	**3,713,096**
Time deposits (***)	67,087,291	180,307,564
	69,148,322	**184,020,660**

(*) Fund shares include TL845,067 (31 December 2010: TL3,279,220) of fund shares that belong to customers but which are kept in the Company's own accounts.

(**) Demand deposits includes TL848,481 (31 December 2010: TL415,264) of bank deposit that belong to customers but which are kept in the Company's own accounts.

(***) Time deposits includes restricted deposits amounting to TL1,485,000 in Akbank A.Ş. for guarantee letters received (As of 31 December 2010 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 2011 time deposits in TL have a weighted average interest of 11.39% (31 December 2010: 8.72%), and foreign currency time deposits are all in US$ and have a weighted average interest rate of 1.50% (31 December 2010: 1.50%).

Cash and cash equivalents of the Group are shown in cash flow statements in 31 December 2011 and 2010 by deducting interest accruals:

	31 December 2011	**31 December 2010**
Cash and cash equivalents	69,148,322	184,020,660
Restricted deposits	(1,485,000)	(34,139,800)
Customer's assets	(1,693,548)	(3,694,484)
Interest accruals	(284,598)	(519,364)
	65,685,176	**145,667,012**

(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	31 December 2011	31 December 2010
Government bonds and treasury bills	11,104,763	11,381,720
Mutual funds (*)	418,270	2,269,622
	11,523,033	**13,651,342**

(*) Fund shares include TL81,004 (31 December 2010: TL112,990) fund shares that belong to customers but which are kept in the Group's own accounts.

As of 31 December 2011 the securities portfolio include government bonds amounting to TL11,104,763 (31 December 2010: TL11,381,720) with a nominal value of TL7,509,000 (31 December 2010: 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 2010: 12.74%).

Long term financial investments

Available-for-sale financial assets	31 December 2011	31 December 2010
İMKB Takas ve Saklama Bankası A.Ş.	8,480	8,480
	8,480	**8,480**

6 - FINANCIAL LIABILITIES

Short term financial liabilities	31 December 2011	31 December 2010
Payables to Money Markets (*)	-	98,448,798
Financial lease obligations	-	431
	-	**98,449,229**

(*) As of 31 December 2011 there are no payables to Money Market (As of 31 December 2010, Payables to Money Markets have due dates shorter than 3 months and weighted average interest rate is 6.96%.).

Financial lease obligations are as follows:

Short term financial lease obligations	31 December 2011	31 December 2010
Within 1 year	-	468
Less: Future finance charges on financial lease	-	(37)
	-	**431**

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

7 - OTHER FINANCIAL LIABILITIES

	31 December 2011	31 December 2010
Liabities due to short sellling (*)	219,366	-
Liabilities due to derivative instruments (Note 13)	-	16,969
	219,366	**16,969**

(*) This liability comes from short selling transaction among Türkiye Halk Bankası A.Ş. common stocks with nominal amount of 22,069.

8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
Short term trade receivables		
Consultancy fee accrual	104,892	339,064
Due from customers	54,048	2,239,534
Commission income accrual	23,148	86,239
Service fee income accrual	18,253	43,391
Due from loan customers	12,163	141,676
Advances given	-	3,399
Doubtful trade receivables	2,907,422	3,096,024
Allowance for doubtful receivables	(2,907,422)	(3,096,024)
	212,504	**2,853,303**

Short term trade payables		
Due to customers (*)	1,774,552	3,807,474
Short term other trade payables	461,222	747,359
	2,235,774	**4,554,833**

(*) Due to customers includes TL848,481 (31 December 2010: TL415,264) of bank deposits and TL926,071 (31 December 2010: TL3,392,210) of fund shares that belong to customers but which are kept in the Group’s own accounts.

9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
Other short term receivables		
Receivables from TurkDEX	7,039,794	6,020,678
Receivables from share certificate lending transactions	242,000	-
Advances given to personnel	4,132	4,144
	7,285,926	**6,024,822**

Other long term receivables		
Deposits and guarantees given	768,849	1,681,644
	768,849	**1,681,644**

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

9 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables	31 December 2011	31 December 2010
Taxes and duties payable	569,747	707,860
Payables to personnel	-	505
	569,747	**708,365**

10 - PROPERTY AND EQUIPMENT

31 December 2010	Leasehold improvements	Motor vehicles	Furniture and fixtures	Total
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**
31 December 2011				
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**

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

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

11 - INTANGIBLE ASSETS

	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**

	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**

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

12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions	31 December 2011	31 December 2010
Provision for lawsuits (*)	32,609	97,880
	32,609	**97,880**

(*) As of 31 December 2011 provision for lawsuits amounting to TL32,609 (31 December: TL97,880) consists of provisions for reemployment lawsuits.

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

	31 December 2011	31 December 2010
Letters of guarantees given	173,748,359	263,721,253
	173,748,359	**263,721,253**

In addition, as of 31 December 2011 the Company held share certificates with nominal value of TL94,751,652 (31 December 2010: TL105,552,572) and 27,092 future contracts (31 December 2010: 32,844) in custody for its customers.

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

13 - COMMITMENTS

The commitments of the Group as of 31 December 2011 and 31 December 2010 are as follows:

Descriptions about forward transactions

	31 December 2011		31 December 2010	
Derivative instruments	**Asset**	**Liability**	**Asset**	**Liability**
Foreign currency forward contracts (*)	-	-	-	16,969
	-	**-**	**-**	**16,969**

(*) As of 31 December 2011 there is no balance in "Foreign currency forward contracts" balance (As of 31 December 2010 the fair values of the Group's foreign currency purchase commitment amounting to USD1,255,771 and sale commitment amounting to TL1,948,542) (Note 7).

14 - PROVISION FOR EMPLOYEE BENEFITS

	31 December 2011	31 December 2010
Short term employee benefits		
Personnel bonus provision	4,340,000	4,357,000
Unused vacation provision	528,376	456,832
	4,868,376	**4,813,832**
Long term employee benefits		
Provision for employment termination benefits	553,967	395,965
	553,967	**395,965**

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 TL2,732 (31 December 2010: TL2,517) for each period of service at 31 December 2011.

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

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

14 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

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

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 2011	31 December 2010
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:

	31 December 2011	31 December 2010
Opening balance	395,965	314,743
Service cost	88,192	56,000
Interest cost	38,574	30,275
Charge for the year	49,338	17,175
Employee termination benefit paid (-)	18,102	22,228
	553,967	**395,965**

15 - OTHER ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Short term other assets		
Prepaid taxes (Note 22)	1,363,559	-
Prepaid expenses	523,406	530,368
Income accruals	3,535	19,724
	1,890,500	**550,092**
Long term other assets		
Prepaid expenses	34,838	73,320
	34,838	**73,320**
Short term other liabilities		
Expense accruals	47,589	58,082
	47,589	**58,082**

(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 2010: TL8,450,000) and consists of 845,000,000 (31 December 2010: 845,000,000) authorized shares with a nominal value of 1 Kr each.

As of 31 December 2011 and 31 December 2010 the issued and fully paid-in share capital held is as follows:

	31 December 2011		31 December 2010	
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 31 December 2011 restricted reserve of the Company is TL5,908,187 (31 December 2010: TL3,408,187).

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 TL16,997,305, 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.)

16 - SHAREHOLDERS' EQUITY (Continued)

Restricted reserves

	31 December 2011	31 December 2010
First legal reserves	3,406,787	3,406,787
Second legal reserves	2,501,400	1,400
Restricted reserves	**5,908,187**	**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 2011 and 2010 revaluation fund is as follows;

	31 December 2011	31 December 2010
Revaluation fund for financial assets	7,198	7,198
	7,198	**7,198**

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

17 - SALES AND COST OF SALES

	1 January - 31 December 2011	**1 January - 31 December 2010**
Sales	**5,765,889,986**	**3,892,981,246**
Equity share sales	5,763,009,929	3,885,970,424
Mutual fund sales	2,880,057	7,010,822
Services	**28,423,200**	**33,790,960**
Intermediary commissions on equity share transactions	13,152,677	16,173,535
Intermediary commissions on future contract transactions	8,818,697	14,005,559
Investment consultancy income	5,491,663	2,418,955
Custody commissions	475,683	732,676
Mutual funds management fee income	309,383	371,437
Portfolio management income	131,389	33,739
Mutual funds intermediary commission	43,708	55,059
Deductions from services income (-)	**121,080**	**24,338**
Commission returns (-)	121,080	24,338
Other income/(expense) from operating activities	**295,681**	**(1,177,526)**
Profit/(loss) on future contract sales	295,681	(1,177,526)
Total sales revenue	**5,794,487,787**	**3,925,570,342**
Cost of sales (-)	**5,764,746,185**	**3,890,529,749**
Cost of equity share sales (-)	5,761,879,854	3,884,285,918
Cost of mutual fund sales (-)	2,866,331	6,243,831
Net operating revenue	**29,741,602**	**35,040,593**

18 - EXPENSES BY NATURE

	1 January - 31 December 2011	**1 January - 31 December 2010**
Marketing expenses		
Membership and subscription fees	1,938,646	2,091,795
	1,938,646	**2,091,795**
General administrative expenses		
Personnel expenses	20,156,567	17,700,921
Communication expenses	1,737,500	1,451,723
Rent expense	1,081,720	973,707
Accommodation, transportation and travel expenses	972,394	1,095,588
Sundry taxes and duties	817,139	1,262,792
Amortization and depreciation expenses (Note 10 and 11)	753,985	655,488
Representation expenses	490,794	622,648
Audit and consultancy fees	454,842	792,250
Other	1,064,377	973,794
	27,529,318	**25,528,911**

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

19 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2011	1 January - 31 December 2010
Other operating income		
Reversal of provisions	216,991	-
Income from sales of property and equipment	2,697	6,140
Other	46,046	16,714
	265,734	**22,854**
Other operating expenses		
Customer transaction differences expenses (net)	863,615	871,730
Disallowable expenses	223,544	128,747
	1,087,159	**1,000,477**

20 - FINANCIAL INCOME

	1 January - 31 December 2011	1 January - 31 December 2010
Interest income from time deposits	17,857,549	12,447,154
Foreign exchange gain	1,694,622	263,916
Interest income from marketable securities	641,025	2,328,053
Interest income from future contracts	554,874	431,984
Dividend income	16,550	92,558
Other interest income	19,077	56,990
	20,783,697	**15,620,655**

21 - FINANCIAL EXPENSES

	1 January - 31 December 2011	1 January - 31 December 2010
Interest expenses to Money Markets	10,039,096	6,038,737
Letter of guarantees commission expenses	822,705	450,364
Share certificate lending transactions commission expenses	44,718	44,415
Foreign exchange expenses	17,277	1,200,931
Interest expenses to borrowings	1,309	76,794
Other interest and commission expenses	82,842	93,059
	11,007,947	**7,904,300**

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

22 - TAX ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Corporate tax payable	1,911,662	3,109,586
Prepaid taxes	(3,275,221)	(2,908,276)
Tax (asset)/liability, net	**(1,363,559)**	**201,310**
Current year tax expense	1,911,662	3,114,106
Deferred tax income	(15,147)	(275,236)
	1,896,515	**2,838,870**

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

	2011	2010
Profit before tax	9,227,963	14,158,619
Theoretical income tax at the applicable tax rate of 20%	1,845,593	2,831,724
Additions	65,205	30,270
Income exempt from taxation	(14,283)	(23,124)
Current year tax expense	**1,896,515**	**2,838,870**

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 2011 (2010: 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.

(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 2011	31 December 2010
Deferred tax assets	1,090,990	1,064,929
Deferred tax liabilities	(126,322)	(115,408)
Deferred tax assets, net	**964,668**	**949,521**

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 2010: 20%).

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2011 and 2010 calculated using the enacted tax rates, are as follows:

	31 December 2011		31 December 2010	
	Cumulative temporary difference	Deferred tax assets/ liabilities	Cumulative temporary difference	Deferred tax assets/ liabilities
Personnel bonus provision	4,340,000	868,000	4,357,000	871,400
Provision for employment termination benefits	553,967	110,793	395,965	79,193
Unused vacation provision	528,376	105,675	456,832	91,366
Expense accruals	32,609	6,522	114,849	22,970
Deferred tax assets		**1,090,990**		**1,064,929**
Difference between tax base and carrying value of tangible and intangible assets	608,552	121,710	559,219	111,844
Valuation difference on securities	23,058	4,612	17,787	3,557
Foreign currency valuation differences	-	-	37	7
Deferred tax liabilities		**126,322**		**115,408**
Deferred tax assets, net		**964,668**		**949,521**

(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 2011	**31 December 2010**
Profit attributable to equity holders	7,331,448	11,319,749
Weighted average number of ordinary shares in issue	845,000,000	845,000,000
Earnings per share (Kr)	**0.87**	**1.34**

24 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties at 31 December 2011 and 2010 are as follows:

	31 December 2011	**31 December 2010**
Deposits due from related parties		
Eurobank Tekfen A.Ş.	66,561,718	7,667,252
	66,561,718	**7,667,252**
Financial investments from related parties		
Eurobank Tekfen A.Ş. Mutual Funds	845,067	4,237,125
EFG İstanbul Equties Menkul Değerler A.Ş. Mutual Funds	418,270	1,311,717
	1,263,337	**5,548,842**
Receivables from related parties		
Eurobank EFG Fund Management Luxemburg	58,329	-
Eurobank Tekfen A.Ş. Mutual Funds	12,521	20,922
EFG İstanbul Equties Menkul Değerler A.Ş. Mutual Funds	7,670	7,385
Advances given to personnel	4,132	4,144
Eurobank Tekfen A.Ş.	1,108	6,485
	83,760	**38,936**
Payables to related parties		
Euro World Travel Ltd.Şti.	15,171	-
Eurobank Tekfen A.Ş.	1,507	1,421
EFG Capital International Corp.	-	40,486
Payables to personnel	-	505
	16,678	**42,412**
Foreign currency purchase and sale commitments due to related parties		
Eurobank Tekfen A.Ş. (Note 13)	-	16,969
	-	**16,969**

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

24 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) As of 31 December 2011 and 2010 the interest and service income from related parties are as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Interest income from related parties		
Eurobank Tekfen A.Ş.	3,594,453	2,647,431
	3,594,453	**2,647,431**
Service income from related parties		
EFG Eurobank Securities Firm S.A.	297,344	198,264
Eurobank Tekfen A.Ş. Mutual Funds	194,521	234,971
EFG İstanbul Equties Menkul Değerler A.Ş. Mutual Funds	114,862	163,937
Eurobank EFG Fund Management Company (Luxemburg)S.A.	114,808	-
Eurobank Tekfen A.Ş.	43,708	55,059
EFG Eurobank Ergasias S.A.	10	-
EFG Finansal Kiralama A.Ş.	-	2
	765,253	**652,233**

c) As of 31 December 2011 and 2010 the interest and service expenses to related parties are as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Interest expense from related parties		
Eurobank Tekfen A.Ş.	1,231	5,819
	1,231	**5,819**
Service expense from related parties		
EFG Eurobank Ergasias S.A.	150,000	183,372
EFG Capital International Corp.	68,808	145,579
Eurobank Tekfen A.Ş.	23,378	19,011
Euro World Travel Ltd.	15,171	-
EFG Audit and Consulting Services	-	35,243
	257,357	**383,205**

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 TL4,369,732 (31 December 2010: TL3,716,493).

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

25 - 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			
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	-	-	-	-	-	-

(*) 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.

	Trade Receivables		Other Receivables			
31 December 2010	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits(*)**	**Finansal investments(**)**
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.

(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 2011 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 "Ba2" 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 31 December 2011 and 2010.

	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**

	31 December 2010						
	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**
Finansal liabilities	98,448,798	35,330,429	63,782,871	-	-	-	99,113,300
Financial lease obligations	431	-	-	468	-	-	468
Trade payables	4,554,833	747,359	-	-	-	3,807,474	4,554,833
Other payables	708,365	708,365	-	-	-	-	708,365
Total liabilities	**103,712,427**	**36,786,153**	**63,782,871**	**468**	**-**	**3,807,474**	**104,376,966**

(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 Group at 31 December 2011 and 2010 in original currency and total TL equivalents are as follows:

	31 December 2011				31 December 2010			
	TL Equivalent	USD	EUR	GBP	TL Karşılığı	USD	EUR	GBP
Trade receivables	21,627	-	8,850	-	107,589	64,900	3,540	-
Financial assets	6,130,699	3,223,876	137	13,982	6,136,299	3,704,061	200,000	-
Total assets	**6,152,326**	**3,223,876**	**8,987**	**13,982**	**6,243,888**	**3,768,961**	**203,540**	**-**
Trade payables	863,651	440,970	6,345	5,210	463,047	34,429	200,000	-
Financial liabilities	-	-	-	-	431	279	-	-
Total liabilities	**863,651**	**440,970**	**6,345**	**5,210**	**463,478**	**34,708**	**200,000**	**-**
Amount of off-balance sheet foreign currency derivative instruments	-	-	-	-	1,941,422	1,255,771	-	-
Net foreign currency assets	**5,288,675**	**2,782,906**	**2,642**	**8,772**	**7,721,832**	**4,990,024**	**3,540**	**-**

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.

	31 December 2011	31 December 2010
USD net assets/(liabilities)	525,663	771,458
GBP net assets/(liabilities)	2,559	-
EUR net assets/(liabilities)	646	725
Total	**528,868**	**772,183**

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

25 - 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.

	31 December 2011	31 December 2010
Financial instruments with variable interest rates		
Financial instruments		
- Financial assets at fair value through profit/loss	11,104,763	11,381,720

The profit before tax of the Group from the financial asset valuation will decrease by TL231,267 (31 December 2010: TL288,524) and increase by TL239,126 (31 December 2010: TL299,966) in the case of a 1% decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2011.

Price risk

The Group has no future contracts and share certificates classified in the trading securities portfolio as of 31 December 2011 (31 December 2010: 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.

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 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.

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

26 - FINANCIAL INSTRUMENTS (Continued)

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:

	31 December 2011		31 December 2010	
	Fair value	**Carrying value**	**Fair value**	**Carrying value**
Cash and cash equivalents	70,652,060	69,148,322	184,323,967	184,020,660
Financial investments	11,531,513	11,531,513	13,659,822	13,659,822
Financial liabilities	-	-	98,459,782	98,449,229

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.)

26 - FINANCIAL INSTRUMENTS (Continued)

Financial assets carried at fair value:

31 December 2011

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

31 December 2010

	Level 1	**Level 2**	**Level 3**
Government bonds	11,381,720	-	-
Mutual funds	2,269,622	-	-
	13,651,342	**-**	**-**

27 - SUBSEQUENT EVENTS

i) According to the declaration made by the ultimate parent of the Group, EFG Eurobank Ergasias SA, on 9 April 2012:

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 99.26% of Eurobank Tekfen, from Eurobank EFG and the Tekfen Group. The transaction is expected to close in third quarter of 2012 subject to regulatory approvals by the competent authorities.

According to the declaration made by one of the shareholders of the Group's main partner Eurobank Tekfen A.Ş., Tekfen Holding A.Ş., on 9 April 2012:

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.

27 - SUBSEQUENT EVENTS (Continued)

ii) The Board of Directors of EFG Eurobank Ergasias S.A. ("Eurobank") and Alpha Bank AE ("Alpha Bank") publicly announced on 29 August 2011 that they had reached agreement on a combination of Eurobank and Alpha Bank by way of a merger. On 15 November 2011, each of the Extraordinary General Meetings of Eurobank and Alpha Bank resolved the merger of Eurobank with Alpha Bank under the new corporate name "Alpha Eurobank S.A." with the condition that all Greek regulatory permits will be given. These permits were obtained by 23 January 2012.

On 30 January 2012, Alpha Bank announced that the merger between Alpha Bank and Eurobank depends on the current macroeconomic developments directly impacting the banking sector (the PSI). On 14 March 2012, Alpha Bank announced its intention to take action to revoke the decisions of the 15 November 2011 General Meeting of its Shareholders.

Eurobank announced that all the legal requirements for the completion of the merger have been satisfied and are not dependent upon the outcome of the PSI or the terms thereof and no actual events occurred in the meantime that could legally inhibit the completion, and reserves its position.

iii) According to the Board of Directors Decision numbered 7 and dated 23 March 2012, Hamza Baturalp Candemir, the General Manager, has resigned from his duties and Hüseyin Kelezoğlu has been appointed as deputy.

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. Accordingly, the consolidated 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 TL815,000 for the period ending 31 December 2011 (1 January - 31 December 2010: TL803,000). 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 TL2,045,000 (31 December 2010: TL2,015,000).

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,

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

28 - DISCLOSURE OF OTHER MATTERS (Continued)

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 2011 and 2010 the Group has met the relevant requirements of capital adequacy.

c) Fund management activity

The Group has been managing five mutual funds in accordance with CMB regulations (31 December 2010: 5) and charges fund management fee. As of 31 December 2011, total fund management fee income amounts to TL309,383 (31 December 2010: TL371,437)

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

	31 December 2011		31 December 2010	
Fund name	**Commission rate (%)**	**Fund value**	**Commission rate (%)**	**Fund value**
Eurobank Tekfen A.Ş. B Tipi Likit Fon	0.00750	12,953,518	0.00120	20,465,460
Eurobank Tekfen A.Ş. B Tipi Altın Fonu	0.00450	9,626,212	0.00450	5,488,846
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	1,517,354	0.00120	1,129,366
Eurobank Tekfen A.Ş. B Tipi Değişken Fon	0.00800	734,011	0.00800	1,297,402
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	460,825	0.00800	1,293,511
		25,291,920		**29,674,585**

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