EGELİ & CO YATIRIM HOLDİNG A,Ş,
(Formerly known as “Varlık Yatırım Ortaklığı A,Ş,”)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011 TOGETHER WITH INDEPENDENT AUDITORS’ REPORT ORIGINALLY ISSUED IN TURKISH, SEE NOTE 24 (1)

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

To the Board of Directors of Egeli & Co Yatırım Holding A,Ş,

1. We have audited the accompanying financial statements of Egeli & Co Yatırım Holding A,Ş, ("the Company") which comprise the balance sheet as of 31 December 2011 and statement of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes,

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat 9 Akaretler Beşiktaş 34357 İstanbul-Turkey
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Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Egeli & Co Yatırım Holding A.Ş. as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board (See Note 2).

Additional Paragraph for Convenience Translation into English

5. The accounting principles described in Note 2 (defined as "Capital Markets Board Accounting Standards") to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with IFRS.

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

Talar Gül, SMMM
Partner

Istanbul, 5 April 2012

EGELİ & CO YATIRIM HOLDİNG A.Ş.
(Formerly known as "Varlık Yatırım Ortaklığı A.Ş.")

FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011

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(Formerly known as "Varlık Yatırım Ortaklığı A.Ş.")

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 24 (1)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Consolidated 31 December 2011	Separate 31 December 2010
ASSETS			
Current assets		**35,931,120**	**10,825,265**
Cash and cash equivalents	4	27,840,926	10,065,565
Financial investments	5	7,491,714	679,327
-Financial assets held for trading due to transaction with related parties	*20*	*1,923,115*	*382,127*
-Other financial investments	*5*	*5,568,599*	*297,200*
Other current assets	12	598,480	80,373
Non-current assets		**6,051,408**	**173,022**
Financial investments	5	5,197,910	-
- Available for sale financial investments due to transaction with related parties	*20*	*5,165,054*	-
-Other financial investments	*5*	*32,856*	-
Property and equipment (net)	8	138,003	167,343
Intangible assets (net)	9	622,073	5,679
Other non-current assets	12	16,175	-
Deferred tax assets	18	77,247	-
TOTAL ASSETS		**41,982,528**	**10,998,287**
LIABILITIES			
Current liabilities		**357,959**	**90,807**
Trade payables	6	152,290	30,978
- Trade payables to related parties	*20*	*11,720*	*23,600*
- Other trade payables	*6*	*140,570*	*7,378*
Other payables	7	817	21
Provisions	10	-	22,857
Other liabilities	12	204,852	36,951
Non-current liabilities		**434,739**	**18,725**
Other Non-current liabilities	12	430,586	-
Provisions for employee benefits	11	4,153	6,631
Deferred tax liabilities	18	-	12,094
Total liabilities		**792,698**	**109,532**
Shareholders' equity		**41,189,830**	**10,888,755**
Share capital	13	40,000,000	9,027,000
Unpaid capital	13	(40,017)	-
Adjustment to share capital	13	251,880	251,880
Common stocks share premiums	2.4.j	297,610	297,545
Restricted reserves	13	278,095	278,095
Changes in the fair value of available for sale financial investments		(161,199)	-
Retained earnings	13	1,034,235	1,343,928
Net income/(loss) for the period		(470,778)	(309,693)
Shareholders' equity		**41,189,826**	**10,888,755**
Non-controlling interests		**4**	**-**
TOTAL LİABİLİTİES AND EQUİTY		**41,982,528**	**10,998,287**

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.
(Formerly known as "Varlık Yatırım Ortaklığı A.Ş.")

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 24 (1)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Consolidated 1 January - 31 December 2011	Seperate 1 January - 31 December 2010
CONTINUING OPERATIONS			
OPERATING INCOME			
Interest, commission and other income	14	2,005,850	959,008
Interest, commission and other expense (-)	14	(697,535)	(143,945)
Gross profit		**1,308,315**	**815,063**
General administrative expense (-)	15	(1,989,266)	(1,093,843)
Other operation income	16	22,857	4,038
Other operation expense (-)	16	-	(22,857)
Operating loss		**(658,094)**	**(297,599)**
Financial income	17	284,574	-
Financial expense (-)	17	(146,299)	-
Loss before tax from continuing operations		**(519,819)**	**(297,599)**
Tax income/(expense) from continuing operations			
- Current period tax expense (-)	18	-	-
- Deferred tax income/expense (-)	18	49,041	(12,094)
Loss from continuing operations		**(470,778)**	**(309,693)**
Net loss from continuing operations		**(470,778)**	**(309,693)**
Loss attributable to:			
Owners of the parent		(470,778)	(309,693)
Non-controlling interests		-	-
Other comprehensive loss			
Changes in the fair value of available for sale financial investments	5	(201,499)	-
Tax effect of changes in the fair value of available for sale financial investments	18	40,300	-
Total comprehensive loss		**(631,977)**	**(309,693)**
Comprehensive loss attributable to:			
Owners of the parent		(631,977)	(309,693)
Non-controlling interests		**-**	**-**
Earnings per share from continuing operations (Corresponds to per share which is 1 TL nominal)	19	(0,0002)	(0,0003)

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.
(Formerly known as “Varlık Yatırım Ortaklığı A.Ş.”)

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 24 (1)

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

	Notes	Share Capital	Unpaid Capital	Adjustment to share capital	Common stocks share premium	Restricted reserves	Retained earnings (Acc. deficit)	Changes in the fair value of AFS fin.inv.	Non-cont. interests	Net profit/(loss) for the period	Total Equity
1 January 2010	**13**	**9,027,000**	**-**	**251,880**	**297,545**	**204,130**	**(393,524)**	**-**	**-**	**1,811,417**	**11,198,448**
Transfers		-	-	-	-	73,965	1,737,452	-	-	(1,811,417)	-
Total comprehensive income		-	-	-	-	-	-	-	-	(309,693)	(309,693)
31 December 2010		**9,027,000**	**-**	**251,880**	**297,545**	**278,095**	**1,343,928**	**-**	**-**	**(309,693)**	**10,888,755**
1 January 2011	**13**	**9,027,000**	**-**	**251,880**	**297,545**	**278,095**	**1,343,928**	**-**	**-**	**(309,693)**	**10,888,755**
Capital increase	13	30,973,000	(40,017)	-	65	-	-	-	-	-	30,933,048
Subsidiaries		-	-	-	-	-	-	-	4	-	4
Transfers		-	-	-	-	-	(309,693)	-	-	309,693	-
Other comprehensive income		-	-	-	-	-	-	(161,199)	-	-	-
Total comprehensive income/expense		-	-	-	-	-	-	(161,199)	-	(470,778)	(631,977)
31 December 2011		**40,000,000**	**(40,017)**	**251,880**	**297,610**	**278,095**	**1,034,235**	**(161,199)**	**4**	**(470,778)**	**41,189,830**

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 24 (1)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

The accompanying explanations and notes form an integral part of these 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 24 (1)

(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 loss for the year		(470,778)	(309,693)
Adjustments to reconcile net income to net cash from operating activities:			
Deferred tax (income)/expense	18	(49,041)	12,094
Financial investments value increase		(205,090)	-
Depreciation and amortization	15	48,479	8,995
Provision for employment termination benefits	11	3,559	8,405
Payment of employment termination benefits	11	(6,037)	(3,524)
Interest income		(93,086)	(2,063)
Provisions		-	22,857
Net cash used in operating activities before changes in operating assets and liabilities		**(771,994)**	**(262,929)**
Net (increase)/decrease in financial assets at fair value through profit or loss		(6,812,387)	2,808,324
Net increase in other current assets		(518,107)	(82,929)
Net increase in trade payables		121,312	16,750
Net increase in other non-current assets		(16,175)	-
Net increase in other payables and other liabilities		576,426	23,174
Net cash (used in)/from operating activities		**(7,420,925)**	**2,502,390**
Purchases of tangible and intangible assets		(635,533)	(171,667)
Purchases of financial investments		(32,856)	-
Increase in financial assets available for sale		(5,197,910)	-
Cash flows used in investing activities		**(5,866,299)**	**(171,667)**
Increase in capital		30,973,000	-
Cash flows from financing activities		**30,973,000**	**-**
Net increase in cash and cash equivalents		**17,685,776**	**2,330,723**
Change in restricted cash	4	(724,529)	-
Cash and cash equivalents at the beginning of the period	4	10,062,063	7,731,340
Cash and cash equivalents at the end of the period	**4**	**27,023,310**	**10,062,063**

1 - ORGANIZATION AND NATURE OF OPERATIONS

Egeli & Co. Yatırım Holding A.Ş. (The "Company") was incorporated by being fully registered and started its financial operations on 10 February 1998. The company was established under the name of Varlık Yatırım Ortaklığı A.Ş., on 24 March 2010 in order to be engaged with Securities Investment Trusts according to the regulations of Capital Markets Board ("CMB"). It has been decided by the Board of Directors to expand the Company's field of operations and to make the most of the investment opportunities in finance, energy, agriculture, real estate and to evaluate other investment opportunities in various sectors. In order to increase the profitability of the Company by contributing to the development of the country's economy and providing added value to shareholders and capital markets and getting involved in various projects, it has been decided to amend the entire contract and extend from the status of Marketable Securities Investment Partnership. Company is in the process of the restructuring of its legal personality status, after obtaining the necessary clearances to change the contract based on the General Assembly of Shareholders that was decided by unanimous vote. Modification of all of the Company Articles of Association has been submitted to the approval of the CMB and it was allocated from securities investment trust status with the permission of the CMB. For amendment of the Articles, in the Extraordinary General Meeting of Shareholders which was held on 27 September 2010 and Decisions of the Board Meeting of Preferred Shareholders Partners has been approved by the Istanbul Trade Registry Office as of 30 September 2010. As a result of the registration, the title of Varlık Yatırım Yönetim A.Ş. has been altered to Egeli & Co. Yatırım Holding A.Ş..

The company's shares have been offered to the public and are traded in the Istanbul Stock Exchange ("ISE").

The registered office address of the Company is as follows:Abdi İpekçi Caddesi, Azer İş Merkezi No: 40 Kat: 6 Daire: 16-17 Harbiye Şişli - İstanbul, Turkey.

The company has participated in "Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret Anonim Şirketi" which was founded at 30 March 2011 with TL480,000 capital stock with NRG Enerji Sistemleri Sanayi ve Ticaret A.Ş. as %50-%50 Joint Venture, co-founder to operate in geothermal energy investments especially investments of energy production in Balıkesir-Bigadiç-Adalı-Çeribaşı and Balıkesir-Balya-Ilıca geothermal fields.

The company has participated in "EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş."("EGC Elektrik or subsidiaries") which was founded at 19 September 2011 with TL200,000 capital stock as co-founder with %99,99 rate and TL 199,996 capital stock to operate in founding facilities, renting and puchasing already existing facilities in the field of energy production from renewable and clean energy sources.

The Company, its subsidiary and joint venture expressed as "Group" all together.

The total number of personnel employed in the Company as of 31 December 2011 is 5 (31 December 2010: 3).

The financial statements for the year ended 31 December 2011 have been approved by the Board of Directors on 5 April 2012. General Assembly has the power to amend the financial statements.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Significant accounting standards

The company's legal books and the statutory financial statements are hold with in accordance accounting principles of the Turkish Commercial Code ("TCC"), the CMB and tax statements.

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.

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 and 5 January 2009, including the compulsory disclosures.

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.

2.1.2 Accounting for the effect of hyperinflation

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.

2.1.3 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 recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.1.4 Going concern

The Group's consolidated financial statements have been prepared using a going concern basis of accounting.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1.5 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in TL, which is the Group’s functional and presentation currency.

2.2 Changes in accounting policies

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

2.2.1 Comparatives and restatement of prior periods’ financial statements

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods.
Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.2.2 Adoption of new or revised international financial reporting standards and interpretations

The Company adopted the standards, amendments and interpretations published by the IASB and International Financial Reporting Interpretation Committee (“IFRIC”) and which are mandatory for the accounting periods beginning on or after 1 January 2010.

(a) Standards, amendment and interpretations that are effective for the periods starting on or after 1 January 2011

- 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.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

- 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.

(b) Standards, amendment and interpretations to existing standards that are not yet effective on reporting date and have not been early adopted by the Company

- 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.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

- 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.

- 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.

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

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

- 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 Company in the upcoming periods.

2.3 Restatement and The Errors in The Accounting Estimates

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.

2.4 Summary of Significant Accounting Policies

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

a. Consolidation principles

The consolidated financial statements include the accounts of the parent company, Egeli & Co Yatırım Holding A.Ş., and its subsidiary and joint venture. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards, applying uniform accounting policies and presentation. The results of subsidiary and joint venture are included from their effective dates of acquisition.

Joint Ventures

Joint venture is a company in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Egeli & Co Yatırım Holding A.Ş. and one more other party. Egeli & Co Yatırım Holding A.Ş. exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself and/or as a result of written agreements by certain related parties members and owned by them whereby Egeli & Co Yatırım Holding A.Ş. exercises control over the voting rights of the shares held by them.

The table below sets out the joint venture and shows the proportion of ownership interests:

Joint venture	Egeli& Co Yatırım Holding A,Ş. direct ownership interest	Total ownership interest	Proportion of effective interest
Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret A.Ş.	50.00	50.00	50.00

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

Joint Ventures (Continued)

The joint ventures are accounted for by proportionate consolidation. The Group combines individual income and expenses, assets and liabilities and cash flows of joint ventures on a line-by-line basis with similar items in the consolidated financial statements. Intercompany transactions, balances and unrealised gains/losses between group companies are eliminated on consolidation.

Subsidiaries

Subsidiary is the company in which Egeli & Co Yatırım Holding A.Ş. has the power to control the financial and operating policies for the benefit of Egeli & Co Yatırım Holding A.Ş., either through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, and/or as a result of agreements by certain related parties.

The table below sets out the subsidiary and shows the proportion of ownership interests:

Subsidiary	**Egeli& Co Yatırım Holding A.Ş. direct ownership interest**	**Total ownership interest**	**Proportion of effective interest**
EGC Elektrik Enerji Üretim Sanayi ve Ticaret A,Ş,	99.99	0.01	100.00

The Group combines individual income and expenses, assets and liabilities and cash flows of subsidiaries on a line-by-line basis with similar items in the consolidated financial statements. Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases (Note 3).

Non-controlling interest

The minority shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and income statements as "non-controlling interest".

b. Financial Assets

The group classifies its financial assets in the following categories: at fair value through profit or loss and available for sale.

Regular purchases and sales of financial assets are recognised on the "trade date" - the date on which the Group commits to purchase or sell the asset.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

Financial assets at fair value through profit or loss

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. The gains and losses formed as a result of valuation made are booked to the related income/expense accounts. All related realized and unrealized gains and losses, dividends received and interest earned whilst holding trading securities is reported as "interest, commission and other income" or "interest, commission and other income".

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

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

Financial assets available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for- sale financial assets are subsequently carried at fair value. In case that the fair value price is not formed in an active market conditions it is accepted that the fair value of the asset has not been determined reliably and the discounted value which calculated by effective interest rate is taken into account as fair value.

Changes in the fair value of securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

When these securities are disposed of or impaired, the fair value differences accumulated in the shareholders' equity are transferred to the income statement.

When these securities' fair value differences are determined, this impairment loss effect is transferred to the income statement.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

c. 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.

d. Interest income and expenses

Interest income and expenses are recognised 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 amortisation of discounts on government bonds.

e. Foreign exchange transactions

For the years ended 31 December 2011 and 2010, there are not any foreign currency transactions in the Company.

f. Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property and equipment using the straight-line method based on the useful lives of such assets. The useful lives of tangible fixed assets ranged from 4 to 5 years (Note 8).

g. Intangible assets

Intangible assets includes software and energy generation licenses. (Note 9).

Software

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 ranged from 3 to 5 years from the date of acquisition.

Energy generation licenses

Energy generation licences comprise licences acquired which are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding 49 years, which approximates the licence periods.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

h. Impairment of financial assets

Financial assets except trading financial assets are evaluated each period to determine whether they have indicators of impairment. The financial instruments are accepted as impaired in case that the expected collectable amount calculated by discounting of expected future cash flows by an effective interest rate or the amount accounted in accordance with the fair value of the instrument are lower than the book value of the instrument.

i. Revenue recognition

Income and expenses are recognized on an accrual basis.

The Company records income from the sales of securities in its portfolio when the sales are conducted.

j. Fees and commissions

Brokerage commisisons are recorded as income or expense at the time the transactions to which they relate are made. All fees and commissions are recognized on an accrual basis and booked under "interest, commissions and other income" account as interest income in the income statement (Note 14).

k. Taxes

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses (Note 18).

Corporate tax is subject to offsetting when a legal right about netting off the current tax assets and liabilities or when they are related to the corporate tax collected by the same tax regulatory.

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax (Note 18).

The principal temporary differences arise from reserve for annual leave and provision for employment termination benefits, valuation differences of marketable securities, property and equipment.

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.

The deferred tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

l. Related parties

For the purpose of the accompanying financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of the business. These transactions consist of the transfers of the assets and liabilities between related parties by market prices (Note 20).

m. Capital and dividends

Share capital is recognized at the nominal amount and amounts received in excess of the par value are recognized in share premium account. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction.

The company accounted the issued capital increases to be issued with a cost in excess of the nominal export price and the difference with nominal value, as "Share Premium" in equity.

n. Cash flow statement

For the purposes of cash flow statement, the Company considers bank deposits and mutual funds with a maturity of no more than three months (Note 4).

o. 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.

p. Provisions, contingent assets and liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company treated as "contingent assets or liabilities" are not included in the financial statements and disclosed in explanatory notes to the financial statements.

Contingent assets generally arise from unplanned or other unexpected events that bear the probability of inflow of economic benefits to the Group. Contingent assets are not shown on the financial statements, since they may imply accounting of an income that will never be gained. Contingent assets are disclosed in financial statement disclosures, if the inflow of the economic benefits to the Group is probable. Contingent assets are subject to continuous evaluation in order to reflect the effect of developments in contingent assets to financial statements accurately. In case that the probability of inflow of the economic benefit to the Company is almost certain, the related asset and the income generated from the asset are reflected to the financial statements of the regarding period.

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

r. Employee benefits

The Company accounts liabilities related to severance pay, vacation rights and other benefits for employees according to the clause "Employee Benefits" ("IAS 19") and classifies as "Provisions for Employee Benefits" at the balance sheet.

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.

Provision for employment termination is the discounted amount of the calculated value within case of retirement of employees of the Company's estimated future liability that will occur within the framework of the Turkish Labour Law (Note 11).

s. Cash and cash equivalents

Cash and cash equivalents are other short term highly liquid investments, which are cash, demand deposit accounts from date of purchase and maturities of 3 months or less than 3 months which is immediately convertible to cash and carry an insignificant risk of changes in value.

t. 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.

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.

u. Subsequent events

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

v. Segment Reporting

The Group does not prepare segment reporting as of 31 December 2011 since the subsidiary and the joint venture, which will perform their activities in different sectors and geographical areas, has not yet started their operations. Aggregate amounts of assets, liabilities, and revenue and results related to subsidiaries and joint ventures in the consolidated financial statements are figured in Note 3.

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

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.5 Critical Accounting Estimates and Judgements

Preparation of financial statements requires balance sheet assets and liabilities as of the date reported, or described in the relevant period and the amounts of contingent assets and liabilities consists of estimates and assumptions that affect the reported amounts of revenues and expenses. These estimates are based on management's best knowledge of current, actual results may differ from those estimates.

Deferred tax assets recognition

Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by Management and extrapolated results thereafter. The business plan is based on Management expectations that are believed to be reasonable under the circumstances.

Fair value of financial assets

In assessing the trading securities, the best bid price on the İstanbul Stock Exchange as of the balance sheet date is considered to be the fair value of the trading securities.

3 - SUBSIDIARIES AND JOINT VENTURES

Aggregate amounts of assets, liabilities, and revenue and results related to subsidiaries and joint ventures in the consolidated financial statements are as follows on a combined basis:

Joint venture

	31 December 2011
Total current assets	70,799
Total non-current assets	1,234,179
Total assets	**1,304,978**
Total current liabilities	333,529
Total non-current liabilities	872,742
Total liabilities	**1,206,271**
Net loss for the period	(301,261)

Subsidiary

Total current assets	116,202
Total assets	**116,202**
Total liabilities	**67,741**
Net loss for the period	(151,539)

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

4 - CASH AND CASH EQUIVALENTS

	31 December 2011	**31 December 2010**
Cash	2,228	-
Banks		
- Time deposits (*)	27,827,383	7,943,402
- Demand deposits	11,315	507
Reverse repo transactions	-	562,047
B type mutual fund	-	1,559,609
	27,840,926	**10,065,565**

(*) Time deposits includes restricted cash amounting to TL724,529 against the guarantee letter of from “Karesi”.

For the purpose of preperation of cash flow statements, details of cash and cash equivalents as follow:

	31 December 2011	**31 December 2010**
Cash	2,227	-
Banks		
- Time deposits	27,009,768	7,940,000
- Demand deposits	11,315	507
Reverse repo transactions	-	561,947
B type mutual fund	-	1,559,609
	27,023,310	**10,062,063**

5 - FINANCIAL INVESTMENTS

Financial assets at fair value through profit or loss	**31 December 2011**	**31 December 2010**
Financial assets at fair value through profit or loss		
- Held for trading	7,491,714	679,327
	7,491,714	**679,327**

Financial assets at fair value through profit or loss are held for trading and measured at their fair value. In assessing the fair value of the trading securities, the best bid price on the İstanbul Stock Exchange as of the balance sheet date is used. In case that the fair value price is not formed in an active market conditions it is accepted that the fair value of the asset has not been determined reliably and their cost value is taken into account as fair value.

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

5 - FINANCIAL INVESTMENTS (Continued)

Financial assets at fair value through profit or loss:

	31 December 2011			31 December 2010		
	Cost value	Fair Value	Book Value	Cost value	Fair Value	Book Value
Share certificates (*)	5,835,084	6,114,667	6,114,667	645,326	679,327	679,327
Mutual Fund (**)	1,555,000	1,377,047	1,377,047	-	-	-
	7,390,084	**7,491,714**	**7,491,714**	**645,326**	**679,327**	**679,327**

(*) TL546,068 (31 December 2010: TL382,127) of shares consist of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş..

(**) "Egeli & Co Special Situations Fund" is an investment fund which is Cayman centered, following value focused approach, special circumstance focused and open ended. The fund focuses hard times, troubled assets and the other special circumstances with constructive investments. Egeli & Co Portföy Yönetimi A.Ş. is the manager of the portfolio of the fund, Caledonian Fund Services realize operational management and its financial statements audited regularly. Due to independent auditors report on financial statement of the fund, its functional currency is USD and control power is owned by "Egeli & Co Finansal Yatırımlar A.Ş.".

Share certificates at fair value through profit or loss as at 31 December 2011 consists of the share certificates quoted to ISE.

Financial assets available for sale:

Details of share certificates, that are classified as available-for-sale financial assets are as follows:

Type	31 December 2011 Subsidiary Amount TL	31 December 2011 Partnership interest %	31 December 2010 Subsidiary Amount TL	31 December 2010 Partnership interest %
Quoted to stock exchange				
Egeli & Co Tarım Girişim Sermayesi Y,O, A,Ş,	5,165,054	23,48	-	-
Not quoted to stock exchange				
Batı Tarımsal Yatırımlar A,Ş,	32,856	9,00	-	-
	5,197,910		**-**	**-**

As of 31 December 2011, the portion of available-for-sale financial assets amounting to TL5,165,054 consists of shares of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. with nominal value of TL494,738 owned by the Company and shares with nominal value of TL5,000,000. This second set of shares was sold to the Company via private placement without exercising the right of purchasing new shares and was issued when the issued capital of Egeli & Co. Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. (formerly known as "Egeli & Co. Yatırım Ortaklığı A.Ş.") was increased from TL17,000,000 to TL22,000,000. Both sets of shares are valued according to the market price on the Istanbul Stock Exchange. All of the said shares are Class B shares and two-thirds of the members of the Board of Directors are selected among the members indicated by Class A shareholders. Hence, the Group does not have a major influence on management of the relevant company.

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

5 - FINANCIAL INVESTMENTS (Continued)

As of 31 December 2011, TL32,856 of available-for-sale financial assets consists of 9% of capital shares of "Batı Tarımsal Yatırımlar A.Ş.", which the Company participated in as a Founding Partner with a capital share of TL499,960 corresponding to 99.99% of the total shares, which remained after the Company sold 454,960 shares with nominal value TL454,960 to Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. The Group does not have a major influence on the management of the relevant company.

Financial assets available for sale

	31 December 2011			31 December 2010		
	Cost	**Fair value**	**Book value**	**Cost**	**Fair value**	**Book value**
Share certificates	5,411,552	5,197,910	5,197,910	-	-	-
	5,411,552	5,197,910	5,197,910	-	-	-

6 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2011 the Group does not have any trade receivables (31 December 2010: None).

Short term trade payables	**31 December 2011**	**31 December 2010**
Purchasing share certificates	68,169	-
Advisory fee	67,741	-
Advisory fee for investing activities (Note 20)	11,130	23,600
Payables to insurance companies	1,562	-
Portfolio management fee (Note 20)	590	-
Other	3,098	7,378
	152,290	**30,978**

7 – OTHER RECEIVABLES AND PAYABLES

As of 31 December 2011 the Group does not have any other receivables (31 December 2010: None).

Short term trade payables	**31 December 2011**	**31 December2010**
Dividend payables	21	21
Other	796	-
	817	**21**

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

8 - PROPERTY AND EQUIPMENT

31 December 2011	Property and equipments	Fixtures	Leasehold improvements	Total
Cost				
1 January 2011 opening balance	13,050	51,660	120,058	184,768
Additions	-	5,363	-	5,363
Disposals (-)	-	-	-	-
31 December 2011 closing balance	**13,050**	**57,023**	**120,058**	**190,131**
Accumulated depreciation				
1 January 2011 opening balance	(13,050)	(1,627)	(2,748)	(17,425)
Additions	-	(10,757)	(23,946)	(34,703)
Disposals (-)	-	-	-	-
31 December 2011 closing balance	**(13,050)**	**(12,384)**	**(26,694)**	**(52,128)**
31 December 2011 net book value	**-**	**44,639**	**93,364**	**138,003**

31 December 2010	Property and equipments	Fixtures	Leasehold improvements	Total
Cost				
1 January 2010 opening balance	13,050	51	-	13,101
Additions	-	51,609	120,058	171,667
Disposals (-)	-	-	-	-
31 December 2010 closing balance	**13,050**	**51,660**	**120,058**	**184,768**
Accumulated depreciation				
1 January 2010 opening balance	(13,050)	(51)	-	(13,101)
Additions	-	(1,576)	(2,748)	(4,324)
Disposals (-)	-	-	-	-
31 December 2010 closing balance	**(13,050)**	**(1,627)**	**(2,748)**	**(17,425)**
31 December 2010 net book value	**-**	**50,033**	**117,310**	**167,343**

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

9 - INTANGIBLE ASSETS

Intangible assets are consist of software and energy generation licenses.

31 December 2011	Software	Energy generation licences	Total
Cost			
1 January 2011 opening balance	37,752	-	37,752
Additions	3,000	627,170	630,170
Disposals (-)	-	-	-
31 December 2011 closing balance	**40,752**	**627,170**	**667,922**
Accumulated amortization			
1 January 2011 opening balance	(32,073)	-	(32,073)
Additions	(3,696)	(10,080)	(13,776)
Disposals (-)	-	-	-
31 December 2011 closing balance	**(35,769)**	**(10,080)**	**(45,849)**
31 December 2011 net book value	**4,983**	**617,090**	**622,073**

31 December 2010	Software	Energy production licences	Total
Cost			
1 January 2010 opening balance	37,752	-	37,752
Additions	-	-	-
Disposals (-)	-	-	-
31 December 2010 closing balance	**37,752**	**-**	**37,752**
Accumulated amortization			
1 January 2010 opening balance	(27,402)	-	(27,402)
Additions	(4,671)	-	(4,671)
Disposals (-)	-	-	-
31 December 2010 closing balance	**(32,073)**	**-**	**(32,073)**
31 December 2010 net book value	**5,679**	**-**	**5,679**

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

10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Short term provisions		
Provisions for litigation BITT	-	22,857
	-	**22,857**

The Company has submitted to the Tax Office its Banking and Insurance Transaction Tax Return with reservation from January 2008 to February 2009 and filed a lawsuit to request the cancellation of the taxes paid. As the said taxes fall within the scope of Law No. 6111 on "Restructuring of Public Receivables", an application was made at the Beşiktaş Tax Office in order to benefit from the facilities granted by the Law; therefore, the lawsuits have been withdrawn.

Within this context, the total amount of Banking and Insurance Transaction Tax that the Company has declared, paid and made a matter of the lawsuit is TL87,456. In 2009, TL22,857 was refunded; in 2010, TL5,824 was refunded; and in 2011, TL13,753 was refunded. TL5,824 (Note 12) was indicated as deferred income and TL22,857 was indicated as provisions from liabilities (Note 10) in the financial statements dated 31 December 2010 because the judgements in their favour were reversed and the judgements against them were affirmed by the Council of State in 2010 and in the following period. These amounts were reflected as other operating income in the financial statements dated 31 December 2011 because the lawsuits have been withdrawn (Note 16).

11 - PROVISION FOR EMPLOYEE BENEFITS

	31 December 2011	31 December 2010
Long term employee benefits		
Provision for employment termination benefits	4,153	6,631
	4,153	**6,631**

Unused vacation provision

In accordance with existing labour law in Turkey, the Group is required to make payments to employees for the remaining vacation days up to the termination date regarding on the current salary amount.

As of 31 December 2011 the Group does not have any obligation for unused vacation.(31 December 2010: None)

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

11 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Provision for employment termination benefits

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

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

The amount payable consists of one month's salary limited to a maximum of TL2,805 (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.

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 (%)	-	-

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. Therefore the maximum amount of employment termination benefits of the Company is determined every six months and is calculated using the maximum amount of TL2,805 valid from 1 January 2012 (1 January 2011: TL2,623).

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

	31 December 2011	31 December 2010
1 January	**6,631**	**1,750**
Service cost	3,250	8,301
Interest cost	309	104
Payments of employment termination benefits	(6,037)	(3,524)
31 December	**4,153**	**6,631**

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

12 - OTHER ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Other current assets:		
Deferred Value Added Tax (VAT)	326,840	53,144
Prepaid taxes	268,612	24,725
Deposits and guarantees given	1,707	480
Prepaid expenses	1,321	-
Short term other assets	-	2,024
	598,480	**80,373**
Other non-current assets		
Prepaid expenses	16,175	-
	16,175	**-**
Other short term liabilities		
Expense accruals (*)	166,179	-
Taxes and fees	32,102	27,557
Social security premiums	6,571	3,570
BITT litigation deferred income (Note 10)	-	5,824
	204,852	**36,951**
Other long term liabilities		
Expense accruals (*)	430,586	-
	430,586	**-**

(*) Expense accruals consist of the license fee of the geothermal field in order to the agreement between "Karesi" and General Directorate of Mineral Research and Exploration (MRE).

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

13 - SHAREHOLDER'S EQUITY

The Company's paid-in capital TL40,000,000 (31 December 2010: TL9.027.000), each with a nominal value has been divided number of shares 4,000,000,000 (31 December 2010: 902,700,000) that is amount of Kr1.

The company is in authorized capital subject system, the amount of authorized capital of TL250,000,000 (31 December 2010: TL50,000,000).

As the parent company, the Company owns 7,976,071 Class A privileged shares registered in the name of shareholders with nominal value 1 Kr, all of which belong to Egeli & Co Finansal Yatırımlar A.Ş. as of the date when these financial statements were prepared. In the election of members of the Board of Directors, all of these members are elected from among members nominated by Class A shareholders.

Net book value of issued and Paid Capital as of 31 December 2011 and 31 December 2010 as below;

Partners	Share (%)	31 December 2011 TL	Share (%)	31 December 2010 TL
Egeli & Co Finansal Yatırımlar A,Ş,	43,31	17,325,000	-	-
Tan Egeli	1,95	780,002	0,40	36,000
Egeli & Co Special Situations Fund	1,25	500,000	-	-
Ebru Egeli	0,48	190,000	-	-
Murat Çilingir	-	1,807	0,01	815
Ersoy Çoban	-	3	0,00	1
Other/Publicly held	53,01	21,203,188	99,59	8,990,184
Total paid-in share capital	**100,00**	**40,000,000**	**100,00**	**9,027,000**
Unpaid Capital	-	(40,017)	-	-
Adjustment to share capital	-	251,880	-	251,880
Total Capital	**-**	**40,211,863**	**-**	**9,278,880**

While increasing the issued capital of the Company from TL10,973,000 to TL20,000,000 with an increase of TL9,027,000, pre-emptive rights are exercised between 3 January 2011 and 17 January 2011. During the use of pre-emptive rights between 3 January 2011 and 17 January 2011, of the shares representing the capital in which TL10,973,000 was increased against cash, the portion of TL9,640,082.72 has been purchased by shareholders. The remaining portion of TL1,332,917.28 (with the value 1,332,917.276 TL/Nominal in the Central Registry Agency) was put up for sale in the primary market on the Istanbul Stock Exchange for 15 days between 3 February 2011 and 17 February 2011. The share sale was completed on 15 February 2011. Registration basis document for completion of capital increase No. 502, dated 9 March 2011, was obtained from the Capital Markets Board, and the capital increase transaction was completed after registration by the Istanbul Trade Registry Office on 14 March 2011.

On 12 August 2011, the Board of Directors resolved to increase company capital from TL20,000,000 to TL50,000,000; and consequently at the time of the sale of shares with a nominal value of TL30,000,000 via private placement, the portion corresponding to a nominal value of TL20,000,000 (all of which shall be issued in cash) which was recorded with Capital Markets Board's Decision No. 54/551, dated 15 June 2011, was sold on the Istanbul Stock Exchange's wholesale market. Accordingly, of the TL30,000,000 worth of shares increased in return for cash, TL20,000,000 worth of shares were sold and Central Registry Agency was asked to cancel the unsold shares worth TL10,000,000. The registration basis document for completion of capital increase No. 1684, dated 06 September 2011, was obtained from the Capital Markets Board. The capital increase transaction was completed after registration by the Istanbul Trade Registry Office on 12 September 2011.

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

13 - SHAREHOLDER'S EQUITY (Continued)

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital due to the inflation adjustments. Capital adjustment differences have no other use other than being transferred to share capital.

Reserves, retained earnings/(accumulated losses):

	31 December 2011	31 December 2010
Restricted reserves		
- Legal reserves	278,095	278,095
Retained earnings	1,034,235	1,343,928
	1,312,330	**1,622,023**

According to CMB's fifth article's second paragraph Series IV, No. 27 "Principles of the Distribution of Dividends for Public Joint Ventures and Partnerships", the calculation of the amount for distributable profits, unrealized capital gains of investment trusts under the provisions will be taken into account in calculating the amount of distributable profit, unrealized capital gains which are classified as special reserves.

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.

Retained earnings

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.

However, the application that is valid until 1 January 2008, corrected for the inflation in accordance with the regulation of the financial statements as a result of the first equity "capital, share premium, legal reserves, statutory reserves, special reserves and extraordinary reserves, "presented at their historical amounts of these items are given and the corrected values in such accounts' equity inflation adjustment differences" account. For all equity accounts "equity inflation adjustment differences" could be used free of charge for share capital increase, the extraordinary values, free capital increase, cash dividend distribution or to offset 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:

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

13 - SHAREHOLDER’S EQUITY (Continued)

- 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.

Bonus Share

According to CMB regulations, the net distributable profit, the necessity of the minimum dividend calculated in accordance with CMB’s profit distribution amount, the entire statutory net distributable profit, the whole amount in the statutory net profit distributed. Statutory financial statements prepared in accordance with CMB’s regulations or in the case of dividend distribution will be made in any period.

There is no obligation about minimum profit share, for the corporatives that trading in stock market in order to conclusion of CMB at 28 January 2010.

14 - SERVICE INCOME

	1 January- 31 December 2011	1 January- 31 December 2010
Interest, commission and other income		
Deposit interest income	1,762,947	3,402
Interest income from reverse repo	117,572	134,999
Valuation, amortization and interest income	78,085	461,389
Gain on sale of common stocks, net	47,246	-
Gain of government bonds, treasury bills, net	-	356,211
Interest income of money markets	-	2,992
Other	-	15
	2,005,850	**959,008**
Interest, commission and other expenses		
Project based consultancy expenses	460,671	-
Profit/(loss) from investment funds, net	177,848	-
Portfolio management fee	31,408	123,892
Commission expenses	27,608	11,464
Other	-	8,589
	697,535	**143,945**

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

15 - GENERAL ADMINISTRATIVE EXPENSE

	1 January- 31 December 2011	1 January- 31 December 2010
General administrative expenses		
Advisory expenses for investing activities	589,083	40,000
Personnel expenses	318,400	553,286
Rent expenses and the share of building expenses	172,425	70,687
Service expenses	144,613	19,347
Other advisory expenses	114,271	93,068
Listing and the board recording expenses	108,019	24,203
Taxes and duties	71,343	4,681
Legal expenses	58,305	156,940
Consulting expenses	56,479	28,378
Travel expenses	52,251	35,093
Depreciation and amortization expenses	48,479	8,995
Transportation expenses	41,203	-
Trade registry expenses	28,140	18,589
Maintenance and repairing expenses	10,996	19,182
Other operating expenses	175,259	21,394
	1,989,266	**1,093,843**

16 - INCOME/EXPENSE FROM OTHER OPERATIONS

	1 January- 31 December 2011	1 January- 31 December 2010
Income from other operations		
Income from BITT litigations (Note 10)	22,857	-
Other	-	4,038
	22,857	**4,038**

	1 January- 31 December 2011	1 January- 31 December 2010
Expenses from other operations		
Provision expenses from BITT litigation (Note 10)	-	22,857
	-	**22,857**

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

17 - FINANCIAL INCOME AND EXPENSE

	1 January- 31 December 2011	1 January- 31 December 2010
Financial income		
Change in fair value of share sertificates	245,581	-
Foreign exchange gain	6,049	-
Other financial income	32,944	-
	284,574	**-**
Financial expense		
Foreign exchange loss	122,300	-
Change in fair value of associates	12,144	-
Interest expense	11,855	-
	146,299	**-**

18 – INCOME TAXES

According to CMB's corporate tax declaration law, the article 5/d, dividends paid to non-resident corporations, which has business in Turkey or 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.

Witholding Tax Declaration Law No. 193, 67th article of the amendment by Law No. 5527 on 7 July 2006 and published in the framework of this change in the Official Gazette No. 26237 dated 23 July 2006, and with the Capital Market in accordance with the decision established securities investment funds (funds and exchange traded funds and housing finance funds, including asset finance) and securities portfolio management, investment partners over the earnings until the date of 1 October 2006 date of the change rate of withholding tax is amended to 15% from 1 October 2006.

However, shares acquired before 1 January 2006, with treasury bills and bonds issued before that date, or the maintenance of a process arising from the disposals of the portfolio and gains exempt from corporation tax are subject to the provisions that are valid from 31 December 2006. Accordingly, allowance has been made to the portion of the portfolio in the formation of at least 25% of the shares from the portfolio in this part of the portfolio gains of 0%, otherwise of 10%.

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

18 - INCOME TAXES (Continued)

Witholding Tax Declaration Law No. 193, 67th article of the amendment by Law No. 5527 on 7 July 2006 and published in the framework of this change in the Official Gazette No. 26237 dated 23 July 2006, and with the Capital Market in accordance with the decision established securities investment funds (funds and exchange traded funds and housing finance funds, including asset finance) and securities portfolio management, investment partners over the earnings until the date of 1 October 2006 date of the change rate of withholding tax is amended to 10% and 0% from 1 October 2006.

In this context, the Capital Market Law, established by securities investment funds and trusts in their portfolios as of 31 December 2005, and traded shares are evaluated, that traded on the İstanbul Stock Exchange on the last day in 2005, the weighted average purchase price or value of goods are valued higher. This value is recognized in subsequent periods as the price of buying these securities.

According to Corporate Tax Law Law No. 5520, under the fifth article, the income of Investment Trusts Corporations is exempt from corporation tax. The Company's investment trust status from the date of 31 December 2010, will begin to be paid depending on the income of 20% corporate tax from the gain of company.

Dividend payments of investment trusts are paid on “gross = net” rate, that is applied to withholding. As of 31 December 2010, in case of the company's removal from investment trust status, dividend payments to the taxpayer and the actual person, will be made distribution of dividend withholding tax, payment rate of 15% non-residents and legal entities non-resident investors.(if there are double taxation avoidance agreements, the provisions of the agreement are taken into consideration).

Within the scope of temporary Article 67, a withholding tax of 10% shall be deducted from income arising from the sale and purchase of shares in investment trusts by ISE investors. The 10% withholding tax shall not be deducted from income arising as a result of stock purchases and sales by the Group in ISE as of 31 December 2010, when the Company no longer has the status of investment trust (valid as of 1 October 2010).

As explained below, the Company's tax liabilities started as of 31 December 2010 when it is no longer an investment trust.

	1 January- 31 December 2011	**1 January- 31 December 2010**
Current year tax expense	-	-
Deferred tax expense	49,041	(12,094)
Total tax expense	**49,041**	**(12,094)**

The Corporate Tax Law was altered by Law No.5520 on 21 June 2006. The majority of regulations in Corporate Tax Law No.5520 became effective as of 1 January 2006. According to this Law, the corporation tax rate of the fiscal year 2008 is 20% (2007: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance amount utilized within the scope of the Income Tax Law transitional article 61).

18 - TAXES (Continued)

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.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira In accordance with the law in question, cumulative inflation rate for the last 36 months, and inflation rate for the last 12 months must exceed (DIE WPI increase rate) 100% and 10% respectively. Since these conditions in question were not fulfilled in 2005 and 2006, no inflation adjustment was performed.

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.

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.

The Corporate Tax Legislation consists of various numbers of exemptions regarding the corporations. Hence, the exceptional earnings that are classified as profit or loss is taken into consideration by the corporate tax law.

Besides the exceptions stated above, the discounts those are stated in the 8th, 9th, and 10th articles of the Corporate Tax Law and 40th article of Income Tax Law are taken in into consideration in the fixation of the corporate tax assessment.

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

18 - TAXES (Continued)

As of 31 December 2011 and 2010 cumulative temporary differences and deferred tax assets and liabilities using enacted tax rates are as follows:

	31 December 2011	31 December 2010
Deferred tax assets	158,351	1,326
Deferred tax liabilities	(81,104)	(13,420)
Deferred tax assets/(liabilities), net	**77,247**	**(12,094)**

	Total temporary differences 31 December 2011	Deferred tax assets/(liabilities) 31 December 2011
Deferred tax assets		
Tax losses carried forward	586,104	117,221
Change in fair value of available for sale financial investments	201,499	40,300
Employee termination benefits	4,153	830
		158,351
Deferred tax liabilities		
Valuation differences of financial assets	(279,583)	(55,917)
Tangible and intangible assets tax basis and book value differences	(97,257)	(19,451)
BITT provisions	(28,681)	(5,736)
		(81,104)
Deferred tax assets, net		**77,247**

Tax losses carried forward consist of the loss for the year 2011 and will expire by 2016.

Movements in the deferred tax assets and liabilities during the current year are as follows:

	1 January - 31 December 2011
Beginning of the period - 1 January	**(12,094)**
Deferred tax income recognized in the income statement	49,041
Deferred tax expense recognized in the other comprehensive income	
- Tax effect of change in fair value of available for sale financial investments	40,300
End of the period - 31 December	**77,247**

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

18 - TAXES (Continued)

	Total temporary differences 31 December 2010	Deferred tax assets/(liabilities) 31 December 2010
Deferred tax assets		
Employee termination benefits	6,631	1,326
		1,326
Deferred tax liabilities		
Tangible and intangible assets tax basis and book value differences	(33,101)	(6,620)
Financial assets tax basis and book value differences	(34,002)	(6,800)
		(13,420)
Deferred tax liabilities, net		**(12,094)**

19 - EARNINGS PER SHARE

Earnings per share stated in the income statement, is being calculated as divison of the net profit for the current period by the weighted average number of ordinary shares.

In Turkey, companies can increase their share capital by distributing "free shares" of earnings to existing shareholders, retained earnings and revaluation funds. This type of "bonus shares" retained earnings per share calculations, are regarded as issued shares. Accordingly, the weighted average number of shares used for earnings per share, is derived by giving retroactive effect of previous transactions.

Earnings per share is calculated as dividing net profit distributed to shareholders by weighted average number of shares issued.

	1 January- 31 December 2011	1 January- 31 December 2010
Net loss	(470,778)	(309,693)
The average number of shares	3,024,984,444	902,700,000
Loss per share (As TL1 per share)	**(0,0002)**	**(0,0003)**
Total comprehensive loss	(631,977)	(309,693)
Comprehensive loss per share (As TL1 per share)	**(0,0002)**	**(0,0003)**

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

20 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES(Continued)

a, As of 31 December 2011 and 2010 balances of related parties are as follows:

	31 December 2011	31 December 2010
Trade payables to related parties		
Egeli & Co Portföy Yönetimi A.Ş. (*)	11,720	23,600
	11,720	**23,600**

(*) Consist of portfolio management and investment advisory fees.

b, Transactions with related parties for the years ended 31 December 2011 and 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Other financial income from related parties		
Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. (**)	8,465	-
	8,465	**-**

(**) Consist of profit from the sale of subsidiary (Note 25).

	1 January- 31 December 2011	1 January- 31 December 2010
Advisory expenses for investing activities and portfolio management fee		
Egeli & Co Portföy Yönetimi A.Ş. (***)	620,490	40,000
	620,490	**40,000**

(***) Consist of expenses for the advisory and portfolio management.

	1 January- 31 December 2011	1 January- 31 December 2010
Other expenses		
Egeli & Co Kurumsal Destek Hizmetleri A.Ş. (****)	144,613	19,347
Egeli & Co Finansal Yatırımlar A.Ş. (*****)	-	29,198
	144,613	**48,545**

(****) Consist of accounting, operation, management, technical service, corporational support and reporting etc. services received.

(*****) Consist of rent expenses.

c. As of 31 December 2011 and 2010 financial assets due to transactions with related parties are as follows:

	31 December 2011	31 December 2010
Financial assets at fair value through profit or loss		
Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş.	546,068	382,127
Egeli & Co Special Situaitons Fund	1,377,047	-
	1,923,115	**382,127**

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

20 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES(Continued)

Financial assets held for sale	31 December 2011	31 December 2010
Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş. (*****)	5,165,054	-
	5,165,054	**-**

(*****) Consists of shares of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. with nominal value of TL494,738 owned by the Company and shares with nominal value of TL5,000,000 valued according to the market price on the Istanbul Stock Exchange.

d. The details of benefits which provided to board of chairs are as follows;

	1 January - 31 December 2011	1 January - 31 December 2010
Gross wages and other short term benefits	147,735	296,071
	147,735	**296,071**

21 - FINANCIAL RISK MANAGEMENT

The Group is exposed to variety of financial risks due to its operations. The details of these risks and The Group's risk management are as follows.

Financial Risk Management

The Group's activities expose itself to a variety of 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 minimise potential adverse effects on the financial performance of the Group.

a. C*redit risk*

Credit risk is the risk that one party to a financial instrument will fail to meet the terms of their agreements as foreseen and cause the other party to incur a financial loss.

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

21 - FINANCIAL RISK MANAGEMENT (Continued)

The Group's maximum credit risk exposure:

Notes(Note 4)	Receivables from reverse repo transactions (Note 4)	Banks and other current accounts (Note 5)	Financial investments (Note 4)	B type liquid funds
31 December 2011				
As of reporting date				
Max. credit risk exposed	**-**	**27,838,464**	**12,689,624**	**-**
Net book value of non overdue or non-impaired financial assets	-	27,838,464	12,689,624	-
31 December 2010				
As of reporting date				
Max. credit risk exposed	**562,047**	**7,943,909**	**679,327**	**1,559,609**
Net book value of non overdue or non-impaired financial assets	562,047	7,943,909	679,327	1,559,609

For the purpose of the above table, collaterals and other guarantees which increase the collectability of the financial asset have not been taken into account. The Group does not hold any financial assets that are past due but not impaired with renegotiated conditions which would otherwise be past due and impaired. In addition, the Group does not hold any off balance sheet items with credit risk and impaired assets.

b. Liquidity risk disclosures

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient funds. 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 31 December 2011 and 2010.

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

21 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2011						
	Up to 1 month	**Between 1-3 months**	**Between 3 months-1 year**	**Between 1-5 years**	**5 years and more**	**Demand**	**Total**
Cash and cash equivalents	27,102,854	-	-	724,529	-	13,543	27,840,926
Financial investments	-	-	7,491,714	5,197,910	-	-	12,689,624
Other current assets	-	-	598,480	-	-	-	598,480
Tangible assets	-	-	-	16,175	-	-	16,175
Property and equipment	-	-	-	138,003	-	-	138,003
Intangible assets	-	-	-	-	622,073	-	622,073
Deferred tax assets	-	-	-	-	-	77,247	77,247
Total Assets	**27,102,854**	**-**	**8,090,194**	**6,076,617**	**622,073**	**90,790**	**41,982,528**
Trade payables	152,290	-	-	-	-	-	152,290
Other payables	-	-	-	-	-	817	817
Other liabilities	-	-	204,852	430,586	-	-	635,438
Employee termination benefits	-	-	-	-	-	4,153	4,153
Total liabilities	**152,290**	**-**	**204,852**	**430,586**	**-**	**4,970**	**792,698**
Net liquidity excess/(shortage)	**26,950,564**	**-**	**7,885,342**	**5,646,031**	**622,073**	**85,820**	**41,189,830**

	31 December 2010				
	1 aya kadar	**1 -3 ay arası**	**3 ay - 1 yıl arası**	**Vadesiz**	**Toplam**
Cash and cash equivalents	8,505,449	-	-	1,560,116	10,065,565
Financial Inverstments	-	-	-	679,327	679,327
Other Current Assets	2,024	-	24,725	53,624	80,373
Property and equipment	-	-	-	167,343	167,343
Intangible Assets	-	-	-	5,679	5,679
Total Assets	**8,507,473**	**-**	**24,725**	**2,466,089**	**10,998,287**
Trade Payables	30,978	-	-	-	30,978
Other payables	-	-	-	21	21
Other short term liabilities	31,127	-	-	5,824	36,951
Provisions	-	-	-	22,857	22,857
Employee termination benefits	-	-	-	6,631	6,631
Deferred tax liabilities	-	-	-	12,094	12,094
Total Liabilities	**62,105**	**-**	**-**	**47,427**	**109,532**
Net liquidity excess/(shortage)	**8,445,368**	**-**	**24,725**	**2,418,662**	**10,888,755**

According to the contract, as there is no difference between the price of the book and value of cash outflows, there is no extra table presented for cash inputs and outputs.

21 - FINANCIAL RISK MANAGEMENT (Continued)

c. Information on market risk

1. Foreign currency risk

Since the Group does not have any assets and liabilities denominated in foreign currency as of 31 December 2011 and 2010, the Group was not exposed to currency risk.

2. Interest Rate Risk

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

Since the Company does not have any financial instrument with variable interest rate as of 31 December 2011 and 2010, analysis of interest rate risk for variable rate is not presented.

3. Share certificate price risk

In the Group's balance sheet, Group has TL11,357,806 worth of the stocks which are classified as of 31 December 2011 (31 December 2010: TL679,327). As of 31 December 2011 all the shares that are classified as financial assets in the Group's balance sheet reflects the fair value differences of profits/losses, are traded on the ISE. The Group's analysis suggests when the ISE index increase/decrease by 5% Group's pre-tax increase/decrease by TL332,890 and the other compherensive increase/decrease by TL235,000 assuming that all other variables remain constant abdominal

d. Share capital management

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

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

22 - FINANCIAL INSTRUMENTS

Fair value of the financial instruments

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

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

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

a. 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.

Market prices are used on the determination of the fair values of marketable securities.

b. Financial liabilities:

The Company assumes that the carrying values of financial assets and liabilities are close to their fair values are due to their short term maturity. There is no financial liability as of 31 December 2011 and 2010.

The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Second level: 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 the first level.
- Third level: Financial assets and liabilities are valued with inputs that cannot be based on the data observed in the market and used to determine the fair value of the asset or liability.

	Level 1	Level 2	Level 3
31 December 2011			
Financial Investments	11,279,721	1,409,903	-
31 December 2010			
Financial instruments for trading	679,327	-	-

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

23 - COLLATERAL, PLEDGE, MORTGAGE

The statements of the Company related to its collateral/pledge/mortgage position as of 31 December 2011 are as follows (31 December 2010: None);

Collateral, pledges and mortgages given by the Company

31 December 2011	Currency	Quantity	TL equivalent
A. Total amount of collateral, pledges and mortgages issued in the name of its legal entity			
B. Total amount of collateral, pledges and mortgages given on behalf of affiliates within the scope of full consolidation			
C. Total amount of collateral, pledges and mortgages given in order to assure the liabilities of third parties for the purpose of performing ordinary trade activities	TL	724,529	724,529
D. Total amount of other collateral, pledges and mortgages given			
i. The total amount of collateral, pledges and mortgages given on behalf of parent company.			
ii. The total amount of collateral, pledges and mortgages given on behalf of other group companies that is not within the scope of Articles B and C.			
iii. The total amount of collateral, pledges and mortgages given on behalf of third parties that is not within the scope of Article C.			
Total		**724,529**	**724,529**

The ratio of other collateral, pledges and mortgages to the Group equity is 2% as of 31 December 2011.

24 - SUBSEQUENT EVENTS

- Egeli & Co Yatırım Holding A.Ş. and Akbank T.A.Ş. (Bank) have signed a Letter of Intent for the transfer of all 12,686,676 Class A and B shares owned by the Bank in Ak B Tipi Yatırım Ortaklığı A.Ş to the Company. Within this framework, the parties started to negotiate for the transfer and the Bank is negotiating exclusively with the Company.

- The Company's subsidiary EGC Elektrik Enerji Üretim San. ve Tic. A.Ş. submitted a license application to the Energy Market Regulatory Authority for founding a "hybrid" natural gas electricity generation plant with a power of 153.65 MW and a production capacity of 1,015 GWh/year in the Aegean Region. Egeli & Co Yatırım Holding A.Ş. is the guarantor of the collateral letter for TL1,000,000 submitted to the Energy Market Regulatory Authority.

- With the resolution by the Board of Directors No. 67, dated 15 March 2012, the Company has decided to open a contact bureau in Izmir in order to follow investment activities in the Aegean Region.

- At the Ordinary General Assembly of Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic. A.Ş., whose capital the Company participated in by 50%, it was resolved to increase the capital of TL480,000 to TL960,000 via an increase of TL480,000. The Company shall cover the portion that corresponds to the contribution amount of the increased capital.

25 - DISCLOSURE OF OTHER MATTERS

- With TL499,960 capital share of 99.99%, the Company participated as Founding Partner in the enterprise which was founded under the trade name "Batı Tarımsal Yatırımlar A.Ş." with capital worth TL500,000 to operate in the areas of production, distribution, transportation and marketing of products suitable for the ecology of the region by purchasing and/or renting agricultural lands or via land consolidation with the purpose of operating in soil agriculture and with the aim of founding all types of necessary facilities, making investments, purchasing plants and raising livestock. Then the Company sold 454,960 shares with nominal value of TL454,960 to Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. in return for TL463,425.

- Together with NRG Enerji Sistemleri Sanayi ve Ticaret A.Ş., the Company participated in "Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret Anonim Şirketi", which was founded with initial capital worth TL480,000 with the purpose of operating in geothermal energy investments especially for electricity generation in the Balıkesir-Bigadiç-Adalı-Çeribaşı and Balıkesir-Balya-Ilıca geothermal zones with a capital share of 50% - 50% as a founding partner.

- The Company has been the leading investor during the period that Egeli & Co Yatırım Ortaklığı A.Ş. transitioned from investment trust to venture capital fund.

- With capital worth TL199,996 corresponding to 99.99% of total shares and in the capacity of founding partner, the Company participated in "EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş." ("EGC Elektrik" or "Subsidiary"), which was founded on 19 September 2011 with initial capital worth TL200,000, to operate in the field of sales and production of electrical energy from renewable and fresh energy resources by establishing, renting or purchasing plants.

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