

The unconditional trust of our clients...



SECURITIES

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Our Largest Capital Base in 35 Years: Client Trust

Yatırım Finansman, inaugurated prior to the opening of the Istanbul Stock Exchange (ISE), was the first capital markets institution in Turkey. With a central role it undertook in those early years, Yatırım Finansman soon became one of the most essential institutions operating in the Turkish capital markets. Today, clients closely associate Yatırım Finansman with the feeling of trust Celebrating its 35th anniversary in 2011, Yatırım Finansman continues to contribute to the development of the sector and remains an enduring “symbol of reliability”.

Possessing a highly efficient and productive national service network, Yatırım Finansman offers reliable brokerage and capital market services for individual and institutional investors from across Turkey and around the world. Today, Yatırım Finansman is among the outstanding brokerage houses with more than 31,000 accounts in Turkey and abroad, over TL 1,235 billion in assets under management and a mutual fund portfolio of TL 174.5 billion. Yatırım Finansman sets the standards for high quality service in the capital markets sector.


Yatırım Finansman’s extensive service network, which has served the Company’s clients for many years having earned their unconditional trust, is composed of 13 branches and agencies at major locations, CMB-licensed investment consultants and client representatives, an internet branch (www.yatirimfinansman.com) and a telephone branch (444 11 44). Yatırım Finansman sees the unconditional trust of its clients to be the most important asset it has acquired during its 35 year history. The Company plans to further strengthen its tradition of reliability as it advances into the future.

**Yatırım Finansman
Menkul Değerler A.Ş.
2010 Ordinary General
Shareholders Meeting
2010**

March 23, 2011
Wednesday,
Head Office,
Time: 2.00 PM
Nispetiye Caddesi
Akmerkez E-3 Blok
Kat: 4 34337
Etiler/Istanbul

Agenda

1. Opening and Executive Board election,
2. Authorization of the Executive Board to sign the Minutes of the General Shareholders Meetings,
3. Reading and discussion of the reports of the Board of Directors, Board of Auditors and the Independent Auditors,
4. Reading, discussion and approval of the Financial Statements of the Company which are prepared in accordance with the 2010 IFRS-compliant Communiqué Series XI No.: 29 of the Capital Markets Board,
5. Release of each Member of the Board of Directors and the Auditors of their liabilities with regard to the Company's activities in 2010,
6. Making a decision on the 2010 Trading Profit,
7. Discussion and decision on the proposal to amend Article 7 of the Articles of Association of the Company,
8. Submitting to the General Meeting's approval of the election held to replace the Board of Directors Member who resigned during the year,
9. Submitting to the General Meeting's attention the election held to replace the Board of Auditors Member who resigned during the year,
10. Election of the Members of the Board of Directors,
11. Election of the Members of the Board of Auditors,
12. Setting the fees to be paid to the Members of the Board of Directors and the Auditors,
13. Authorization of the Chairman and Members of the Board of Directors to carry out the transactions set out in Articles 334 and 335 of the Turkish Commercial Code,
14. Any Other Business.

A man with short dark hair, wearing a dark suit jacket over a black t-shirt, is smiling broadly. He is wearing a red velvet blindfold over his eyes. The background is a modern office with large windows and a glass railing on an upper level.

**Our trading volume
in the equity market
increased by 46%.**

Yatırım Finansman's trading volume in the ISE equity market totaled TL 25.6 billion, up by 46% compared to the previous year.

An Overview of Yatırım Finansman

13

Number of Branches
Yatırım Finansman serves its clients through 13 branches and agencies at major locations across Turkey.

Sustaining rapid and steady growth since its establishment, Yatırım Finansman has achieved a highly respected position in capital markets. One of the leading companies in the sector and an enduring symbol of reliability, Yatırım Finansman celebrated its 35th anniversary in 2011.

More than 31,000 accounts

Yatırım Finansman's primary goal is to maintain its leading position in Turkish capital markets with its sound shareholding structure, extensive distribution channels, wide product range, advanced technology infrastructure, client-orientated services and long-standing experience.

Yatırım Finansman Menkul Değerler A.Ş. was established on October 15, 1979 as the first capital markets institution in Turkey with the participation of 13 major banks led by Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası (TSKB). Sustaining rapid and steady growth since its establishment Yatırım Finansman has achieved a highly respected position in capital markets. One of the leading companies in the sector and an enduring symbol of trust, Yatırım Finansman will celebrate its 35th anniversary in 2011.

Having introduced many innovations to the Turkish capital markets, Yatırım Finansman:

- was the first capital markets institution in Turkey,
- led the development of capital markets prior to the enactment of the Capital Markets Law in 1981 and the opening of the Istanbul Stock Exchange (ISE) in 1986,
- underwrote the first corporate bond issue in Turkey,
- played an important role in key developments such as changing investment habits, establishing the Capital Markets Board (CMB) and the Istanbul Stock Exchange, and popularizing stocks and government bonds as investment instruments.

Yatırım Finansman's primary goal is to maintain its leading position in Turkish capital markets with its sound shareholding structure, extensive distribution channels, wide product range, advanced technology infrastructure, client-orientated services and experience.

With its strong and extensive national service network, Yatırım Finansman offers swift, reliable, high-quality capital markets services to individual and institutional investors in Turkey and around the world. The Company's service network is composed of 13 branches and agencies at major locations, CMB-licensed investment consultants and client representatives, an internet branch (www.yatirimfinansman.com) and a telephone branch (444 11 44). Thanks to its large investor portfolio and extensive branch network, Yatırım Finansman has become an indispensable strategic partner for public offerings, ready to provide easy access to local and foreign institutional investors.

The Company's Head Office hosts International Sales, Foreign Operations, Domestic Derivative Transactions, Sales, Research and Treasury&Portfolio Management departments to meet the needs of domestic and foreign institutional investors. The Corporate Finance Department offers investment banking solutions to companies and shareholders for raising funds on the capital markets in addition to its public offering services.

Yatirim Finansman's Head Office hosts the departments of International Sales, Foreign Operations, Domestic Derivative Transactions, Sales, Research and Treasury&Portfolio Management to meet the needs of domestic and foreign institutional investors.

Yatirim Finansman offers the following world-class market brokerage and investment banking services to domestic and foreign individual and institutional investors:

Having obtained authorization from the Capital Markets Board, Yatirim Finansman plans to launch its Liaison Office in London in the first quarter of 2011. In addition, in the early months of 2011, Yatirim Finansman clients started to conduct transactions with YF Trade, futures and options online trading platforms, after the Company received CMB authorization in 2010.

Today, Yatirim Finansman is a leading brokerage house with more than 31,000 accounts, TL 1,235 billion of assets under management and a mutual fund portfolio of TL 174.5 billion as of year-end 2010. In accordance with the Extraordinary General Shareholders Meeting Resolution dated March 18, 2010, the Company's paid-in capital was increased by TL 7 million, from TL 38.5 million to TL 45.5 million. As of the end of 2010, Yatirim Finansman's total shareholders' equity amounted to TL 59.9 million.

Wide Range of Products

Yatirim Finansman offers the following world-class market brokerage and investment banking services to domestic and foreign individual and institutional investors:

Individual Services

- Stock Brokerage
- Derivatives Exchange Transactions
- Discretionary Portfolio Management
- Investment Advisory Services
- Mutual Funds
- Securities (Stock) Lending
- Government Bonds and Treasury Bills Transactions
- Domestic Derivatives Transactions
- Foreign Derivatives Transactions (initiated in 2011)
- Warrant Transactions
- Eurobond Transactions
- Repo and Reverse Repo Transactions
- Corporate Bonds

Institutional Services

- International Sales
- Privatization Advisory Services
- Mergers and Acquisitions
- Asset Management
- Initial and Secondary Public Offerings
- Block Sales
- Corporate Bonds and Bills Brokerage
- Due Diligence Reports and Advisory Services

Service Channels

- Branch and Liaison Offices
- Internet Branch
- Telephone Branch (444 11 44)

Capital, Shareholding Structure and Affiliates

60

(million TL)

Yatırım Finansman's Shareholders' Equity

The growth of Yatırım Finansman's shareholders' equity reflects the strong foundation of the Company.

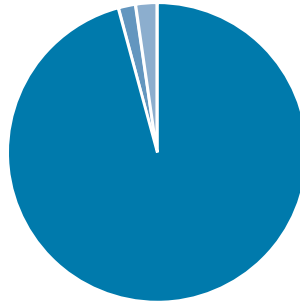
45.5

(million TL)

Yatırım Finansman's Paid-in Capital

The increase in the paid-in capital is clear evidence of Yatırım Finansman's steady growth.

Yatırım Finansman's Shareholding Structure



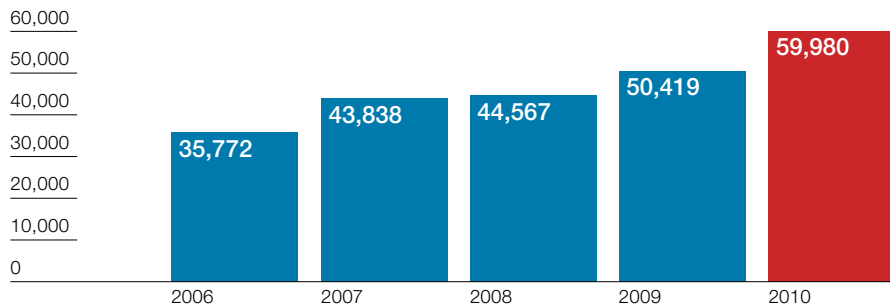
- Türkiye Sınai Kalkınma Bankası A.Ş.
TL 43,580,415
95.78%
- TSKB Gayrimenkul Değerleme A.Ş.
TL 843,419
1.85%
- Others
TL 1,076,166
2.37%

Yatırım Finansman is a member of the İşbank Group through its controlling shareholder, TSKB.

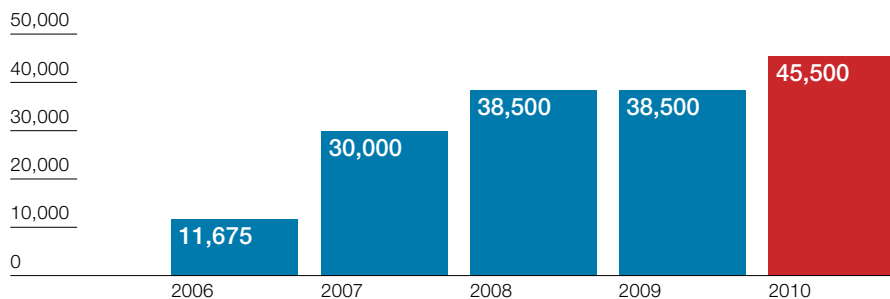
Yatırım Finansman's Affiliates

Company	Capital (TL)	Share (%)
TSKB Yatırım Ortaklığı A.Ş.	29,067,736	7.01
İş Portföy Yönetimi A.Ş.	30,000,000	4.90
Takasbank A.Ş.	60,000,000	1.80
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	150,000,000	1.33

Yatırım Finansman's Shareholders' Equity (Thousand TL)



Yatırım Finansman's Paid-in Capital (Thousand TL)





**Shareholders' Equity
Profitability 17.5%**

Yatırım Finansman's Profit for the
Year 2010 was TL 9,517 thousand.

Financial Highlights

129

(million TL)

Yatırım Finansman's Trade Receivables

Through effective risk management, Yatırım Finansman skillfully manages its receivables.

Summary Balance Sheet (Consolidated) (TL)	December 31, 2010	December 31, 2009
Current Assets	513,675,464	314,221,659
Cash and Cash Equivalent	370,488,345	204,782,867
Financial Investments	13,163,459	9,022,055
Trade Receivables	129,418,267	100,135,891
Other Receivables	137,094	116,317
Current Tax Assets	401,117	-
Other Current Assets	67,182	164,529
Fixed Assets	15,714,436	17,989,372
Financial Investments	13,564,915	15,858,562
Tangible Fixed Assets	1,170,430	1,267,369
Intangible Fixed Assets	426,879	385,966
Deferred Tax Assets	552,212	477,475
Total Assets	529,389,900	332,211,031
Short-Term Liabilities	468,217,614	280,829,688
Long-Term Liabilities	1,191,849	962,368
Total Liabilities	469,409,463	281,792,056
Minority Interest	-	-
Shareholders' Equity	59,980,437	50,418,975
Total Liabilities and Shareholders' Equity	529,389,900	332,211,031
Summary of Income Statement (TL)	December 31, 2010	December 31, 2009
Operating Revenue	27,397,267	20,624,118
Operating Expenses	(23,237,968)	(19,638,059)
Other Operating Revenue and Expenses (Net)	201,329	362,425
Financial Revenue and Expenses (Net)	7,679,452	5,988,216
Operating Profit (EBIT)	12,040,080	7,336,700
Taxes	(2,523,157)	(1,278,965)
Discontinued Operations After-Tax	-	2,045,058
Net Profit	9,516,923	8,102,793
Distribution of Net Profit		
Minority Shares	-	1,668,771
Shareholders' Equity	9,516,923	6,434,022
Distribution of Comprehensive Income		
Minority Shares	-	1,668,771
Shareholders' Equity	9,561,462	7,006,430
Client Portfolio Composition (December 31, 2010)	Portfolio Size	% (Thousand TL)
Stocks	834,655,935	67.56
Bonds-Bills	181,122,734	14.66
Mutual Fund	174,504,777	14.12
Repo	20,067,158	1.62
Derivatives	6,941,575	0.56
Foreign Fixed Income Securities	17,099,312	1.38
Foreign Stocks	1,221,497	0.10
Total	1,235,612,988	100.00

27.4

(million TL)

Yatırım Finansman's Operating Revenue

In 2010, Yatırım Finansman's operating income increased to TL 27.4 million, up from TL 20.6 million in 2009.

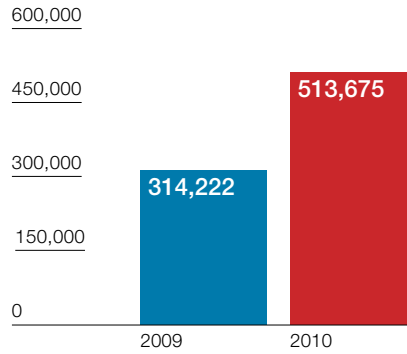
1,235

(million TL)

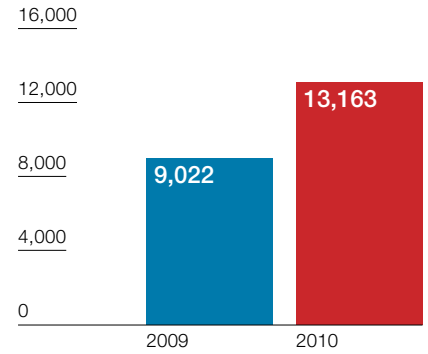
Yatırım Finansman's Portfolio Size

Yatırım Finansman will continue offering new capital markets products and services to its clients.

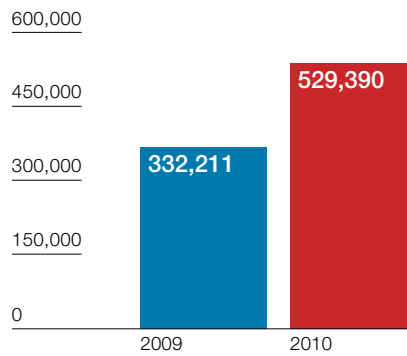
Current Assets (thousand TL)



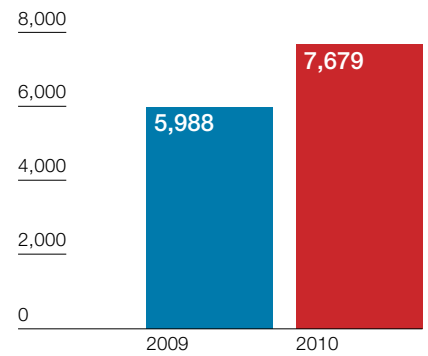
Financial Investments (thousand TL)



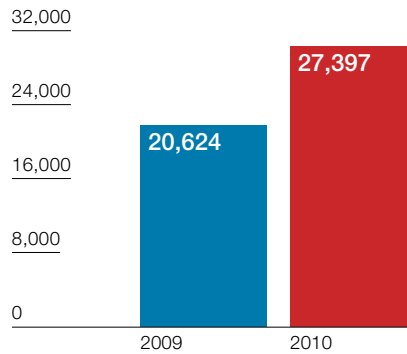
Total Assets (thousand TL)



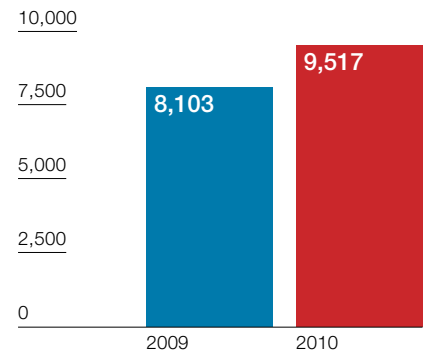
Financial Revenue and Expenses
(thousand TL)



Operating Revenue (thousand TL)



Profit for the Financial Period
(thousand TL)



Operational Highlights

26

(billion TL)

Yatırım Finansman's Stock Market Trading Volume

Yatırım Finansman will continue to be among the most active players in the stock market.

Stock Market Transactions	2010	2009	2008	2007
Stock Market Trading Volume (thousand TL)	1,271,328,798	965,068,573	665,209,370	775,395,002
Stock Market Trading Volume * (million USD)	822,334	648,872	509,853	594,309
YF Stock Trading Volume (thousand TL)	25,619,789	17,558,257	10,494,566	16,739,314
YF Stock Trading Volume (million USD)	16,571	11,795	8,076	12,830
Rank among All Brokerage Houses	17	16	22	13
Market Share (%)	2.02	1.82	1.58	2.16
Rank among Non-Bank Brokerage Houses **	8	6	10	4
Market Share (%)	4.9	4.23	3.02	8.49

Bonds and Bills Market Transactions	2010	2009	2008	2007
Bonds and Bills Market Trading Volume (thousand TL)	1,123,260,604	1,137,018,348	1,185,358,287	1,036,079,805
Bonds and Bills Market Trading Volume (million USD)	726,559	764,448	912,235	794,113
YF Bonds and Bills Trading Volume (thousand TL)	19,867,334	18,766,604	21,265,541	22,077,723
YF Bonds and Bills Trading Volume (million USD)	12,850	12,617	16,366	16,922
Rank among All Brokerage Houses	12	13	12	13
Market Share (%)	1.77	1.65	1.79	2.13
Rank Among Non-Bank Brokerage Houses**	3	3	2	2
Market Share (%)	15.34	16.50	16.90	15.66

Derivatives Market Data	2010	2009	2008	2007
Derivatives Market Trading Volume (thousand TL)	863,363,973	668,345,716	415,925,201	236,070,886
Derivatives Market Trading Volume (million USD)	558,450	449,368	320,090	180,939
YF Derivatives Trading Volume (thousand TL)	32,404,885	29,441,002	7,751,128	3,091,329
YF Derivatives Trading Volume (million USD)	20,960	19,794	5,965	2,369
Rank among All Brokerage Houses	10	7	14	18
Market Share (%)	3.75	4.41	1.86	1.31
Rank among Non-Bank Brokerage Houses**	5	3	6	9

Client Portfolio Size	2010	2009	2008	2007
Client Portfolio Size (Last Day of the Year) (thousand TL)	1,235,612	1,067,688	698,766	966,812
Client Portfolio Size (million USD)	799	717	487	674
Mutual Fund Portfolio Size (Last Day of the Year) (thousand TL)	174,504	202,433	112,607	149,577

* (2010 USD 1: TL 1.5460)

** Commercial bank brokerage houses are not included. (2010 USD 1: TL 1.5460)

3.75

Yatırım Finansman's Share in the Derivatives Market

Yatırım Finansman will continue to add value for its clients by drawing upon its expertise.

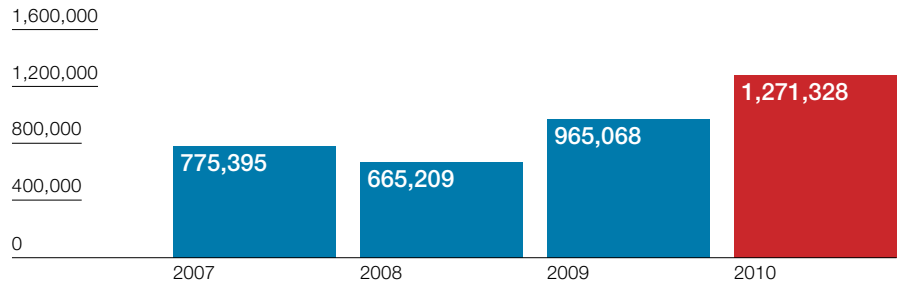
3.

Yatırım Finansman's Rank in Bonds and Bills Market Transactions

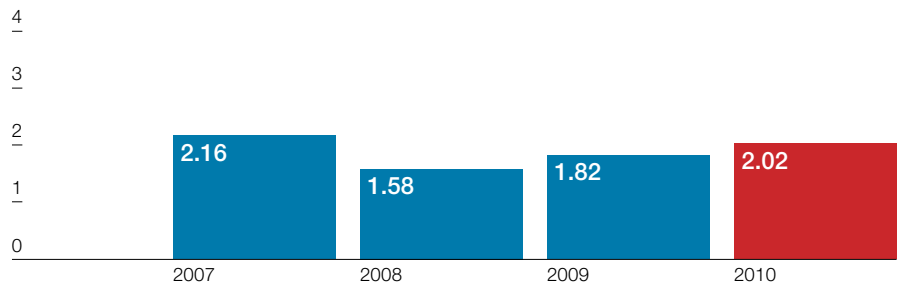
With experts continuously monitoring the market, Yatırım Finansman offers services that yield the most competitive returns to investors in bond and bill trading.

• Rank among Non-Bank Brokerage Houses

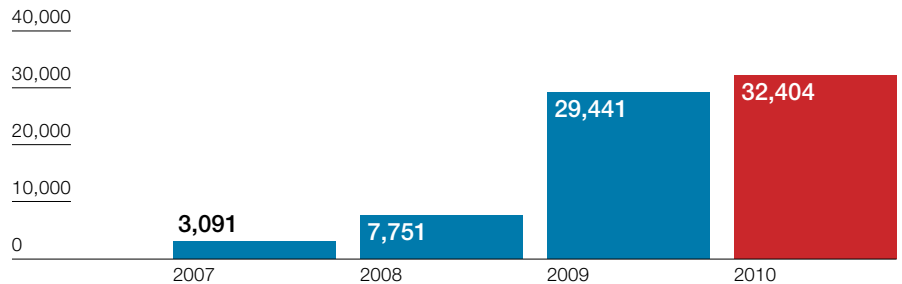
Stock Market Trading Volume (thousand TL)



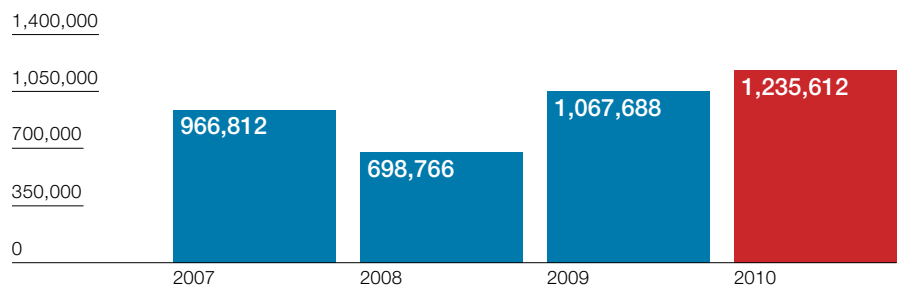
Stock Market Transactions Market Share (%)



YF Derivatives Trading Volume (million TL)



Client Portfolio Size (Last Day of the Year) (thousand TL)



Milestones

1970s

1976 Yatırım Finansman is established as the first capital markets institution in Turkey with the participation of 13 major banks led by Türkiye İş Bankası and Türkiye Sınai Kalkınma Bankası (TSKB).

1980s

1981 Yatırım Finansman is the first brokerage house in Turkey to broker a corporate bond issue.

Capital Markets Law is enacted

1984 Capital Markets Board established.

Capital Markets Board authorized Yatırım Finansman for stock trading and intermediation in public offerings.

1985 Trading on the Istanbul Stock Exchange (ISE) starts.

Yatırım Finansman becomes the ISE leader with a 42% market share.

1987 Yatırım Finansman starts trading commercial papers, bank bonds and bank-guaranteed bonds.

1990s

1991 ISE awards Yatırım Finansman for ranking third in the number of stock transactions on the Istanbul Stock Exchange.

1992 Capital Markets Board authorizes Yatırım Finansman to offer investment consultancy services, portfolio management and repo services.

1993 Yatırım Finansman confirms its service quality and reliability by ranking first in corporate bond underwriting.

1994 Yatırım Finansman expands its corporate finance services and launches public offering services.

Yatırım Finansman adds the Type A Investment Fund to its product range.

1995 Yatırım Finansman adds the Type B Investment Fund to its product range.

Capital Markets Board authorizes Yatırım Finansman to conduct securities lending, borrowing and short-selling transactions.

1997 Yatırım Finansman establishes a special mutual fund.

1998 Yatırım Finansman Investment Trust founded under the leadership of Yatırım Finansman.

1999 Yatırım Finansman pioneers creation of alternative distribution channels in the industry and launches internet and telephone branch services.

Yatırım Finansman adds the Type B Bonds & Bills Fund to its product range.

2000s

- 2002** With its ever-expanding investor base, Yatırım Finansman opens its tenth branch.
- 2003** TSKB, the first private investment and development bank in Turkey, acquires 90.4% of Yatırım Finansman.
- 2005** CMB authorizes Yatırım Finansman to trade derivatives.
The Derivatives Exchange (TurkDEX) is launched.
Yatırım Finansman offers research and trading services to foreign institutional investors.
Yatırım Finansman's website is nominated as the third best financial website by the Golden Spider Contest.
Yatırım Finansman renews its corporate identity by replacing its 30-year old logo.
Yatırım Finansman makes the strategic decision to take over TSKB Securities via a merger.
- 2006** Yatırım Finansman celebrates its 30th anniversary.
The 30th Anniversary Investor Meetings bring together investors from Ankara, Izmir and Antalya. Celebrations end with the 30th Anniversary Night in Istanbul.
The corporate website and internet branch are re-launched with a new design and refreshed content.
Yatırım Finansman adds the YF Type B Variable Investment Fund to its product range.
Internet branch introduces a web-based VOBaktif application to facilitate easy trading on the Derivatives Exchange.
Yatırım Finansman acquires TSKB Securities on December 29, 2006.
- 2007** Yatırım Finansman launches a new service channel at its Head Office, the Special Transactions Center.
SMS service is introduced for TurkDEX clients.
- 2008** Yatırım Finansman launches the new VOBaktif system for investors, enabling quick and easy trading of derivatives based on live data.
- 2009** Yatırım Finansman adds thematic funds issued by TSKB to its product range.
Strategy Order, a new application on VOBaktif, is introduced to clients.
- 2010** Yatırım Finansman sets up Domestic Derivatives Transactions Department.
Liaison Offices in Adana and Antalya are converted to branches.
The thematic funds issued by TSKB in 2010 are offered to investors.
Yatırım Finansman launches its İzmit branch.
Yatırım Finansman participates in the public offering of 12 of the 16 companies that went public in 2010 and acts as a co-leader in four public offering consortiums. Yatırım Finansman raises TL 230 million, acquiring an average market share of 4% in those public offerings.

Message from the Chairman of the Board of Directors



Halil Eroğlu

Chairman of the Board of
Directors

**Turkey was among the
leaders in the ranks of the
fastest growing countries
with a GDP growth rate of
8.9% in 2010.**

Positive expectations for 2011...

The momentum gained with the rise in domestic demand is expected to continue in 2011, with Turkey's economy forecast to exceed its target and increase by 5.5%. In addition, inflation is projected to remain within its target range by the end of 2011 with the budget deficit further reduced.

The year 2010 saw the bandaging of the wounds of the global recession. Although the world economy returned to growth in 2010, the exit from economic stimulus measures was taken off the agenda due to both the disappointment caused by the anemic growth rate in developed countries and increasing government debt problems. In fact, many central banks in more developed countries had to inject additional liquidity into their economies to counter slowing growth.

The latest projections indicate the world economy expanded by 4.8% during 2010. The global economic segregation was confirmed by the "two-speed" growth rates of developed and developing countries, of 2.7% and 7.1%, respectively. In 2011, the global economy is expected to grow by about 4.2%; this estimate is a rate of growth than 2010 but also continues to reflect the reality of the economic segregation. As a result, it would not be surprising to see the leading central banks continue to pursue policies that would allow for ample global liquidity by historic standards.

In 2010, Turkey was ranked among the fastest growing countries with GDP growth of 8.9% and by the end of the year the inflation level was within the target range. The performance of the budget was stronger than even the most optimistic projections, interest rates continued to fall and there was little to prevent Turkey's credit rating from reaching investment grade. The only negative macro-development in this scenario is the rapidly increasing current account deficit, commensurate with ever-increasing global liquidity which forced the authorities to take substantial measures at the end of the year.

The momentum gained with rising domestic demand is expected to largely continue in 2011 with Turkey's economy forecast to exceed its target and increase by 5.5%. In addition, inflation is projected to remain within the target range by the end of 2011 with the budget deficit further reduced. Economic conditions in the country, a determining factor for the performance of financial markets, will be impacted by the course of the global economy and the direction of the new policy adopted by the ISE.

35

Years...

**Turkey's first capital
market institution Yatırım
Finansman's age**

**Celebrating its 35th
anniversary in 2011, Yatırım
Finansman grows with
experience...**

**The banking system
will be expected to
maintain lower interest
rates while it faces
higher capital reserve
requirements due to
the newly adopted
monetary policy
and direction. In
addition, the tendency
to discourage the
preference for short-
term investment is
expected to continue
and strengthen in the
upcoming period.**

The current account deficit will be an ongoing issue that needs to be considered, since growth will continue. In this scenario, the banking system will be expected to maintain lower interest rates while it faces higher capital reserve requirements due to the newly adopted monetary policy and direction. In addition, the tendency to discourage the preference for short-term investment is expected to continue and strengthen in the upcoming period.

Although it will be difficult for this new approach to change long and predictably strongly-held investment habits in a single stroke, at least some account owners are expected to start to see capital market instruments as more attractive alternatives. As an additional result of the current economic conditions, fund and asset management services will grow in importance; meanwhile, the issuance of other alternatives, such as bank bonds, corporate bonds and capital-protected investment instruments, will gain pace in 2011. The Derivatives Exchange, with its expanded product range, and the Istanbul Stock Exchange, with the scheduled public offerings, will continue to offer important investment alternatives in the low interest rate environment.

Celebrating its 35th anniversary in 2011 as the first capital markets institution in Turkey, Yatırım Finansman will continue to develop and offer high quality and added-value financial brokerage services which will become even more important for investors in this period. The Company will expand its product portfolio while further empowering its expert staff with vital market information.

Yours faithfully,

Halil Eroğlu

The Board of Directors and Auditors



Chairman

Halil Erođlu

TSKB General Manager and Board Member
17.03.2003 -



Vice Chairman

Őeniz Yarcan*

TSKB Senior Assistant General Manager
17.03.2003 -



Member

ıđdem iel

TSKB Assistant General Manager
17.03.2003 -



Member

Aslı Zerrin Hancı

TSKB Treasury Director
07.01.2008 -



Member

(1) Hakan Aygen

TSKB Corporate Finance Director
20.11.2006 -

**Member****Emre Duranlı**

T. İş Bankası A.Ş. Affiliates Department /Unit
Manager

17.09.2008 -

**Member****(2) Ayşe Nazlıca**

TSKB Budget and Planning Director

17.09.2008 -

**Auditor****Ali Yavuz Özçiçek****

TSKB Securities Director

04.09.2009 -

*TSKB Assistant General Manager A. Orhan Beşkök was replaced by TSKB Assistant General Manager Şeniz Yarcan. **TSKB Risk Management Director Mehmet Sungun was replaced by TSKB Securities Director Ali Yavuz Özçiçek.

(1) TSKB Senior Attorney Mr. Murat Özcanlı, who was elected a Board Member on March 18, 2010, was replaced by TSKB Corporate Finance Director Hakan Aygen on March 31, 2010.

(2) TSKB Budget and Planning Director Ms. Ayşe Nazlıca, an Auditor on the Board of Directors, was elected a Board Member on March 18, 2010.

(3) T. İş Bankası A.Ş. Corporate Banking Products Department/Unit Manager Ayşe Alev Ataç, was replaced by T. İş Bankası A.Ş./Capital Markets Department /Unit Manager Özgür Temel.

(4) TSKB Budget and Planning Director Ms. Ayşe Nazlıca, who was elected a Board Member on March 13, 2010, was replaced by TSKB Structured Products Manager Mr. Onur Yurtsever in the election held on March 18, 2010.

**Auditor****(3) Özgür Temel**

T. İş Bankası A.Ş. Capital Markets Department /
Unit Manager

26.03.2009 -

**Auditor****(4) Onur Yurtsever**

TSKB Structured Products Manager

18.03.2010 -

Message from the General Director



Y. Yamaç Berki
General Manager

The Company that sets the standards of the industry

Trading volume of Yatırım Finansman on the Derivatives Exchange grew to TL 32.4 billion in 2010, a 10% increase compared to the previous year. As a result of such growth, the Company ranked 10th in trading volume in the market.

The upturn in both the Turkish and global finance markets that began early last year continued in 2010, albeit at a slower pace. The direction of money was not significantly different from that in 2010, as the world's appetite for risk increased, liquidity was abundant and world interest rates remained at record lows. These developments were also important factors in the ongoing upward trend, particularly in the stock and commodity markets.

The economic recovery that followed the announcement of the US Federal Reserve's exit strategy from its monetary stimulus policy was not at the desired level. In addition, public debt problems arose in many developed countries. These resulted in the postponement of exit strategies and continuing policies to supply the markets with additional liquidity, which led the winds to blow to the sails of stock markets. There is no significant change in the direction of that wind during the early days of 2011. The market fundamentals including ample liquidity, a rising appetite for risk and low interest rate environment continue to move in the same direction. However, it seems that the strengthening of USD and EUR against world currencies will have important consequences in 2011, especially from the perspective of exchange rate stability. One specific point about Turkey in 2010 is especially noteworthy: the Turkish economy is estimated to have grown by approximately 8%, compared to the 4.8% rate of growth for the world economy. This generates additional positive expectations for Turkey, as we have achieved a growth rate which is significantly high even among developing countries; a sovereign credit rating rise is also on the agenda.

The stock index closed 2010 at 66,004, a 25% increase over the previous year. This should be considered a very strong performance, especially as it immediately followed the 97% rise which took place in 2009. The share of stocks held by foreign investors was 67.29% at the beginning of 2010. This proportion dropped to 66.18% by the end of the year, an insignificant change. The total trading volume of the Istanbul Stock Exchange stock market grew to TL 1.271 trillion in 2010, a 32% increase compared to the previous year. Yatırım Finansman's trading volume in the same period grew to TL 25.6 billion, a 46% rise. Our Company was able to increase its market share in 2010, which made it a good stock market year for Yatırım Finansman. The Company ranked 17th among the companies with the largest trading volume in 2010, increasing its share of the total volume to 2.02%.

25.6

Yatırım Finansman's Trading Volume

In 2010, Yatırım
Finansman's trading
volume grew to TL 25.6
billion, an increase of 46%.

During the first three
quarters of 2010, the
average rate of increase in
shareholders' equity of the
industry was 8.3%, whereas
Yatırım Finansman recorded
a 14.7% rise.

In 2010, the trading volume in the Turkish Derivatives Exchange grew by 29%, to TL 863 billion. Yatırım Finansman ranked 10th in the market in its Derivatives Exchange trading volume of TL 32.4 million, with a share of 3.75%. Yatırım Finansman continued on its growth path both in the stock market and in the derivatives market.

During the first three quarters of 2010, the average rate of increase in shareholders' equity of the industry was 8.3%, whereas Yatırım Finansman recorded a 14.7% rise. The increase in the Company's shareholders' equity at year-end is reached level of 19% at the end of 2010.

Leaving behind 34 years of experience in the industry, Yatırım Finansman has always been the standard bearer as the brokerage house with the deepest roots in the sector. In 2011, we will be celebrating our 35th anniversary. During our year of celebration, we plan to continue to pursue our corporate goals of continuous development and strong leadership while setting the standards for the sector.

Yours faithfully,

Y. Yamaç Berki

Senior Management



Y. Yamaç Berki General Manager

Born in 1952, Mr. Berki graduated from the Faculty of Economics at Istanbul University. He started his career as an Assistant Economist at Akbank Headquarters and later worked at Türk Demir Döküm Fabrikaları A.Ş. for two years, specializing in standard costs and flexible budgeting. Joining Türkiye Sınai Kalkınma Bankası in 1981, Mr. Berki assumed several positions during his 23 years at this institution. Assigned to establish and structure a Treasury Department for the bank in 1988, he served first as Treasury Director and then as Assistant General Manager in Charge of Investment Banking. Mr. Berki was appointed General Manager of Yatırım Finansman in 2004.



M. Saim Saatci Assistant General Manager

Born in 1960, Mr. Saatci graduated from the Department of Economics at Middle East Technical University in 1982 and received his Master's degree from University College of North Wales, Bangor, UK. Serving as Internal Auditor at Türkiye İş Bankası between 1983 and 1992, Mr. Saatci was the Director of the Reserves Management Group at the same bank from 1992 until 1999 and Deposits Manager from 1999 to 2000. Mr. Saatci served as Assistant General Manager at İş-Tim Telekomünikasyon (Aria) from 2000 to 2004, and currently holds the position of Assistant General Manager of Yatırım Finansman.



Avni Akkaya Assistant General Manager

Born in 1960, Mr. Akkaya graduated from Kayseri Educational Institute and the Department of Management at Erciyes University, Economic and Administrative Sciences Faculty. He received his Master's degree from Marmara University, Banking and Insurance Institute. Mr. Akkaya started his career at the Kayseri Şeker Fabrikası A.Ş. and then served five years at the Ministry of Education, as well as three years at Erciyes University. He worked in various departments at Sınai Yatırım Bankası from 1988-2002, then served as a Branch Manager at Türkiye Sınai Kalkınma Bankası (TSKB) from 2002 until 2003. From 2003 until 2008, Mr. Akkaya was the Branch Manager at the Samsun and Kozyatağı branches of Yatırım Finansman Menkul Değerler A.Ş. He currently holds the position of Assistant General Manager of Yatırım Finansman.



A. Emre Birkan Assistant General Manager

Born in 1966, Mr. Birkan graduated from the Faculty of Economics at Istanbul University in 1990. He received a Master's degree in Economics from Western Michigan University. Mr. Birkan started his career as an analyst at Tekstilbank in 1992. From 1993 until 1998, he worked as an International Capital Markets Assistant General Manager at Körfezbank. Mr. Birkan was the International Sales Manager at Raymond-James Turkey from 1998 to 2000 where he then served as a Portfolio and Fund Management Director from 2005 until 2008. In 2009, he worked as the International Sales Manager of Yatırım Finansman. Mr. Birkan currently holds the position of Assistant General Manager of Yatırım Finansman.

Managers

Executive Management



Halis Akyıldız
Manager, Financial
Affairs and Operations



Sultan Deliklitaş
Manager, Sales



C. Didem Helvaciođlu
Manager, Treasury,
Funds and Portfolio
Management



Cenk Erdal
Manager, Institutional
Sales and Trading



Murat Borucu
Manager, Foreign
Operations



Mehmet Sarılıcan
Manager, IT



Zümrüt Can Ambarcı
Manager, Research



Hürrem Aydemir
Manager, Audit Department



Cihan Aluç
Manager, Domestic
Derivatives Market

Branch Managers

Dilek Akdemir
Head Office

Deniz Gözendor
Çiftelavuzlar Branch

Zerrin Öney
Kozyatađı Branch

Yeşim İpek
Kızılay Branch

A. Nihat Özel
Izmir Branch

Ufuk Erkut
Samsun Branch

Gülay Ünlü Çoruk
Bakırköy Branch

Aylin Pişkinsoy
Bursa Branch

Özlem Cevher
Adana Branch

Hamza Ay
Antalya Branch

Cihat Kaymas
İzmit Branch

The Economic Climate in 2010

An 8.9% growth in GDP...

Although the country's Gross Domestic Product (GDP), growth rate was expected to slow down in 2010, after seeing a double-digit rise in the first half of the year, it increased at a faster pace towards the end of the year. Turkey's real GDP annual growth rate realized at 8.9%.

Turkish economy performed poorly in the previous year with the impact of the global recession and contracted by 4.7%, experiencing negative growth for the first time in eight years. In 2010, the country's economy bounced back strongly from its losses and its performance significantly exceeded expectations.

Although the country's Gross Domestic Product (GDP), growth rate was expected to slow in 2010, after seeing a double-digit rise in the first half of the year, it increased at a faster pace towards the end of the year. Turkey's real GDP annual growth rate realized at 8.9%. The key factor for this strong performance, which was more than double the projected rate from the beginning of the year, was high domestic demand. This was supported by consumer spending which increased by approximately 7% and the growth in private investment, which increased by more than 25%. However, since weak external demand did not make a positive contribution to this scenario, some risk factors entered the picture.

The most important of these risks was an imbalance in trade, resulting in the trade deficit crossing above the USD 70 billion threshold once again. Despite approximately 30% in imports commensurate with high domestic demand, poor exports performance, which barely rose above 10% due to weak external demand, was a major factor for the imbalance. This caused Turkey's current account deficit to grow more than threefold compared to the previous year, increasing to USD 48.6 billion and resulting in a current account deficit to national income ratio of 6.7%.

The recovery in domestic demand did not have an adverse impact on inflation although extremely unstable food prices caused the Consumer Price Index to follow a fluctuating course throughout 2010. The annual CPI fell slightly from the previous year, though it saw double-digit rises twice in 2010; it closed the year at 6.4%, down 0.1 points from 2009. As a result, and in line with the official inflation targeting regime, the Consumer Price Index was kept within the Turkish Central Bank's target range for two consecutive years.

In the second quarter of 2010, the Turkish Central Bank announced and implemented an exit strategy from its expansionary monetary policy. In the final quarter of 2010, the Central Bank substantially revised its agenda and monetary policy, aided by feeling relatively more at ease with the inflation dynamics. Perceiving the prior-mentioned imbalance as a threat to financial stability, the Bank lowered the repo rates both for overnight and weekly repos which it defined as its basic policy instrument during the year. In addition, the Bank increased the capital reserve requirements and expanded the scope of their practice to slow credit growth and halt the appreciation of the Turkish Lira.

Performance exceeding expectations

In 2010, the Turkish economy bounced back strongly from its losses and its performance significantly exceeded expectations.

3.5%

The Depreciation of the Turkish Lira against the US Dollar

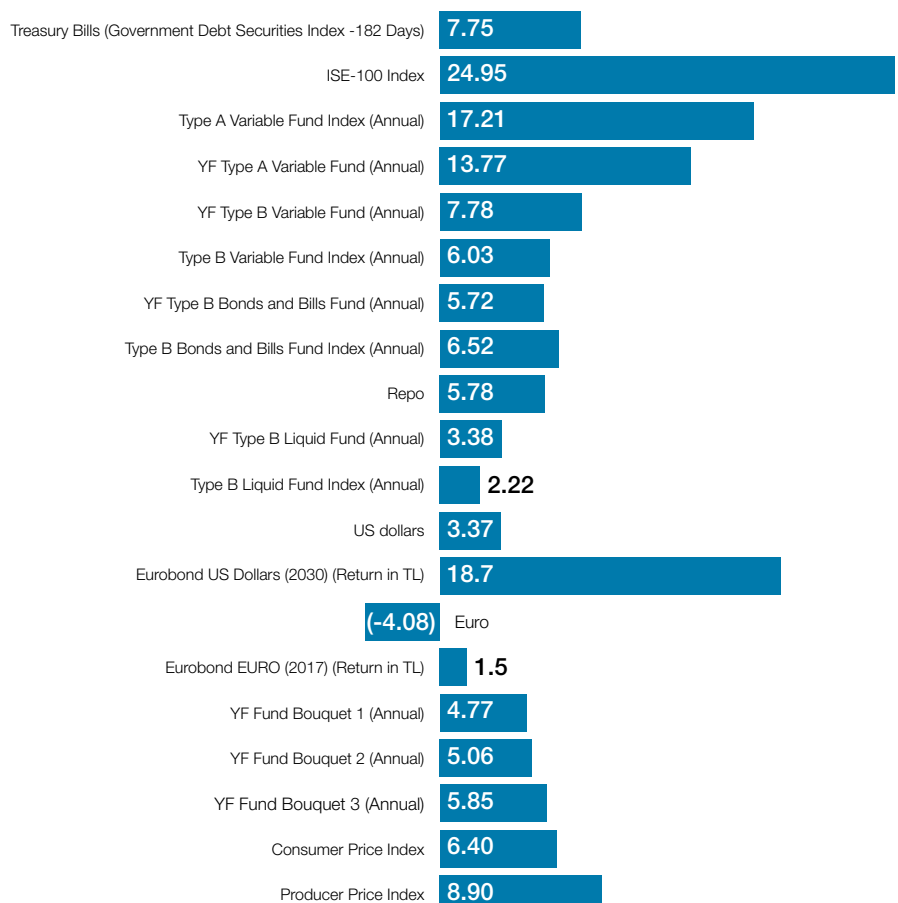
With appreciation pressure due to significant portfolio and short-term capital inflows throughout the year, the Turkish Lira experienced a slight depreciation at the end of the year as a result of the moves of the Central Bank: the TL to USD rate closed the year at 1.54, a 3.5% decline from 2009.

In the second quarter of 2010, the Turkish Central Bank announced and implemented an exit strategy from its expansionary monetary policy. In the final quarter of 2010, the Central Bank substantially revised its agenda and monetary policy, aided by feeling relatively more at ease with the inflation dynamics.

An example of the important and positive impact of the rapid economic growth is the recovery in the country's financial performance which far exceeded projections. The budget deficit, estimated at 5% of the national income at the beginning of the year, fell to 3.6% at year's end as fast rising domestic demand increased tax revenues.

In this environment, the record low interest rates were maintained, and closed 2010 at 7.1% in the secondary market. With appreciation pressure due to significant portfolio and short-term capital inflows throughout the year, the Turkish Lira experienced a slight depreciation at the end of the year as a result of the moves of the Central Bank: the TL to USD rate closed the year at 1.54, a 3.5% decline from 2009.

Comparative Performance of Investment Instruments Between December 31, 2009 - December 31, 2010 (%)



Outlook for the Turkish Economy in 2011

An inflation target of 5.5%...

The consumer price inflation rate, which will start off 2011 with a significant decline due to the base effect, may drop below 5% in the first quarter.

Considering that the target annual inflation rate is 5.5%, this encouraging initial performance is not expected to continue through the end of the year.

Yatırım Finansman foresees that the positive growth performance of the Turkish economy will continue in 2011. The new monetary policy adopted by the Central Bank of Turkey will be the primary factor in shaping the economic environment. The criteria for success will be a permanent inflation rate in line with stated targets and below the rigid levels of recent years, a more balanced economic growth structure and prevention of an uncontrollable increase in the current account deficit. In addition, fiscal policies are among the points that require close monitoring due to the course followed by a global economy not recovered fully from the recession, and the general elections to be held mid-year.

Projections by international financial institutions show that a deceleration is expected in global economic growth. This suggests that it will be difficult for external demand conditions to improve significantly in 2011. In this scenario, domestic demand, which the Central Bank of Turkey strives to bring to a more reasonable level, will continue to be the growth engine. However, it is expected to take some time before the measures taken have an impact on the momentum generated from the last quarter of 2010. In addition, domestic demand is projected to remain high in the first half of the year with the contribution of pre-election public spending, which will also help propel the GDP growth rate to 5.5% in 2011.

With economic growth based on domestic demand coupled with the upward trend in energy prices indicate that rather than a contraction taking place in the foreign trade deficit and the current account deficit, the rate of increase may be brought to more reasonable levels. It would not be surprising to see the foreign trade deficit exceed USD 75 billion, with a current account deficit of up to USD 53.5 billion. In other words, the current deficit will increase approximately 10%, and remain at about 6.7% of national income.

The Impact of the Deceleration in Global Economic Growth

Projections by international financial institutions show that a deceleration is expected in global economic growth. This suggests that it will be difficult for external demand conditions to improve significantly in 2011.

In light of 2010 year-end developments, the TL 35 billion deficit targeted by the Central Administration Budget does not indicate that a significant fiscal tightening will necessarily take place.

The consumer price inflation rate, which will start off 2011 with a significant decline due to the base effect, may drop below 5% in the first quarter. Considering that the target annual inflation rate is 5.5%, this encouraging initial performance is not expected to continue till the end of the year. Particularly with the negative impact of the likely postponement to the second half of 2011 of all price and tax hikes, the Consumer Price Index is projected to close the year with a rise of 6.6%. Maintaining this rate within the limits of the point uncertainty range will mean that the inflation target will be reached again in 2011.

In light of 2010 year-end developments, the TL 35 billion deficit targeted by the Central Administration Budget does not indicate that a significant fiscal tightening will be necessary. However, this level means that the budget deficit declines from 3.6% to 2.8% as a percentage of national income and as a result is a positive development.

Finally, the Turkish Central Bank of Turkey is expected to give weight to non-interest rate policy instruments for a significant part of 2011. As interest rate hikes by major central banks are not on the horizon, the Bank's interest rate increases will be limited to 200 basis points in the last quarter of 2011. However, it is expected that both the policy and the market interest rate will continue to remain fairly low compared to historical averages. The yield on the benchmark bond is forecast to conclude 2011 at about 9%, and the Turkish Lira is expected to close the year at 1.58, a slight depreciation in relation to the US Dollar.

2010 Operations



With its broad investor base, Yatırım Finansman has always been a leader in its sector. One of the differentiators of Yatırım Finansman that sets it apart is the alternative investment instruments the Company offers to individual investors.

Saim Saatci Assistant General Manager

The Stock Market

Stocks have a high earning potential which also makes them high-risk investment instruments. It is very important that investors in the stock market who are seeking returns through short-term trading or creating a long-term portfolio are accurately informed about market conditions; they should work with expert institutions to be able to make timely and quick decisions.

Yatırım Finansman offers swift stock brokerage services through its extensive service network, accurate, sound and reliable analyses, experience and expertise, and advanced technology infrastructure.

Trading volume on the ISE stock market climbed by 31.73% in 2010 to TL 1.271 trillion, from TL 965 billion in 2009.

In 2010, Yatırım Finansman's trading volume on the ISE grew to TL 25.6 billion, an increase of 46% over the prior year's TL 17.5 billion. Yatırım Finansman, which ranked 16th in the prior year with a market share of 1.82%, ranked 17th in 2010, capturing a 2.02% share of the market in which 87 institutions operate.

The Securities Lending/Borrowing Market operating within the ISE Settlement and Custody Bank is an organized market. Brokerage houses transmit the demands on behalf of clients who want to borrow securities due to short selling for a certain period. These demands are matched to the offers made by brokerage houses working on behalf of clients lending securities, in return for a certain amount of commission. The aim of the market is to enable the smooth operation of the liquidity and price effectiveness of the borrowing needs arising through short selling, as well as to offer long-term stock investors extra earnings on their idle portfolios.

In 2010, the trading volume of the Securities L/B Market increased by 43%, to TL 2,926 million, up from TL 2,052 million in 2009. Thanks to the seminars held for both branch personnel and clients, the trading volume of Yatırım Finansman climbed by 179% in 2010, to TL 39 Million, up from TL 14 million in the prior year.

Yatırım Finansman's Trading Volume

Yatırım Finansman's trading volume on the ISE totaled TL 25.6 billion in 2010, up 46% over the prior year's level of TL 17.5 billion.

A man with short dark hair, wearing a dark suit jacket over a light grey button-down shirt, is blindfolded with a red silk blindfold. He is smiling broadly, showing his teeth. The background is a blurred industrial or factory setting with metal structures and pipes.

**Our Shareholders'
Equity Grew by 19%**

Yatırım Finansman's shareholders' equity climbed to TL 59,980.437 by 19%.



2010 Operations



We will continue at Yatırım Finansman to offer new products to our clients with our experience of 34 years, expert staff members, branches at major locations and continually expanding branch network.

Avni Akkaya Assistant General Manager

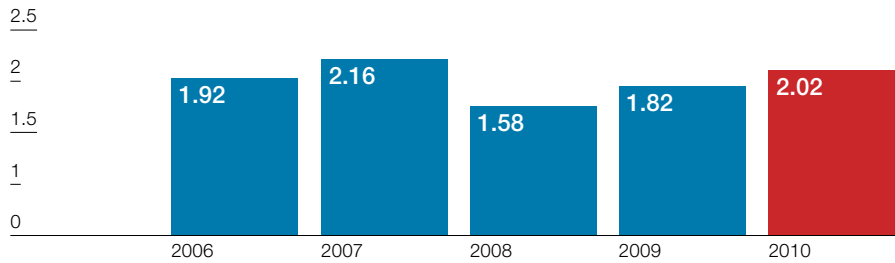
12.

Yatırım Finansman's Position in the Bonds and Bills Market

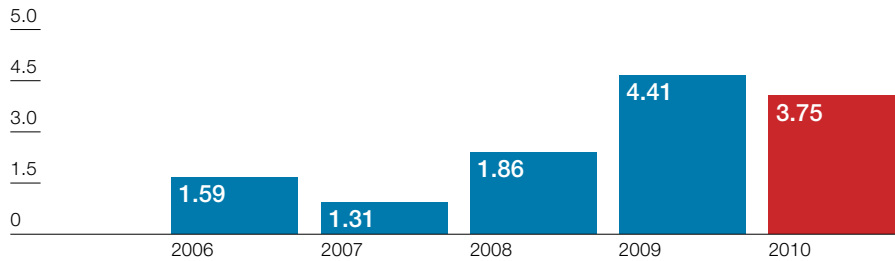
In 2010, Yatırım Finansman had a 1.77% share of the Bonds and Bills market, ranking 12th out of 103 institutions. The Company ranked 3rd among non-bank brokerage houses.

Trading volume in the Bonds and Bills market in 2010 was TL 1.123 billion, a slight 1.21% decrease over the previous year's TL 1.137 billion.

YF's Stock Market Trading Volume Share



YF's Derivatives Market Trading Volume Share



ISE Bonds and Bills Market

With experts monitoring the market continuously, Yatırım Finansman offers services that bring the most competitive returns to investors in bond and bill trading.

Trading volume on the ISE Bonds and Bills Market totaled 1.123 billion in 2010, down by 1.21% from the prior year's volume of TL 1.137 billion.

Yatırım Finansman's trading volume on the ISE Bonds and Bills Market rose to TL 19.8 billion, an increase 5.87% over 2009.

In 2010, Yatırım Finansman had a 1.77% share of the ISE Bonds and Bills Market, ranking 12th out of 103 institutions. The Company ranked 3rd among non-bank brokerage houses.



Yatırım Finansman is a leading player in the sector with many years of experience. We achieved this position through our extensive branch network, expert staff, advanced technology infrastructure and superior service quality.

A. Emre Birkan Assistant General Manager

174.5

(million TL)

The Portfolio size of the Five Mutual Funds set up by Yatırım Finansman

The portfolio size of the five mutual funds set up by Yatırım Finansman and the thematic funds of TSKB reached TL 174,504 thousand as of year-end 2010.

Yatırım Finansman is an authorized dealer for all Türkiye İş Bankası and TSKB funds in addition to its own funds. The Company offers customized funds for all the potential risk-return preferences of investors. Yatırım Finansman is also the founder and portfolio manager of the Type A Resan Private-Label Fund.

Mutual Funds

Mutual Funds bring together a group of investors with similar investment goals into a large portfolio to distribute the risk across the group. Creating a mutual fund portfolio and managing this fund with investments appropriate to market conditions requires expertise.

At Yatırım Finansman, mutual fund management is undertaken through an extensive network of traders, fund managers, senior executives, portfolio managers, economists and analysts. The main objective of fund management is to ensure higher returns for Yatırım Finansman funds compared to other funds of the same type and risk structure.

The portfolio size of the five mutual funds founded and managed by Yatırım Finansman, with the addition of the thematic funds issued by TSKB, reached TL 174,504 thousand as of year-end 2010. Type A Variable, Type B Liquid, Type B Bonds-Bills and Type B Variable funds, created and managed for different risk-return preferences (as well as the combinations of these products), are offered to investors seeking high returns, but who do not have sufficient time and/or market knowledge. In addition to these funds, Yatırım Finansman is an authorized dealer for all Türkiye İş Bankası and TSKB funds. The Company offers customized funds for all the potential risk-return preferences of investors. Yatırım Finansman is also the founder and manager of the Type A Resan Private-Label Fund.

Yatırım Finansman portfolio size of the thematic mutual funds issued by TSKB*

Name of Fund	YF Sales Amount (TL)	YF Number of Clients
Full Capital-Guaranteed Gold Fund	4,684,000	90
Capital-Guaranteed Dollar Basket Fund	2,388,000	56
Full Capital-Guaranteed Develop. Count. St. Exc. Rise	7,112,000	201
Full Capital-Guaranteed Develop. Count. St. Exc. Fall	4,138,000	167

* These funds are managed and issued by TSKB.



2010 Operations

In 2010, Yatırım Finansman carried out Derivatives Market transactions totaling TL 32.4 billion, an increase of 10.07% over its 2009 trading volume of TL 29.5 billion. The Company captured a market share of 3.75% in Derivatives Market trading.

Yatırım Finansman Mutual Funds	Type A Variable	Type B Bonds and Bills	Type B Liquid	Type B Variable	Type A Special Fund	Total
Foundation Date	11.11.1993	03.12.1999	14.11.1997	24.03.2006	22.12.1997	
Public Offering Date	21.01.1997	09.02.2000	16.03.1998	01.06.2006	27.11.1998	
Total Fund Value (thousand)	1,751	21,132	74,470	6,863	56,672	160,888
Unit Value (TL)	0.395291	0.148977	0.401704	0.19152	0.488554	
Number of Investors	531	288	13,029	83	2	
Total Shares (thousand)	200,000	750,000	400,000	600,000	200,000	2,150,000

Type A Variable Fund	2010	2009	2008	2007
Total Fund Value (thousand)	1,751	1,575	1,097	1,860
Annual Return (%)	13.77	42.41	(31.91)	13.85
Fund Index Return (%)	17.21	56.91	(27.16)	22.77
Inflation (%)	6.40	6.53	10.10	8.39

Type B Bonds and Bills Fund	2010	2009	2008	2007
Total Fund Value (thousand)	21,132	32,978	18,832	35,133
Return (%)	5.72	15.32	16.30	16.79
Fund Index Return (%)	6.52	14.35	14.79	17.26
Inflation (%)	6.40	6.53	10.10	8.39

Type B Liquid Fund	2010	2009	2008	2007
Total Fund Value (thousand)	74,470	75,028	63,590	68,378
Return (%)	3.38	6.34	13.35	14.53
Fund Index Return (%)	2.2	5.30	12.47	13.78
Inflation (%)	6.40	6.53	10.10	8.39
O/N Repo	5.78	8.15	14.73	15.97

Type B Variable Fund	2010	2009	2008	2007
Total Fund Value (thousand)	6,863	8,764	5,107	7,851
Return (%)	7.78	15.57	17.48	19.67
Fund Index Return (%)	6.03	14.35	13.93	17.33
Inflation (%)	6.40	6.53	10.10	8.39

YF Type A Special Fund	2010	2009	2008	2007
Total Fund Value (thousand)	56,672	42,022	23,849	36,168
Return (%)	34.85	76.21	(34.06)	17.58
Fund Index Return (%)	15.23	40.53	(14.74)	22.09
Inflation (%)	6.40	6.53	10.10	8.39

Source: Rasyonet



Yatırım Finansman will continue to create added value for its clients through new products and markets, including new derivatives markets, in response to the prevailing economic environment.

Cihan Aluç Manager, Domestic Derivatives Market

**Experienced, Well-trained,
Expert Staff**

With experienced, well-trained and expert staff and a robust technological infrastructure, Yatırım Finansman aims to capture an increasing share of future growth in the domestic derivatives market.

Domestic Derivatives Transactions

Yatırım Finansman has carried out derivative transactions on TurkDEX since 2005.

Derivatives refer to the trading of a commodity or a financial instrument at one point in time for delivery at some future date.

The fluctuating course of many commodities and financial instruments in Turkey further increase the importance of futures contracts. These contracts are alternatives to the traditional investment instruments and are used for hedging, investment and arbitrage. Futures contracts allow institutional and individual investors to assume a level of risk in line with their own risk tolerance and return expectations while presenting stable prices and a defined future cash flow.

Derivatives are of incontestable importance, particularly in developing countries. Compared to the extensive use of derivatives in other countries, Turkey has high growth potential.

In the early years of the Derivatives Exchange, product diversity and trading volume were insufficient. However, the market has deepened and expanded rapidly since 2006. Since companies increasingly understand the importance of derivatives, the market is expected to grow at a fast pace. The increasing trading volume attracts foreign investors, which in turn will lead to further growth in volumes.

With experienced, well-trained and expert staff and a robust technological infrastructure, Yatırım Finansman aims to capture an increasing share of future growth in the domestic derivatives market.

In 2010, the total trading volume on the Derivatives Exchange reached TL 863 billion, up 29.18% over the previous year's level of TL 668 billion.

Yatırım Finansman's trading volume on TurkDEX was TL 32.4 billion in 2010, a 10.07% increase over last year's TL 29.441 billion. The Company's market share in 2010 was 3.75%.



2010 Operations



The symbol of trust in Turkish capital markets, Yatırım Finansman will continue on into the future as one of the major players in the sector.

Halis Akyıldız Manager, Financial Affairs and Operations

Investing in technology, Yatırım Finansman introduced a new product, VOBAktif, for client transactions on the Derivatives Exchange.

Yatırım Finansman's investments in the derivatives market in 2010 may be grouped in three main categories:

Technology/VOBAktif
Clients/TurkDEX Seminars
Human Resources/Training

Investing in technology, Yatırım Finansman introduced a new product, VOBAktif, for client transactions on the Derivatives Exchange. Improvements to the system allowed the Company to provide investors with a "Strategy Order" priority. Currently, the "One Activates the Other" strategy is effectively used by investors. Investors are able to take positions as they previously planned, taking advantage of price movements without monitoring market data screens. They are also being mediated to close their short positions at the same time when required.

The Warrant Market

Warrants are securitized options issued on the basis of a financial asset or indicator. The financial instruments to which warrants give a buy or sell right are called underlying assets.

Yatırım Finansman offers clients the opportunity to exercise a warrant to benefit from an underlying asset's price movements with a certain coverage ratio, without buying or selling that underlying asset.

Trading in the Warrant Market began on August 13, 2010. In the Market's first four and a half months of existence, the trading volume totaled TL 547,759,824. In 2010, Yatırım Finansman's trading volume reached TL 30,471,750, a market share of 5.56%.

With its expert staff and robust technological infrastructure, Yatırım Finansman offer advanced services in the Warrant Market. The Company also places importance on both internal and external training in this new market.

With its expert staff and robust technological infrastructure, Yatırım Finansman offers advanced services in the Warrant Market.



Yatırım Finansman has always strived to provide added value to its investors. To this end, the Company offers discretionary portfolio management services to investors who need to structure their own risk profile but lack the time or knowledge to identify market opportunities.

Didem Helvacioğlu Manager, Treasury, Funds and Portfolio Management

Quality Portfolio Management

Yatırım Finansman's expert portfolio managers manage client portfolios they created in line with their owners' risk-return preferences; clients are regularly kept informed about the performance of their portfolios.

Discretionary Portfolio Management

Yatırım Finansman offers discretionary portfolio management services to investors who need to structure their own risk profile but lack the time or knowledge to identify market opportunities. With a dynamic portfolio management approach and an effective market perspective, Yatırım Finansman aims to create high value-added for its investors. Risk management, liquidity and diversification are the three pillars of the Company's discretionary portfolio management.

Yatırım Finansman's expert portfolio managers manage client portfolios they created in consideration of their owners' risk-return preferences; clients are regularly informed about the performance of their portfolios.

Foreign Institutional Investor Transactions

Yatırım Finansman's foreign brokerage transactions began in 2005. The Company's international clients consist of foreign-based brokerage houses, hedge funds and long-term investment funds. Yatırım Finansman's overseas brokerage services, always adhering to international standards in the sector, have made remarkable advancements since 2005. The Company developed an extensive foreign institutional investor client base within a relatively short period of time; in addition, its trading volume, as well as its share in international transactions, increased significantly. Yatırım Finansman owes its success to its emphasis on creating timely, high quality and added value services and an experienced and expert research team able to develop new investment ideas. The Company aims to continue to increase its trading volume and the number of its international institutional investors in the coming years.

International Sales and Foreign Operations

The rapid increase in trading volume in 2010 resulted in Yatırım Finansman's decision to restructure the handling of overseas brokerage services and create two separate departments: "International Sales" and "Foreign Operations" This restructuring aims to enhance the quality and efficiency of services to international investors. In 2010, the foreign-based fund client base expanded as a result of the Research Department's fundamental analysis products and the Corporate Research Department's public offerings. Yatırım Finansman's high quality services also helped expand the broker and Direct Market Access (DMA) client bases.



2010 Operations



The Research Department closely and systematically monitors macroeconomic and political developments in order to obtain the highest possible return on investment instruments.

Zümürüt Can Ambarcı Manager, Research

Careful implementation of global analysis methodologies, diligent evaluations and Yatırım Finansman's unique analytical perspective are brought together to enrich the quality and content of the Company's research reports.

In 2010, the Research Department continued to play an active role in recruiting and meeting the needs of both domestic and international institutional investors.

Research

Domestic and international economic and political developments have an impact on the value of all types of investment instruments. In addition, a company's performance as well as sector developments play important roles in the determination of stock value and the dynamics of equity markets. All these factors must be monitored closely and professionally to obtain the highest possible return on investment instruments.

For this reason, Yatırım Finansman Research Department closely monitors macroeconomic and political developments and makes judicious analyses. In equity analysis, companies with sound and transparent balance sheets are given priority. Yatırım Finansman places great importance on research and presents fundamental and technical analysis reports to its clients in a concise and easy-to-understand format.

In 2010 the Research Department continued to play an active role in recruiting and meeting the needs of both domestic and international institutional investors. Ever aware of the significance of producing value-added information and advising investors accurately in the face of increasing competition, Yatırım Finansman's research activities target both internal and external clients. Internal research caters specifically to the needs of the Fund Management and Portfolio Management departments. The target audience for external research is composed primarily of international fund managers, traders and local clients trading at the branches. Research reports and commentaries are distributed to a wide client base via telephone, e-mail, Bloomberg and the Company's website as well as through personal visits.

The Company's high quality, world class research products consist of company and industry specific reports in Turkish and English, daily and weekly bulletins, and macro and quantitative analysis reports. Careful implementation of global analysis methodologies, diligent evaluations and Yatırım Finansman's unique analytical perspective are brought together to enrich the quality and content of the reports. Yatırım Finansman's research team is not only capable of closely monitoring the economy in macroeconomic terms but also can make accurate forecasts and predictions based on detailed analyses. In addition to providing periodical reports, this team with its dynamic structure also prepares reports tailored to domestic and international clients.

Yatırım Finansman's objectives for the coming year are to cover the majority of the companies trading on the Istanbul Stock Exchange in its research reports, expand its report distribution network both in Turkey and abroad and to maintain the excellent reputation of the Company's Research Department.



Yatırım Finansman has a unique position in the corporate finance industry with its experienced and expert staff, strong reputation in domestic and international markets, high quality and comprehensive consultation services and solutions customized for local and foreign institutional investors.

Murat Borucu Manager, Foreign Operations

Extensive Branch Network

Celebrating its 35th anniversary, Yatırım Finansman gains a unique competitive advantage with its corporate finance operations especially in public offerings with the broad client base it serves through its extensive branch network and the Company's relationships with foreign institutional investors.

Corporate Finance

Strengths of the Corporate Finance Operations

Celebrating its 35th anniversary, Yatırım Finansman gains a unique competitive advantage with its corporate finance operations especially in public offerings with the broad client base it serves through its extensive branch network and the Company's relationships with foreign institutional investors.

Corporate Finance Services

Yatırım Finansman has a unique position in the corporate finance industry with its experienced and expert staff, strong reputation in domestic and international markets, high quality and comprehensive consultation services and solutions customized for local and foreign institutional investors.

The target audience for corporate finance services consists mainly of medium and large-scale companies operating in high growth industries in need of new funding sources. Yatırım Finansman also serves foreign institutional investors and fund managers domiciled abroad.



2010 Operations



Yatırım Finansman ranks among the most preferred brokerage houses by foreign institutional investors. We owe this success to the deep experience and accurate analyses of our sales and research teams.

Cenk Erdal Manager, International Sales

Yatırım Finansman has acted as a consortium member in numerous privatization projects and offers prudent and selective corporate finance solutions.

The Corporate Finance Department began 2010 with a flying start and implemented important IPO and SPO projects.

Yatırım Finansman's Corporate Finance Operations

Public offerings are among the most widely used corporate finance product in Turkey. Yatırım Finansman's team offers excellent services from the preparation of clients to the structuring of the IPO, using the Company's extensive sales channels and advanced technological solutions.

Yatırım Finansman has acted as a consortium member in numerous privatization projects and offers prudent and selective corporate finance solutions.

Yatırım Finansman also offers consultancy and brokerage services for mergers and acquisitions, strategic/financial partnerships, due diligence, financial consulting, capital increases, dividend payments, secondary public offerings, intermediation of shareholder sales and execution of tender calls.

Corporate Finance Operations in 2010

The year 2009 was a period of restructuring and preparation due to the challenging global economic environment. During that year, Yatırım Finansman prepared for the corporate finance activities of the companies it advises as they planned to transact in the markets. As a result of this preparation, the Corporate Finance Department began 2010 with a flying start and implemented important IPO and SPO projects. Yatırım Finansman's goal is to increase its market share in corporate finance activities, which are expected to be even more robust in 2011.

Yatırım Finansman participated in 12 of the 16 public offerings in 2010 and acted as a co-leader in four public offering consortiums. The Company intermediated the sales of TSKB GYO, Aksa Enerji and Emlak GYO public offerings to foreign institutional investors, where it acted as a co-leader. In 2010, Yatırım Finansman raised a total of TL

%4

Market Share

In 2010, Yatırım Finansman raised a total of TL 230 million, acquiring an average market share of 4% in those public offerings.

230 million, resulting in an average market share of 4% of those public offerings. With its 6% market share of the public offering of Emlak GYO in 2010, Yatırım Finansman was able to maintain its high ranking among non-bank brokerage houses.

With the easing of the negative impact of the global recession and the continued fall in Turkey's borrowing rates, bank and corporate bond issues in Turkey perked up in 2010, resulting in a total amount issued of over TL 1 billion. In addition to supplying TSKB bonds and bills, Yatırım Finansman sold the Expo Faktoring corporate bond issue in 2010 and offered alternative income opportunities to fixed-income clients. In 2011, Yatırım Finansman will continue to participate in bond issues which began the year with a brisk start. The Company aims to intermedate the sales of two bank bond issues that are planned for the first quarter of 2011.

Company Name	Market Value (million TL)	YFAS Market Share %	Consortium
AKSA ENERJİ	2,830	12.4	Co-leader
TSKB GYO	158	9.9	Co-leader
EMLAK KONUT GYO	4,250	6.0	Co-leader
KATMERCİLER	75	4.9	Member
UYUM GIDA	175	3.5	Member
KOZA ALTIN	2,208	2.1	Member
DO&CO	421	2.0	Member
İHLAS YAYIN HOLDİNG	260	1.9	Member
İHLAS GAZETECİLİK	132	1.4	Member
REYSAŞ GYO	170	0.5	Member
ANEL ELEKTRİK	247	0.1	Co-leader
TORUNLAR GYO	1,635	0.1	Member

Investor Base and Service Channels



The first brokerage house in Turkey, Yatırım Finansman has continued its uninterrupted development for 35 years now. The Company's development is based on the Yatırım Finansman corporate culture, to which all employees subscribe.

Sultan Deliklitaş Manager, Sales

Yatırım Finansman is successful in the capital markets. Because, it offers uninterrupted high quality services through its rich distribution network which consists of 13 branches and agencies at major locations in Turkey, and a telephone and internet branch.

Yatırım Finansman serves a broad investor base with its reliable and value-added operations. The Company's target audience includes all investors in capital markets instruments who lack the time or knowledge to monitor markets and who therefore seek customized and reliable services. The Company serves large-scale investors through various channels and reaches small and medium-scale investors through its internet and telephone branches.

With high service quality and state-of-the-art technology, Yatırım Finansman provides its clients with the opportunity to access and trade on the stock market through various channels. Yatırım Finansman is successful in the capital markets because it offers uninterrupted high quality services through its rich distribution network which consists of 13 branches and agencies at major locations in Turkey, and a telephone and an internet branch. Thanks to these channels, investors are able to make inquiries about the markets, get guidance and buy or sell shares through client representatives, or directly over the internet or via the telephone branch.

The Company's CMB-licensed investment consultants assist investors at the Head Office and branches in the purchase and sale of all types of capital market instruments.

Each Yatırım Finansman branch has a special trading room. Clients monitor the markets using a special computer and data terminals and send their orders to traders on the floor or directly to the ISE using the YFAS Trade software application.

YF Trade - Foreign Derivatives Transactions Platform

Yatırım Finansman launched foreign derivatives transactions brokerage operations in 2011, after we received authorization from the Capital Markets Board in response to our application. Our YF Trade platform allows the carrying out of futures and options transactions on world stock exchanges on a single platform; it also facilitates hedging transactions for Turkish companies in agriculture and industry. In addition, YF Trade allows individual investors to access these markets in a fast and reliable manner. The Company aims to capture the highest market share in foreign derivatives trading.

Yatırım Finansman Internet Banking

Yatırım Finansman's internet branch was renewed in the first quarter of 2010.

www.yatirimfinansman.com

Yatırım Finansman offers investors a full range of services via the internet, and enables them to perform transactions without time or place restrictions. Yatırım Finansman was among the first brokerage houses in the sector to set up an internet branch. All investment transactions can be carried out using the Company's internet branch.

Yatırım Finansman's internet branch was redesigned in the first quarter of 2010. The Company closely follows the latest advancements in technology in order to enable its clients to use services provided through the internet branch in a modern environment with a more secure and easily customized infrastructure.

The renewed internet branch features an information and analysis portal as well as a transaction platform capable of handling all types of investment transactions. The Company's internet branch also offers an advanced investment platform to investors who closely monitor markets and make transact their investments online.

The BrokerAktif and VOBAktif applications offered on the internet branch give Yatırım Finansman a significant competitive advantage by enabling investors to trade on the ISE and the TurkDEX swiftly and easily. Thanks to these applications, developed by the Company's IT Department with the support of the ISE and TurkDEX Real-Time Data (JavaMatrix), clients are able to trade swiftly and monitor price changes in real time.

Another solution developed by the IT Department is the YFAS Trade program installed on computers in VIP rooms or on clients' personal computers. This product allows clients to monitor market sessions and conduct their transactions faster compared to other investors.

Thanks to BrokerAktif, VOBAktif and YFAS Trade, investors access market sessions regardless of where they are and make swift and secure transactions.

Services Available on the Internet Branch

- Real-Time Stock Market Data Monitoring
- Research Analysis Portal
- Stock Trading
- Domestic Derivatives Transactions
- Warrant Transactions
- Mutual Fund Transactions
- Government Bonds and Treasury Bills Transactions
- Public Offerings
- Repo Transactions
- EFT and Wire Transfers
- Other Investment Transactions and Inquiries

Telephone Branch /444 11 44

Yatırım Finansman's Interactive Voice Response - Telephone Branch service meets the needs of clients who do not receive investment consultancy or portfolio management services and who prefer to perform their transactions quickly and directly, without intermediaries, simply by dialing numbers. Both stock trading and Type-B liquid fund buy and sell transactions can be performed using the telephone branch.

Thanks to BrokerAktif, VOBAktif and YFAS Trade, investors can access market sessions regardless of where they are and conduct transactions swiftly and securely.

Risk Management



Yatırım Finansman strives to secure its clients' assets. In doing so, we have full trust in our expert staff who respect their jobs and the law.

Hürrem Aydemir Manager, Audit Department

With its Risk Management System, Yatırım Finansman aims to monitor, control and when necessary, change the nature and level of its activities, taking financial structure and risk-return balance involving future cash flow into consideration.

In 2010, Yatırım Finansman revised its Emergency and Contingency Plan which details the steps to be taken in the event of extraordinary circumstances, developing risk management measures and company management practices.

Internal Audit and Risk Management System

Since its inception, Yatırım Finansman's corporate culture has been built on the foundation of prudent risk management. Risk management activities include the identification, measurement, minimization and management of risk. With its Risk Management System, Yatırım Finansman aims to monitor, control and, when necessary, change the nature and level of its activities, taking into consideration its financial structure and risk-return balance involving future cash flow. This system requires the identification and swift implementation of mechanisms on standard-setting, information, compliance, decision-making and implementation.

The Risk Committee, which operates independently, manages the risk encountered by the Company systematically, and then reports directly to the Board of Directors. It is chaired by the Director responsible for Internal Control; its members include the Assistant General Managers, the Treasury Officer, the Sales Manager and the Financial Affairs and Operations Manager. In addition to these members, other individuals and managers may contribute for a period of time, either definite or indefinite, provided that their function is limited to advisory tasks and as long as they do not participate in the decision-making process. The Risk Management Department, reporting to the Risk Committee, measures the risk in regard to the positions taken by the Company using daily market data, analyzes the results and prepares reports to be submitted both to management and relevant departments. In 2010, Yatırım Finansman revised its Emergency and Contingency Plan which details the steps to be taken in the event of extraordinary circumstances, developing risk management measures and company management practices. The Company took a wide range of measures to ensure business continuity under different problem scenarios, prepared task and outcome descriptions and drew up separate response plans.

The internal audit system is a process composed of internal control and inspection. The internal control system aims to ensure that all acts and transactions of Yatırım Finansman, including its branches, are carried out efficiently, effectively and in compliance with the Company's management strategies and policies as well as with applicable legislation. This system ensures the integrity and reliability of accounts and records and the timely and accurate availability of data. The system also identifies and prevents any errors, fraud and compliance deficiencies. The internal control system includes the organizational plan and relevant principles and procedures of the Company.

The Audit Department acts independently of day-to-day activities and through inspectors monitors compliance with applicable legislation and corporate policies, according to the needs of the management and structure of the Company. The Audit Department is responsible for the smooth functioning of the internal audit system as well as other activities and units. The Department conducts inspections, and examines, monitors and reports evidence and findings.

Human Resources

Yatirim Finansman always keeps in mind that the key to sustainable success and lasting client satisfaction is the quality of its people.

The Importance Attributed to Human Resources

Human resources are a most valuable asset on the capital markets. Yatirim Finansman always keeps in mind that the key to sustainable success and lasting client satisfaction is the quality of its people.

In line with the Company's human resources policy, a merit-based compensation plan has been adopted, using performance evaluations twice a year. In these performance evaluations, the professional and basic competencies of employees and their achievement rates are evaluated both by the employee and by his/her supervisors. Professionals are required to have at least one capital markets license. Employees are paid a base salary and a benefits package composed of position allowances, five bonuses a year, achievement bonuses, health insurance, transportation and free lunches.

Yatirim Finansman's transparent evaluation system, fair compensation policy, investments in the personal and career development of its employees, well-equipped and comfortable workplaces and social events help keep turnover rates low and motivation high.

Recruitment

The recruitment process consists of various stages handled with the utmost care and diligence. Vacancies are filled by candidates from inside or outside the Company. Candidates are evaluated in a preliminary interview which is then followed by an interview with the Personnel Committee. Necessary control mechanisms are in place to ensure the optimum result for each position. Even local recruitment by branches is conducted under the supervision of the Head Office. Applications may be made online on the Company's website at www.yatirimfinansman.com.

Training Programs

The key to Yatirim Finansman's success is to recruit employees who are able to understand the needs of clients while offering high quality services and to continuously support these employees with the optimum training.

Yatirim Finansman is well aware that maintaining a long lasting position in the finance industry is only possible through continuous development and learning. Accordingly, the Company organizes training programs to develop the professional and personal skills of its employees.

Yatırım Finansman increases its investments in training from year to year.

Courses to improve motivation and develop personal skills contribute to the harmony among the employees. Employees from different departments find the opportunity to come together and strengthen their relationships during these courses.

The Company's training strategy aims to:

Train the right person, at the right time, with the right method, for the right job,
Provide career-linked training,
Ensure that members of the Yatırım Finansman family believe in the success of teamwork and possess strong communications skills,
Strengthen the sense of being part of a large family.

Employees are invited to participate in internal training programs offered or to enroll in training programs held by independent training firms in Turkey and abroad.

Yatırım Finansman increases its investments in training from year to year. In order to support its employees' development in line with their career plans, priority is given to training programs offered by professional organizations such as the Banks Association and the Brokerage House Association. Employees are also offered in-house training on motivation and personal development. The Company makes use of outsources courses to give hands-on learning opportunities to employees.

Courses to improve motivation and develop personal skills contribute to the harmony among the employees. Employees from different departments find the opportunity to come together and strengthen their relationships during these courses.

Number of Employees and Branches	2010	2009	2008	2007
Head Office	68	65	72	69
Branches	64	64	61	61
Investment Trust	0	0	3	3
Total Employees	132	129	136	133
Number of Branches	11	10	10	10

External Personal Development Training	7
External Professional Training	68
Derivatives & Futures	6
License Renewal	45
Finance	3
Marketing and Sales	3
Economy	3
Human Resources	3
Warrant	1
Management	6
Psychology	1
Internal Auditing	1
Financial Crimes	3
Law	1
ISE	1
Accounting	1
Orientation	10

2010

Total Participants	224
Total Training Time (hours)	1,825
Total Training Time per Person (hours)	13.82575

Information Technology



The solutions developed by the Information Technology Department equip Yatırım Finansman with a significant competitive advantage against its competitors. The products we develop enable quick and easy trading on the ISE and the Derivatives Exchange for our clients.

Mehmet Sarılıcan Manager, Information Technology

Yatırım Finansman is one of the few brokerage houses in the sector that uses in-house software applications. This brings great flexibility and operational simplicity in client transactions and allows the Company to take into account client needs and to develop customized solutions in the product development process.

Yatırım Finansman offers its high-tech solutions and its expertise in capital markets to domestic and international individual and institutional investors.

Yatırım Finansman is one of the few brokerage houses in the sector that uses in-house software applications. This brings great flexibility and operational simplicity in client transactions and allows the Company to take into account client needs and to develop customized solutions in the product development process.

Yatırım Finansman's large and experienced team is capable of meeting the technology needs of the future. Members of the IT team are able to develop complete software applications for the infrastructure of the Company. When necessary, the IT team cooperates with the Company's solutions partners as well.

Yatırım Finansman has built its IT infrastructure using Turkish and international hardware brands renowned for their reliability. The Company continued to invest significantly in IT during 2010. It has made substantial investments to ensure network and internet security using the latest technology to keep backups of all client and transaction information at another center.

Yatırım Finansman prepared itself for a possible disaster by allocating necessary resources for the infrastructure investment and established a disaster center. Accordingly, in the event of a disaster, Company operations will continue uninterrupted.

Board of Auditors' Report

To the General Assembly of
Yatırım Finansman Menkul Değerler A.Ş.

Company Name	:	Yatırım Finansman Menkul Değerler A.Ş.
Head Office	:	Istanbul
Capital	:	TL 45,500,000- (forty-five million five hundred thousand)
Line of Activity	:	Brokerage in Capital Markets
Term of Office of Auditors	:	1 year
Auditors' Shareholding	:	None
Name, Address of Auditors	:	Özgür Temel T. İş Bankası A.Ş. Capital Markets Department Unit Manager 4. Levent, Istanbul Ali Yavuz Özçiçek T. Sınai Kalkınma Bankası A.Ş. Securities Director Fındıklı, Istanbul Onur Yurtsever T. Sınai Kalkınma Bankası A.Ş. Structured Products Manager Fındıklı, Istanbul

Pursuant to Paragraphs 3 and 4 of Article 353 (1) of the Turkish Commercial Code, Yatırım Finansman Menkul Değerler A.Ş. was audited four times during the year. As a result of these audit studies, the Company's inventories were found to be in conformity with its records and its books and records were found to be in compliance with the requirements of the Turkish Commercial Code and the Tax Procedure Law.

We have audited the accounts and transactions of the Company between December 31, 2009 and December 31, 2010, in accordance with the Turkish Commercial Code, the Company's Articles of Association, other applicable legislation, GAAP and GAAS.

In our opinion, the accompanying balance sheet as of December 31, 2010 presents accurately, in all material respects, the actual financial standing of the Company as of said date. The profit-and-loss statement for the period between December 31, 2009 and December 31, 2010 accurately reflects the actual operating results of said period and the dividend distribution proposal is in compliance with applicable laws and the Company's Articles of Association.

We submit the balance sheet and the profit-and-loss statement for your approval and request the release of the Board of Directors of their liabilities.

Board of Auditors



Özgür TEMEL



Ali Yavuz ÖZÇİÇEK



Onur YURTSEVER

**Yatırım Finansman
Menkul Değerler Anonim Şirketi**

**Financial Statements
as at and for the Year Ended
31 December 2010 with
Independent Auditors' Report Thereon**



**Akis Bağımsız Denetim ve Serbest
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Internet www.kpmg.com

BAĞIMSIZ DENETİM RAPORU

To the Board of Directors of
Yatırım Finansman Menkul Değerler Anonim Şirketi,

We have audited the accompanying financial statements of Yatırım Finansman Menkul Değerler Anonim Şirketi (the "Company"), which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes equity, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards promulgated by Capital Markets Board of Turkey. 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

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

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

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Yatırım Finansman Menkul Değerler Anonim Şirketi as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards promulgated by Capital Markets Board of Turkey.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2009 were audited by other auditors who expressed an unqualified opinion for the financial statements as at and for the year ended 31 December 2009 in their report dated 4 February 2010.

İstanbul
9 February 2011

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM
Partner

Yatırım Finansman Menkul Değerler Anonim Şirketi

Statement of Financial Position

As at 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

	Notes	Audited 31 December 2010	Audited 31 December 2009
ASSETS			
CURRENT ASSETS			
		513,675,464	314,221,659
Cash and cash equivalents	3	370,488,345	204,782,867
Financial investments	4	13,163,459	9,022,055
Trade receivables	6	129,418,267	100,135,891
-Trade receivables from related parties	21	342,036	409,427
-Other trade receivables		129,076,231	99,726,464
Other receivables	7	137,094	116,317
Income tax assets	19	401,117	--
Other current assets	12	67,182	164,529
NON CURRENT ASSETS			
		15,714,436	17,989,372
Financial investments	4	13,564,915	15,858,562
Tangible assets	8	1,170,430	1,267,369
Intangible assets	9	426,879	385,966
Deferred tax assets	19	552,212	477,475
TOTAL ASSETS		529,389,900	332,211,031

The accompanying notes are an integral part of these financial statements

Yatırım Finansman Menkul Değerler Anonim Şirketi

Statement of Financial Position

As at 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

	Notes	Audited 31 December 2010	Audited 31 December 2009
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities	5	355,849,091	191,387,366
-Bank borrowings		109,023,526	92,606,578
-Payables to Stock Exchange Money Market		246,825,565	98,780,788
Trade payables	6	110,269,469	87,306,318
Other payables	7	1,258,703	1,219,216
Current income tax liabilities	19	--	284,206
Employee benefits	11	609,692	467,800
Other current liabilities	12	230,659	164,782
NON CURRENT LIABILITIES			
Employee benefits	11	1,191,846	962,365
Other non current liabilities	12	3	3
EQUITY			
Paid-in capital	13	45,500,000	38,500,000
Inflation adjustment to share capital		3,795	3,795
Fair value reserves	13	1,468,479	1,423,940
Restricted reserves	13	1,343,366	1,054,929
Retained earnings	13	2,147,874	3,002,289
Profit for the year		9,516,923	6,434,022
TOTAL EQUITY AND LIABILITIES		529,389,900	332,211,031

The accompanying notes are an integral part of these financial statements

Yatırım Finansman Menkul Değerler Anonim Şirketi

Statement of Comprehensive Income

For the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

		Audited 1 January- 31 December 2010	Audited 1 January- 31 December 2009
	Notes		
CONTINUING OPERATIONS			
Sales revenue	14	2,153,403,805	1,900,828,595
Cost of sales	15	(2,126,006,538)	(1,880,204,477)
GROSS PROFIT		27,397,267	20,624,118
Selling and marketing expenses	16	(2,060,659)	(1,436,793)
General administrative expenses	16	(21,177,309)	(18,201,266)
Other operating income	17	1,001,130	362,425
Other operating expenses	17	(799,801)	--
RESULT FROM OPERATING ACTIVITIES		4,360,628	1,348,484
Finance income	18	30,828,557	9,118,955
Finance expenses	18	(23,149,105)	(3,130,739)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS		12,040,080	7,336,700
Tax expense			
-Current income tax expense	19	(2,609,029)	(1,323,953)
-Deferred tax income	19	85,872	44,988
		(2,523,157)	(1,278,965)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		9,516,923	6,057,735
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	22	--	2,045,058
PROFIT FOR THE PERIOD		9,516,923	8,102,793
Other comprehensive income:			
Net change in fair value of available-for-sale financial assets		55,674	715,510
Income tax on other comprehensive income		(11,135)	(143,102)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		44,539	572,408
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,561,462	8,675,201
Total comprehensive income for the year profit attributable to:			
Non controlling interest		--	1,668,771
Equity holders of the parent		9,516,923	6,434,022
Total comprehensive income attributable to			
Non controlling interest		--	1,668,771
Equity holders of the parent		9,561,462	7,006,430

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

Yatırım Finansman Menkul Değerler Anonim Şirketi

Statement of Changes in Equity

For the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

	Notes	Paid-in capital	Adjustment to share capital	Share premium	Fair value reserve	Legal reserves	Special reserves	Retained earnings	Profit for the year	Owners of the Company equity	Non-controlling interest	Total
Balances at 1 January 2009		38,500,000	3,795	1,107	851,532	1,009,041	804	3,485,615	715,034	44,566,928	8,688,804	53,255,732
Total comprehensive income for the year												
Profit for the year		--	--	--	--	--	--	--	6,434,022	6,434,022	1,668,771	8,102,793
Net change in fair value of available for-sale financial investments		--	--	--	572,408	--	--	--	--	572,408	--	572,408
Total comprehensive income		--	--	--	572,408	--	--	--	6,434,022	7,006,430	1,668,771	8,675,201
Transfer to retained earnings		--	--	--	--	--	--	715,034	(715,034)	--	--	--
Effect of the business combinations under common control	22	--	--	(1,107)	--	(37,058)	--	(1,116,218)	--	(1,154,383)	(10,357,575)	(11,511,958)
Transfer to legal reserves		--	--	--	--	82,142	--	(82,142)	--	--	--	--
Balances at 31 December 2009		38,500,000	3,795	--	1,423,940	1,054,125	804	3,002,289	6,434,022	50,418,975	--	50,418,975
Balances at 1 January 2010		38,500,000	3,795	--	1,423,940	1,054,125	804	3,002,289	6,434,022	50,418,975	--	50,418,975
Total comprehensive income for the year												
Profit for the year		--	--	--	--	--	--	--	9,516,923	9,516,923	--	9,516,923
Net change in fair value of available for-sale financial investments		--	--	--	44,539	--	--	--	--	44,539	--	44,539
Total comprehensive income		--	--	--	44,539	--	--	--	9,516,923	9,561,462	--	9,561,462
Transfer to retained earnings		--	--	--	--	--	--	6,434,022	(6,434,022)	--	--	--
Capital increase	13	7,000,000	--	--	--	--	--	(7,000,000)	--	--	--	--
Transfer to legal reserves		--	--	--	--	288,437	--	(288,437)	--	--	--	--
Balances at 31 December 2010		45,500,000	3,795	--	1,468,479	1,342,562	804	2,147,874	9,516,923	59,980,437	--	59,980,437

The accompanying notes are an integral part of these financial statements

Yatırım Finansman Menkul Değerler Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

		Audited 1 January – 31 December 2010	Audited 1 January – 31 December 2009 Restated(*)
Cash flows provided from operating activities			
Profit for the year		9,516,923	8,102,793
Adjustments for:			
Depreciation	8	417,638	442,452
Amortisation	9	44,952	32,383
Provision expense for severance pay liability		245,518	227,466
Finance income	18	(30,828,557)	(9,118,955)
Finance expenses	18	23,149,105	3,130,739
Interest accruals on time deposits and reverse repo	3	(3,498,913)	(306,254)
Provision for vacation pay liability	11	198,810	153,742
Deferred tax income	19	(85,872)	(44,988)
Income tax expense	19	2,609,029	1,323,953
Operating income before changes in equity		1,768,633	3,943,331
Change in financial assets at fair value through profit or loss		(3,956,490)	(5,594,619)
Change in trade receivables		(29,282,376)	(61,212,616)
Change in other assets and other receivables		76,570	(221,451)
Change in trade payables		22,963,151	48,423,955
Change in customer assets in cash and cash equivalents	3	1,441,561	(321,300)
Change in other liabilities and other payables		105,364	(531,186)
Taxes paid		(3,294,352)	(1,193,624)
Payment of severance pay liability	11	(56,919)	(39,162)
Payment of vacation pay liability	11	(16,037)	(110,452)
Net cash used in operating activities		(10,250,895)	(16,857,124)
Cash flows from investing activities			
Proceeds from the disposal of held to maturity financial investments		3,138,659	--
Acquisitions of tangible assets	8	(326,370)	(625,328)
Proceeds on sale of tangible fixed assets		5,671	--
Acquisitions of intangible assets	9	(85,865)	(118,387)
Interest received		29,327,286	8,658,516
Dividend received	18	527,019	1,012,659
Disposal of discontinued operations, net of cash disposed of	22	--	(10,208)
Net cash provided from investment activities		32,586,400	8,917,252
Cash flows from financing activities			
Financial liabilities		164,461,725	159,813,514
Commission paid		(708,888)	(191,381)
Interest paid		(22,408,794)	(2,904,248)
Net cash flows provided from financing activities		141,344,043	156,717,885
Net change in cash and cash equivalents		163,679,548	148,778,013
Effect of change in exchange rate fluctuations on cash and cash equivalents		(31,422)	(35,110)
Cash and cash equivalents at the beginning of the year	3	200,496,912	51,754,009
Cash and cash equivalents at the end of the year	3	364,145,038	200,496,912

(*) See note 2.2.

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

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

1. ORGANISATION AND OPERATIONS OF THE COMPANY

Yatırım Finansman Menkul Değerler Anonim Şirketi ("the Company") operates in Turkey and the address of the registered head office is Nispetiye Caddesi Akmerkez Floor E 3-4, Etiler/İstanbul. The Company started its operations on 25 October 1976. Türkiye Sınai Kalkınma Bankası Anonim Şirketi ("TSKB") owns 95,78% of the Company's shares and it has been operating under Türkiye İş Bankası Anonim Şirketi Group.

The Company's shares are not traded in the Istanbul Stock Exchange.

The purpose of the Company is to perform capital market activities in accordance with the Articles of Association and Capital Markets Law numbered 2499. In this respect, the Company performs the following services for its clients; brokerage activities of the capital market instruments that were offered to the public before or sales to investors of the initially offered capital markets instruments and the trading of such securities during public offering, trading of marketable securities with repurchase or sale commitments, portfolio management, investment advisory, margin trading short-selling, borrowing-lending and acting as an intermediary and custodian for the purchase and sale of derivative instruments.

The Company has the following certificates of authorisation from Capital Market Boards of Turkey ("CMB"):

- o Intermediation for public offering
- o Intermediation for trading in securities
- o Portfolio management
- o Investment advisory
- o Certificate for purchase and sales of derivative transactions
- o Repurchase agreements and reverse repo

As at 31 December 2010, the Company operates with 10 branches and 1 agency (31 December 2009: 8 branches, 2 liaison office and 1 agency.)

As at 31 December 2010, the Company has 132 employees (31 December 2009: 129).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1. Statement of compliance

The Company maintains its books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC") and the accounting principles issued by CMB.

The accompanying financial statements are in accordance with the accounting and reporting standards promulgated by CMB. As at 31 December 2010, the Company prepared its financial statements in accordance with the communiqué Serial: XI, No:29 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué XI-29") promulgated by CMB, which is published at 9 April 2008 in the Official Gazette numbered 26842, and became effective from 1 January 2008. The companies, which reports in accordance with financial reporting standards of CMB, are required to prepare their financial statements in accordance with Communiqué XI-29 which refers to International Accounting Standards ("IAS")/ International Financial Reporting Standards ("IFRS"), which were endorsed by European Union. However, until the issuance of differences by Turkish Accounting Standards Board ("TASB"), within the IAS/IFRS endorsed by European Union and IAS/IFRS issued by International Accounting Standards Board ("IASB"), the accompanying financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS")/Turkish Financial Reporting Standards ("TFRS"), issued by TASB and which are the same as IAS/IFRS.

Therefore, the accompanying financial statements and notes are prepared in accordance with Communiqué XI-29 based on the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") and are presented consistent with the reporting format issued by CMB.

As per the 17 March 2005 dated resolution of the CMB, it was decided that the application of inflation accounting is no longer required for the companies operating in Turkey and preparing the financial statements in accordance with the CMB Accounting Standards beginning from 1 January 2005. Therefore, starting from 1 January 2005, TAS 29: "Financial Reporting in Hyperinflationary Economies", has not been applied in the financial statements.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.1. Basis of presentation (continued)

2.1.1. Statement of compliance (continued)

Approval of financial statements

The Company's financial statements prepared in accordance with the Communiqué XI-29, were approved by the Board of Directors at 9 February 2011. The General Assembly and the related governmental institutions have the authority to revise the financial statements.

Additional paragraph for convenience translation to English

The differences between the accounting principles promulgated by the CMB, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and the International Financial Reporting Standards have influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

2.1.2. The preparation of financial statements

The financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments at fair value through profit and loss and available for sale financial assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.1.3. Functional and presentation currency

The accompanying financial statements are presented in the Company's functional and presentation currency, which is Turkish Lira ("TL"), in full unless otherwise stated.

2.1.4. Comparative information

The accompanying financial statements are presented comparatively to determine the tendency in the financial position, performance and cash flows of the Company. If the presentation and reclassification of the financial statement items change, the prior year financial statements are reclassified accordingly to conform to the current year's presentation and the restatement is explained in the notes.

2.2. Changes in accounting policies, estimates and errors

The valuation principles and accounting policies have been applied consistently to all periods presented in these financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' financial statements are restated. If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

Restatement of prior year's financial statements

As at 31 December 2009, cash collaterals given to Turkish Derivatives Exchange amounting to TL 546,872 presented under "Cash and cash equivalents" is classified to "Trade receivables".

As at 31 December 2009, type B liquid fund amounting to TL 228,523 presented under "Financial investments" is classified to "Cash and cash equivalents".

As at 31 December 2009, customer assets amounting to TL 3,539,932 presented under "Other current asset" is classified to "Cash and cash equivalents".

As at 31 December 2009, payables to Stock Exchange Money Market amounting to TL 98,780,788 presented under "Current other payables" is classified to "Current financial liabilities".

As at 31 December 2009, available for sale financial assets amounting to TL 10,443,556 presented under "Current financial assets" is classified to "Non current financial assets".

As at 31 December 2009, Banking and Insurance Transactions Tax (BITT) paid amounting to TL 550,649 presented under "Selling and marketing expenses" is classified to "General administrative expenses".

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Changes in accounting policies, estimates and errors (continued)

The effects of these reclassifications are corrected in the prior year statement of cash flows to conform to the current year's presentation.

2.3. Accounting estimates

The preparation of financial statements in conformity with Communiqué XI-29 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates are used particularly in the following notes:

Not 8 – Useful lives of tangible assets

Not 9 – Useful lives of intangible assets

Not 10 – Provisions, contingent assets and liabilities

Not 11 – Employee benefits

Not 19 – Tax assets and liabilities

2.4. New standards and interpretations not yet adopted as at 31 December 2010

2.4.1. Standards, amendments and interpretations to existing standards effective in 2010

The Company applied all of the relevant and required standards promulgated by Turkish Accounting Standards Board ("TASB") and the interpretations of TASB as at 31 December 2010.

2.4.2. New standards and interpretations not yet adopted as at 31 December 2010

There are new standards, amendments and interpretations which are not yet effective and are not early adopted by the Company. Except TFRS 9 – 'Financial Instruments: Recognition and Measurement' published in Official Gazette numbered 27564 on 27 April 2010 by TASB, these new standards and interpretations which are included by IFRS do not cause significant effect on the accompanying financial statements.

2.5. Summary of significant accounting policies

The significant accounting policies used in preparing the financial statements are described below.

2.5.1. Accounting of revenue and expenses

Sales revenue

-Brokerage services in capital markets: The income obtained from the brokerage services is recorded to profit or loss at the transaction date. The brokerage services income are recorded daily to the profit or loss on an accrual basis until there is an estimate of the Company's management occurs related to the uncertainty of the collection.

-Interest income: Interests received from customers are presented in "Other operating income" (Note 14), interests received from time deposits are presented in "Finance income" (Note 18).

-Income/Expense on securities sale and purchases: Income/expense on securities sale/purchases are recorded as income/loss to the profit or loss on the same date of sale/purchase order given.

-Funds lend under reverse repurchase agreements: The terms of funds lend under repurchase agreements are short term and are comprised of government bonds and treasury bills obtained with resale commitments at an agreed term. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of significant accounting policies (continued)

2.5.1. Accounting of revenue and expenses (continued)

Service income

-Commission income: Commission income is comprised of the commissions received from the financial services provided and recognised as income when the service is rendered.

Other

Dividend and similar revenues from equity shares are recognised when the shareholders' rights to receive payment have been established.

Interest expenses are recognised according to accrual basis in income statement.

Other revenue and expenses are recognised according to accrual basis.

2.5.2. Tangible assets

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Costs refer to expenditures directly related to acquisition of assets.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognised in the other operating income of the related period.

Depreciation

Tangible assets are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

The estimated useful lives of tangible assets are as follows:

Tangible asset	Estimated useful life (Year)	Depreciation rate (%)
Furniture and fixtures	4-5	%20-%25
Vehicles	5	%20
Leasehold improvements	Shorter of 5 years or lease term	

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

Subsequent expenditure

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and overhauls costs, are capitalised. Other subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in profit or loss as an expense as incurred.

Profit or loss resulting from disposal of tangible assets is determined by comparing the difference of proceeds from sales and net book value of tangible asset.

2.5.3. Intangible assets

Intangible assets are comprised of information technologies and computer software. Intangible assets are carried at restated cost for the effects of inflation in TL units current at 31 December 2004 for the intangible assets acquired before 1 January 2005, and intangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated amortization and impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 3-5 years from the date of acquisition.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of significant accounting policies (continued)

2.5.4. Financial instruments

The Company's financial assets consist of cash and cash equivalents, financial assets at fair value through profit or loss, available for sale financial asset, held to maturity financial asset and trade and other receivables; financial liabilities consist of financial liabilities, trade and other payables.

Financial assets

The Company recognise its trade and other receivables on the date that they are originated. All other financial assets are recognized on the transaction date that is becomes a party for related financial agreements. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset and liability.

Except for those financial assets classified as fair value through profit or loss, non derivative financial assets are initially measured at fair value including the directly attributable transaction costs. Subsequent to initial recognition, the financial assets are measured as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments which their maturities are three months or less from date of acquisition, reverse repurchase agreements, and type B liquid funds that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits at banks are initially measured at fair value and then, subsequently measured at amortised cost using the effective interest method. The carrying amount of these assets is close to their fair values.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designed as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available for sale financial assets

Available for sale financial assets are the financial assets other than assets held for trading purposes, financial assets at fair value through profit or loss, held to maturity financial assets and loans and receivables (trade receivables). Available-for-sale financial assets are recognised at the date of realization of the purchase commitment of these financial assets. Gains or losses derived from the difference between the cost and discounted values calculated per effective interest rate method of the available for sale financial assets are recorded in profit or loss whereas their fair value and the discounted value calculated per effective interest rate method are recorded in "Fair value reserve" under shareholders' equity. When the available for sale financial assets are derecognised, the gain or losses accumulated in equity under fair value reserves are reclassified to profit or loss.

Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as available-for-sale financial assets and are measured at fair value. The Company also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and measured at cost since their value may not be measured reliably.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of significant accounting policies (continued)

2.5.4. Financial instruments (continued)

Held to maturity financial assets

Held to maturity financial assets consists of such financial assets held by the Company with the positive intent and ability to hold debt securities with fixed or determinable payments and fixed maturity to maturity. Held to maturity financial assets are recognised at the settlement date. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method less and impairment losses. Premiums and discounts including the initial transaction costs are recognised in the cost of the relevant financial instrument and discounted using the effective interest rate.

Trade and other receivables

Trade and other receivables are recognized initially at fair value. At the reporting date, subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method. When a trade and other receivables become uncollectible, it is written off against the allowance account. The amount of the allowance account is the difference between the carrying amount of the receivables and the collectible amount. Changes in the carrying amount of the allowance account are recognized in profit or loss. The Company's management believe that value of trade and other receivables at balance sheet approaching to their fair value.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, at the transaction date and then, subsequently measured at amortised cost using the effective interest method.

Capital

Common stock

Common stocks are classified as equity capital. Costs directly related with issuance of common stock and equity securities options are recognised as decrease in equity capital, after deducting tax effect.

2.5.5. Impairment of assets

Financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial assets and loans carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The Company assess the impairment on its financial assets individually.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in the equity.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of significant accounting policies (continued)

2.5.5. Impairment of assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value of the time value of money and the disposal of asset. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined; if no impairment loss had been recognised.

2.5.6. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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 to realize the asset and settle the liability simultaneously.

2.5.7. Borrowing costs

All borrowing costs are recognized in profit or loss in the period they incur.

2.5.8. Foreign currency transactions

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the reporting date. Exchange gains or losses arising from such transactions are included in profit or loss.

2.5.9. Earnings per share

According to TAS 33 –“Earnings per Share”, companies whose shares are not traded at stock exchange, do not have to declare earnings per share. Since, the shares of the Company are not traded at stock exchange, earnings per share is not calculated in accompanying financial statements.

2.5.10. Subsequent events

Events after balance sheet date comprise any event between the balance sheet date and the date of authorisation for the balance sheet's publication, even if any event after balance sheet date occurred subsequent to an announcement on the Company's profit or following any financial information disclosed to public. Conditions of subsequent events are as follows:

-to have new evidences of subsequent events as of reporting date (adjustments made after reporting date); and

-to have evidences of showing related subsequent events occurred after balance sheet date (adjustments not made after balance sheet date).

The Company adjusts its financial statements if adjusting subsequent events arise subsequent to the balance sheet date. If it's not necessary to adjust the financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the financial statements.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of significant accounting policies (continued)

2.5.11. Provisions, contingent liabilities and assets

According to "TAS 37-Turkish Accounting Standards on provisions, contingent liabilities and assets" a provision is recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes.

Contingent assets are disclosed in the notes and not recognized unless it is realized.

2.2.12. Leasing transactions

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operational leasing. Whole leasing transactions of the Company are operational leasing.

The Company as lessor

There are not any transactions of the Company as leaser.

The Company as lessee

Operational lease expense is recognised in the profit or loss on a straight-line basis for the whole lease period in the agreement. Start-up costs for the realisation and optimisation of the operational lease agreement are added to the cost of the leased asset and amortised through the leased time on a straight line basis method.

2.5.13. Related parties

In accompanying financial statements, important personnel in management of the Company and board of directors, their family and controlled or dependent companies, associates and subsidiaries are all accepted and referred to as related parties. Shareholders and board of directors are also included in the related parties. Related party transactions are explained as the transfer of the asset and liabilities between institutions with or without a charge.

2.5.14. Segment reporting

An operating segment is a component of the Company and its parts that engage in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The management of the Company has not identified any segments, that financial performances of each are followed up separately, and has not presented segment reporting information accordingly.

2.5.15. Income tax

Taxes on income comprise current tax and deferred taxes. Current taxes on income comprise tax payable calculated based on the expected taxable income for the year using the tax rates existing at the reporting date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Such assets and liabilities are not recognized if the temporary difference arises from other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit per the tax regulations.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated using the tax rates that are expected to be valid at the time that the temporary differences will close.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5. Summary of significant accounting policies (continued)

2.5.15. Income tax (continued)

Deferred tax assets and liabilities are presented in the financial statements as net.

If transactions and other occurrences are accounted at profit or loss; current year corporate tax, deferred tax income/expense which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts.

2.5.16. Employee benefits

In accordance with the existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the financial statements.

Furthermore, in accordance with the existing social legislation, the Company is required to make payment against the unused vacation days of the employees.

2.5.17. Statement of cash flow

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

In statement of cash flow, cash flows are classified according to operating, investment and finance activities. Cash flows from operating activities reflect cash flows mainly generated from main operations of the Company. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company. Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits which their maturities are three months or less from date of acquisition. Customer assets directed to a investment and customer assets dominated in a foreign currency that are followed in the Company's bank accounts are excluded from the sum of the cash and cash equivalent in cash flow statement.

2.5.18. Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

As at 31 December 2010 and 2009, cash and cash equivalents are as follows:

	31 December 2010	31 December 2009
Cash on hand	102,300	62,734
Banks-Demand deposits	3,072,310	5,023,038
Banks-Time deposits	366,516,050	199,325,288
Receivables from reverse repurchase agreements	441,346	143,284
Investment funds (Type B liquid)	356,339	228,523
Cash and cash equivalents on statement of financial position	370,488,345	204,782,867
Interest accruals on cash and cash equivalents	(4,244,936)	(746,023)
Customer assets	(2,098,371)	(3,539,932)
Cash and cash equivalents statement of cash flows	364,145,038	200,496,912

As at 31 December 2010 and 2009, there is no blockage on bank deposits.

Banks-Time deposits

The details of time deposits as of 31 December 2010 and 2009 are as follows:

	Amount	Interest rate (%)	Maturity
31 December 2010			
TL	366,516,050	8.75 – 9.50	3 January – 2 February 2011
31 December 2009			
TL	199,325,288	9.00 – 10.75	4 January – 2 March 2010

Receivables from reverse repurchase agreements

As at 31 December 2010 and 2009, receivables from reserve repurchase agreements are as follows:

	Interest rate (%)	Maturity	Cost	Carrying value
31 December 2010				
TL	5.44-6.46	3 Ocak 2011	441,270	441,346
31 December 2009				
TL	5.53	4 Ocak 2010	143,262	143,284

See note 23 "Nature and level of risks related to financial instruments" for analysis of the nature of the risk and the level of cash and cash equivalents.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

4. FINANCIAL INVESTMENTS

As at 31 December 2010 and 2009, details of short term financial investments are as follows:

	31 December 2010	31 December 2009
Current financial assets		
Financial assets at fair value through profit or loss	10,722,075	5,860,446
Available for sale financial assets	320,563	--
Held to maturity financial assets	2,120,821	3,161,609
	13,163,459	9,022,055
Non current financial assets		
Available for sale financial assets	10,189,245	10,443,556
Held to maturity financial assets	3,375,670	5,415,006
	13,564,915	15,858,562
Total	26,728,374	24,880,617

Financial assets at fair value through profit or loss

As at 31 December 2010 and 2009, details of financial assets at fair value through profit or loss are as follows:

	Nominal value	Carrying value	Interest rate (%)
31 December 2010			
Equity securities	431,481	1,576,850	--
Government bonds	7,115,793	6,351,170	3.92-16.13
Treasury bills	328,057	153,060	9.60-13.13
Bank bills	1,728,247	1,672,056	8.36-8.8
Private sector bonds and notes	361,654	378,858	12.60
Investment funds	11,430,826	590,081	--
Total	21,396,058	10,722,075	
31 December 2009			
Equity securities	1,102,992	2,042,420	--
Government bonds	3,170,587	3,139,045	8.07-31.02
Treasury bills	157,943	155,718	8.75-11.60
Foreign marketable securities	22,000	34,022	4.81
Investment fund	11,417,190	489,241	--
Total	15,870,712	5,860,446	

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

4.FINANCIAL INVESTMENTS (continued)

As at 31 December 2010, the government bond and treasury bills with a carrying value of TL 11,263,920 TL (31 December 2009: TL 8,168,540) and nominal value of TL 10,189,004 (31 December 2009: TL 7,903,004) are pledged as collateral as detailed below:

	Nominal value	Carrying value
31 December 2010		
Istanbul Stock Exchange Stock and Bonds and Bills Market	4,330,000	4,496,394
Capital Markets Board of Turkey	1,250,000	1,325,513
Stock Money Market	520,000	897,130
Turkish Derivatives Exchange ("TDE")	585,000	587,370
Total	10,189,004	11,263,920
31 December 2009		
Central Bank of the Republic of Turkey	3,690,000	3,663,301
Istanbul Stock Exchange-Stock Market	2,368,004	2,640,209
Capital Markets Board of Turkey	1,250,000	1,270,148
Turkish Derivatives Exchange	595,000	594,882
Total	7,903,004	8,168,540

Available for sale financial assets

31 Aralık 2010 ve 2009 tarihleri itibarıyla, satılmaya hazır finansal varlıklar detayı aşağıdaki gibidir:

	31 December 2010	31 December 2009
Short term		
Debt securities	320,563	--
Long term		
Debt securities	576,567	858,595
Equity shares	9,612,678	9,584,961
Total	10,509,808	10,443,556

As at 31 December 2010 and 2009, debt securities are as follow:

	Nominal value	Carrying amount	Interest rate (%)
31 December 2010			
Foreign marketable securities (Eurobonds)	520,000	897,130	5.16-7.00
Total	520,000	897,130	
31 December 2009			
Foreign marketable securities (Eurobonds)	520,000	858,595	5.16-7.00
Total	520,000	858,595	

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

4. FINANCIAL INVESTMENTS (continued)

Available for sale financial assets (continued)

As at 31 December 2010 and 2009, equity investments are as follows:

	Ownership rate (%)	31 December 2010	Ownership rate (%)	31 December 2009
Listed entities				
TSKB Yatırım Ortaklığı AŞ(*)	7.01	1,873,546	7.01	1,710,629
TSKB Gayrimenkul Yatırım Ortaklığı AŞ(**)	1.33	1,860,000	--	--
Borsada işlem görmeyen				
İş Portföy Yönetimi AŞ	4.90	1,290,891	4.90	1,290,891
İMKB Takas ve Saklama Bankası AŞ	1.80	4,583,440	1.80	4,583,440
Terme Metal Sanayi Ticaret AŞ.	0.94	931,948	0.94	931,948
TSKB Gayrimenkul Yatırım Ortaklığı AŞ(**)	--	--	2.00	2,000,000
TSKB Gayrimenkul Değerleme AŞ	0.00	1	0.00	1
TSKB Gayrimenkul Aracılık Hizmetleri AŞ	1.00	2,400	--	--
TSKB Gayrimenkul Danışmanlık Hizmetleri AŞ	1.00	2,400	--	--
Yifaş Yeşilyurt Tekstil Sanayi ve Ticaret AŞ	0.23	159,987	0.23	159,987
Total		10,704,613		10,676,896
Impairment on financial assets		(1,091,935)		(1,091,935)
Total		9,612,678		9,584,961

(*) Following the completion of registry procedures in regards to the business combination of TSKB Yatırım Ortaklığı AŞ and Yatırım Finansman Yatırım Ortaklığı AŞ on 25 June 2009, all of the shares of Yatırım Finansman Yatırım Ortaklığı AŞ held by the Company have been converted into TSKB Yatırım Ortaklığı shares (1 unit Yatırım Finansman Yatırım Ortaklığı AŞ share is equal to 1.1067736 TSKB Yatırım Ortaklığı AŞ share merger ratio). The related shareholding eliminated from the consolidation in the prior periods are recognized as financial assets available for sale at the fair value of TSKB Yatırım Ortaklığı AŞ as of 31 December 2010 in the financial statements because of the loss of the controlling power as at the reporting date.

(**) On the Board of Directories resolution of TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi dated 2 February 2010, the paid in capital has been increased by TL 50.000.000 to TL 150.000.000 and the shares representing TL 50.000.000 of these capital increase has been subject to the public offering by limiting the preference right of the existing shareholders. The initial public offered shares classified as C Group with a nominal value of TL 50.000.000 (TL 57,500,000 with additional sale) as a result of the capital increase of TSKB Gayrimenkul Yatırım Ortaklığı AŞ by 50% have been registered by CMB with a number GYO 60/250 on 25 March 2010. The public offering of these shares has been occurred on 1 and 2 April 2010 and the shares are traded in Istanbul Stock Exchange from the date on 9 April 2010.

Held to maturity financial assets

As at 31 December 2010 and 2009, held to maturity short term financial assets are as follows:

	Nominal value	Carrying value	Interest rate (%)
31 December 2010			
Government bond	2,000,000	2,120,821	6.65
Total	2,000,000	2,120,821	
31 December 2009			
Government bond	620,000	654,518	7.57-7.84
Private sector bonds	2,500,000	2,507,091	10.86
Total	3,120,000	3,161,609	

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

4. FINANCIAL INVESTMENTS (continued)

Held to maturity financial assets (continued)

As at 31 December 2010 and 2009, presentation of held to maturity short term financial assets according to their residual maturities are stated below:

	31 December 2010	31 December 2009
Up to one month	2,120,821	--
1-3 months	--	284,063
3-6 months	--	2,507,091
6-12 months	--	370,455
Total	2,120,821	3,161,609

As at 31 December 2010 and 2009, the long term held to maturity financial assets are as follows:

	Nominal value	Carrying value	Interest rate (%)
31 December 2010			
Government bond	3,175,000	3,375,670	8.15-9.46
Total	3,175,000	3,375,670	
31 December 2009			
Government bond	5,175,000	5,415,006	8.22-10.47
Total	5,175,000	5,415,006	

As at 31 December 2010, the held to maturity financial assets with a carrying value of TL 5,496,491 have a fair value of TL 5,924,557 (31 December 2009: TL 8,576,615 carrying value, TL 9,119,724 fair value).

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

5. FINANCIAL LIABILITIES

As at 31 December 2010 and 2009, financial liabilities are as follows:

	31 December 2010	31 December 2009
Current financial liabilities:		
Short term bank loans	109,023,526	92,606,578
Payables to Stock Exchange		
Money Market transactions	246,825,565	98,780,788
Total financial liabilities	355,849,091	191,387,366

As at 31 December 2010 and 2009, bank loans and payables to money markets are as follows:

31 December 2010			
Currency	Interest rate (%)	Amount (TL)	Maturity
Payables to money markets			
Turkish Lira	6.50-7.30	246,825,565	3 January-7 February 2011
Bank loans			
Turkish Lira	7.40	60,012,950	3 January 2011
Turkish Lira	7.40	5,001,079	3 January 2011
Turkish Lira	7.40	29,006,259	3 January 2011
Turkish Lira	7.40	15,003,238	3 January 2011
Total bank loans		109,023,526	
Total financial liabilities		355,849,091	
31 December 2009			
Currency	Interest rate (%)	Amount (TL)	Maturity
Payables to money markets			
Turkish Lira	6.80-7.30	98,780,788	4 January-12 February 2010
Bank loans			
Turkish Lira	7.75	29,106,578	4 January 2010
Turkish Lira	7.55	9,000,000	Revolving
Turkish Lira	7.75	14,500,000	Revolving
Turkish Lira	8.50	40,000,000	Revolving
Total bank loans		92,606,578	
Total financial liabilities		191,387,366	

See note 23 for analysis of the nature and level risks in financial liabilities "Nature and level of risks related to financial instruments".

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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6. TRADE RECEIVABLES AND PAYABLES

Trade receivables

Short term trade receivables

As at 31 December 2010 and 2009, short term trade receivables of the Company are as follows:

	31 December 2010	31 December 2009
Receivables from customers	106,391,373	79,663,732
Receivables from loan customers	22,104,009	16,338,529
Doubtful trade receivables(*)	542,873	542,873
Provision for doubtful trade receivables	(542,873)	(542,873)
Receivables from related parties(**)	342,036	409,427
Receivables from clearing and settlement services (Takasbank)(***)	553,352	3,711,466
Other trade receivables	27,497	12,737
Total	129,418,267	100,135,891

(*) The trade order of the Company's customer, Lehman Brothers International Europe has been performed by the Company as at 12 September 2008 instead of its parent company, Lehman Brothers Holding Company, decrees bankruptcy. Lehman Brothers Holding Company filed for bankruptcy on 15 September 2008 and was not able to fulfill its settlement obligation on the settlement date which is 16 September 2008. As a result, a cash debts from purchase transactions and stock debts from sales transactions had occurred in the customer's accounts. Due to the non-performance of fulfilling the settlement obligation by the customer, the Company made sales at the falling market prices on the same day in order to recover its cash debts and made purchases in order to recover its stock debts. As a result of these transactions, legal action has been taken for the loss of TL 542.873 which incurred in the customer account and provision for this loss has been made and recognized under other operating expenses.

(**) Receivables from related parties consist of the management fee accruals of the investment funds managed by the Company and agency commission receivables from the investment funds managed by TSKB.

(***)Receivables from Takasbank amounting to TL 553,352 are consisting of guarantees given to Turkish Derivative Exchange ("TDE") transactions (31 December 2009: TL 546,872).

As at 31 December 2010, the average interest rate applied to the loan customers is 16.66% (31 December 2009: 19.84%).

As at 31 December 2010 and 2009, short term customer receivables of the Company are as follows:

	31 December 2010	31 December 2009
Receivables from customers for the purchases of equity shares and warrant transactions(*)	98,354,463	68,864,288
Customer receivables from TDE	7,064,862	10,502,497
Receivables from Stock Exchange Money Market transactions	843,000	168,000
Other receivables from customers(**)	129,048	128,947
Total	106,391,373	79,663,732

(*) Consists of receivables from customers arising from share transactions on 30 and 31 December.

(**) Other receivables from customer consist of commissions of customer transactions and default receivables.

Long term trade receivables

As at 31 December 2010 and 31 December 2009, the Company has not any long term trade receivables.

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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6. TRADE RECEIVABLES AND PAYABLES (continued)

Trade payables

Short term trade payables

As at 31 December 2010 and 2009, short term trade payables of the Company are as follows:

	31 December 2010	31 December 2009
Payables to customers	110,269,469	87,306,318
Total	110,269,469	87,306,318

As at 31 December 2010 and 2009, the details of the Company's short term customer payables are as follows:

	31 December 2010	31 December 2009
Payables to customers for the equity share and warrant transactions(*)	99,299,699	72,093,878
Customer payables to TDE	7,064,862	10,502,497
Customer accounts	2,098,371	3,539,932
Payables to customers related to the Stock Exchange Money Market transactions	843,000	168,000
Other payables to customers	963,537	1,002,011
Total	110,269,469	87,306,318

(*) Consists of payables to TDE arising from marketable security transactions of the customers on 30 and 31 December.

Long term trade payables

As at 31 December 2010 and 2009, the Company has not any long term trade payables.

See note 23 "Nature and level of risks related to financial instruments" for analysis of the nature of the risk and the level of trade receivables and payables.

7. OTHER RECEIVABLES AND PAYABLES

Short term other receivables

As at 31 December 2010 and 2009, short term other trade receivables of the Company are as follows:

	31 December 2010	31 December 2009
Deposits and guarantees given	137,094	116,317
Total	137,094	116,317

As at 31 December 2010 and 2009, the deposits consist of guarantees given to the Company to make the intermediary in Turkish Derivative Exchange.

Long term other receivables

As at 31 December 2010 and 2009, the company has not any long term other receivables.

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Notes to the Financial Statements

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7. OTHER RECEIVABLES AND PAYABLES (continued)

Short term other payables

As at 31 December 2010 and 2009, short term other payables are as follows:

	31 December 2010	31 December 2009
Taxes and dues payable(*)	1,118,648	1,099,543
Social security premiums payable	140,055	119,673
Taxes and dues payable(*)	1,258,703	1,219,216

(*) Consists of withholding tax paid amounting to TL 634,334 on behalf of customers (31 December 2009: TL 775,070).

Long term other payables

As at 31 December 2010 and 2009, the company has not any long term other payables.

8. TANGIBLE ASSETS

For the years ended 31 December 2010 and 2009, movement of the tangible assets are as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Total
Cost				
Opening balance, 1 January 2009	315,443	4,874,624	3,988,111	9,178,178
Additions	--	345,822	279,506	625,328
Disposals	--	(3,130)	--	(3,130)
Ending balance, 31 December 2009	315,443	5,217,316	4,267,617	9,800,376
Opening balance, 1 January 2010	315,443	5,217,316	4,267,617	9,800,376
Additions	--	206,623	119,747	326,370
Disposals	(98,093)	(1,926)	--	(100,019)
Ending balance, 31 December 2010	217,350	5,422,013	4,387,364	10,026,727
Accumulated depreciation				
Opening balance, 1 January 2009	176,748	4,261,821	3,655,116	8,093,685
Current year charge	53,910	222,498	166,044	442,452
Disposals	--	(3,130)	--	(3,130)
Ending balance, 31 December 2009	230,658	4,481,189	3,821,160	8,533,007
Opening balance, 1 January 2010	230,658	4,481,189	3,821,160	8,533,007
Current year charge	33,357	222,013	162,268	417,638
Disposals	(92,422)	(1,926)	--	(94,348)
Ending balance, 31 December 2010	171,593	4,701,276	3,983,428	8,856,297
Net book value				
1 January 2009	138,695	612,803	332,995	1,084,493
31 December 2009	84,785	736,127	446,457	1,267,369
31 December 2010	45,757	720,737	403,936	1,170,430

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9. INTANGIBLE ASSETS

For the years ended 31 December 2010 and 2009, movement of the intangible assets are as follows:

	Software
Cost	
Opening balance, 1 January 2009	373,219
Additions	118,387
Ending balance, 31 December 2009	491,606
Opening balance, 1 January 2010	491,606
Additions	85,865
Ending balance, 31 December 2010	577,471
Accumulated amortisation	
Opening balance, 1 January 2009	73,257
Current year charge	32,383
Ending balance, 31 December 2009	105,640
Opening balance, 1 January 2010	105,640
Current year charge	44,952
Ending balance, 31 December 2010	150,592
Net book value	
1 January 2009	299,962
31 December 2009	385,966
31 December 2010	426,879

10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2010 and 2009, letters of guarantee and promissory notes given by the Company are as follows:

	31 December 2010	31 December 2009
Stock Exchange Money Market	306,750,000	123,000,000
Istanbul Stock Exchange	7,190,130	7,190,130
Capital Markets Board of Turkey	901,776	901,776
Other letters of guarantee	11,818	--
Total	314,853,724	131,091,906

For the years ended 31 December 2010 and 2009, commitments of reverse repurchase agreements are as follows:

	31 December 2010	31 December 2009
Commitments of reverse repurchase agreements	441,345	143,284
Total	441,345	143,284

Yatırım Finansman Menkul Değerler Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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11. EMPLOYEE BENEFITS

As at 31 December 2010 and 2009, the details of employee benefits are as follows:

Short term employee benefits

	31 December 2010	31 December 2009
Vacation pay liability	609,692	467,800
Total	609,692	467,800

In accordance with the existing social legislation, the Company is required to make payment against the unused vacation days of the employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct through the end of the contract day's fee. Vacation pay liability is the total undiscounted liability amount that is calculated from the unused vacation days of all employees at the balance sheet date.

Movements in the provision for vacation pay liability during the year were as follows:

	31 December 2010	31 December 2009
Balance at the beginning of the year	467,800	353,220
Paid during the year	(56,918)	(39,162)
Increase during the year	198,810	153,742
Balance at the end of the year	609,692	467,800

Long term employee benefits

	31 December 2010	31 December 2009
Reserve for employee severance pay liability	1,191,846	962,365
Total	1,191,846	962,365

In accordance with the existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. Reserve for severance pay liability, as at 31 December 2010 the ceiling amount is TL 2,517.01 (31 December 2009: TL 2,365.16), is calculated over the gross wage per 30 days and other benefits for each year. The basic assumption behind the calculation of the total liabilities is that the maximum liability will be increased by the inflation rate at each six month period.

Yatırım Finansman Menkul Değerler Anonim Şirketi

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11. EMPLOYEE BENEFITS (continued)

Long-term employee benefits (continued)

TMS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. Provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees and presented in the accompanying financial statements. Accordingly, the following actuarial assumptions are used in the calculation of the total liability as at 31 December 2010 and 2009:

	31 December 2010	31 December 2009
Net discount rate	%4.66	%5.92
Turnover rate to estimate the probability of retirement	%90.71	%89.92

As at 31 December 2010 and 2009, movements in the employee severance pay liability during the year were as follows:

	31 December 2010	31 December 2009
Balance at the beginning of the year	962,365	845,351
Effect of the business combinations under common control	--	(27,637)
Service cost	200,650	203,899
Interest cost	44,868	51,204
Payments during the period	(16,037)	(110,452)
Balance at the end of the year	1,191,846	962,365

12. OTHER CURRENT/NON CURRENT ASSETS AND CURRENT/NON CURRENT LIABILITIES

Other current assets

As at 31 December 2010 and 31 December 2009, other current assets are as follows:

	31 December 2010	31 December 2009
Prepaid expenses	67,182	164,529
Total	67,182	164,529

Other non-current assets

As at 31 December 2010 and 2009, the company has not any other non-current assets (31 December 2009: None).

Other current liabilities

As at 31 December 2010, the Company's other current liabilities consist of expense accruals amounting TL 230,659 (31 December 2009: TL 164,782).

Other non-current liabilities

As at 31 December 2010 and 2009, the Company has not any other non current liabilities other than the remaining past difference obligation amounting TL 3.

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13. EQUITY

13.1. Paid in capital

As at 31 December 2010 and 2009, the capital structure of the Company is as follows:

		31 December 2010		31 December 2009	
		Share %	Share amount	Share %	Share amount
T. Sınai Kalkınma Bankası AŞ	A	28.55	12,990,591	28.55	10,992,039
T. Sınai Kalkınma Bankası AŞ	B	15.50	7,056,054	15.50	5,970,508
T. Sınai Kalkınma Bankası AŞ	C	14.28	6,495,101	14.28	5,495,854
T. Sınai Kalkınma Bankası AŞ	D	13.14	5,975,602	13.14	5,056,278
T. Sınai Kalkınma Bankası AŞ	E	10.96	4,988,818	10.96	4,221,308
T. Sınai Kalkınma Bankası AŞ	F	13.35	6,074,249	13.35	5,139,749
		95.78	43,580,415	95.78	36,875,736
TSKB Gayrimenkul Değerleme AŞ	E	1.71	780,804	1.71	660,681
TSKB Gayrimenkul Değerleme AŞ	F	0.14	62,615	0.14	52,982
		1.85	843,419	1.85	713,663
Şekerbank TAŞ	E	0.58	261,743	0.58	221,475
Şekerbank TAŞ	F	0.02	12,400	0.02	10,492
		0.60	274,143	0.60	231,967
T. Garanti Bankası AŞ	E	0.74	334,738	0.74	283,240
T. Garanti Bankası AŞ	F	0.03	15,858	0.03	13,418
		0.77	350,596	0.77	296,658
Yapı Kredi Bankası AŞ	B	0.10	49,739	0.10	42,087
Yapı Kredi Bankası AŞ	F	0.01	2,356	0.01	1,994
		0.11	52,095	0.11	44,081
Arap Türk Bankası AŞ	B	0.09	38,973	0.09	32,977
Arap Türk Bankası AŞ	F	0.00	1,846	0.00	1,562
		0.09	40,819	0.09	34,539
Anadolu Hayat Emeklilik AŞ	F	0.68	307,297	0.68	260,020
İş Faktoring Finansman Hizmetleri AŞ	F	0.06	25,608	0.06	21,668
İş Yatırım Menkul Değerler AŞ	F	0.06	25,608	0.06	21,668
Total		100.00	45,500,000	100.00	38,500,000

The Company's capital consists of 4.550.000.000 shares of each having a nominal value of Kuruş 1. 1.299.059.100 shares are classified as Group A shares, 714.476.600 shares are classified as Group B shares, 649.510.100 shares are classified as Group C shares, 597.560.200 shares are classified as Group D shares, 636.610.300 shares are classified as Group E shares and 652.783.700 shares are classified as Group F shares. Two members of the Board of Directors are selected from Group A shareholders' nominees, one is selected from Group B shareholders' nominees, one is selected from Group C shareholders' nominees, one is selected from Group D shareholders' nominees, and two members are selected from Group E shareholders' nominees. The shareholders don't have any preference except for this.

As per the resolution of General Assembly held on 18 March 2010, the Company nominal share capital increased with the amount of TL 7,000,000 from extraordinary reserves and profit of the year 2009, this decision was notified at Turkey Trade Registry Gazette on 24 March 2010 at gazette no. 7528.

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13. EQUITY (continued)

13.2. Fair value reserves

As at 31 December 2010, the total difference, net of tax effect, amounting to TL TL 1,468,479 between the fair value and acquisition cost for the equity securities and the fair value and amortized cost using internal rate of return method for the debt securities held in available for sale portfolio has been accounted in the fair value reserve as a separate item within equity (31 December 2009:TL 1,423,940).

13.3. Restricted reserves

As at 31 December 2010 and 2009, restricted reserves consist of legal reserves and gains on sale of properties and equity participations to be transferred to capital.

	31 December 2010	31 December 2009
Legal reserves	1,342,562	1,054,125
Gains on sale of properties and equity participations to be transferred to capital	804	804
Balance at the end of the year	1,343,366	1,054,929

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%, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. 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.

13.4. Retained earnings

As at 31 December 2010, retained earnings of the Company are as follows:

	31 December 2010	31 December 2009
Extraordinary reserves	2,443,481	3,297,896
Accumulated deficits	(295,607)	(295,607)
Total	2,147,874	3,002,289

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14. SALES REVENUE

For the years ended 31 December 2010 and 2009, sales revenue is as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Investment fund sales	1,584,672,837	1,280,193,200
Equity security sales	384,862,936	103,993,118
Government bond sales	125,849,712	443,617,354
Service income	23,430,602	18,334,766
Treasury bill sales	22,160,074	40,108,361
Private sector bond sales	6,843,434	8,509,385
Interest from loan customers	2,982,522	1,909,901
Foreign currency bond sales	2,467,056	4,162,510
Bank bond sales	90,991	--
Warrant sales	43,641	--
Total	2,153,403,805	1,900,828,595

Service income

For the years ended 31 December 2010 and 2009, the details of the service income are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Commission income	17,417,929	13,969,946
<i>Brokerage fee income</i>	13,133,223	9,407,410
<i>Commission income on trading of derivative transactions</i>	3,539,328	3,720,518
<i>Other commission income</i>	745,378	842,018
Corporate finance income	6,012,673	4,364,820
Total	23,430,602	18,334,766

15. COST OF SALES

For the years ended 31 December 2010 and 2009, cost of sales are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Investment fund sales	(1,584,645,591)	(1,280,181,386)
Equity security sales	(384,059,999)	(103,844,832)
Government bond sales	(125,738,751)	(443,447,049)
Treasury bill sales	(22,135,860)	(40,072,043)
Private sector bond sales	(6,828,032)	(8,506,328)
Foreign currency bond sales	(2,464,426)	(4,152,839)
Bank bond sales	(89,579)	--
Warrant sales	(44,300)	--
Total	(2,126,006,538)	(1,880,204,477)

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16. OPERATING EXPENSES

Research and development expenses

As at 31 December 2010, the company has not any research and development expenses (31 December 2009: None).

Selling and marketing expenses

For the years ended 31 December 2010 and 31 December 2009, selling and marketing expenses are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Contribution for the transactions in stock exchange market	(1,829,695)	(1,252,342)
Advertising and marketing expenses	(221,935)	(179,649)
Other marketing, sales and distribution expenses	(9,029)	(4,802)
Total	(2,060,659)	(1,436,793)

General administrative expenses

For the years ended 31 December 2010 and 2009, general administrative expenses are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	(10,556,399)	(9,095,726)
Rent expenses	(1,603,210)	(1,602,234)
Paid BITT	(1,593,004)	(550,649)
Computer program rent expenses	(1,252,415)	(1,097,838)
Communication expenses	(535,421)	(509,026)
General administrative expenses	(463,800)	(463,800)
Depreciation and amortization charges	(462,591)	(474,835)
Cleaning expenses	(398,338)	(379,209)
Taxes and duties	(390,524)	(356,371)
Meal expenses	(362,654)	(315,070)
Transportation expenses	(307,127)	(284,487)
Other general administrative expenses	(3,251,826)	(3,072,021)
Total	(21,177,309)	(18,201,266)

Personnel expenses

	1 January- 31 December 2010	1 January- 31 December 2009
Salaries and wages	(7,154,533)	(6,110,251)
Bonus expenses	(2,354,719)	(2,077,148)
Social security employer's contribution expenses	(1,047,147)	(908,327)
Total	(10,556,399)	(9,095,726)

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17. OTHER OPERATING INCOME/(EXPENSES)

Other operating income

For the years ended 31 December 2010 and 2009, other operating income is as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Annual transaction charges	494,461	75,550
Takasbank custody commissions recharged to customers	197,572	197,182
Delivery expenses recharged to customers	88,309	50,694
Money order commissions recharged to customers	22,455	19,585
Other income	198,333	19,414
Total	1,001,130	362,425

Other operating expenses

As at and for the year ended 31 December 2010, other operating expenses consist of the amount paid to compensate for the losses suffered by the Company's branch customer amounting TL 799,801 (31 December 2009: None).

18. FINANCE INCOME/EXPENSES

As at and for the year ended 31 December 2010 and 2009, finance income and expenses are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Finance income		
Interest income on time deposits	28,565,634	5,730,062
Interest on government debt securities	1,499,013	2,262,721
Dividend income	527,019	1,012,659
Revaluation income from the financial assets at fair value through profit or loss	193,468	53,821
Income from the collaterals given to TDE	31,306	46,423
Interest income on money market transactions	3,090	2,203
Foreign exchange gains (net)	2,867	1,266
Others	6,160	9,800
Total	30,828,557	9,118,955
Finance expenses		
Interest expense on money market transactions	(14,432,558)	(2,256,098)
Interest expense on borrowings	(7,988,171)	(683,260)
Letter of guarantee commissions	(708,888)	(182,879)
Other	(19,488)	(8,502)
Total	(23,149,105)	(3,130,739)

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19. TAXATION

As at 31 December 2010 the corporate tax rate is 20% under the Article 32 of Corporate Tax numbered 5520, published at Official Gazette dated 21 June 2006 and with number 26205.

Companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

The transfer pricing provisions has been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If the tax payers have transactions like service taking or product and goods buying or selling with related parties which are not in accordance with the counterpart principle it will be adjudge that disguised profit distribution via transfer pricing. This kind of disguised profit distribution via transfer pricing will not be deducted from the corporate tax.

In accordance with the tax legislation, losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices in the fourth month following the accounting closing date of the related year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time 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. Corporation tax rate is applied to the income after adding the non deductible expenses and deducting the tax exemptions (like income of the participants). There is no addition tax to be paid unless the profit is distributed.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years which are 20%. Corporations give tax declarations and paid income taxes quarterly. Income tax declarations are given on the 14th and paid on the 17th day of the second following month of the each quarter. The prepaid taxes can be deducted from the annual corporate tax calculated for the whole year earnings. If there is a surplus after the deduction of the prepaid taxes, this surplus can be returned to the tax payer or the can be deducted from other financial liabilities to the tax office.

Components of income tax expense for the year ended 31 December 2010 and 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Current income tax expense	(2,609,029)	(1,323,953)
Deferred tax benefit	85,872	44,988
Total tax expense	(2,523,157)	(1,278,965)

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19. TAXATION (continued)

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate as at and for the year ended 31 December 2010 and 2009, are as follows:

	31 December 2010	Rate (%)	31 December 2009	Rate (%)
Profit before tax	12,040,080		9,381,768	
Corporate tax computed with statutory tax rate	(2,408,016)	(20.00)	(1,876,352)	(20.00)
Effects of undeductible expenses	(184,164)	(1.53)	(14,156)	(0.15)
Tax exempt income	69,023	0.57	202,531	2.16
Deferred tax effect of subsidiary that is not subject to corporate tax	--	--	409,012	4.36
Tax expense	(2,523,157)	(20.96)	(1,278,965)	(13.63)

As at 31 December 2010 and 2009 the corporation tax payable is as follows:

	31 December 2010	31 December 2009
Current income tax provision	2,609,029	1,323,953
Prepaid taxes	(3,010,146)	(1,039,747)
Income taxes payable/(asset)	(401,117)	284,206

Deferred tax assets and liabilities

Deferred tax is determined by calculating the tax effect for the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Such deferred tax assets and liabilities are recognized in the accompanying financial statements using the the tax rate effective at the reporting date. Deferred tax assets and liabilities are presented in the financial statements as net.

If transactions and other occurrences are accounted at profit or loss; current year corporate tax, deferred tax income/expense which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts.

As at 31 December 2010 and 2009, assets and liabilities bearing deferred tax assets and liabilities are as follows:

	31 December 2010		31 December 2009	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Reserve for employee severance pay liability	1,191,846	238,369	962,365	192,473
Unused vacation pay liability	609,692	121,938	467,800	93,560
Provision for doubtful receivables	542,873	108,575	542,873	108,575
Tangible and intangible assets	228,574	45,715	234,653	46,931
Investment securities	468,310	93,662	251,232	50,246
Investment securities	(280,235)	(56,047)	(71,547)	(14,309)
Deferred tax asset, net	2,761,060	552,212	2,387,376	477,475

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20. EARNINGS PER SHARE

TAS 33 – According to Earnings per Share Standard, companies whose shares are not traded at stock exchange, do not have to declare earnings per share. Since, the shares of the Company are not traded at stock exchange, earnings per share is not calculated in accompanying financial statements.

21. RELATED PARTY DISCLOSURES

In this financial statements, the shareholders of the Company and Türkiye İş Bankası Anonim Şirketi Group companies and all its subsidiaries having indirect shareholding relation with the Company are referred to as related parties.

Related party balances

	31 December 2010	31 December 2009
Receivables from related parties		
<i>Trade receivables</i>		
-Receivables from investment fund management (Note 6)	328,001	345,965
-Receivables from investment funds of TSKB (Note 6)	14,035	63,462
Total	342,036	409,427
Payables to related parties		
<i>Financial liabilities</i>		
Türkiye Sınai ve Kalkınma Bankası AŞ	60,012,950	29,106,578
Total	60,012,950	29,106,578

Related party transactions

	1 January- 31 December 2010	1 January- 31 December 2009
Related party expense transactions		
<i>Commissions from letter of guarantee</i>		
-Türkiye Sınai ve Kalkınma Bankası AŞ	--	2,000
<i>Loan interests</i>		
-Türkiye Sınai ve Kalkınma Bankası AŞ	3,323,190	417,799
Total	3,323,190	419,799
Related party revenue transactions		
-Türkiye Sınai ve Kalkınma Bankası AŞ(*)	1,014,609	510,971
-Yatırım Finansman Investment Funds(**)	4,096,707	3,855,185
-TSKB Gayrimenkul Yatırım Ortaklığı AŞ(***)	404,829	--
Total	5,516,145	4,366,156

(*) consist of agency commission ve fund management commissions.

(**) consist of investment fund commissions.

(***) consist of commissions from intermediation for public offering.

As at and for the year ended 31 December 2010, the total amount of the remuneration and similar benefits provided to the Company's general manager, vice general managers and members of the board of directors is TL 1,568,641 (31 December 2009: TL 1,584,091). Remuneration and similar benefits given to the top management consists of salaries, bonuses, health and life insurances, severance pay and vacation pay liability expenses.

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22. INFORMATION ON ASSETS HELD FOR SALE VE DISCONTINUED OPERATIONS

TSKB Yatırım Ortaklığı Anonim Şirketi has acquired Yatırım Finansman Yatırım Ortaklığı Anonim Şirketi, the former subsidiary of the Company, through taking on all of the financial assets and liabilities of Yatırım Finansman Yatırım Ortaklığı by exchanging shares. Yatırım Finansman Yatırım Ortaklığı Anonim Şirketi has released the statue of the subsidiary and was accounted as available for sale financial asset at its fair value. The details of the acquisition are follows:

	25 June 2009
Net book value of assets	
Current assets	
Cash ve cash equivalents	10,208
Financial investments	12,689,254
Short term payables	
Trade payables ve other payables	(6,355)
Net assets disposed	12,693,107
Non-controlling interest	(10,357,575)
Effect of the business combinations under common control	(1,154,383)
	1,181,149
Consideration	
Fair value of transferred shares in kind	1,181,149
Total consideration	1,181,149
Net cash outflows from discontinued operations	
Cash ve cash equivalents payments	--
Cash ve cash equivalents disposed	(10,208)
	(10,208)
	25 Haziran 2009
Current profit from discontinued operations	
Revenues	24,772,556
Other incomes	1,936
	24,774,492
Expenses	(22,729,434)
Profit before tax	2,045,058
Tax expense	--
Net profit for the period from discontinued operations	2,045,058

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risks. The Company has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk,
- market risk,
- operation risk,

23.1. Credit risk

The Company conducts brokerage services on behalf of corporate and individual investors and provides advisory services. The Company also makes trading of various marketable securities. The Company may be exposed to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Company. In order to control or mitigate such risks, the Company wants its customers to hold cash or cash equivalents or marketable securities in their accounts. Loan risk management is performed by following daily values ve liquidity of collaterals, by setting daily limit for counterparty risk ve by following adequacy of collaterals received for loans ve receivables. The credit risk are mainly originating from Turkey where the Company conducts its mainly operations.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.1. Credit risk (continued)

As at 31 December 2010 and 2009, credit risk exposure by the Company in terms of financial instruments are as follows:

	Receivables						Total
	Trade receivables	Other receivables	Related party	Related party	Other party(*)	Financial investments(**)	
31 December 2010							
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	342,036	129,076,231	--	--	--	370,386,045	-- 515,343,158
-Guaranteed part of maximum credit risk with collaterals etc.	--	(22,104,009)	--	--	--	(441,346)	-- (22,545,355)
A. Net carrying value of financial assets which are neither impaired nor overdue	342,036	129,076,231	--	--	--	370,386,045	-- 515,343,158
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--	-- --
C. Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--	-- --
-Guaranteed part of risk with collaterals	--	--	--	--	--	--	-- --
D. Net carrying value of impaired assets	--	--	--	--	--	--	-- --
-Overdue (Gross book value)	--	542,873	--	--	--	--	-- 542,873
-Impairment	--	(542,873)	--	--	--	--	-- (542,873)
-Guaranteed part of net value with collaterals	--	--	--	--	--	--	-- --
-Undue (gross book value)	--	--	--	--	--	--	-- --
-Impairment	--	--	--	--	--	--	-- --
-Guaranteed part of net value with collaterals	--	--	--	--	--	--	-- --
E. Off balance sheet items with credit risk	--	--	--	--	--	--	-- --

(*) Deposits and guarantees given and collaterals given to Turkish Derivatives Exchange are excluded as they are not financial assets.

(**) Equity securities are excluded as they are not subject to any credit risk.

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(Currency: Amounts are expressed in full Turkish Lira [TL] unless otherwise stated)

23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.1. Credit risk (continued)

	Receivables							Total
	Trade receivables			Other receivables				
	Related party	Other party	Related party (*)	Other party (*)	Cash at banks, reserve repurchase agreements	Investment funds	Financial Investments (**)	
31 December 2009	342,036	129,076,231	--	--	370,386,045	--	515,343,158	
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)								
-Guaranteed part of maximum credit risk with collaterals etc.	--	(22,104,009)	--	--	(441,346)	--	(22,545,355)	
A. Net carrying value of financial assets which are neither impaired nor overdue	342,036	129,076,231	--	--	370,386,045	15,538,846	515,343,158	
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--	--	
C. Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--	--	
-Guaranteed part of risk with collaterals etc	--	--	--	--	--	--	--	
D. Net carrying value of impaired assets	--	542,873	--	--	--	--	542,873	
-Overdue (gross book value)	--	(542,873)	--	--	--	--	(542,873)	
-Impairment	--	--	--	--	--	--	--	
-Guaranteed part of net value with collaterals	--	--	--	--	--	--	--	
-Undue (gross book value)	--	--	--	--	--	--	--	
-Impairment	--	--	--	--	--	--	--	
-Guaranteed part of net value with collaterals	--	--	--	--	--	--	--	
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--	

(*) Deposits and guarantees given and collaterals given to Turkish Derivatives Exchange are excluded since they are not financial assets.

(**) Equity securities are excluded since they do not expose any credit risk.

As at 31 December 2010 and 2009, the Company has not any financial assets which are overdue but not impaired.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.2. Liquidity risk

Liquidity risk is the Company's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Company manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities.

As at reporting date, the undiscounted contractual cash outflows of the Company are as follows:

31 December 2010	Carrying value	Contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Financial liabilities	355,849,091	356,983,921	356,983,921	--	--	--
Trade payables	110,269,469	110,269,469	110,269,469	--	--	--
Total financial liabilities	466,118,560	467,253,390	467,253,390	--	--	--
31 December 2009						
Non-derivative financial liabilities						
Financial liabilities	191,387,366	191,387,366	191,387,366	--	--	--
Trade payables	87,306,318	87,306,318	87,306,318	--	--	--
Total financial liabilities	278,693,684	278,693,684	278,693,684	--	--	--

As at 31 December 2010 and 2009, the Company has not any derivative financial liabilities.

As of 31 December 2010 and 2009, the liquidity requirement of the company in accordance with Communiqué 34 is as follows:

	31 December 2010	31 December 2009
Current asset (A)	519,798,973	315,737,874
Short term liabilities (B)	467,822,222	280,829,688
Current assets/Short term liabilities (A/B)	1.11	1.12

The Company is not exposed to liquidity risk since its current assets exceeds its short term liabilities.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The market risk is managed by balancing the assets and liabilities exposed to the interest rate change risk.

Foreign currency risk

The Company is exposed to foreign currency risk due to the changes in foreign exchange rates while having assets, liabilities or off balance sheet items denominated in foreign currencies.

The foreign exchange rates used by the Company for translation of the transactions in foreign currencies as at 31 December 2010 and 31 December 2009 as follows:

	USD	EUR	GBP	AUD
31 December 2010	1.5460	2.0491	2.3886	1.5467
31 December 2009	1.5057	2.1603	2.3892	1.4368

As at 31 December 2010 and 2009, the table below summarizes the foreign currency position of the Company by presenting the carrying amounts of the assets and liabilities denominated in foreign currency in TL as follows:

31 December 2010	TL equivalent (Functional currency)	USD	EUR	GBP	AUD
Cash and cash equivalents	2,336,013	1,164,661	175,792	226	112,946
Financial investments	897,130	580,291	--	--	--
Total assets	3,233,143	1,744,952	175,792	226	112,946
Trade payables	(2,098,371)	(1,031,865)	(162,210)	(76)	(110,261)
Total liabilities	(2,098,371)	(1,031,865)	(162,210)	(76)	(110,261)
Net foreign currency assets	1,134,772	713,087	13,582	150	2,685
31 December 2009	TL equivalent	USD	EUR	GBP	AUD
Cash and cash equivalents	3,659,117	1,331,913	765,280	176	--
Financial investments	892,617	592,825	--	--	--
Total assets	4,551,734	1,924,738	765,280	176	--
Trade payables	(3,539,932)	(1,270,266)	(753,188)	(76)	--
Trade payables	(3,539,932)	(1,270,266)	(753,188)	(76)	--
Net foreign currency assets	1,011,802	654,472	12,092	100	--

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.3. Market risk (continued)

Foreign currency risk (continued)

Exposure to foreign currency risk

A strengthening/weakening of the TL against the other currencies below would have increased/(decreased) the comprehensive income and profit/loss (excluding the tax effect) as at 31 December 2010 and 2009:

	Profit/(Loss)		Equity(*)	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
31 December 2010				
Increase/(decrease) 10% of US Dollar parity				
1-US Dollar net asset/liability	20,530	(20,530)	110,243	(110,243)
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of USD Dollar (1+2)	20,530	(20,530)	110,243	(110,243)
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/liability	2,783	(2,783)	2,783	(2,783)
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	2,783	(2,783)	2,783	(2,783)
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset/liability	451	(451)	451	(451)
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	451	(451)	451	(451)
TOTAL (3+6+9)	23,764	(23,764)	113,477	(113,477)
31 December 2009				
Increase/(decrease) 10% of US Dollar parity				
1-US Dollar net asset/liability	9,282	(9,282)	98,544	(98,544)
2-Hedged portion against US Dollar amounts(-)	--	--	--	--
3-Net effect of USD Dollar (1+2)	9,282	(9,282)	98,544	(98,544)
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/liability	2,612	(2,612)	2,612	(2,612)
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	2,612	(2,612)	2,612	(2,612)
Increase/(decrease) 10% of other currencies				
7-Net other foreign currency asset/liability	24	(24)	24	(24)
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	24	(24)	24	(24)
TOTAL (3+6+9)	11,918	(11,918)	101,180	101,180

(*) includes the profit/(loss) effect.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.3. Market risk (continued)

Interest rate risk

The Company is exposed to interest rate risk due to effects of the changes in market interest rates on the interest rate sensitive assets and liabilities.

The Company's interest rate sensitive financial instruments' allocation on 31 December 2010 and 2009 are presented below:

	31 December 2010	31 December 2009
Fixed rate financial instruments		
Financial assets		
<i>Time deposits</i>	366,516,050	199,325,288
<i>Receivables from reverse repurchase agreement</i>	441,346	143,284
<i>Financial investments</i>	10,193,783	9,237,392
Financial liabilities		
<i>Bank borrowings</i>	109,023,526	92,606,578
<i>Payables to Stock Exchange Money Market</i>	246,825,565	98,780,788
Floating interest rate financial instruments		
Financial assets		
<i>Financial investments</i>	4,754,982	3,526,603
<i>Receivables from the loan customers</i>	22,104,009	16,338,529

Interest senility of assets:

The Company's debt securities classified as financial assets at fair value through profit or loss are exposed to price risk depending upon interest rate changes in the market. Based on the analysis calculated by the Company, if the interest rate for TL were increased/decreased by 100 bp with the assumption of keeping all other variables constant, the effect on the fair value of fixed income financial assets and net profit/loss and the effect on equity for the year ended as at 31 December 2010 and 2009 would be as follows.

	Profit/(Loss)		Equity(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2010	203,317	(203,137)	162,804	(159,032)
31 December 2009	141,751	(143,287)	100,503	(97,202)

(*) Profit/loss effect included.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.3. Market risk (continued)

Risk of change in marketable securities

If the Istanbul Stock Exchange Index were increased/decreased by 20% with the assumption of keeping all other variables constant, the effect on the fair value of equity shares and profit and loss and comprehensive income of the Company for the year ended as at 31 December 2010 and 2009 would be as follows:

31 December 2010	Profit/(Loss)		Equity(*)	
	20% increase	20% decrease	20% increase	20% decrease
<i>Financial assets at fair value through profit/loss</i>				
-Equity security	315,369	(315,369)	315,369	(315,369)
<i>Available for sale financial assets</i>				
-Equity security(**)	--	--	746,709	(746,709)
Total	315,369	(315,369)	1,062,078	(1,062,078)

31 December 2009	Profit/(Loss)		Comprehensive income statement(*)	
	20% increase	20% decrease	20% increase	20% decrease
<i>Financial assets at fair value through profit/loss</i>				
-Equity security	408,484	(408,484)	408,484	(408,484)
<i>Available for sale financial assets</i>				
-Equity security(**)	--	--	342,126	(342,126)
Total	408,484	(408,484)	750,610	(750,610)

(*) Profit/loss effect included.

(**) Available for sale financial assets includes quoted equity securities.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.4. Operational risk

Operational risk is the risk that is not inherent in financial, systematic or market-wide risk. It is the risk remaining after determining financing and systematic risk, and includes risks resulting from breakdowns in internal procedures, people and systems. Operational risk that summarizes the risks a company or firm undertakes when it attempts to operate within a given field or industry.

The Company manages its operational risks to avoid financial losses. In this respect, the Company has identified the following issues within the company processes and controls;

- Appropriate task distribution with transactions' independent responsibility,
- The reconciliation and control of operations,
- Compliance with statutory obligations and other regulators,
- Documentation of processes and controls,
- Periodical assessment of encountered operational risks and the adequacy of generated controls and procedures to meet scheduled risks,
- Development of emergency plans,
- Education and professional development,
- Ethics and business standards,
- Effective risk reduction measures by the possibility of including insurance.

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23. NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.5. Capital management and capital adequacy management

The Company manages its financial risk in accordance with the communiqué Serial: V, No: 34 “Communiqué on Capital and Capital Adequacy of Brokerage Companies” (“Communiqué 34”) promulgated by CMB. Accordingly, total minimum capital amounts to TL 2,015,000 (31 December 2009: TL 2,006,000). The Company’s minimum capital amounts 31 December 2010 and 2009 in order of dates are TL 60,513,349 and TL 50,970,133.

The minimum capital adequacy basis that has to be attained by the Company in accordance with the measurement principles of Communiqué 34 is the amount calculated by deducting the following items from shareholder’s equity:

a) Non-current assets;

- 1) Tangible assets (net),
- 2) Intangible assets (net),
- 3) Non current financial assets after deducting impairment and capital commitments except financial assets traded at stock exchange and other organised markets,
- 4) Other non current assets,

b) Unsecured receivables from personnel, shareholders, affiliates, subsidiaries, individuals or entities related with directly or indirectly even if they are customers, and marketable securities issued by these individuals or entities and are not traded at stock exchange or other organised markets.

Brokerage companies’ capital has to be increased by the company for each stock exchange market transaction certificates of authorization in accordance with following rates.

- a) For intermediation in public offering, 50% of the initial capital amount required for intermediation in trading.
- b) For the sale and purchase of securities through repurchase and reverse repurchase agreements, 50% of the initial capital amount shall be required for intermediation in secondary trading
- c) For portfolio management activity, 40% of the initial capital amount shall be required for intermediation in secondary trading.
- d) For investment advisory activity, 10% of the initial capital amount shall be required for intermediation in secondary trading.

As at 31 December 2010 and 2009, the Company should have a minimum capital adequacy base amounting to TL 52,136,000 and TL 40,555,561, respectively in accordance with the certificates of authorization in the scope of Communiqué 34 Paragraph 8. Capital adequacy basis requirement cannot be less than the minimum share capital addressed by their certificates of authorization, risk provision and operating expenses of the three month period before the valuation day.

As at 31 December 2010 and 2009, the Company fulfils its capital adequacy requirements.

Yatırım Finansman Menkul Değerler Anonim Şirketi

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23 NATURE VE LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

23.5. Capital management and capital adequacy management (continued)

Risk provision

The Company calculates risk provision for both statements of financial position and off-balance sheet items by using the rates stated in Communiqué 34. Risk provision is the sum of position risk, counter party risk, concentration risk and foreign currency risk amounts which calculated in accordance with the regulations of Communiqué 34.

As at 31 December 2010 and 31 December 2009, the risk provision amounts calculated in accordance with the regulations of Communiqué 34 are as follows:

	31 December 2010	31 December 2009
Position risk	17,785,547	14,210,454
Counter party risk	18,674,501	10,243,639
Foreign currency risk	4,776	15,060
Concentration risk	--	--
Total risk provision	36,464,824	24,469,153

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24. FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Financial assets and liabilities have to be recognised with their fair values for both accounting policies and presentation of notes.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value.

Financial assets

It is estimated that the fair values and carrying amounts of the bank deposits, receivables from reserve repurchase agreements and other monetary receivables are close to each other, since they have short term maturities.

Investment funds and securities measured at the fair values are valued using the market prices.

Financial liabilities

It is estimated that the fair values and carrying amounts of the financial liabilities, trade payables and other monetary liabilities are close to each other due to their short term maturities.

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24. FINANCIAL INSTRUMENTS (continued)

Classification relevant to fair value information

"IFRS 7 – Financial Instruments: Disclosures" Standard necessitates the demonstration of a classified data sorted according to its importance and relevancy while determining the fair value of financial instruments. This classification depends on quality of related data observability. Observable data means the usage of market data received from independent sources and non-observable data means the usage of Company's estimates and assumptions about the market. This distinction reveals the following classifications.

Level 1: Registered (unadjusted) prices of identical assets or liabilities in active markets.

Level 2: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in Level 1.

Level 3: Data that is not based on observable market data related to assets and liabilities (non-observable data).

Classification requires the utilisation of observable market data, if available.

In this context fair value classification of assets and liabilities which are measured over their fair values is as follows:

31 December 2010	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				
-Investment funds	356,339	--	--	356,339
Financial investments				
-Investment funds	590,081	--	--	590,081
-Marketable securities	5,310,396	--	--	5,310,396
-Debt securities	9,452,274	--	--	9,452,274
Total financial assets	15,709,090	--	--	15,709,090
31 December 2009				
	Seviye 1	Seviye 2	Seviye 3	Toplam
Cash and cash equivalents				
Investment funds	228,523	--	--	228,523
Financial investments				
-Investment funds	489,241	--	--	489,241
-Marketable securities	3,753,049	--	--	3,753,049
-Debt securities	4,187,380	--	--	4,187,380
Total financial assets	8,658,193	--	--	8,658,193

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