

**EGELİ & CO TARIM GİRİŞİM SERMAYESİ
YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2011 TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**



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

To the Board of Directors of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.,

1. We have audited the accompanying consolidated financial statements of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiary (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2011 and the consolidated comprehensive income statements, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

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

Additional Paragraph for Convenience Translation into English

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

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

Talar Gül, SMMM
Partner

Istanbul, 5 April 2012

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEET.....	1
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY	3
CONSOLIDATED STATEMENT OF CASH FLOWS	4
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	5-33
1 ORGANISATION AND NATURE OF OPERATIONS	5
2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	6-15
3 SEGMENT REPORTING	15
4 CASH AND CASH EQUIVALENTS	16
5 FINANCIAL INVESTMENTS	16-17
6 TRADE RECEIVABLES AND PAYABLES	17
7 OTHER RECEIVABLES AND PAYABLES	17
8 INVENTORIES	17
9 PROPERTY AND EQUIPMENT	18
10 INTANGIBLE ASSETS	19
11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	19
12 PROVISION FOR EMPLOYEE BENEFITS	20-21
13 OTHER ASSETS AND LIABILITIES	21
14 SHAREHOLDERS’ EQUITY	22-24
15 SALES AND COST OF SALES	24
16 MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSE	25
17 INCOME/EXPENSE FROM OTHER OPERATIONS	25-26
18 FINANCIAL INCOME AND EXPENSE	26
19 TAXES	26-27
20 EARNINGS PER SHARE	27-28
21 BALANCES AND TRANSACTIONS WITH RELATED PARTIES	28-29
22 FINANCIAL RISK MANAGEMENT	29-31
23 FINANCIAL INSTRUMENTS	32
24 SUBSEQUENT EVENTS	33
25 DISCLOSURE OF OTHER MATTERS	33

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

	Notes	Consolidated 31 December 2011	Standalone 31 December 2010
ASSETS			
Current assets		18,540,891	15,030,757
Cash and cash equivalents	4	14,050,096	10,855,998
Financial investments	5	4,049,057	4,174,000
Inventories	8	18,922	-
Other current assets	13	422,816	759
Non-current assets		750,825	590
Property and equipment (net)	9	728,803	-
Intangible assets (net)	10	5,859	590
Other non-current assets	13	16,163	-
TOTAL ASSETS		19,291,716	15,031,347
LIABILITIES			
Current liabilities		62,167	268,627
Trade payables	6	17,921	33,398
- Trade payables to related parties	21	9,845	31,628
- Other trade payables	6	8,076	1,770
Other payables	7	1,336	1,336
Other liabilities	13	32,620	230,993
Provisions for employee benefits	12	10,290	2,900
Non-current liabilities		15,856	12,687
Provisions for employee benefits	12	15,856	12,687
Shareholders' equity		19,213,693	14,750,033
Share capital	14	22,000,000	17,000,000
Adjustment to share capital	14	789,204	789,204
Common stocks share premiums	2.4.m	10,870	10,870
Restricted reserves	14	474,975	474,975
Accumulated deficit	14	(3,525,016)	(4,983,677)
Net (loss)/income for the period		(569,233)	1,458,661
Shareholders' equity		19,180,800	14,750,033
Non-controlling interests		32,893	-
TOTAL LIABILITIES AND EQUITY		19,291,716	15,031,347
Contingent assets and liabilities	11		

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

	Notes	Consolidated 1 January- 31 December 2011	Standalone 1 January- 31 December 2010
CONTINUING OPERATIONS			
OPERATING INCOME			
Net sales	15	24,382,308	49,467,414
Cost of sales (-)	15	(23,559,504)	(47,189,385)
Other operating (expense)/income (net)	15	(3,101)	533,295
Gross profit		819,703	2,811,324
Marketing, selling and distribution expenses (-)	16	(426,475)	(305,991)
General administrative expenses (-)	16	(913,941)	(1,050,864)
Other operating income	17	-	4,192
Other operating expenses (-)	17	(63,165)	-
Operating (loss)/income		(583,878)	1,458,661
Financial income	18	2,665	-
Financial expenses (-)	18	(177)	-
(Loss)/income before tax from continuing operations		(581,390)	1,458,661
Tax income/(expense) from continuing operations			
- Current period tax expense (-)	19	-	-
- Deferred tax income/(expense)	19	-	-
(Loss)/profit from continuing operations		(581,390)	1,458,661
Other comprehensive income		-	-
Total comprehensive (loss)/profit		(581,390)	1,458,661
Comprehensive loss attributable to:			
Owners of the parent		(569,233)	1,458,661
Non - controlling interests		(12,157)	-
(Loss)/earnings per share from continuing operations (Corresponds to per share which is TL1 nominal)	20	(0.0278)	0.0858

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS’ EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

	Notes	Share Capital	Adjustment to share capital	Common stocks share premium	Restricted reserves	Accumulated deficit	Net profit/(loss) for the period	Non-controlling interest	Total Equity
1 January 2010		17,000,000	789,204	10,870	474,975	(8,668,051)	3,684,374	-	13,291,372
Transfers		-	-	-	-	3,684,374	(3,684,374)	-	-
Total comprehensive income		-	-	-	-	-	1,458,661	-	1,458,661
31 December 2010		17,000,000	789,204	10,870	474,975	(4,983,677)	1,458,661	-	14,750,033
1 January 2011		17,000,000	789,204	10,870	474,975	(4,983,677)	1,458,661	-	14,750,033
Capital increase	14	5,000,000	-	-	-	-	-	-	5,000,000
Transfers	14	-	-	-	-	1,458,661	(1,458,661)	-	-
Change in non-controlling interests	14	-	-	-	-	-	-	45,050	45,050
Total comprehensive loss		-	-	-	-	-	(569,233)	(12,157)	(581,390)
31 December 2011		22,000,000	789,204	10,870	474,975	(3,525,016)	(569,233)	32,893	19,213,693

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

	Notes	Consolidated 1 January- 31 December 2011	Standalone 1 January- 31 December 2010
Cash flows from operating activities:			
Net (loss)/profit for the year		(569,233)	1,458,661
Adjustments to reconcile net (loss)/income to net cash from operating activities:			
Financial investments fair value decrease/(increase)	15	611,909	(298,342)
Depreciation and amortization	9,10	2,015	2,787
Provision for employee termination benefits	12	3,169	10,007
Provision for unused vacation	12	7,390	2,900
Provision for portfolio management commission	6	9,845	31,628
Interest income	15	(993,211)	(501,990)
Net cash (used in)/from operating activities before changes in operating assets and liabilities		(928,116)	705,651
Net (increase)/decrease in financial assets at fair value through profit or loss	5	(554,452)	3,776,592
Net (increase)/decrease in other current assets	13	(440,979)	1,356
Net decrease in trade payables	6	(15,477)	(19,055)
Net (decrease)/increase in other payables and other liabilities	7,13	(198,373)	212,289
Interest received		967,875	500,864
Net cash (used in)/from operating activities		(1,169,522)	5,177,697
Purchases of tangible and intangible assets	9,10	(727,757)	-
Cash flows used in investing activities		(727,757)	-
Increase in capital	14	5,000,000	-
Change in non-controlling interests		45,050	-
Cash flows from financing activities		5,045,050	-
Net increase in cash and cash equivalents		3,147,771	5,177,697
Cash and cash equivalents at the beginning of the period		10,853,816	5,676,119
Cash and cash equivalents at the end of the period		14,001,587	10,853,816

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

1 - ORGANISATION AND NATURE OF OPERATIONS

Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. (The “Company”) was incorporated by being fully registered and started its financial operations on 19 October 1994. The Company was established under the trade name “Egeli & Co Yatırım Ortaklığı” and operated as an investment trust in line with Capital Markets Board (“CMB”) legislation but changed its status as an investment trust and turned into a venture capital fund under the trade name “Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.” according to its registration on 9 June 2011 at the Istanbul Trade Registry Office. The Company follows the related legislation and CMB regulations in its operating principles, investment policies and management restrictions. The company’s shares have been offered to the public and are traded in the Istanbul Stock Exchange (“ISE”).

The Company carries out the following procedures and transactions:

- a. Invests in venture capital companies in line with the principles stated in CMB Communiqué Serial: VI No. 15;
- b. Participates in the management of venture capital companies and gives them consultancy services;
- c. Invests in capital market instruments and money market tools on secondary markets to diversify its portfolio; and
- d. Invests in overseas venture capital funds that seek to invest in venture capital companies located in Turkey.

The registered office address of the Company is as follows: Abdi İpekçi Caddesi Azer İş Merkezi No: 40 Kat: 3 Daire:10 Harbiye Şişli - Istanbul, Turkey.

The subsidiary of the parent company is Batı Tarımsal Yatırımlar A.Ş. (“the Subsidiary” or “Batı Tarım”). Batı Tarım’s core business is to operate in the areas of production, distribution, transportation and marketing of products suitable for the ecology of the region by purchasing and/or renting agricultural lands or via land consolidation with the purpose of operating in soil agriculture and with the aim of founding all types of necessary facilities, making investments, purchasing plants and raising livestock. The registered office address of the Batı Tarım is as follows: İpekçi Caddesi Azer İş Merkezi No: 40 Kat:3 Daire:10 Harbiye Şişli - Istanbul, Turkey.

The Company and its subsidiary expressed as “Group” all together.

The total number of personnel employed in the Group as of 31 December 2011 is 7 (31 December 2010: 4).

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Significant accounting standards

The Group’s legal books and the statutory financial statements are held with in accordance accounting principles of the Turkish Commercial Code (“TCC”), the CMB and tax statements.

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB (“CMB Financial Reporting Standards”) which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats required by the CMB, with the announcement dated 14 April 2008 and 5 January 2009, including the compulsory disclosures.

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

2.1.2 Accounting for the effect of hyperinflation

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

2.1.3 Offsetting

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

2.1.4 Going concern

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

2.1.5 Functional and presentation currency

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

2.2 Changes in accounting policies

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

2.2.1 Comparatives and restatement of prior periods’ financial statements

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

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

The Group adopted the standards, amendments and interpretations published by the IASB and International Financial Reporting Interpretation Committee (“IFRIC”) and which are mandatory for the accounting periods beginning on or after 1 January 2011.

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

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

- IAS 24 (revised), “Related party disclosures”, is effective for annual periods beginning on or after 1 January 2011. The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. Earlier adoption is permitted either for the entire standard or for the reduced disclosures for government-related entities.
 - IFRIC 14 (amendment), “IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction”, is effective for annual periods beginning on or after 1 January 2011. The amendment removes unintended consequences arising from the treatment of pre-payments where there is a minimum funding requirement. The amendment also results in pre-payments of contributions in certain circumstances being recognised as an asset rather than an expense. It will apply from the beginning of the earliest comparative period presented. Earlier adoption is permitted.
 - Annual Improvements to IFRSs 2010. Amendments effect six standards and one IFRIC: IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34 and IFRIC 13.
- (b) *Standards, amendment and interpretations to existing standards that are not yet effective on reporting date and have not been early adopted by the Group***
- IFRS 7 (amendment), “Financial instruments: Disclosures”, is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.
 - IFRS 1 (amendment), “First-time adoption of IFRS”, is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with ‘the date of transition to IFRSs’, thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.
 - IAS 12 (amendment), “Income taxes”, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, “Income taxes - recovery of revalued non-depreciable assets”, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. Early adoption is permitted.

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

- IAS 1 (amendment), “Presentation of financial statements”, is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.
- IAS 19 (amendment), “Employee benefits”, is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.
- IFRS 9, “Financial instruments”, is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.
- IFRS 10, “Consolidated financial statements”, is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, “Joint arrangements”, is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, “Disclosures of interests in other entities”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, “Fair value measurement”, is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

- IAS 27 (revised), “Separate financial statements”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised), “Associates and joint ventures”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRIC 20, Stripping costs in the production phase of a surface mine.

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

2.3 Restatement and the errors in the accounting estimates

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.4 Summary of significant accounting policies

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

a. Consolidation principles

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

Subsidiary

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

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

Subsidiary	Egeli& Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. direct ownership interest	Total ownership interest	Proportion of effective interest
Batı Tarımsal Yatırımlar A.Ş.	90.99	90.99	90.99

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

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

Batı Tarımsal Yatırımlar A.Ş., was established on 30 March 2011 with capital worth TL500,000 by the related party of the Company “Egeli & Co Yatırım Holding A.Ş.” with TL499,960 capital share of 99.99%.

On 15 June 2011, Egeli & Co Yatırım Holding A.Ş. sold 454,960 shares with nominal value of TL454,960 to the Company in return for TL463,425.

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

	31 December 2011
Total current assets	423,479
Total non-current assets	728,803
Total assets	1,152,282
Total current liabilities	787,210
Total liabilities	787,210
	15 June - 31 December 2011
Sales	-
Gross loss	-
Net loss for the period	(134,928)

Non-controlling interest

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

b. Financial assets at fair value through profit or loss

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

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

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

c. Sale and repurchase agreements

Securities sold under sale and repurchase agreements (“repos”) are retained in the financial statements and the counterparty liability is recorded as due to customers. Securities purchased under agreements to resell (“reverse repos”) are recorded as reverse repo receivables on the cash and due from banks account, together with the difference between the sale and repurchase price, which is accrued evenly over the life of the agreement using the effective yield method. (Note 4).

d. Interest income and expenses

Interest income and expenses are recognised in the income statement in the period to which they relate on an accrual basis. Interest income includes coupons earned on fixed income investment securities and amortisation of discounts on government bonds (Note 18).

e. Foreign exchange transactions

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

f. Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property and equipment using the straight-line method based on the useful lives of such assets. The useful lives of tangible fixed assets ranged from 4 to 5 years (Note 9).

g. Intangible assets

Intangible assets include software and comprise acquired computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period ranged from 3 to 5 years from the date of acquisition (Note 10).

h. Impairment of assets

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

i. Revenue recognition

Income and expenses are recognized on an accrual basis.

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

j. Fees and commissions

Brokerage commissions are recorded as income or expense at the time the transactions to which they relate are made. All fees and commissions are recognized on an accrual basis and booked under “interest, commissions and other income” account as interest income in the income statement (Note 15).

k. Taxes

The Company is exempt from corporate tax as per Article 5, sub-paragraph d-3 of the Corporate Tax Law. Moreover, venture capital revenue is not subject to advance tax.

Corporate tax – the subsidiary

The Corporate Tax Law was altered by Law No.5520 on 21 June 2006. The majority of regulations in Corporate Tax Law No.5520 became effective as of 1 January 2006. According to this Law, the corporation tax rate of the fiscal year 2011 is 20% (2010: 20%). Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions).

Deferred tax

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

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

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

l. Related parties

For the purpose of the accompanying financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties (Note 21).

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

m. Capital and dividends

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

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

n. Cash flow statement

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

o. Turkish Derivatives Exchange (“TurkDEX”) operations

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

p. Provisions, contingent assets and liabilities

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

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

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

q. Employee benefits

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

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

Provision for employee termination is the discounted amount of the calculated value within case of retirement of employees of the Group’s estimated future liability that will occur within the framework of the Turkish Labour Law (Note 12).

r. Cash and cash equivalents

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

s. Earnings per share

Earnings per share disclosed in these consolidated statements of income are determined by dividing net loss/profit by the weighted average number of shares that have been outstanding during the year.

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

t. Subsequent events

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

2.5 Critical accounting estimates and judgements

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

3 - SEGMENT REPORTING

The Group does not prepare segment reporting as of 31 December 2011 since the subsidiary, which will perform their activities in different sectors and geographical areas, has not yet started their operations. Aggregate amounts related to subsidiary in the consolidated financial statements are figured in (Note 2.4.a).

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

4 - CASH AND CASH EQUIVALENTS

	31 December 2011	31 December 2010
Time deposits	13,932,760	-
Demand deposits	117,278	-
Total deposits in banks	14,050,038	-
Cash	58	-
Financial intermediary current accounts	-	814
ISE current accounts	-	2
Reverse repo transactions	-	10,855,182
	58	10,855,998

As of 31 December 2011 the Group does not have any receivables from reverse repo transactions (31 Aralık 2010: TL10,855,182)

As of 31 December 2011 details of time deposits are as follows: (31 Aralık 2010: None).

	Interest Rate	Maturity Date	Cost	Book Value
	% 11.00	20 Ocak 2012	12,064,196	12,111,384
	% 11.50	2 Ocak 2012	1,280,055	1,280,862
	% 11.60	5 Ocak 2012	540,000	540,514
			13,884,251	13,932,760

For the purpose of preparation of consolidated statement of cash flows, details of cash and cash equivalents are as follows:

	31 December 2011	31 December 2010
Cash	58	-
Banks	14,001,529	-
Financial intermediary current accounts	-	814
ISE current accounts	-	2
Reverse repo transactions	-	10,853,000
	14,001,587	10,853,816

5 - FINANCIAL INVESTMENTS

	31 December 2011	31 December 2010
Financial assets at fair value through profit or loss		
- Held for trading	4,049,057	4,174,000
	4,049,057	4,174,000

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

5 - FINANCIAL INVESTMENTS (Continued)

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

Financial assets at fair value through profit or loss:

	31 December 2011			31 December 2010		
	Cost	Fair Value	Book Value	Cost	Fair Value	Book Value
Share certificates	3,670,292	3,055,650	3,055,650	3,875,658	4,174,000	4,174,000
Government bonds	371,798	375,220	375,220	-	-	-
Private sector bonds	521,576	526,987	526,987	-	-	-
Exchange-traded funds	97,300	91,200	91,200	-	-	-
	4,660,966	4,049,057	4,049,057	3,875,658	4,174,000	4,174,000

6 - TRADE RECEIVABLES AND PAYABLES

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

	31 December 2011	31 December 2010
Short term trade payables		
Portfolio management fee (Note 21)	9,845	31,628
Audit fee	5,310	-
Other	2,766	1,770
	17,921	33,398

7 - OTHER RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
Short term trade payables		
Dividend payables to shareholders	1,336	1,336
	1,336	1,336

8 - INVENTORIES

	31 December 2011	31 December 2010
Raw material (*)	18,922	-
	18,922	-

(*) Inventories consist of the seeds which purchased for being used in agricultural operations of Batı Tarım.

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

9 - PROPERTY AND EQUIPMENT

31 December 2011	Property and equipment	Fixtures	Lands	Construction in progress	Total
Cost					
1 January 2011 opening balances	29,305	520	-	-	29,825
Additions	-	25,319	546,780	157,658	729,757
Disposals (-)	-	-	-	-	-
31 December 2011 closing balances	29,305	25,839	546,780	157,658	759,582
Accumulated depreciation					
1 January 2011 opening balances	(29,305)	(520)	-	-	(29,825)
Additions	-	(954)	-	-	(954)
Disposals (-)	-	-	-	-	-
31 December 2011 closing balances	(29,305)	(1,474)	-	-	(30,779)
31 December 2011 net book value	-	24,365	546,780	157,658	728,803

31 December 2010	Property and equipment	Fixtures	Lands	Construction in progress	Total
Cost					
1 January 2010 opening balances	29,305	520	-	-	29,825
Additions	-	-	-	-	-
Disposals (-)	-	-	-	-	-
31 December 2010 closing balances	29,305	520	-	-	29,825
Accumulated depreciation					
1 January 2010 opening balances	(29,193)	(520)	-	-	(29,713)
Additions	(112)	-	-	-	(112)
Disposals (-)	-	-	-	-	-
31 December 2010 closing balances	(29,305)	(520)	-	-	29,825
31 December 2010 net book value	-	-	-	-	-

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

10 - INTANGIBLE ASSETS

31 December 2011	Software
Cost	
1 January 2011 opening balance	14,629
Additions	6,330
Disposals (-)	-
31 December 2011 closing balance	20,959
Accumulated amortization	
1 January 2011 opening balance	(14,039)
Additions	(1,061)
Disposals (-)	-
31 December 2011 closing balance	(14,510)
31 December 2011 net book value	5,859
31 December 2010	Software
Cost	
1 January 2010 opening balance	14,629
Additions	-
Disposals (-)	-
31 December 2010 closing balance	14,629
Accumulated amortization	
1 January 2010 opening balance	(11,364)
Additions	(2,675)
Disposals (-)	-
31 December 2010 closing balance	14,039
31 December 2010 net book value	590

11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Within this context, the total amount of Banking and Insurance Transaction Tax that the Company has declared, paid and made a matter of the lawsuit is TL293,335. In 2010, TL204,363 was refunded; and in 2011, TL12,256 was refunded. TL204,363 (Note 13) was indicated as deferred income and in the financial statements dated 31 December 2010 because the judgements in their favour were reversed and the judgements against them were affirmed by the Council of State in 2010 and in the following period. These amounts were not in the consolidated financial statements dated 31 December 2011 because the lawsuits have been withdrawn.

As of 31 December 2011 ve 2010 the Group has no collateral, pledge or mortgage.

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

12 - PROVISION FOR EMPLOYEE BENEFITS

	31 December 2011	31 December 2010
Short term employee benefits		
Provision for unused vacation	10,290	2,900
	10,290	2,900
Long term employee benefits		
Provision for employee termination benefits	15,856	12,687
	15,856	12,687

Provision for unused vacation

In accordance with existing labour law in Turkey, the Group is required to make payments to employees for the remaining vacation days up to the termination date regarding on the current salary amount. Unused vacation balance is undiscounted total liability amount as of balance sheet date which equals to unused vacation balance that have been earned by all personnels.

Movements of unused vacation are as follows:

	31 December 2011	31 December 2010
1 January	2,900	-
Addition	7,390	2,900
31 December	10,290	2,900

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

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

The amount payable consists of one month’s salary limited to a maximum of TL2,732 (31 December 2010: TL2,517) for each period of service at 31 December 2011.

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

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

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

	31 December 2011	31 December 2010
Discount rate (%)	4.66	4.66
Turnover rate to estimate the probability of retirement (%)	-	-

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Additionally, the principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore the maximum amount of employee termination benefits of the Group is determined every six months and is calculated using the maximum amount of TL2,805 valid from 1 January 2012.

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

	31 December 2011	31 December 2010
1 January	12,687	2,680
Service cost	2,876	9,848
Interest cost	293	159
31 December	15,856	12,687

13 - OTHER ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Other current assets:		
Advances given (*)	271,606	-
Prepaid taxes	97,582	-
Deferred Value Added Tax (VAT)	51,254	-
Deposits and guarantees given	2,275	-
Prepaid expenses for future months	99	759
	422,816	759

(*) TL242,444 of advances consists of the advance which is given by Batı Tarım for purchasing a new land for agricultural operations.

	31 December 2011	31 December 2010
Other non-current assets		
Prepaid expenses for future years	14,448	-
Advances given	1,125	-
Other	590	-
	16,163	-
Other short term liabilities		
Taxes and fees	31,949	26,630
Expense accruals	671	-
Deferred income from BITT litigation (Note 11)	-	204,363
	32,620	230,993

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

14 - SHAREHOLDER’S EQUITY

The Company’s paid-in capital is TL22,000,000 (31 December 2010: TL17,000,000), each with a nominal value has been divided number of shares 22,000,000 (31 December 2010: 17,000,000) that is amount of TL1.

At Board of Directors Meeting No. 174 of the main shareholder Company held on 6 June 2011, it was unanimously decided that the registered shares should be converted to bearer shares according to the articles of association approved at the Ordinary General Assembly of Shareholders and Privileged Shareholder Assembly meeting on 6 June 2011; Group B bearer shares with nominal value of TL21,994,738 should be transferred via blank endorsement; and within this context, the consent of the Board of Directors and the registration in the book of shares should not be sought in order for the transfer to be valid for the Company.

The sale of shares worth a total nominal value of TL5,000,000 to Egeli & Co Yatırım Holding A.Ş. via private placement - issued due to the increase in issued capital from TL17,000,000 to TL22,000,000 by means of restricting the preferential rights of shareholders - was completed on the wholesale market on 21 April 2011. After the capital increase via private placement, the total amount of nominal shares of Egeli & Co Yatırım Holding A.Ş., which was TL1,075,661 in the share capital table in Note 14, rose to TL6,075,661. Transactions for Capital Increase No. 445, dated 3 May 2011, have been completed according to the document obtained from the CMB that was submitted for registration to the Istanbul Trade Registry Office on 6 May 2011.

The company is in authorized capital subject system, the amount of authorized capital of TL200,000,000 (31 December 2010: TL200,000,000).

The Company’s main shareholders are Egeli & Co Yatırım Holding A.Ş. and Tan Egeli.

The Company, as the parent company, owns 5,262 Class A privileged bearer shares with a nominal value of TL1 each. Class A shares have the right to nominate candidates for two-thirds of the members of the Board of Directors, and all of these shares are owned by Tan Egeli as of the preparation date of these financial statements.

Net book value of issued and paid-in capital as of 31 December 2011 and 31 December 2010 are as below;

Shareholders	Share (%)	31 December 2011 TL	Share (%)	31 December 2010 TL
Egeli & Co Yatırım Holding A.Ş.	27.62	6,075,661	2.71	460,395
Tan Egeli	3.49	768,562	2.09	355,262
Egeli & Co Finansal Yatırımlar A.Ş.	2.01	442,055	-	-
Ebru Egeli	0.68	150,000	0.86	146,057
Murat Çilingir	0.00	263	0.00	263
Ersoy Çoban	0.00	2	0.00	2
Other/Publicly held	66.20	14,563,457	94.34	16,038,021
Total paid-in share capital	100.00	22,000,000	100.00	17,000,000
Adjustment to share capital		789,204		789,204
Total Capital		22,789,204		17,789,204

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

14 - SHAREHOLDER’S EQUITY (Continued)

Reserves, accumulated losses, retained earnings:

	31 December 2011	31 December 2010
Restricted reserves		
- Legal reserves	474,975	474,975
Accumulated losses	(3,525,016)	(4,983,677)
	(3,050,041)	(4,508,702)

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

Retained earnings

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

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

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

- if the difference is arising from the valuation of “Paid-in capital” and not yet been transferred to capital should be classified under the “Inflation adjustment to share capital”;
- if the difference is arising from valuation of “Restricted reserves” and “Share premium” and the amount has not been subject to dividend distribution or capital increase, it shall be classified under “Retained earnings”,

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

14 - SHAREHOLDER’S EQUITY (Continued)

Bonus share

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

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

15 - SALES AND COST OF SALES

	31 December 2011	31 December 2010
Sales income		
Gain on sale of common stocks	24,382,308	49,467,414
	24,382,308	49,467,414
Cost of sales		
Cost of sales of common stocks	(23,559,504)	(47,189,385)
	(23,559,504)	(47,189,385)
Net sales	822,804	2,278,029
Other operating income/expenses		
Time deposit interest income	684,304	-
Interest income from reverse repo	299,386	501,541
Change in fair value of derivative exchange	108,250	59,840
Dividends income	39,845	381,286
Interest income of money markets	-	1,647
Interest income of derivative exchange	2,665	984
Unrealized (loss)/gain on financial investments	(611,909)	298,342
Reversal of prior period valuation	(298,342)	(710,345)
Project based consultancy expenses	(227,300)	-
	(3,101)	533,295
Gross profit	819,703	2,811,324

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

**16 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL
ADMINISTRATIVE EXPENSES**

	1 January - 31 December 2011	1 January - 31 December 2010
Marketing, selling and distribution expenses	426,475	305,991
General administrative expenses	913,941	1,050,864
	1,340,416	1,356,855

Marketing, selling and distribution expenses

Portfolio management fee (Note 21)	399,659	258,337
Trading commissions	17,326	26,424
Custody expenses	3,471	-
Reverse repo commissions	-	13,314
Other commission expenses	6,019	7,916
	426,475	305,991

General administrative expenses

Personnel expenses	363,317	594,024
Advisory expenses	47,081	236,357
Travel expenses	123,872	49,193
Support services expenses	108,982	29,038
Taxes and duties	78,836	1,530
Rent expenses and the share of building expenses	36,995	34,372
Consulting expenses	31,812	26,904
Audit expenses	25,370	23,600
Capital increase expenses	16,100	-
Insurance expenses	15,790	-
Trade registry expenses	12,773	3,792
Maintenance and repairing expenses	9,286	12,048
Listing expenses	9,250	4,250
Communication expenses	5,020	5,190
Depreciation and amortization expenses	2,015	2,787
Other operating expenses	27,442	27,779
Total	913,941	1,050,864

17 - INCOME/EXPENSE FROM OTHER OPERATIONS

	1 January - 31 December 2011	1 January - 31 December 2010
Income from other operations		
Other income	-	4,192
	-	4,192

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

17 - INCOME/EXPENSE FROM OTHER OPERATIONS (Continued)

Expenses from other operations

	1 January - 31 December 2011	1 January - 31 December 2010
Losses from agricultural operations	(54,700)	-
Premium paid for purchase of the subsidiary	(8,465)	-
	(63,165)	-

18 - FINANCIAL INCOME AND EXPENSE

	1 January - 31 December 2011	1 January - 31 December 2010
Other interest income	2,665	-
	2,665	-
Foreign currency exchange loss (-)	(177)	-
	(177)	-

19 - TAXES

Deferred tax

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements as reported for CMB Accounting Standards and its statutory tax financial statements. The relevant temporary differences result from the fact that the incomes and expenditures are recognised in different reporting periods as per CMB Financial Reporting Standards and tax laws and the exemption of carried forward financial losses. Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming periods under the liability method is 20%.

Deferred tax assets are recognised to the extent that it is probable that sufficient financial profit will be available for utilising the deductible temporary differences.

Since Turkish tax legislation does not allow for the preparation of a consolidated tax return, tax provisions are separately calculated on a per company basis.

Corporate tax - Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.

The Company is exempt from corporate tax as per Article 5, sub-paragraph d-3 of the Corporate Tax Law. Moreover, venture capital revenue is not subject to advance tax. According to Article 15, sub-paragraph 3 of the Corporate Tax Law and a Council of Ministers decree, the withholding tax rate to be applied to portfolio management revenue obtained by venture capital investment trusts has been determined as 0% (zero).

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

19 - TAXES (Devamı)

Corporate tax - Subsidiary

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

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date.

Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

Deferred tax assets are recognised to the extent that the relevant tax benefit is probable. The amount of future taxable profits and future possible tax benefits depends on the Group’s medium-term business plan and assumptions made after that. The business plan is based on Group expectations deemed reasonable under the conditions.

The subsidiary, which is a different taxpayer has TL27,225 deferred tax asset from the carried forward tax loss for the year 2011. This amount has not been recorded based on the Group’s reasonable expectations.

20 - EARNINGS PER SHARE

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

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

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

20 - EARNINGS PER SHARE (Continued)

	1 January- 31 December 2011	1 January- 31 December 2010
Net (loss)/income	(569,223)	1,458,661
The average number of shares	27,344,444	17,000,000
(Loss)/earning per share (As TL1 per share)	(0.0278)	0.0900
Total comprehensive (loss)/income	(569,223)	1,458,661
Comprehensive (loss)/earning per share (As TL1 per share)	(0.0278)	0.0858

Earnings per share of common stocks and preferred stocks are equal.

21 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	31 December 2011	31 December 2010
Trade payables to related parties		
Egeli & Co Portföy Yönetim A.Ş. (*)	9,845	31,628
	9,845	31,628

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

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

	31 December 2011	31 December 2010
Other financial expense from related parties		
Egeli & Co Yatırım Holding A.Ş. (**)	8,465	-
	8,465	-

(**) Consist of the premium paid for purchase of subsidiary (Not 2.4.a).

	1 Ocak- 31 Aralık 2011	1 Ocak- 31 Aralık 2010
Portfolio management fee		
Egeli& Co Portföy Yönetim A.Ş. (***)	399,659	258,337
	399,659	258,337

(***) Consist of portfolio management fees as part the portfolio management contract.

Other expenses

Egeli & Co Kurumsal Destek Hizmetleri A.Ş. (****)	108,982	29,038
Egeli & Co Finansal Yatırımlar A.Ş. (*****)	34,584	32,256
	143,566	61,294

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

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

21 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Because the Company changed its status as an investment trust and turned into a venture capital fund, the portfolio management agreement signed with Egeli & Co Portföy Yönetimi A.Ş. on 1 November 2010 was terminated on 10 June 2011, and a new portfolio management agreement was signed between Egeli & Co Portföy Yönetimi A.Ş. and the Company on 10 June 2011 for the selection of the venture capital companies, management of investments and portfolio.

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

	31 December 2011	31 December 2010
Gross wages and other short term benefits	150,385	313,632
	150,385	313,632

22 - FINANCIAL RISK MANAGEMENT

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

Financial Risk Management

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

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

a. Credit risk disclosures

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

The Group’s maximum credit risk exposure:

31 December 2010	Other Receivables (Note 6)	Receivables from reverse repo Transactions (Note 4)	Other current accounts (Note 4)	Financial investments (Note 5)	Deposits (Note 4)
Notes					
As of reporting date max. credit risk exposed	-	10,855,182	816	4,174,000	-
Net book value of neither past due nor impaired financial assets	-	10,855,182	816	4,174,000	-

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

22 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011	Other Receivables (Note 6)	Receivables from reverse repo Transactions (Note 4)	Other current accounts (Note 4)	Financial investments (Note 5)
Notes				
As of reporting date				
max. credit risk exposed	16,620	-	14,050,038	4,140,257
Net book value of neither past due nor impaired financial assets	16,620	-	14,050,038	4,140,257

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

b. Liquidity risk disclosures

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

The Group does not have any derivative financial liabilities. The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of 31 December 2011 and 2010.

	31 December 2011				
	Up to 1 month	Between 1-3 months	Between 3 months-1 year	Demand	Total
Cash and cash equivalents	14,040,758	-	-	9,338	14,050,096
Financial investments	-	-	-	4,049,057	4,049,057
Inventories	-	-	-	18,922	18,922
Other current assets	422,816	-	-	15,573	438,389
Property and equipment	-	-	-	728,803	728,803
Intangible assets	-	-	-	6,449	6,449
Total Assets	14,463,574	-	-	4,828,142	19,291,716
Trade payables	-	17,921	-	-	17,921
Other payables	1,336	-	-	-	1,336
Short-term provisions for employee benefits	-	-	10,290	-	10,290
Other short term liabilities	-	32,620	-	-	32,620
Long-term provisions for employee benefits	-	-	-	15,856	15,856
Total liabilities	1,336	50,541	10,290	15,856	78,023
Net liquidity excess/(shortage)	14,462,238	(50,541)	(10,290)	4,812,286	19,213,693

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

22 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2010				
	Up to 1 month	Between 1-3 months	Between 3 months-1 year	Demand	Total
Cash and cash equivalents	10,855,182	-	-	816	10,855,998
Financial investments	-	-	-	4,174,000	4,174,000
Other current assets	759	-	-	-	759
Intangible assets	-	-	-	590	590
Total Assets	10,855,941	-	-	4,175,406	15,031,347
Trade payables	33,398	-	-	-	33,398
Other payables	1,336	-	-	-	1,336
Other short term liabilities	230,993	-	-	-	230,993
Provisions for employee benefits	-	-	-	15,587	15,587
Total Liabilities	265,727	-	-	15,587	281,292
Net liquidity excess/(shortage)	10,590,214	-	-	4,159,819	14,750,033

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

c. Information on market risk disclosures

1. Foreign currency risk

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

2. Interest Rate Risk

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

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

3. Share certificate price risk

As of 31 December 2011 all the shares that are classified as financial assets in the Group’s balance sheet reflects the fair value differences of profits/losses, are traded on the İstanbul Stock Exchange.

As of 31 December 2010, if the İstanbul Stock Exchange index increase/decrease by 10%, with all other variables held constant, net loss for the year would have been by TL314,685 (31 December 2010: TL417,400) higher/lower.

d. Capital risk management

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

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

23 - FINANCIAL INSTRUMENTS

Fair value of the financial instruments

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

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

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

a. Financial assets:

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

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

b. Financial liabilities:

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

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

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

The Group’s assets and liabilities measured at fair value as of 31 December 2011 and 2010 are as follows:

31 December 2011	Level 1	Level 2	Level 3
Financial instruments held for trading	4,049,057	-	-
	4,140,257	-	-
31 December 2010			
Financial instruments held for trading	4,174,000	-	-
	4,174,000	-	-

EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(Formerly known as “Egeli & Co Yatırım Ortaklığı A.Ş.”)

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011 ORIGINALLY ISSUED IN TURKISH, SEE NOTE 25 (1)**

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

24 - SUBSEQUENT EVENTS

None.

25 - DISCLOSURE OF OTHER MATTERS

- 1) The accounting principles described in Note 2 regarding the financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.
- 2) As was also registered by the Istanbul Trade Registry Office on 9 June 2011, the Company changed its status as an investment trust and turned into a venture capital fund and its trade name became “Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.”.

.....