

EGELİ & CO YATIRIM HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2014**

(ORIGINALLY ISSUED IN TURKISH)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

CONTENTS	PAGE
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF INCOME/LOSS AND OTHER COMPREHENSIVE STATEMENT OF INCOME	2
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	3
STATEMENT OF CASH FLOWS.....	4
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	5-48
1 COMPANY'S ORGANIZATION AND NATURE OF OPERATIONS	5-6
2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS.....	6-19
3 SUBSIDIARIES AND JOINT VENTURES	19
4 INVESTMENTS IN ASSOCIATES	19
5 CASH AND CASH EQUIVALENTS	20
6 FINANCIAL INVESTMENT	20-23
7 SHORT AND LONG TERM BORROWINGS	23
8 TRADE RECEIVABLES AND PAYABLES	23
9 OTHER RECEIVABLES AND PAYABLES	23-24
10 PROPERTY AND EQUIPMENT	24
11 INTANGIBLE ASSETS.....	25
12 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	26
13 EMPLOYEE BENEFITS	27-28
14 OTHER ASSETS AND LIABILITIES	28
15 SHAREHOLDERS' EQUITY	29-31
16 REVENUES AND COSTS.....	31
17 GENERAL ADMINISTRATIVE EXPENSE	32
18 OTHER OPERATING INCOME/EXPENSES	32
19 FINANCIAL EXPENSES	33
20 INCOME TAXES.....	33-36
21 EARNINGS PER SHARE.....	36
22 BALANCES AND TRANSACTIONS WITH RELATED PARTIES	37-39
23 NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS	39-44
24 FINANCIAL INSTRUMENTS	45-46
25 SUBSEQUENT EVENTS	47
26 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS	47

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION OF AUDITED BALANCE SHEET AT 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

	Notes	(Audited) 31 December 2014	Restated (*) (Audited) 31 December 2013
ASSETS			
Current Assets		7.262.565	1.460.464
Cash and cash equivalents	5	199.820	473.826
Financial investment	6	4.505.557	273.034
Trade receivables	8	1.810.559	-
<i>trade receivables from related parties</i>	8, 22	559	-
<i>Non trade receivables from related parties</i>	8	1.810.000	-
Other receivables	9	30.933	-
Current tax related to the assets		4.880	128.541
Other current assets	14	710.816	585.063
Non-current assets		100.656.686	58.607.982
Financial investment	6	99.400.529	57.808.659
Other receivables	9	916.536	335.000
<i>- Other receivables from related parties</i>	22	916.536	335.000
Property, plant and equipment	10	337.467	459.069
Intangible assets	11	2.154	5.254
TOTAL ASSETS		107.919.251	60.068.446
LIABILITIES			
Current liabilities		7.950.026	7.719.474
Short term financial liabilities	7	6.820.000	4.375.472
Short term portion of long term financial liabilities	7	148.022	124.833
Trade payables	8	76.246	115.115
<i>Due to related parties</i>	8, 22	3.115	99.055
<i>Due to non-related parties</i>	8	73.131	16.060
Other payables	9	890.640	3.087.353
<i>Due to related parties</i>	22	816.049	3.000.000
<i>Due to non-related parties</i>	87.353	74.591	-
Short term provisions		15.118	16.701
<i>Short term provision for employee benefits</i>	13	15.118	16.701
Non-current Liabilities		13.040.883	3.171.505
Long term financial liabilities	7	128.283	267.321
Long term provisions		21.815	9.101
<i>Long term provision for employee benefits</i>	13	21.815	9.101
Deferred tax liability	20	12.890.785	2.895.083
Total Liabilities		20.990.909	10.890.979
EQUITY		86.928.342	49.177.467
Paid-in capital	15	40.000.000	40.000.000
Adjustments to share capital	15	251.880	251.880
Share premium		297.610	297.610
Other comprehensive income/expense not to be reclassified to profit or loss		(4.384)	1.052
<i>Actuarial (loss)/ gain</i>		(4.384)	1.052
Other comprehensive income/expense to be reclassified to profit or loss		(55.675)	(2.227.220)
<i>Change in the fair value of AFS financial investments(-)</i>		(55.675)	(2.227.220)
Restricted reserves	15	363.093	363.093
Retained earnings	15	10.491.052	772.497
Net (loss)/ income for the period		35.584.766	9.718.555
TOTAL LIABILITIES AND EQUITY		107.919.251	60.068.446

(*) Note 2.1.5.

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

	Notes	Audited 1 January - 31 December 2014	Restated (*) Audited 1 January - 31 December 2013
Portion of gain or losses			
Revenue	16	10.010.544	863.297
Cost of good sold (-)	16	(9.923.354)	(773.732)
Gross profit	16	87.190	89.565
General administrative expense (-)	17	(2.472.297)	(2.899.733)
Other real operating income	18	48.613.061	17.116.132
Other real operating expenses (-)	18	(112.953)	(35.883)
Operating profit		46.115.001	14.270.081
Financial expenses, net (-)	19	(1.078.019)	(1.257.234)
(Loss)/profit before tax from continued operations		45.036.982	13.012.847
Tax income/expense from continued operations			
- Current period tax expense (-)		-	-
- Deferred tax income/expense (-)	20	(9.452.216)	(3.294.292)
Current period income		35.584.766	9.718.555
Earnings per share from continuing operations (Corresponds to per share which is 1 TRY nominal)	21	0,8896	0,2430
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items not to be classified to profit or loss			
Remeasurement of defined benefit pension plan (loss)/ gain		(5.436)	1.052
Items to be classified to profit or loss			
Changes in the fair value of available for-sale financial investments		2.171.545	(1.186.863)
Total comprehensive income		37.750.875	8.532.744

(*) Note 2.1.5

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

	Shareholder’s equity (Audited) (Restated) (*)											
	Paid in capital	Unpaid capital	Adjustments to share capital	Share premium	Tresuary share	Restricted reserves	Actuarial losses (*)	Retained earnings	Revaluation funds	Non controlling funds	Net profit for the period	Total Equity
1 January 2013 (Previously reported)	40.000.000	-	251.880	297.610	(2.160.679)	278.095	-	486.292	(1.040.357)	3.608.291	1.610.347	43.331.479
Changes in accounting policies (*)	-	-	-	-	2.160.679	-	-	385.130	-	(3.608.291)	387.367	(675.115)
1 January 2013 (Restated)	40.000.000	-	251.880	297.610	-	278.095	-	871.422	(1.040.357)	-	1.997.714	42.656.364
Transfers	-	-	-	-	-	-	-	1.997.714	-	-	(1.997.714)	-
Dividends paid	-	-	-	-	-	84.998	-	(2.096.639)	-	-	-	(2.011.641)
Total comprehensive expense (-)	-	-	-	-	-	-	1.052	-	(1.186.863)	-	9.718.555	8.532.744
31 December 2013	40.000.000	-	251.880	297.610	-	363.093	1.052	772.497	(2.227.220)	-	9.718.555	49.177.467
	Shareholder’s equity (Audited)											
	Paid in capital	Unpaid capital	Adjustments to share capital	Share premium	Tresuary share	Restricted reserves	Actuarial losses (*)	Retained earnings	Revaluation funds	Non controlling funds	Net profit for the period	Total Equity
1 January 2014 (Previously reported)	40.000.000	-	251.880	297.610	(2.160.679)	363.093	1.602	34.154	(2.227.220)	3.336.734	(3.983.040)	35.914.134
Changes in accounting policies (*)	-	-	-	-	2.160.679	-	(550)	738.343	-	(3.336.734)	13.701.595	13.263.333
1 January 2014 (Restated)	40.000.000	-	251.880	297.610	-	363.093	1.052	772.497	(2.227.220)	-	9.718.555	49.177.467
Transfers	-	-	-	-	-	-	-	9.718.555	-	-	(9.718.555)	-
Total comprehensive income	-	-	-	-	-	-	(5.436)	-	2.171.545	-	35.584.766	37.750.875
31 December 2014	40.000.000	-	251.880	297.610	-	363.093	(4.384)	10.491.052	(55.675)	-	35.584.766	86.928.342

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

		<i>(Audited)</i> 1 January - Notes 31 December 2014	<i>(Audited)</i> 1 January - 31 December 2013
Cash flows from operating activities			
Profit before tax for the period		45.036.982	13.012.847
Adjustments to reconcile net income to net cash from operating activities:			
Financial investments value increase(-)	18	(48.498.886)	(16.489.846)
Depreciation and amortisation adjustment	10, 11	128.248	79.129
Provision for accruals		106.400	12.146
Interest accrual adjustment	19	1.078.019	2.389.196
Subsidiary sales income adjustment	16	(87.190)	(89.565)
Intercompany interest adjustment	19	-	(1.131.962)
Changes in operating assets and liabilities:			
Increase in trade and other receivables adjustment (-)		(1.841.492)	-
(Decrease)/increase in trade payables adjustment		(38.869)	41.600
Increase in financial investments adjustment		10.010.544	3.794.111
Purchase of subsidiary shares		(7.830.339)	-
Increase/(decrease) in other assets and other liabilities adjustment		98.426	1.639.553
Net cash (used in)/gained operating activities (-)		(1.838.157)	3.257.209
Purchases of tangible and intangible assets	10,11	(3.547)	(370.452)
Cash flows used in investing activities		(3.547)	(370.452)
Bank borrowings received		3.420.000	5.388.055
Change in restricted cash used for borrowing		313.596	25.137.886
Bank borrowings and interest paid		(1.851.730)	(55.599.417)
Collection of loans transferred to related parties		-	24.301.754
Dividends paid		-	(2.096.639)
Cash flows from financing activities		1.881.866	(2.868.361)
Net increase in cash and cash equivalents		40.162	18.396
Cash and cash equivalents at the beginning of the period		30.288	11.892
Cash and cash equivalents at the end of the period	5	70.450	30.288

(*) Note 2.1.5

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY

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

The company’s shares have been offered to the public and are traded on the Istanbul Stock Exchange (“ISE”). The registered office address of the Company is as follows: Abdi İpekçi Caddesi, Azer İş Merkezi No: 40 Kat: 6 Daire: 16-17 Harbiye Şişli - İstanbul, Turkey.

The company has participated in “EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş. (“EGC Elektrik or subsidiaries”)), which was founded on 19 September 2011 with TRY 200.000 capital stock, as co-founder, with a 99.99% rate and TRY 199.996 capital stock, to operate in founding facilities and renting and purchasing already-existing facilities in the field of energy production from renewable and clean energy sources. EGC has abandoned production licence application dated 1 March 2012 for Baklan Integrated Gas Combined Cycle Power Plant and Concentrated Solar Power which is in Denizli province Baklan district, natural gas-fired, combined cycle thermal-in type with MWm 139.5 / 137.10 MW installed in power, due to bring the case to meet the expected profitability of changing market conditions. In this context, EGC, is to resume operations in the mobile energy field, began to operate on the subject in the current period. The Company’s partnership interest in EGC Elektrik as of 31 December 2014 is 100%. (31 December 2013: 100%)

On 5 April 2012 a transfer agreement for the shares which represent 70,04% of Ak B Tipi Yatırım Ortaklığı’s capital of TRY 18.000.000 , owned by Akbank T.A.Ş., was signed. After obtaining the necessary regulatory approvals from the Capital Markets Board and other authorized institutions, the share transfer process was completed on 3 July 2012 for TRY 28.542.387, and Ak B Tipi Yatırım Ortaklığı’s title was changed to “Egeli & Co B Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.”. Egeli & Co B Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş. operates in order to manage partnerships whose securities the Company has bought, without power on control, as well as activities of capital and management, capital market instruments, and gold and other precious metal portfolios which are traded in national or international stock exchanges or in over-the-counter organized markets in accordance with the rules and principles defined in relevant legislation. The aforementioned subsidiary has transformed into a venture capital company as of 31 December 2012. The extraordinary general assembly resolution that changed the prime contract has been registered by Istanbul Trade Registry as of 31 December 2012, and the title of the company has been changed to “Egeli&Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.”. The company has 84,03% share of the “Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“Egeli & Co Girişim”) as of 31 December 2014. (31 December 2013: 91,68%)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY (Continued)

The Company has provided TRY 25.000 capital share and participated as a founding partner in EGC Gayrimenkul Geliştirme ve Yatırım A.Ş. (“EGC Gayrimenkul”) which is registered on trade registry on 17 March 2014. As of 31 December 2014, The Company has a 50% of shareholder in EGC Gayrimenkul and has been classified EGC Gayrimenkul as a joint venture.

The total number of personnel employed in the Company as of 31 December 2014 5. (31 December 2013:4).

The financial statements for the period ended 31 December 2014 have been approved by the Board of Directors on 2 March 2015. The General Assembly has the power to amend the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards applied and compliance to IAS/TAS

Financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards (“TAS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Boards.

The financial statements and its accompanying notes are presented in compliance with the format recommended with 7 June 2013 dated CMB announcement, including its mandatory information. Necessary changes have been done to previous period regarding to this scope.

In accordance with the CMB’s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, IAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied in the accompanying financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period financial statements.

2.1.2 Offsetting

Financial assets and liabilities are offset, as is 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.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

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

2.1.3 Going concern

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

2.1.4 Functional and presentation currency

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

2.1.5 Comparatives and restatement of prior periods’ financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. The Company prepared its statement of current financial position in comparison with the statement of previous period financial position prepared. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period..

Restatement of financial statements

The reason for rearrangement

To be valid after the annual reporting period started on December 31, 2013, in accordance with communique, published in Official Gazette numbered 28932 on March 5, 2014 that updates IFRS 10 “ Consolidated Financial Statements” communicates about Turkish Accounting standards, since the company management has identified that company meets the criteria of “investment business” in communique, Company has not started to prepare consolidated financial statement for Egeli & Co Girişim ve EGC for the first the time starting from 1 January 2014 in this context, accounted as fair value through profit or loss and classified in financial assets. In the same communique context, since the subsidiary Karesi Jeotermal Enerji Üretim İnşaat San. that i accounted by equity method in the past is removed from consolidation scope, for the first time starting from January, 1 , 2014 removed from financial statements. The effects of changes in accounting policies has been corrected retroactively. Details of effect of these adjustments on financial statements dated 1 January-31 December 2013 are as follows:

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

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

The restatement of financial statements ad of 31 December 2013:

	<i>Previously Reported</i>	<i>Change</i>	<i>Restated</i>
Cash and cash equivalents	3.845.716	(3.371.890)	473.826
Financial investments	867.564	(594.530)	273.034
Current income tax assets	240.739	(112.198)	128.541
Other receivables and current assets	676.300	(91.237)	585.063
Other receivables	24.170.691	(24.170.691)	-
Total current assets	29.801.010	(28.340.546)	1.460.464
Financial investments	9.935.445	47.873.214	57.808.659
Other receivables	297.515	37.485	335.000
Investments in associates	379.761	(379.761)	-
Property, plant and equipment	467.592	(8.523)	459.069
Intangible assets	5.254	-	5.254
Deferred tax assets	582.572	(582.572)	-
Total non-current assets	11.668.139	46.939.843	58.607.982
Total assets	41.469.149	18.599.297	60.068.446
Short term payables	4.375.472	-	4.375.472
Short-term portion of long-term debt	124.833	-	124.833
Trade payables	633.708	(518.593)	115.115
Other payables	85.990	3.001.363	3.087.353
Short term accruals	16.701	-	16.701
Other short term liabilities	37.178	(37.178)	-
Total long term liabilities	5.273.882	2.445.592	7.719.474
Long term liabilities	267.321	-	267.321
Long term accruals	13.812	(4.711)	9.101
Deferred tax liabilities	-	2.895.083	2.895.083
Total long term liabilities	281.133	2.890.372	3.171.505
Total Liabilities	5.555.015	5.335.964	10.890.979
Equity	35.914.134	13.263.333	49.177.467
Equity of parent company	32.577.400	16.600.067	49.177.467
Paid-in capital	40.000.000	-	40.000.000
Adjustments to share capital	251.880	-	251.880
Treasury stocks (-)	(2.160.679)	2.160.679	-
Share premium	297.610	-	297.610
Other comprehensive income/expense not to be reclassified to profit or loss	1.602	(550)	1.052
<i>Actuarial gain</i>	<i>1.602</i>	<i>(550)</i>	<i>1.052</i>
Other comprehensive income/expense to be reclassified to profit or loss	(2.227.220)	-	(2.227.220)
<i>Change in the fair value of AFS financial investments</i>	<i>(2.227.220)</i>	<i>-</i>	<i>(2.227.220)</i>
Restricted reserves	363.093	-	363.093
Retained earnings	34.154	738.34	772.497
Net (loss)/ income for the period (-)	(3.983.040)	13.701.595	9.718.555
Non-controlling interests	3.336.734	(3.336.734)	-
Total liability	41.469.149	18.599.297	60.068.446

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

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

Comprehensive statements of income for the interim periods between 1 January - 31 December 2013

	<i>Previously Reported</i>	<i>Restated</i>	<i>Change</i>
Revenues from financial sector	11.307.553	(10.444.256)	863.297
Costs from financial sector (-)	(11.723.798)	10.950.066	(773.732)
Gross (loss)/profit from financial sector	(416.245)	505.810	89.565
General administrative expense (-)	(4.096.774)	1.197.041	(2.899.733)
Other operating income	1.771.463	15.344.669	17.116.132
Other operating expenses (-)	(33.590)	(2.293)	(35.883)
Loss from investments in associates	(132.943)	132.943	-
Operating (loss)/gain	(2.908.089)	17.178.170	14.270.081
Financial expenses, net (-)	(1.206.765)	(50.469)	(1.257.234)
Loss)/profit before tax from continued operations	(4.114.854)	17.127.701	13.012.847
Deferred tax income/expense	83.896	(3.378.188)	(3.294.292)
Loss for the period (-)	(4.030.958)	13.749.513	9.718.555

2.2 Significant accounting standards

Changes in Turkish Accounting Standards

The Company adopted the standards, amendments and interpretations published by the POA and which are mandatory for the accounting periods beginning on or after 31 December 2014.

The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2014

- TAS 32 (amendment), “Financial instruments: Presentation”, on offsetting financial assets and financial liabilities, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS/IAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheets.
- TAS 36 (amendments), “Impairment of assets” on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to TAS 39 ‘Financial instruments: Recognition and measurement’, on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

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

2.2 Changes in IFRS(Continued)

- TFRIC 21 – TAS 37, “Levies” is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendments to TFRS 10, ‘Consolidated financial statements’, TFRS 12 and TAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make.

New IFRS standards, amendments and TFRICs effective after 1 January 2015:

- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards
 - TFRS 2, ‘Share-based payment’
 - TFRS 3, ‘Business Combinations’
 - TFRS 8, ‘Operating segments’
 - TFRS 13, ‘Fair value measurement’
 - TAS 16, ‘Property, plant and equipment’ and TAS 38, ‘Intangible assets’
 - Consequential amendments to TFRS 9, ‘Financial instruments’, TAS 37, ‘Provisions, contingent liabilities and contingent assets’, and
 - TAS 39, Financial instruments – Recognition and measurement’
- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from 2011-12-13 cycle of the annual improvements project that affect 4 standards:
 - TFRS 1, ‘First time adoption’
 - TFRS 3, ‘Business combinations’
 - TFRS 13, ‘Fair value measurement’ and
 - TAS 40, ‘Investment property’.
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

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

2.2 Changes in IFRS (Continued)

- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
 - TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, ‘Employee benefits’ regarding discount rates.
 - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.

The company will apply improvements after evaluating the effects of these improvements on operations. These standards and interpretations above is not expected to create a significant impact on company’s financial statements.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

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

2.3 Restatement and the Errors in the Accounting Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

2.4 Summary of Significant Accounting Policies

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

Joint Venture

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

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

Joint venture	Egeli & Co Yatırım Holding A.Ş. direct ownership interest	Total ownership interest	Proportion of effective interest
EGC Gayrimenkul Geliştirme ve Yatırım A.Ş.	%50	%50	%50

To be valid after the annual reporting period started on December 31, 2013, in accordance with communique, published in Official Gazette numbered 28932 on March 5, 2014 that updates IFRS 10 “Consolidated Financial Statements” communique about Turkish Accounting standards, since the company management has identified that company meets the criteria of “investment business” in communique, Company has not started to prepare consolidated financial statement for Egeli & Co Girişim ve EGC for the first the time starting from 1 January 2014 in this context, accounted as fair value through profit or loss and classified in financial assets.

The company gave an undertaking of paying TRY 25.000 for establishing of EGC Gayrimenkul Geliştirme ve Yatırım A.Ş. which is registered on March 17, 2014 and became 50% of partner and paid TRY 10.250 of that capital commitment. The investment cost is assumed to be closed to market value and recorded the financial statements at cost because the shares of that partnerships is not traded in the stock exchange and the partnership had not been operational yet. (Note:6)

Subsidiaries

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

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

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

Subsidiary	Egeli & Co Yatırım Holding A.Ş. direct ownership interest	Total ownership interest	Proportion of effective interest
EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş.	%100,00	%100,00	%100,00
Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.	%84,03	%84,03	%84,03

To be valid after the annual reporting period started on December 31, 2013, in accordance with communique, published in Official Gazette numbered 28932 on March 5, 2014 that updates IFRS 10 “Consolidated Financial Statements” communique about Turkish Accounting standards, since the company management has identified that company meets the criteria of “investment business” in communique, Company has not started to prepare consolidated financial statement for Egeli & Co Girişim ve EGC for the first the time starting from 1 January 2014 in this context, accounted as fair value through profit or loss and classified in financial assets. The effects of amendments adjusted retrospectively.

The fair value of subsidiary Egeli & Co Girişim that is classified as At fair value through profit / loss on financial assets is obtained by multiplication of net assets value of financial statements which are prepared in accordance with IFRS and company ownership rate.

The cost of the subsidiary EGC Electric which is newly became operational and whose shares are not trading in stock exchange and the value of shares acquired are assumed to approximate to their fair values as of 31 December 2014 and 31 December 2013 and carried at cost to subsidiary statement of financial position). (Note 2.1.5. and Note 6)

b. Financial Assets

The Company classifies its financial assets in the following categories: “at fair value through profit or loss”, “held until maturity”, and “available for sale”.

Regular purchases and sales of financial assets are recognised on the “trade date”, the date on which the Company commits to purchase or sell the asset.

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

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

Financial assets at fair value through profit or loss

Financial assets, which are classified as “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 independently from the acquisition purpose.

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

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

All regular way purchases and sales of trading securities are recognized at the “settlement date”, which is the date that the asset is delivered to/from the Company (Note 6).

Financial assets available for sale

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

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

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as ‘Changes in the fair value of available-for-sale financial investments’.

When these securities are disposed of or impaired, the fair value differences accumulated in the shareholders’ equity are transferred to the profit or loss statement

The fair value of these assets in the event of detection of a non-temporary impairment, such impairment losses are recognized in the profit or loss of effect (Note 6).

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 the bank’s 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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

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

d. Financial liabilities and borrowing costs

Borrowings are recorded with the value after deducting their transaction cost, on the date of their opening. Borrowings are presented using the effective interest method with their discounted cost value. The difference between the amount after deducting transaction costs and discounted cost value is added to the income statement as a financing cost during the borrowing period.

The fees paid for borrowing arrangements are defined as borrowing transaction costs when it is possible to use a part of or all of the borrowing arrangement. In this case, the fee is postponed until the use of the borrowing. When there is no evidence of the use of borrowing arrangements, the fee is capitalized by accepting it as an advance to provide liquidity and is amortised over the duration of the borrowing arrangement.

e. Interest income and expenses

Interest income and expenses are recognised in the income statement of 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.

f. Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions, and monetary assets and liabilities denominated in foreign currencies are translated by using year-end exchange rates of the Central Bank of the Republic of Turkey’s bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss statement.

g. 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 10).

h. Intangible assets

Intangible assets comprise acquired computer software. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated economic lives for a period ranging to 3 years from the date of acquisition. (Note 11)

i. Impairment of financial assets

Financial assets except trading financial assets are evaluated each period to determine whether they have indicators of impairment. The financial instruments are accepted as impaired in case that the expected collectable amount calculated by the 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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

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

j. Revenue recognition

Income and expenses are recognized on an accrual basis. The Company records income from the sales of securities in its portfolio when the sales are conducted.(Notes 16)

k. 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 the “Costs from financial sector” account as interest income in the income statement (Note 17).

l. Taxes

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in related financial statement items.

Corporate tax is subject to offsetting when a legal right about netting off the current tax assets and liabilities or when they are related to the corporate tax collected by the same tax regulatory (Note 20).

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.

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

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

The deferred tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on (Note 20).

m. Related parties

For the purpose of the accompanying financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business. These transactions consist of the transfers of the assets and liabilities between related parties by market prices (Note 22).

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

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

n. Capital and dividends

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

The company accounted the issued capital increases to be issued with a cost in excess of the nominal export price and the difference with nominal value, as “Share Premium” in equity).(Notes 15)

o. Cash flow statement

For the purposes of the cash flow statement, the Company considers bank deposits and mutual funds with a maturity of no more than three months (Note 5).

p. Provisions, contingent assets and liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can and will be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and 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 an inflow of economic benefits to the Company. 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 Company is probable. Contingent assets are subject to continuous evaluation in order to reflect the effect of developments in contingent assets to financial statements accurately. In case that the probability of inflow of the economic benefit to the Company is almost certain, the related asset and the income generated from the asset are reflected to the financial statements of the period in which the inflow is likely (Note 12)

r. Employee benefits

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

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

Provision for employment termination is the discounted amount of the calculated value within the case of retirement of employees of the Company’s estimated future liability that will occur within the framework of the Turkish Labour Law (Note 13)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)s.

s. Cash and cash equivalents

Cash and cash equivalents which are immediately convertible to cash and carry an insignificant risk of changes in value, or other short-term, highly liquid investments, demand deposit accounts from date of purchase and maturities of 3 months, or less than 3 months. (Note 5)

t. Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. (Note 21)

u. Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information was publicly disclosed.

The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements. (Notes 25)

v. Segment Reporting

Since the company operates in one geographical section (Turkey) and one industrial section (capital market activities and creating partnerships portfolio), there is not a segmental reporting in financial statements dated 31 December 2014.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

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

2.5 Critical Accounting Estimates and Judgements

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

Determining of the fair value of the subsidiary, joint venture and other financial investments accounted as fair value through profit or loss

As Egeli & Co Girişim, the subsidiary of the Company classified as a financial asset whose fair value differential is reflected in the profit and loss, is a publicly-traded company, the quotation price in the stock exchange -an observable and quantifiable input in the market- has been used to calculate the fair value of the aforementioned subsidiary and the fair value of the same subsidiary has been determined by multiplying the share price of the shares of the subsidiary at the BIST (Borsa İstanbul) on the date of balance sheet with the ownership rate of the Company.

Since the shares of Egeli & Co Girişim which is classified as financial asset and whose fair value difference is reflected to profit/loss are traded on stock exchange, quotation price is used in calculating fair value and fair value has found by multiplying the price of shares at the balance sheet date and ownership rate.

Regarding the investment in the subsidiary EGC Elektrik, whose shares are not listed in the stock market, since the subsidiary had not yet started operating, and the subsidiary was acquired on a date close to the reporting period, it was assumed that the acquisition cost approximated the fair value of the purchased shares as of 31 December 2014 and 31 December 2013, and this cost was transferred from the cost value in the EGC Elektrik i financial statement.

Regarding the investment in the partnership of EGC Gayrimenkul Geliştirme ve Yatırım A.Ş., whose shares are not listed in the stock market, since the subsidiary had not yet started operating, and the subsidiary was acquired on a date close to the reporting period, it was assumed that the acquisition cost approximated the fair value of the purchased shares as of 31 December 2014, and this cost was transferred from the cost value in the Karesi financial statement.

The fair value of financial assets which are traded in the stock market and recorded at the fair value is considered to be equal to the market price in ISE at the reporting date. (Note:6)

NOTE 3 - BUSINESS COMBINATION

None (31 December 2013: None).

NOTE 4 - INTERESTS IN OTHER ENTITIES

Explained in Note 6.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Banks		
- Time deposits	195.370	467.897
- Demand deposits	4.450	5.929
	199.820	473.826

There is blocked deposits at the amount of TRY 129.054 as of 31 December 2014. (31 December 2013: TRY 442.650). As of 31 December 2014, the maturity of time deposits is 2-20 January 2015. (31 December 2013: 2 - 22 January 2014) and interest rates are between 6,08% - 8,25% .(31 December 2013: 6,15% - 7,25%).

For the purpose of preparation of cash flow statements, details of cash and cash equivalents are as follows:

	31 December 2014	31 December 2013
Banks		
(Interest accrual and time deposits under blockage deducted)	70.450	30.288
	70.450	30.288

NOTE 6 - FINANCIAL INVESTMENTS

Short term financial investments

	31 December 2014	31 December 2013
Marketable securities		
- Marketable securities of related parties (*) (Note 22)	4.007.557	-
Financial assets at fair value through profit/loss	498.000	273.034
	4.505.557	273.034

(*) Since the company is planning to sell shares of Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş. within 1 year, the shares are classified as short-term available-for-sale financial assets. As of 31 December 2014, these shares are 18.98% of total shares of Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş. (Note 25)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

31 December 2014 31 December 2013

Short-term financial assets whose fair value reflected to profit / loss

Securities traded on the stock exchange

- Equity securities	498.000	-
- Shares of related companies (Note 22)	-	273.034

Total short-term financial investments	498.000	273.034
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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 Istanbul Stock Exchange as of the balance sheet date is used. In case that the fair value price is not formed in 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

	31 December 2014			31 December 2013		
	Cost value	Fair Value	Book Value	Cost value	Fair Value	Book Value
Share certificates (*)	600.000	498.000	498.000	413.945	273.034	273.034
	600.000	498.000	498.000	413.945	273.034	273.034

Long Term Financial Investments

31 December 2014 31 December 2013

Fair value through profit or loss		
- Subsidiaries	99.390.279	55.226.132
- Joint Venture	10.250	-
Financial assets available for sale		
- Shares of related party	-	2.582.527
	99.400.529	57.808.659

Financial assets available for sale:

	31 December 2014		31 December 2013	
	Subsidiary amount TRY	Partnership interest %	Subsidiary amount TRY	Partnership interest %
Quoted to stock exchange				
Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş. (*) (Note 22)	-	-	2.582.527	24,98
	-	-	2.582.527	

(*) Since the company is planning to sell shares of Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş. within 1 year, the shares are classified as short-term available-for-sale financial assets in 2014. (2015: long term-available-for-sale-financial assets.) (Note:25)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 6 - FINANCIAL INVESTMENTS (continued)

Financial assets at fair value through profit or loss

	31 December 2014	31 December 2013
Subsidiaries and joint ventures	99.400.529	55.226.132
	99.400.529	55.226.132

The fair values of subsidiaries and joint venture between 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
<i>Subsidiaries</i>		
Subsidiaries traded on the stock exchange		
- Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (*) (**)	98.990.279	54.826.132
Subsidiaries not traded on the stock exchange		
- EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş.	400.000	400.000
	99.390.279	55.226.132
<i>Joint venture</i>		
EGC Gayrimenkul Geliştirme ve Yatırım A.Ş. (“EGC Gayrimenkul”)	25.000	-
Capital subscription (-)	(14.750)	-
	10.250	-
	99.400.529	55.226.132

(*) Since the shares of Egeli & Co Girişim which is classified as financial asset and whose fair value difference is reflected to profit/loss are traded on stock exchange, quotation price is used in calculating fair value and fair value has found by multiplying the price of shares at the balance sheet date and ownership rate. Since subsidiary is recorded at fair value calculating by stock market price, the company has price risk. As a result of 10% change in stock market price (the all other variables are assumed as fixed) the profit before tax changes at the amount of TRY 9.899.028 as of 31 December 2014. (31 December 2013: TRY 5.482.613)

(**) The company has sold the share of Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. which is 7.65% and at the amount of TRY 1.530.000 at the amount of TRY 4.296.350 in stock exchange market. As of 31 December 2014, the share of Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. has decreased to 84.03%. (31 December 2013: 91.68%) In addition, the company is planning to sell 11.806.499 of Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. shares within 12 months after CMB approval and prepared share sales information form and applied to CBM as of 9 January 2015.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

The movement of short term and long term financial investments are given below :

	2014
1 January	58.081.693
Revaluation increases recognized in profit or loss (Note 18)	48.498.886
Purchase of shares	4.537.950
Revaluation increases recognized in equity(*)	2.710.911
Financial investments sales of profit (Note 16)	87.190
The income derived from the sale of financial investments (Note 16)	(10.010.544)
31 December	103.906.086

(*) Net-off deferred tax decrease in valuation accounted under equity,has been classified under Other comprehensive (loss)/income

NOTE 7 - FINANCIAL LIABILITIES

	31 December 2014	31 December 2013
Short term financial liabilities		
TRY bank borrowings	6.820.000	4.350.000
Interest expense accrual	-	25.472
	6.820.000	4.375.472
Short term portion of long term financial liabilities		
Euro bank borrowings	148.022	124.833
	148.022	124.833
Long term financial liabilities		
EUR bank borrowings (*)	128.283	267.321
	128.283	267.321

(*) Long term borrowings last payment is on 27 September, 2016.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
Short-term trade payables		
Receivables arising from stock sales	1.810.000	-
Due to related parties (Note 22)	559	-
	1.810.559	-

	31 December 2014	31 December 2013
Short-term trade payables		
Trade payables	73.131	16.060
Due to related parties (Note 22)	3.115	99.055
	76.246	115.115

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
Other short-term receivables		
Receivables from tax authorities	30.933	-
	30.933	-

	31 December 2014	31 December 2013
Other long-term receivables		
Other long-term receivables from related parties	1.018.600	335.000
Less: Other long-term receivables discount (-) (*)	(102.064)	-
	916.536	335.000

(*) The long-term receivables of the company has recorded to financial statements of 31 December 2014 after deducting TRY 102.064 discount which is calculated by using 10.02% discount rate and are consisted of debts which is given to related parties. (Note:22)

	31 December 2014	31 December 2013
Short-term trade payables		
Other payables to relatd parties (Note 22)	816.049	3.000.000
Taxes and funds	66.022	85.990
Other	8.569	1.363
	890.640	3.087.353

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 10 - PROPERTY AND EQUIPMENT

31 December 2014	Property and equipment	Fixtures	Leasehold improvements	Vehicles	Total
Cost					
1 January 2014 opening balance	13.050	112.467	145.960	363.177	634.654
Additions	1.428	-	-	2.119	3.547
31 December 2014 closing balance	14.478	112.467	145.960	65.296	638.201
Accumulated depreciation					
1 January 2014 opening balance	(13.050)	(53.266)	(85.057)	(24.212)	(175.585)
Additions	(208)	(22.583)	(29.192)	(73.166)	(125.149)
31 December 2014 closing balance	(13.258)	(75.849)	(114.249)	(97.378)	(300.734)
31 December 2014 net book value	1.220	36.618	31.711	267.918	337.467
31 December 2013					
	Property and equipment	Fixtures	Leasehold improvements	Vehicles	Total
Cost					
1 January 2013 opening balance	13.050	105.192	145.960	-	264.202
Additions	-	7.275	-	363.177	370.452
31 December 2013 closing balance	13.050	112.467	145.960	363.177	634.654
Accumulated depreciation					
1 January 2013 opening balance	(13.050)	(30.891)	(55.865)	-	(99.806)
Additions	-	(22.375)	(29.192)	(24.212)	(75.779)
31 December 2013 closing balance	(13.050)	(53.266)	(85.057)	(24.212)	(175.585)
31 December 2013 net book value	-	59.201	60.903	338.965	459.06

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 11 - INTANGIBLE ASSETS

Intangible assets consist of softwares.

31 December 2014	Software	Total
Cost		
1 January 2014 opening balance	10.050	10.050
Additions	-	-
31 December 2014 closing balance	10.050	10.050
Accumulated depreciation		
1 January 2014 opening balance	(4.796)	(4.796)
Additions	(3.100)	(3.100)
31 December 2014 closing balance	(7.896)	(7.896)
31 December 2014 net book value	2.154	2.154
31 December 2013		
Software		
Total		
Cost		
1 December 2013 opening balance	10.050	10.050
Additions	-	-
31 December 2013 closing balance	10.050	10.050
Accumulated depreciation		
1 January 2013 opening balance	(1.446)	(1.446)
Additions	(3.350)	(3.350)
31 December 2013 closing balance	(4.796)	(4.796)
31 December 2013 net book value	5.254	5.254

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 12 -PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The statements of the Company related to its collateral/pledge/mortgage position as of 31 December 2014 and 31 December 2013 are as follows;

Collateral, pledges and mortgages given by the Company	31 December 2014			31 December 2013		
	Currency	Quantity	TRY Equivalent	Currency	Quantity	TRY Equivalent
A. Total amount of collateral, pledges and mortgages issued in the name of its legal entity (note 7)	-	-	-	-	-	-
B. Total amount of collateral, pledges and mortgages given on behalf of affiliates within the scope of full consolidation	-	-	-	-	-	-
C. Total amount of collateral, pledges and mortgages given in order to assure the liabilities of third parties for the purpose of performing ordinary trade activities (*)	TRY	9.045.118	9.045.118	TRY	5.437.896	5.437.896
D. Total amount of other collateral, pledges and mortgages given						
i. The total amount of collateral, pledges and mortgages given on behalf of parent company	-	-	-	-	-	-
ii. The total amount of collateral, pledges and mortgages given on behalf of other group companies that is not within the scope of Articles B and C	-	-	-	-	-	-
iii. The total amount of collateral, pledges and mortgages given on behalf of third parties that is not within the scope of Article C	-	-	-	-	-	-
Total			9.045.118			5.437.896

(*) All of CPM's are given in favor of related parties.

As of 31 December 2014, the ratio of other collateral, pledges and mortgages to the Company equity is %10 (31 December 2013: %11); to total assets it is %8 (31 December 2013: 9%)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 13 - EMPLOYEE BENEFITS

	31 December 2014	31 December 2013
Short-term employee benefits		
Provision for unused vacation	15.118	16.701
	15.118	16.701
Long-term employee benefits		
Provision for employment termination benefits	21.815	9.101
	21.815	9.101

Unused vacation provision

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

Provision for employment termination benefits

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

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, who 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).

The amount payable consists of one month’s salary limited to a maximum of TRY 3.438,22 (31 December 2013: TRY 3.254,44) for each period of service at 31 December 2014

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 2014	31 December 2013
Discount rate (%)	3,79	3,98
Turnover rate to estimate the probability of retirement (%)	95,00	96,00

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 13 - 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 employment termination benefits of the Company is determined every six months and is calculated using the maximum amount of TRY 3.541,37, valid from 1 January 2015 (1 January 2014: TRY 3.438,22).

Movements in the reserve for employment termination benefits as of 31 December 2014 and 2013 are as follows:

	2014	2013
Period beginning balance 1 January	9.101	7.206
Service and interest cost	5.919	3.210
Actuarial loss/(gain) (*)	6.795	(1.315)
Period end balance - 31 December	21.815	9.101

(*) Actuarial loss /(gain), together with the tax effect, in the equity "can not be reclassified to profit or loss in accumulated other comprehensive income or expense" in equity.

NOTE 14 - OTHER ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
Other current assets		
Deferred value added tax (VAT)	666.237	540.112
Prepaid expenses	34.789	38.179
Other	9.790	6.772
Total	710.816	585.063

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 15 - SHAREHOLDER'S EQUITY

The Company's paid-in capital TRY40.000.000 (31 December 2013: TRY40.000.000), has been divided number of shares 4.000.000.000 (31 December 2013: 4.000.000.000) to give each share a nominal value of TRY1.

The company is in an authorized capital subject system, the amount of authorized capital being TRY250.000.000 (31 December 2013: TRY250.000.000).

Net book value of issued and paid capital as of 31 December 2014 and 31 December 2013 as below:

Shareholders	Share (%)	31 December 2014 TRY	Share (%)	31 December 2013 TRY
Tan Egeli (*)	45,82	18.329.762	2,50	1.000.000
Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (**)	5,16	2.064.170	6,00	2.398.136
Egeli & Co Investment Management S.A. (*)	-	-	39,13	15.650.000
Egeli & Co Portföy Yönetimi A.Ş. (*)	-	-	4,00	1.600.000
Egeli & Co Finansal Yatırımlar A.Ş. (*)	-	-	0,20	79.761
Other/Publicly held	49,02	19.606.068	48,17	19.272.103
Total paid-in share capital	100,00	40.000.000	100,00	40.000.000
Adjustment to share capital		251.880		251.880
Total capital		40.251.880		40.251.880

(*) Tan Egeli has taken over the total 17.329.761 shares at various dates in 2014, including 15.650.000 shares from Egeli & Co Investment Management S.A., 1.600.000 shares from Egeli & Co Portföy Yönetimi A.Ş. and 79.761 shares from Egeli & Co Finansal Yatırımlar A.Ş.

(**) Egeli & Co Girişim has transferred a total of 333.966 shares at various date in 2014.

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 YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 15 - SHAREHOLDER’S EQUITY(Continued)

Reserves, retained earnings:

	31 December 2014	31 December 2013
Restricted reserves		
- Legal reserves	363.093	363.093
Retained earnings	10.491.052	772.497
	10.854.145	1.135.590

According to CMB’s fifth article’s second paragraph, Series IV, No. 27 “Principles of the Distribution of Dividends for Public Joint Ventures and Partnerships”, the calculation of the amount for distributable profits will be made by taking into account unrealized capital gains of investment trusts under the provisions. These unrealized capital gains are classified as special reserves.

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

Retained earnings

In accordance with the CMB regulations effective until 01 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 01 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 01 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 has not yet been transferred to capital, it 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 YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 15 - SHAREHOLDER’S EQUITY(Countinued)

Dividend distribution

Publicly traded companies are subjected to CMB regulations for dividends.

Dividend payments for publicly traded companies are done in accordance with II-19.1 numbered Dividend Communique with 1 February 2014 effective date published by CMB.

In the event that the entire profit distribution amount that was calculated in line with CMB’s regulations on the liability of minimum profit distribution at the rate of the net distributable profit determined according to CMB’s regulations can be covered by the distributable profit in statutory records, the entire amount shall be distributed; and if this is not possible, the entire net distributable profit in statutory records shall be distributed. And if the financial statements or legal books prepared in line with CBM’s regulations contain period loss, profit distribution shall not be performed.

In the General Assembly Meeting of the Company dated 26 April 2013, in accordance with the provisions of the Communiqué of Capital Markets Board Serial: XI, No: 29, it is decided that, TRY 84.998.00 of net period profit regarding 2012 in the legal records prepared in accordance to Tax Procedural Law should be allocated as First Legal Reserves and TRY 1.525.349 of this profit and TRY 486.292 of the amount in the extraordinary reserves account should be distributed to the shareholders as cash dividend, and TRY 89.623 of the remaining 2012 profit should be transferred to Extraordinary Reserves account. Cash dividend amounting to TRY 2.011.641 is distributed on 16 May 2013 through the accounts within Takasbank A.Ş.

NOTE 16 - REVENUES AND COSTS

	1 January - 31 December 2014	1 January- 31 December 2013
Revenues		
Sales of shares of subsidiaries(*)	4.296.350	67.931
Stock sales revenue (**)	5.714.194	1.255
The joint venture sales of revenue (***)	-	794.111
	10.010.544	863.297
Cost of sales		
Sales of shares of subsidiaries (*)	(4.574.700)	(52.477)
Stock sales revenue (**)	(5.348.654)	(1.235)
The joint venture sales of revenue (***)	-	(720.020)
	(9.923.354)	(773.732)
Gross profit	87.190	89.565

(*) All revenue and cost of sales of subsidiaries is due to sale of Egeli & Co Girişim shares (Note 6)

(**) Some of the sales revenue of TRY 824.549 shares of stock selling price of TRY 1.775.816 is due to the sale of part of the shares of Egeli & Co Tarım

(***) All revenue and cost of shares is due to, sale of Karesi share to Egeli & Co Girişim (Note 22)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 17 - GENERAL ADMINISTRATIVE EXPENSE

	1 January - 31 December 2014	1 January - 31 December 2013
General administrative expense		
Portfolio management fee (Note 22)	866.878	851.818
Personnel expenses	676.040	860.762
Rent expenses and building management expenses	292.003	235.940
Audit and consultancy expense	264.946	322.170
Amortisation and depreciation expenses	128.249	79.129
Other operating expenses	244.181	549.914
	2.472.297	2.899.733

NOTE 18 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Other operating income		
Unrealised securities increase in value	48.498.886	16.489.846
Interest income	91.958	618.597
Foreign exchange gain	22.217	917
Other	-	6.772
	48.613.061	17.116.132
Other operating expenses		
Discount expense from other long term receivables	(102.064)	-
Foreign exchange loss	(10.889)	(33.590)
Other	-	(2.293)
	(112.953)	(35.883)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 19 – FINANCIAL EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Financing expense,net		
Loan interest expense (-)	(774.035)	(2.389.196)
Other interest expense (-) (*) (Note 22)	(302.639)	-
Severance indemnities interest expenses(-)	(1.345)	-
Loans transferred to partners due to interest income (Note 22)	-	1.131.962
	(1.078.019)	(1.257.234)

(*) Related interest expense covers the interest amounts which is paid to Egeli & Co Girişim as it mentioned in Notes 22

NOTE 20 - INCOME TAXES

	1 January - 31 December 2014	1 January - 31 December 2013
Deferred tax expense	(9.452.216)	(3.294.292)
	(9.452.216)	(3.294.292)

According to the Corporate Tax Law, the corporation tax rates 20% as of 31 December 2013 and 31 December 2012. Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance amount utilized within the scope of the Income Tax Law transitional article 61).

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 10%. 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 for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published in the Official Gazette on 31 December 2003, effective from 1 January 2004, income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for changes in the general purchasing power of the Turkish Lira. In accordance with the law in question, the cumulative inflation rate for the last 36 months, and the inflation rate for the last 12 months must exceed (DIE WPI increase rate) 100% and 10% respectively. Since the conditions in question were not fulfilled in 2013 and 2014, no inflation adjustment was performed

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office before the evening of the 25th of the fourth month following the balance sheet date.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 20 - INCOME TAXES (Continued)

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 future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

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

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

31 December 2014 and 31 December 2013 the cumulative temporary differences and deferred tax assets and liabilities using enacted tax rates are as follows:

	31 December 2014	31 December 2013
Deferred tax assets	29.158	5.160
Deferred tax liability (-)	(12.919.943)	(2.900.243)
Deferred tax liability, net (-)	(12.890.785)	(2.895.083)
	Total temporary Differences	Deferred tax assets/(liabilities)
	31 December 2014	31 December 2014
Deferred tax assets		
Accrued expenses	102.064	20.413
Employee termination benefits	21.815	4.363
Unusued vacation	15.118	3.024
Other	6.792	1.358
		29.158
Deferred tax liabilities		
Marketable securities valuation differences	(64.563.215)	(12.912.643)
Tangible and intangible assets	(36.496)	(7.300)
		(12.919.943)
Deferred tax liability, net (-)		(12.890.785)

EGELİ & CO YATIRIM HOLDİNG A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

NOTE 20 - INCOME TAXES (Continued)

	Total temporary differences 31 December 2013	Deferred tax assets/(liabilities) 31 December 2013
<u>Deferred tax assets</u>		
Unusued vacation	16.701	3.340
Employee termination benefits	9.101	1.820
		5.160
<u>Deferred tax liabilities</u>		
Marketable securities valuation differences	(14.463.335)	(2.892.667)
Tangible and intangible assets	(36.567)	(7.313)
Other	(1.315)	(263)
		(2.900.243)
Deferred tax liability, net (-)		(2.895.083)

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

	2014	2013
Beginning of the period - 1 January	(2.895.083)	162.099
Deferred tax expense recognized in the profit or loss statement	(9.452.216)	(3.294.292)
Deferred tax recognized in the equity		
- Tax effects of available for sale financial assets increase/(decrease) in value	(544.845)	237.373
- Tax effects of actuarial gain	1.359	(263)
End of the period – 31 December	(12.890.785)	(2.895.083)

Reconciliation of corporate tax is given below:

	1 January- 31 December 2014	1 January- 31 December 2013
Deferred income tax and corporation profit before tax (-)	45.036.982	13.012.847
Tax rate	%20	%20
Tax calculated	(9.007.396)	(2.602.569)
Unrecognized tax losses	(470.373)	(680.608)
Expenses/incomes non-deductible for tax purposes	25.553	(11.115)
Net deferred income tax asset	(9.452.216)	(3.294.292)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 20 - INCOME TAXES (Continued)

The Company did not calculate TRY 1.150.981 (31 December 2013: TRY 680.608)amounted deferred tax asset based on TRY 5.754.907(31 December 2013: TRY 3.403.041) idle financial losses.

Maturity of carryforward losses that deferred tax is not calculated over is stated

	31 December 2014	31 December 2013
2018	3.403.041	3.403.041
2019	2.351.866	-
	5.754.907	3.403.041

NOTE 21 - EARNINGS PER SHARE

Earnings/(losses) per share stated in the profit or loss statement are being calculated by dividing the net profit/(loss) for the current period by the weighted average number of ordinary shares.

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

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

	31 December 2014	31 December 2013
Net period (loss)/income	35.584.766	9.718.555
The average number of shares	40.000.000	40.000.000
(Loss)/income per share (As TRY1 per share)	0,8896	0,2430
Total comprehensive income	37.750.875	8.532.744
Compherensive income/(loss) per share (As TRY1 per share)	0,9438	0,2133

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 22 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. As of 31 December 2014 and 31 December 2013 balances of related parties are as follows:

Short term trade receivables from related parties

	31 December 2014	31 December 2013
EGC Gayrimenkul Geliştirme ve Yatırım A.Ş.	559	-
	559	-

Other long term receivables from related parties (As discount deducted) (Note 9)

	31 December 2014	31 December 2013
Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş. (*)	916.536	-
EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş.	-	335.000
	916.536	335.000

Trade payables to related parties

Egeli & Co Finansal Yatırımlar A.Ş.	3.115	-
Egeli & Co Portföy Yönetimi A.Ş. (**)	-	91.216
Egeli & Co Kurumsal Destek Hizmetleri A.Ş.	-	7.839
	3.115	99.055

(*) Consist of receivable which is given to The Company’s subsidiary EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş. in order to meet their cash requirements.

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

Other payables to related parties

	31 December 2014	31 December 2013
Egeli & Co Finansal Yatırımlar A.Ş.	714.001	-
Tan Egeli	102.048	-
Egeli & Co Girişim (***)	-	3.000.000
	816.049	3.000.000

(***) Based on the decision adopted by the board of directors of Egeli & Co Girişim, a subsidiary of the Company, on 8 April 2013, it has been determined unanimously to sign a pre-emptive rights agreement in order to purchase all shares of EGC, namely 400.000 EGC shares with a nominal value of TRY 1 each, owned by Egeli & Co Yatırım Holding A.Ş. for a price of TRY 7.500.000 based on the independent valuation report dated 29 March 2013, to transfer the shares after EGC obtains a production permit from the Energy Market Regulatory Authority, to pay TRY 3.000.000 in advance, to pay remaining TRY 4.500.000 after the share transfer and to take back the advance payment along with all kinds of legal interests if the sale transaction is not concluded. The pre-emptive rights agreement on taking over the EGC shares was terminated upon mutual agreement with Egeli & Co Girişim on 6 February 2014, it has been agreed that the advance payment amounting to TRY 3.000.000 paid for purchasing the shares would be refunded by the Company along with its legal interest and all of the advance payment has been paid to Egeli & Co Girişim along with its legal interest as TRY 3.302.639 on 31 December 2014.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 22 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b. The details of transaction with related parties are listed below as of 31 December 2014 and 2013:

	1 January - 31 December 2014	1 January - 31 December 2013
Dividens paid to related parties		
Egeli & Co Finansal Yatırımlar A.Ş.	-	871.188
	-	871.188
Interest income from related parties		
Egeli & Co Finansal Yatırımlar A.Ş. (Note 19)	-	1.131.962
	-	1.131.962
Investment advisory expenses for portfolio management fee		
Egeli & Co Portföy Yönetimi A.Ş. (*) (Note 17)	866.878	851.818
	866.878	851.818
Support services expenses		
Egeli & Co Destek Hizmetleri A.Ş. (**)	74.349	113.020
	74.349	113.020

(*) Consists of expenses paid for portfolio management and consulting fee.

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

Financial assets and partnership sales to related parties

	1 January - 31 December 2014	1 January - 31 December 2013
Egeli & Co Girişim		
- EGC Elektrik capital advance (Note 22.a)	-	3.000.000
- Karesi sales (Note 16)	-	794.111
	-	3.794.111

Interest expenses paid to related parties

Egeli & Co Girişim Yatırım Ortaklığı A.Ş. (***)	302.639	-
	302.639	-

(***) Based on the decision adopted by the board of directors of Egeli & Co Girişim, a subsidiary of the Company, on 8 April 2013, it has been determined unanimously to sign a pre-emptive rights agreement in order to purchase all shares of EGC, namely 400.000 EGC shares with a nominal value of TRY 1 each, owned by Egeli & Co Yatırım Holding A.Ş. for a price of TRY 7.500.000 based on the independent valuation report dated 29 March 2013, to transfer the shares after EGC obtains a production permit from the Energy Market Regulatory Authority, to pay TRY 3.000.000 in advance, to pay remaining TRY 4.500.000 after the share transfer and to take back the advance payment along with all kinds of legal interests if the sale transaction is not concluded. The pre-emptive rights agreement on taking over the EGC shares was terminated upon mutual agreement with Egeli & Co Girişim on 6 February 2014, it has been agreed that the advance payment amounting to TRY 3.000.000 paid for purchasing the shares would be refunded by the Company along with its legal interest and all of the advance payment has been paid to Egeli & Co Girişim along with its legal interest as TRY 3.302.639 on 31 December 2014.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 22 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

c. The details of transaction with related parties are listed below as of 31 December 2014 and 2013:

	31 December 2014	31 December 2013
Financial assets at fair value through profit or loss		
Egeli & Co Tarım (Note 6)	-	273.034
	-	273.034
Financial assets classified as available for sale		
Egeli & Co Tarım (Note 6)	4.007.557	2.582.527
	4.007.557	2.582.527

d. The unrealized valuation (decrease)/increase amounts of intercompany shares are listed below::

	1 January - 31 December 2014	1 January - 31 December 2013
Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.		
- Profit or loss	-	(156.849)
- Other comprehensive	1.425.030	(1.483.579)
	1.425.030	(1.640.428)

e. The details of benefits which provided to high level executives are as follows;

	1 January - 31 December 2014	1 January - 31 December 2013
Gross wages and other short term benefits	314.903	294.469
	314.903	294.469

NOTE 23 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

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

Financial Risk Management

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

a. *Credit risk*

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 23 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Company's maximum credit risk exposure:

31 December 2014	Trade receivables		Other receivable		Deposits with banks
	related parties	other parties	related parties	other parties	
As of reporting date					
max. credit risk exposed (A+B+C+D)	559	1.810.000	916.536	30.933	199.820
Part of maximum risk under guarantee with collateral	-	-	-	-	-
Net book value of non-overdue or non-impaired financial assets	559	1.810.000	916.536	30.933	199.820
31 December 2013	Trade receivables		Other receivable		Deposits with banks
	related parties	other parties	related parties	other parties	
As of reporting date					
max. credit risk exposed (A+B+C+D)	-	-	335.000	-	473.826
Part of maximum risk under guarantee with collateral	-	-	-	-	-
Net book value of non-overdue or non-impaired financial assets	-	-	335.000	-	473.826

b. Liquidity risk disclosures

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

The Company does not have any derivative financial liabilities. The following table presents the cash flows payable by the Company under other financial liabilities according to their remaining contractual maturities as of 31 December 2014 and 31 December 2013:

31 December 2014	Book Values	Total cash outflows	Up to 1 month	Between 3 months- 1 year	Between 1- 5 years
Financial liabilities	7.096.305	7.096.305	-	6.968.022	128.283
Trade payables	76.246	76.246	76.246	-	-
Other payables	890.640	890.640	74.590	816.050	-
Total liability	8.063.191	8.063.191	150.836	7.784.072	128.283
31 December 2013	Book Values	Total cash outflows	Up to 1 month	Between 3 months- 1 year	Between 1- 5 years
Financial liability	4.767.626	4.767.626	-	4.500.305	267.321
Trade payables	115.115	115.115	115.115	-	-
Other payables and short term liability	3.087.353	3.087.353	87.353	3.000.000	-
Total liability	7.970.094	7.970.094	202.468	7.500.305	267.321

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 23 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

c. Information on market risk

1. Foreign currency risk

The Company is exposed to foreign currency risk of Euro. The table below summarises the Company's exposure to foreign currency exchange rate risk and foreign currency position at 31 December 2014 and 31 December 2013:

	31 December 2014	31 December 2013
Financial liabilities (-)	(276.305)	(417.626)
	(276.305)	(417.626)

Financial liabilities are consist of EUR borrowings from banks as of 31 December 2014.

Profit/ (loss) before tax	Appreciate	Depreciate
If EUR appreciated/(depreciated) against TRY by 10%:		
1- EUR net liability	(27.630)	27.630
2- EUR risk protected part (-)		
3 EUR net effect (1+2)	(27.630)	27.630
Total	(27.630)	27.630

Financial liabilities are consist of EUR borrowings from banks as of 31 December 2013.

Profit/ (loss) before tax	Appreciate	Depreciate
If EUR appreciated/(depreciated) against TRY by 10%:		
1- EUR net liability	(41.763)	41.763
2- EUR risk protected part (-)	-	-
3- EUR net effect (1+2)	(41.763)	41.763
Total	(41.763)	41.763

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 23 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Below table summarizes foreign currency risk of The Company:

	31 December 2014					31 December 2013				
	TRY	USD	EUR	GBP	Other	TRY	USD	EUR	GBP	Other
1. Accounts receivable	-	-	-	-	-	-	-	-	-	-
2a. Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
2b. Non-cash financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Total liquid assets (1+2+3)	-	-	-	-	-	-	-	-	-	-
5. Accounts receivable	-	-	-	-	-	-	-	-	-	-
6a. Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
6b. Non-cash financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total non-current assets(5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total assets (4+8)	-	-	-	-	-	-	-	-	-	-
10. Accounts payable	-	-	-	-	-	-	-	-	-	-
11. Financial Liabilities	148.022	-	52.477	-	-	150.305	-	51.185	-	-
12a. Other current liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
13. Short term financial liabilities (10+11+12)	148.022	-	52.477	-	-	150.305	-	51.185	-	-
14. Accounts payable	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	128.283	-	45.479	-	-	267.321	-	91.034	-	-
16a. Other current liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
17. Total Long term liabilities (14+15+16)	128.283	-	45.479	-	-	267.321	-	91.034	-	-
18. Total liabilities (13+17))	276.305	-	97.956	-	-	417.626	-	142.219	-	-
19. Off-balance sheet derivative instruments / (Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total hedged asset	-	-	-	-	-	-	-	-	-	-
19b. Total hedged liabilities	-	-	-	-	-	-	-	-	-	-
20. Net foreign currency asset / (liability) Position (9-18+19)	-	-	-	-	-	-	-	-	-	-
21. Monetary Items Net foreign currency asset / (liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a	(276.305)	-	(97.956)	-	-	(417.626)	-	(142.219)	-	-
22. Total fair value of financial instruments for hedging	-	-	-	-	-	-	-	-	-	-
23. Currency Hedged Portion of Assets	-	-	-	-	-	-	-	-	-	-
23. Currency Hedged Portion of Liabilities	-	-	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	-	-	-

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 23 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

2. Interest Rate Risk

The fluctuations in financial instruments’ prices due to the change in interest rates causes increase in interest rate risk that is managed by short-term retention.

The company has not ating rate financial instruments so it is not exposed the interest rate risk between 31 December 2014 and 31 December 2013.

The details of financial assets and liabilities between 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Assets		
Bank deposits	6,81	6,21
Liabilities		
TRY financial liabilities	13,4	11
EUR financial liabilities	6,84	6,84

	31 December 2014						Total
	Up to 1 month	Between 1-3 months	Between 3 months-1 year	Between 1-5 years	5 years and more	Demand	
Cash and cash equivalents	195.370	-	-	-	-	4.450	199.820
Financial investments	-	-	-	-	-	103.906.086	103.906.086
Ticari alacaklar	890.000	920.559	-	-	-	-	1.810.559
Trade receivables	-	-	30.933	-	-	-	30.933
Current income tax asset	-	-	4.880	-	-	-	4.880
Other current asset	-	-	710.816	-	-	-	710.816
Tangible assets	-	-	-	-	-	337.467	337.467
Intangible assets	-	-	-	-	-	2.154	2.154
Other receivables from related parties	-	-	-	916.536	-	-	916.536
Total assets	1.085.370	920.559	746.629	916.536	-	104.250.157	107.919.251
Financial liabilities	4.255	8.510	6.955.257	128.283	-	-	7.096.305
Trade payables	76.246	-	-	-	-	-	76.246
Other payables	-	74.590	816.050	-	-	-	890.640
Short-term provision for employee benefits	-	-	15.118	-	-	-	15.118
Long-term provision for employee benefits	-	-	-	-	21.815	-	21.815
Deferred tax liabilities	-	-	-	-	-	12.890.785	12.890.785
Total assets	80.501	83.100	7.786.425	128.283	21.815	12.890.785	20.990.909
Net liquidity excess/ (shortage)	1.004.869	837.459	(7.039.796)	788.253	(21.815)	91.359.372	86.928.342

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 23 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

2. Interest Rate Risk

	31 December 2013						Total
	Up to 1 month	Between 1-3 months	Between 3 months-1 year	Between 1-5 years	5 years and more	Demand	
Cash and cash equivalents	467.897	-	-	-	-	5.929	473.826
Financial investments	-	-	-	-	-	58.081.693	58.081.693
Current income tax asset	-	-	128.541	-	-	-	128.541
Other current asset	-	-	585.063	-	-	-	585.063
Other receivables from related parties	-	-	-	335.000	-	-	335.000
Tangible assets	-	-	-	-	-	459.069	459.069
Intangible assets	-	-	-	-	-	5.254	5.254
Total assets	467.897	-	713.604	335.000	-	58.551.945	60.068.446
Financial liabilities	-	-	4.500.305	267.321	-	-	4.767.626
Trade payables	115.115	-	-	-	-	-	115.115
Trade payables to related parties and other payables	85.990	1.363	3.000.000	-	-	-	3.087.353
Provisions for employee	-	-	16.701	-	-	-	16.701
Employee termination benefit	-	-	-	-	9.101	-	9.101
Deferred tax liabilities	-	-	-	-	-	2.895.083	2.895.083
Total liabilities	201.105	1.363	7.517.006	267.321	9.101	2.895.083	10.890.979
Net liquidity excess/ (shortage)	266.792	(1.363)	(6.803.402)	67.679	(9.101)	55.656.862	49.177.467

3. Share Price Risk

As of 31 December 2014, the company has TRY 103.495.836 shares which are opened to public and recorded at fair value. (31 December 2013: TRY 57.681.693). As a result of 10% change in stock market price (the all other variables are assumed as fixed) the profit before tax changes at the amount of TRY 10.349.584 as of 31 December 2014. (31 December 2013: TRY 5.768.169)

d. Share capital management

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH**

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

NOTE 24 - FINANCIAL INSTRUMENTS

Fair value of the financial instruments

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

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

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

a. Financial assets:

Since the shares of Egeli & Co Girişim which is classified as financial asset and whose fair value difference is reflected to profit/loss are traded on stock exchange, quotation price is used in calculating fair value and fair value has found by multiplying the price of shares at the balance sheet date and ownership rate.

Regarding the investment in the subsidiary EGC Elektrik, whose shares are not listed in the stock market, since the subsidiary had not yet started operating, and the subsidiary was acquired on a date close to the reporting period, it was assumed that the acquisition cost approximated the fair value of the purchased shares as of 31 December 2014 and 31 December 2013, and this cost was transferred from the cost value in the EGC Elektrik i financial statement.

The company gave an undertaking of paying TRY 25.000 for establishing of EGC Gayrimenkul Geliştirme ve Yatırım A.Ş. which is registered on March 17, 2014 and became 50% of partner and paid TRY 10.250 of that capital commitment. The investment cost is assumed to be closed to market value and recorded the financial statements at cost because the shares of that partnerships is not traded in the stock exchange and the partnership had not been operational yet.

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

Due to the fair value of financial assets including cash and cash equivalents and other financial assets carried at amortised cost are short term and their probable losses are immaterial, fair value of financial assets are estimated to approximate to their carrying values

b. Financial liabilities:

The Company assumes that the carrying values of financial assets and liabilities are close to their fair values, due to their short-term maturity.

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

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

31 December 2014

Fair value through financial assets in the balance sheet	Level 1	Level 2	Level 3
- Stock exchange securities	4.505.557	-	-
- Subsidiaries and joint ventures	98.990.279	-	410.250

31 December 2013

Fair value through financial assets in the balance sheet	Level 1	Level 2	Level 3
- Stock exchange securities	2.855.561	-	-
- Subsidiaries and joint ventures	54.826.132	-	400.000

31 December 2014

	Cost	Fair value	Book value
- Subsidiaries and joint ventures	34.403.339	99.400.529	99.400.529
Shares	4.774.539	4.505.557	4.505.557
	39.177.878	103.906.086	103.906.086

31 December 2013

	Cost	Fair value	Book value
- Subsidiaries and joint ventures	37.837.861	55.226.132	55.226.132
Shares	5.780.497	2.855.561	2.855.561
	43.618.358	58.081.693	58.081.693

EGELİ & CO YATIRIM HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 ORIGINALLY ISSUED IN TURKISH

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

NOTE 25 - SUBSEQUENT EVENTS

Events after the balance sheet date as of 31 December 2014 are as follows;

- a) The company gave bail at the amount of TRY 600.000 for loan agreement which Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. the company is leading shareholder signed with Türkiye Vakıflar Banksı T.A.O.
- b) The company has transferred 1.011.857 of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. B group shares which are classified as financial assets available for sale and its share has decreased to 14.38% in Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.
- c) The company has applied CMB for sales of 11.806.499 of shares of Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. by preparing share sales information form as of 9 January 2015.

NOTE 26 - OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

None (31 December 2013:None).

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