

# 2012 ANNUAL REPORT









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## CORPORATE

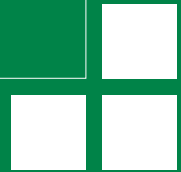
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## FINANCIAL





# 1. OVERVIEW





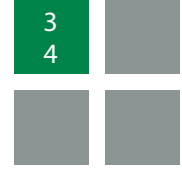
CORPORATE  
PROFILE

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# EGC INVESTMENT HOLDING ANNUAL REPORT 2012



Founded in 1994 with the title "Varlık Yatırım Ortaklığı A.Ş.", Egeli & Co. Investment Holding ("**EGCYH**") makes real asset investments primarily in energy, real estate, infrastructure and finance industries as well as indirectly in the agriculture industry with an innovative value driven approach.

In addition to direct investments, the Company also makes indirect investments through Egeli & Co. Agriculture Investment Trust ("**EGCYO**") as its leading investor and shareholder with 28% and Egeli & Co. Investment Trust ("**EGLYO**") with 91.54%.

The shares of Egeli & Co. Investment Holding are traded at the Istanbul Stock Exchange with ticker of EGCYH. As of 31 December 2012 the free float of the Company is 54.72%.

EGCYH is a member of the Corporate Governance Index (XKURY) where companies applying the Corporate Governance Principles are included.

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Commercial title	Egeli & Co. Investment Holding
Trade Registration number	389253-336835
Headquarters	Abdi İpekçi Caddesi No: 40 K: 3 D: 10 Harbiye Şişli 34367 İstanbul, TÜRKİYE T: +90 (212) 343 06 26 F: +90 (212) 343 06 27
Liaison Office	Gaziosmanpaşa Bulvarı No: 8 K: 5 Alsancak İzmir, TÜRKİYE T: +90 (232) 483 93 20 F: +90 (232) 483 93 20
Website	<a href="http://www.egcyh.com">www.egcyh.com</a>

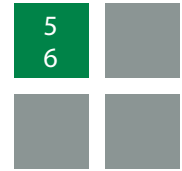
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MISSION  
VISION

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## OUR MISSION;

is to maximize shareholder value through projects executed in the field of real asset investments.

## OUR VISION;

is to become the leading company in Turkey in terms of real asset investments, conducted on a transparent and reliable investment platform managed in line with Good Governance Principles.

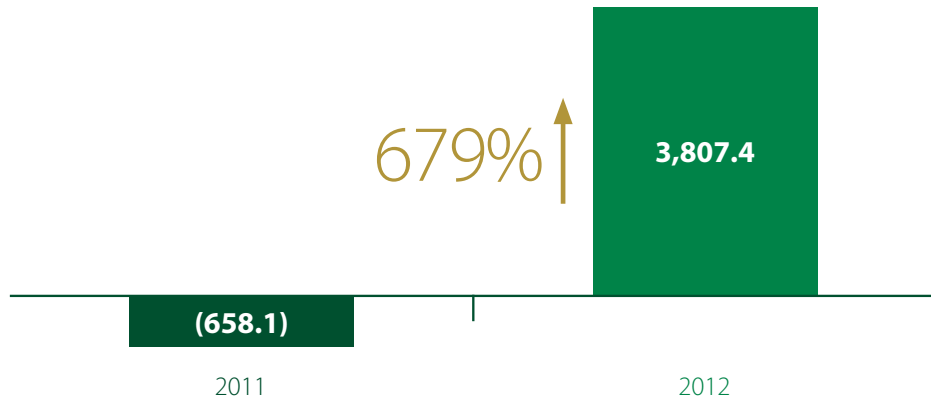


## FINANCIAL HIGHLIGHTS

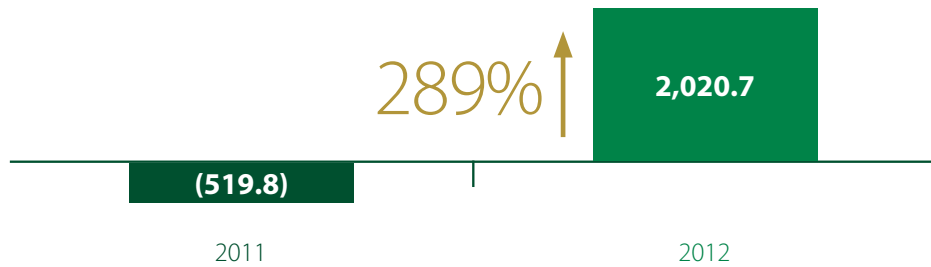
	December 31st 2012	December 31st 2011
Profit/Loss on Finance Industry Operations	6,450,489	719,233
Operating Profit/Loss	3,807,369	(658,094)
Financial Income	1,501,976	284,574
Financial Expenses	(3,288,690)	(146,299)
Profit/Loss Before Taxes	2,020,655	(519,819)
Net Profit/Loss	1,632,500	(470,778)
Profit/Loss Per Share	0.0004	(0.0002)
<hr/>		
Total Assets	97,232,901	41,982,528
Current Assets	89,544,671	35,931,120
Fixed Assets	7,688,230	6,051,408
Short Term Liabilities	53,635,664	357,959
Long Term Liabilities	265,758	434,739
Shareholders' Equity	43,331,479	41,189,830
Paid in capital	40,000,000	40,000,000
<hr/>		
Current Ratio	1.67	100.38
Total Liabilities / Shareholders' Equity	1.24	0.02
Shareholders' Equity / Total Assets	0.45	0.98

All amounts are indicated in Turkish Liras (TRL).

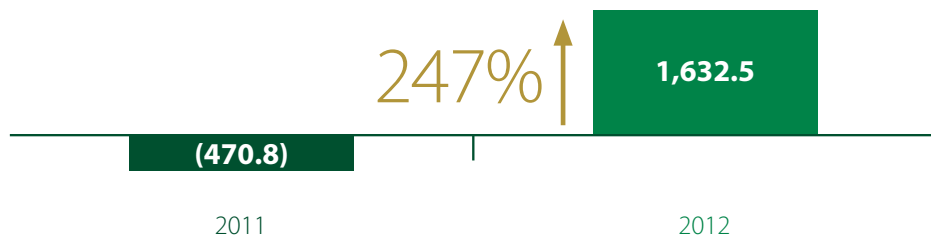
OPERATING PROFIT ('000 TL)



PROFIT/(LOSS) BEFORE TAXES ('000 TL)



NET PROFIT/(LOSS) ('000 TL)

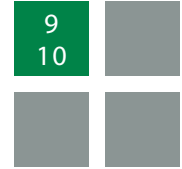




SHARE  
PERFORMANCE

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## EGC INVESTMENT HOLDING ANNUAL REPORT 2012

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Initial Public Offering	25 June 1998
Ticker	EGCYH
ISIN Code	TRAVARYO91Q1
Market value (December 31st, 2012)	31.2 million TRL
Registered Capital	250 million TRL
Paid in capital	40 million TRL
Lowest Share Price	0.78 TRL
Highest Share Price	1.06 TRL
Average Share Price	0.89 TRL
Share Price on 31 December,2012	0.78 TRL

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## SHAREHOLDING STRUCTURE

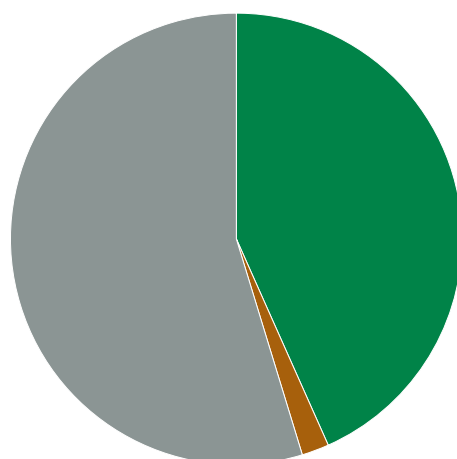
As of 31 December 2012, Registered Capital of the Company is TL 250 million (31 December 2011: TL 250 million) and the paid in capital is TL 40 million (31 December 2011: TL 40 million), divided into 4 billion shares (31 December 2011: 4 billion shares) with a par value of 1 kurus each.

Shareholder	Number of Shares (TRL)	Percentage of Shares (%)
Egeli & Co. Financial Investments (Group A)	79,761	0.20
Egeli & Co. Financial Investments (Group B)	17,250,000	43.13
Tan EGELİ (Group B)	780,002	1.95
Diğer/Halka Arz (B Grubu)	21,890,237	54.72
<b>Toplam</b>	<b>40,000,000</b>	<b>100.00</b>

7,976,100 Group A nominative privileged shares of the Company with a par value of 1 kurus each owned by Egeli & Co. Financial Investments as of the date of the present report. All members of the Board of Directors shall be elected from among candidates nominated by Group A shareholders. However, a certain number of the nominees shall be independent member candidates in line with the Corporate Governance Principles of the CMB.



Other/Publicly Traded  
**54.72%**



Egele & Co.  
Financial Investments  
**43.33%**

Tan EGELI  
**1.95%**

CAPITAL AND SHAREHOLDING STRUCTURE



## COMPANY PROFILE

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**1994**

Varlık Yatırım Ortaklığı A.Ş.  
was founded.

**2006**  
AUGUST

Shares of Varlık Yatırım  
Ortaklığı A.Ş. were bought  
from TEB BNP Paribas.

**2010**  
SEPTEMBER

Status of Varlık Yatırım Ortaklığı  
A.Ş. was changed to investment  
holding from trust company  
and the title of the company  
was registered as **Egeli & Co.**  
**Investment Holding.**

**2011**  
FEBRUARY

**Karesi Jeotermal**, was  
founded through a  
consortium formed by  
EGCYH ve NRG Energy with  
50% shareholding of each.

The status of Egeli & Co. B-Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş. was changed to the venture capital investment trust to make real asset investments. Title of the company was changed to **Egeli and Co. Investment Trust**.

**EGC Energy** was founded by EGCYH.

**2011**  
JUNE

The first and only venture capital company focusing on agriculture was founded in Turkey with changing status of **EGCYO** to venture capital. **EGCYH** is the leading investor of the company with a share of 28%.

**2011**  
SEPTEMBER

**2012**  
JULY

All shares of Akbank T.A.Ş. in Ak B Tipi Yatırım Ortaklığı A.Ş. were transferred to EGCYH. The title of the company was changed to **Egeli & Co. B-Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.**

**2012**  
DECEMBER



## MESSAGE FROM THE CHAIRMAN

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*“ Having founded Egeli & Co. Agriculture Investment Trust, the first and only investment trust focusing on the agriculture industry in 2011, EGCYH completed the required preparations for combining the investments in the fields of energy and infrastructure under Egeli & Co. Investment Trust (“EGLYO”) in 2012. ”*

Dear Shareholders,

Egeli & Co. Investment Holding (“EGCYH”) continues its operations for accurately identifying and realizing projects with high value-add while carrying out its investment strategy focused on real assets. EGCYH makes a point of adopting external conditions through the right actions taken while applying its business strategy. The year 2012 will be remembered as a period of uncertainty for the world economy primarily due to the currency crisis in Europe as well as troubles in the financial system, continuing issues with public debt and political chaos in the Middle East. Even though all these global developments bring uncertainty to the Turkish economy, Turkey has demonstrated a better economic performance compared to developed economies.

Increased infrastructure expenditures made for reviving economy, while causing the budget deficit exceed the figures targeted in the beginning of the year. Yet the facts that Turkish lira strengthened against the dollar, the current account deficit rate of 10% in the year before moved back to single figures and the limited decline in the inflation rate which started the year in double figures were positive developments for the Turkish economy.

International credit rating agency Fitch raising the credit rating of Turkey from BB+ to BBB- to an investable level in the beginning of november and the positive outlook in terms of employment allowed Turkey to maintain its attractiveness among international investors. We believe that the Private Equity Funds which recently emerged as a new financing instrument and started to gain importance in the financial markets shall play a major role in development of Turkey in this atmosphere. Private Equity Funds play a key role in the development of capital markets by undertaking the responsibility of an intermediary between the capital markets and invested companies, in regard to achieving its targets in industries with strategic importance such as energy, infrastructure and agriculture in Turkey. In this respect, EGCYH supports the companies in terms of liquidity and professionalism while enabling investors opt for developing industries.

## EGC INVESTMENT HOLDING ANNUAL REPORT 2012

Thus, international institutional investors have a chance to reach in a regulated environment the companies which they normally would not be able to invest in and to derive profit from their progress. At the same time also the individual investors together with other investors who intend to invest in the same field have a chance to make use of opportunities of such a size they would not be able to realize alone with their own funds.

Starting out with this philosophy, with a strategy of gathering their investments together thematically, EGCYH enables capital market players build a portfolio in an industry they are interested in by investing in a single company. Having founded Egeli & Co. Agriculture Investment Trust, the first and only investment trust focusing on the agriculture industry in 2011, EGCYH completed the required preparations for combining the investments in the fields of energy and infrastructure under Egeli & Co. Investment Trust ("EGLYO") in 2012. To that end, we assigned the shares of our subsidiary Karesi Jeotermal to EGLYO in February 2013. While performing the share transfer transactions, we ensure protection of the interests of all our shareholders as the main principle.

In order to strengthen its energy portfolio , in the beginning of 2013 EGLYO acquired 4.21% of the shares of Enda Energy which has been operating in the energy industry since 1993. Enda Energy operates in the field of energy on production technologies, primarily renewable energy, in order to develop investment projects, operate production plants and provide energy trade.

Under EGCYO, while increasing the capacity of our subsidiary Batı Tarım in 2012, we continued the required infrastructure development activities for reaching full capacity at Doğa Tarım. Tolina Tarım, which was in the position of a farm unable to carry out its operations due to insufficient operating capital before joining EGCYO, became an operational company thanks to its strengthened financial structure, infrastructure investments and improvement works. Our target for 2013 will be to start production in all of our indirect agricultural investments. Rather than making new investments, EGCYO will focus on increasing the efficiency of its current investments in 2013. We will give importance to taking new opportunities we shall get while focusing on the improvements on our current investments in line with the interests of our shareholders.

Our goal is to provide sustainable return for our shareholders by making use of investment opportunities in the best way in line with our mission. I owe a debt of gratitude to all our shareholders, employees and other stakeholders who did not spare their help and support and contributed with their trust to our endeavors for achieving our goals.

Yours faithfully,

**Tan EGELİ**

Chairman of the Board





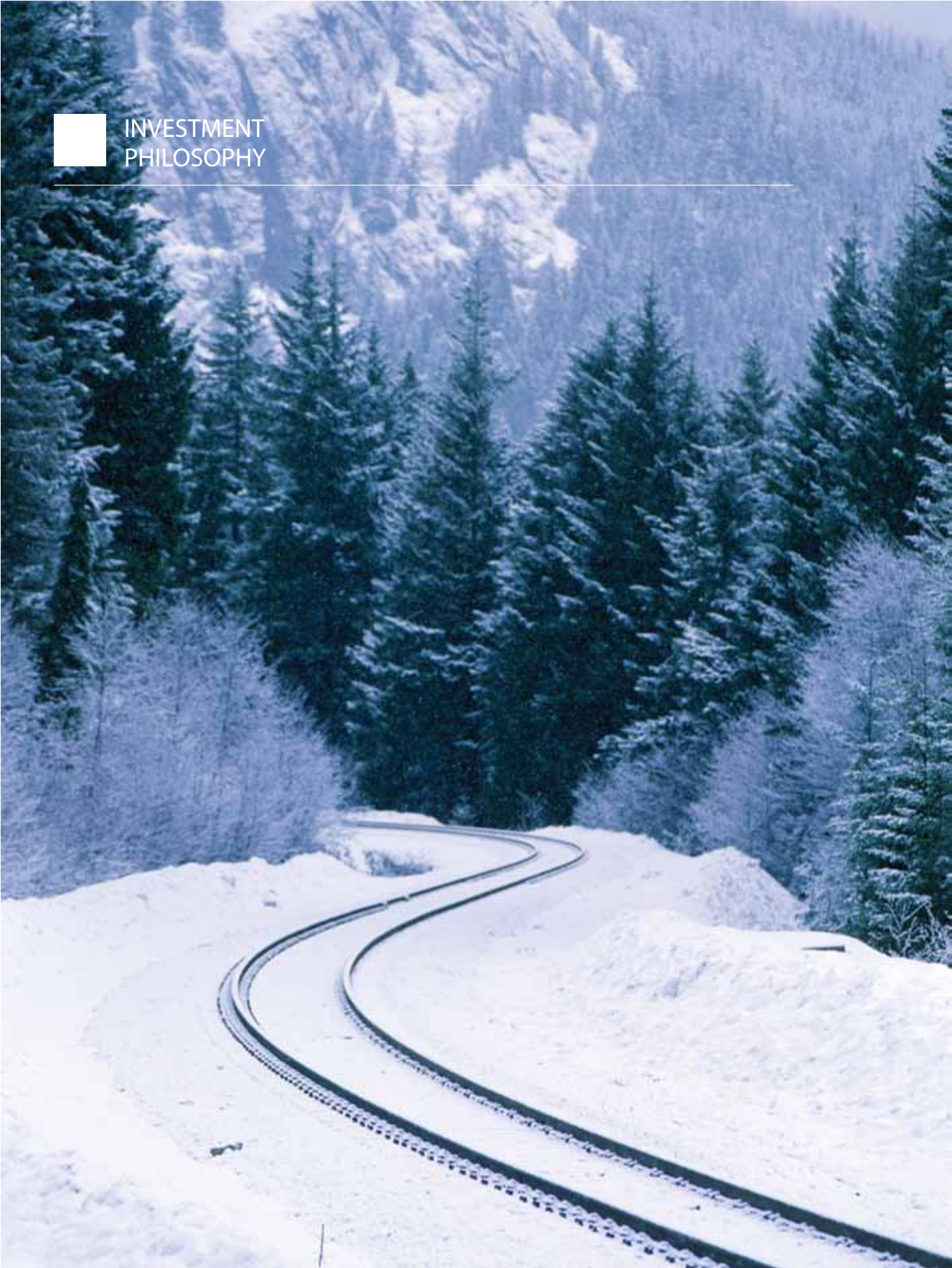
## 2. INVESTMENTS





INVESTMENT  
PHILOSOPHY

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In order to provide its shareholders a sustainable and steady capital return, EGCYH generates a valuable real asset investment portfolio consisting of companies in growing industries, which intend to generate added value by developing their financial performance through capital and know-how support.

EGCYH focuses on companies which have not yet reached their real value in the industries with strong growth potential. In this context, the target companies are identified through a detailed analysis and valuation process by Egeli & Co. Asset Management along with detailed legal, financial, tax and operational due diligence in line with the investment procedure. In the aftermath of the assessment process projects considered worthy of investment are finalized further to the approval of Board of Directors based on the recommendation of the Egeli & Co. Asset Management Investment Committee.

EGCYH forms the infrastructure for a sustainable financial performance by also improving the governance profile of the companies it is investing in. This approach is one of the main pillars of our investment strategy aiming sustainable return in the long run.

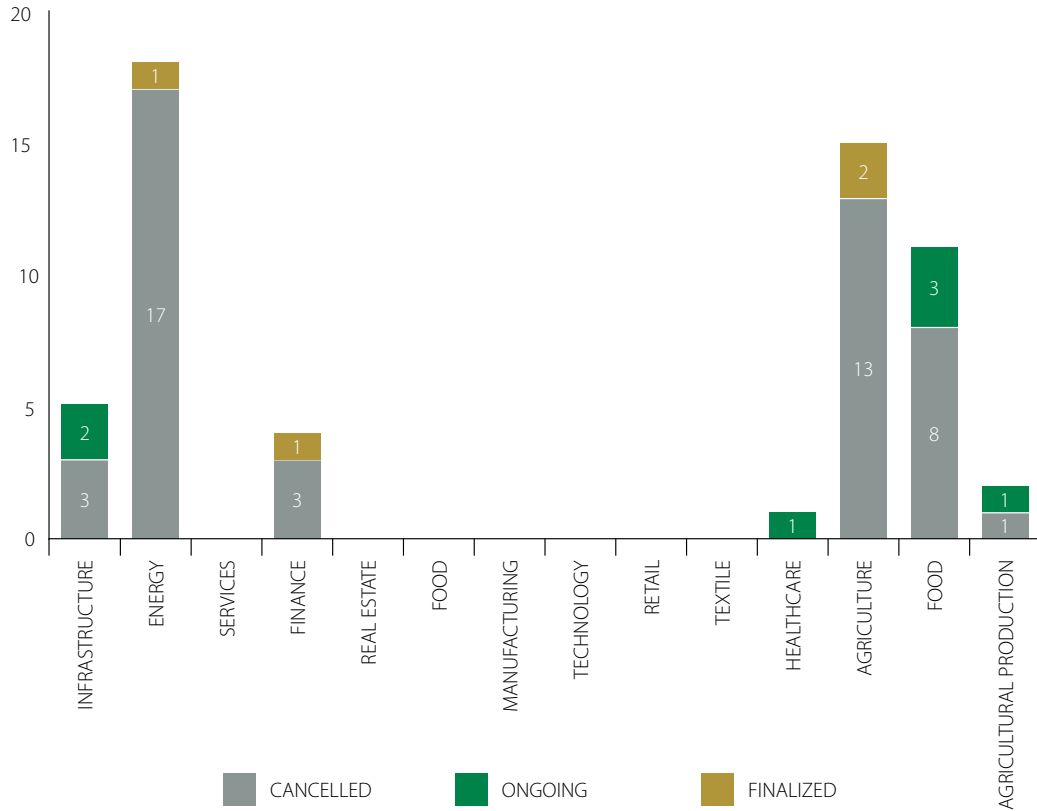
Reports containing financial and operational key performance indicators, issued by the invested companies are regularly submitted to Board of Directors by Internal Audit and Reporting officers and the ongoing operations of the companies in the portfolio are monitored regularly.

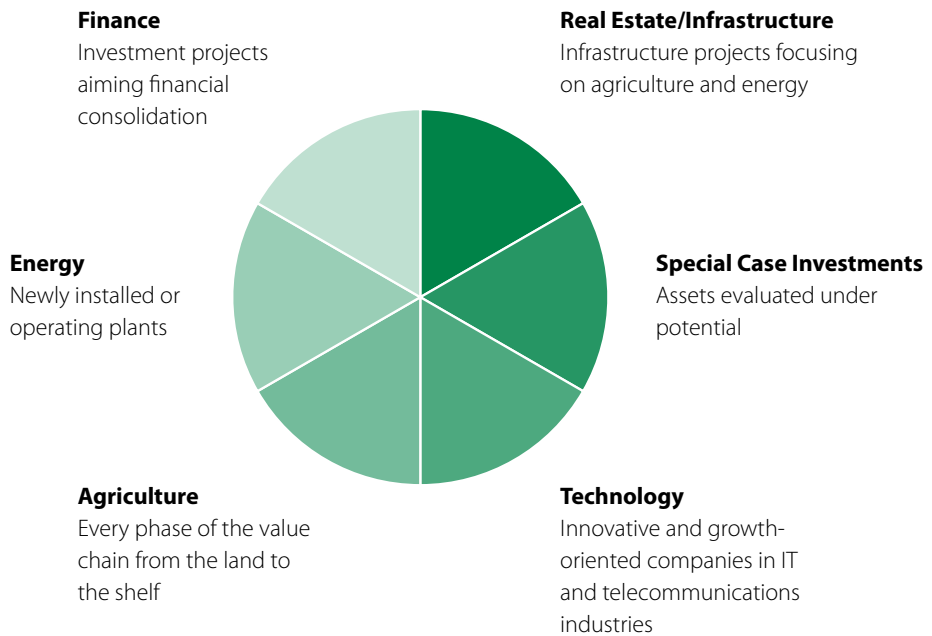
# INVESTMENT PHILOSOPHY

## Projects Reviewed in 2012

Out of the 75 investment projects reviewed by Egeli & Co. Asset Management within the reporting period 55 were eliminated and 4 were finalized. The feasibility studies of 16 projects are currently in progress.

Industrial breakdown of the projects reviewed within the reported period is presented below:





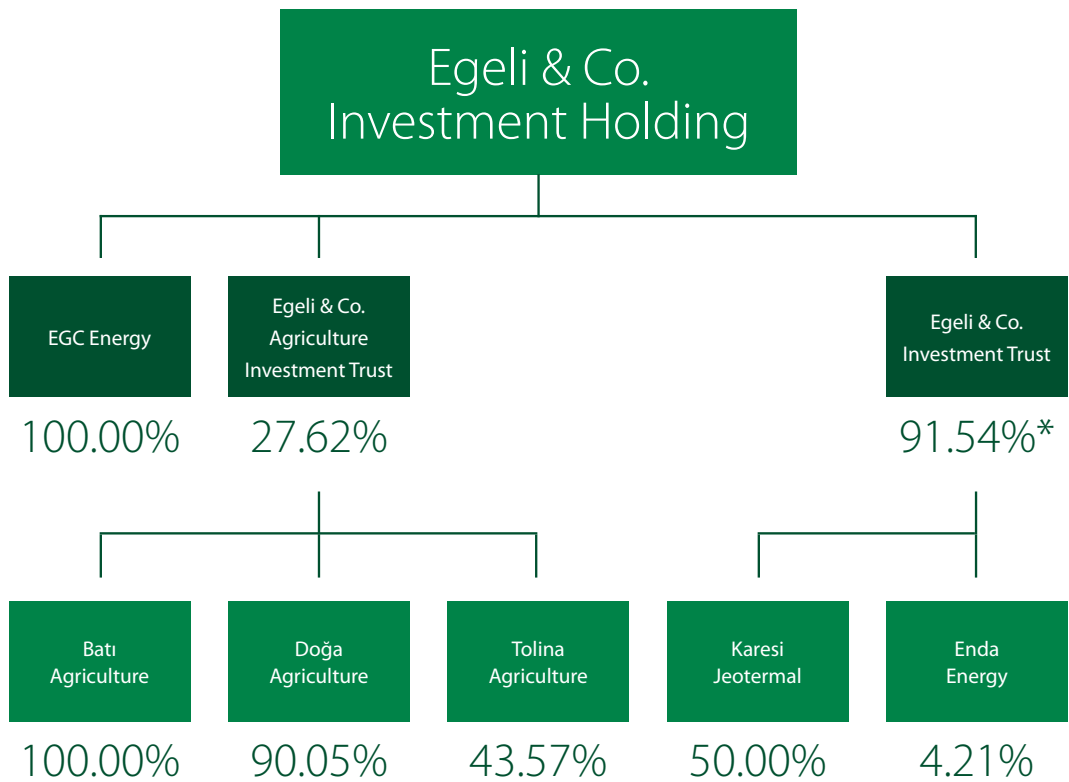
EGCYH is in a position to make investments in any field specified within its scope in the Articles of Association. The fields in the diagram above indicate the industries standing out in the current investment strategy of the Company.



## SUBSIDIARIES

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\*The share of EGCYH in EGLYO which was 91.20% on 31 December 2012 reached 91.54% as of 14 March 2013.



INVESTMENT  
FIELDS



## EGELI & CO. INVESTMENT TRUST

**“ A regulated investment platform focusing on high potential industries ”**

Egeli & Co. Investment Trust (EGLYO) exploits investment opportunities in industries with high potential such as energy and infrastructure for creating high value and enables local and international institutional and individual investors benefit from the potential for growth in these industries on a transparent and regulated investment platform. EGLYO was founded for combining the energy investments of EGCYH under a listed investment platform through the change of company status in December 2012.

EGLYO joined Egeli & Co. Financial Services Group by the acquisition of Ak B-Type Investment Trust shares by EGCYH on 3 July 2012. All the 12,686,676 Group A and B shares representing 70.04% of the capital owned by Akbank in Ak B-Type Investment Trust were purchased by EGCYH further to permissions obtained from the Capital Markets Board.

In a resolution taken in Extraordinary Shareholders' Assembly dated 27 December 2012, the status of EGLYO was changed to private equity investment trust from securities investment trust and the title of the Company was registered as "Egeli & Co. Investment Trust" as of 31 December 2012.

After the conversion was completed on 31 December 2012, the energy investments under EGCYH were gathered under EGLYO. The completed investments are as follows:

### ENDA ENERGY

EGLYO took over 4.21% of the shares of Enda Energy on 17 January 2013, right after the completion of the change of company status on 31 December 2012 in order to form an energy investments portfolio.

Operating in the energy industry since 1993, Enda develops energy investment projects, conducts energy investments, operates current production plants and energy trade as well as any kind of production technologies, primarily renewable energy in the capacity of an investor.



# INVESTMENT FIELDS

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Enda provides electrical energy to real and legal entities within the scope of a free consumer since 2004. In virtue of both producing electricity from renewable resources and owning natural gas plants, Enda is able to produce uninterrupted electricity and thus supply electricity to consumers with reasonable unit prices during the year.

Enda Energy has various subsidiaries and affiliates in the energy industry including hydroelectricity, wind energy, geothermal energy and natural gas, operating under the titles Gönen HES A.Ş., Pamuk HES A.Ş., Su Enerji A.Ş., Antalya Enj. A.Ş., Akçay HES A.Ş., Argenda A.Ş., Tuzla JES A.Ş., Egenda A.Ş., Yaylaköy RES A.Ş., RES İYTE A.Ş., Tirenda A.Ş., Solenda A.Ş. ve İzmir Teknoloji A.Ş..

Enda and its subsidiaries have a total 228 MWe installed capacity. As of 2012, 7 plants are operational. In addition, by finalizing investments of another 3 hydroelectricity and 5 wind projects, 8 projects in total, it is planned that by the end of 2014 an additional 161 MWe installed capacity shall be put into operation.

## KARESI JEOTERMAL

Jeothermal energy was initially used for health resorts but today it has become an energy type presenting various utilization fields. Jeothermal energy is directly utilized in 78 countries worldwide, which was 28 in 1995, 58 in 2000 and 72 in 2005 marking a significant increase in the last 15 years.

Jeothermal electricity production was developed to a great extent in the last 40 years. It is acknowledged worldwide that jeothermal heat and electrical energy production will have a great importance in the future. Investments made in the jeothermal energy industry are continuously increasing.

Making use of renewable energy resources among its investment fields in the light of these developments, Egeli & Co. Financial Services Group won the tenders for Balıkesir-Bigadiç-Adalı-Çeribaşı and Balıkesir-Balya-Ilıca jeothermal areas put out by General Directorate of Mineral Research & Exploration (MTA), on 24 February 2011 through a consortium formed by EGCYH and NRG Energy. Following the tender, the capital of Karesi Jeotermal, which was founded by EGCYH and NRG Energy, was raised from TL 480,000 to TL 960,000 in April 2012.

In September 2012 geological, geochemical and geophysical studies were made in both areas subject to jeothermal operating permit, for "Jeothermal Potential Development Opportunities Research Project" and a report was issued for each area. It is planned that boring works shall be given a start in both areas within the scope of these reports.

Within the scope of the plans of Egeli & Co. Financial Services Group for combining its energy investments under EGLYO, 480,000 shares of Karesi Jeotermal with a par value of TL 1 each, owned by EGCYH were assigned to EGC Investment Trust in return for TL 794,111 on February 20th 2013.



INVESTMENT  
FIELDS

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## EGC ENERGY

### **“ The first natural gas electricity production project in Turkey supported with solar energy ”**

EGC Energy, the scope of which comprises installing plants for electrical energy production from renewable and/or clean energy resources, renting or purchasing existing plants, electrical energy production and sales, was founded by EGCYH on 19 September 2011.

EGC Energy has a total 137.1 MWe installed capacity 811 GWh/year production capacity on ISO standards with hybrid technology planned to be applied in Turkey for the first time and has applied to Energy Market Regulatory Authority (EMRA) on 2 March 2012 for license to install a solar energy integrated natural gas electricity production plant in the Aegean Region. Regarding the license application, in October 2012 Turkish Electricity Transmission Company (TEİAŞ) expressed a positive opinion for connection and system utilization by EGC Energy.

The capital of the Company owned 100% by EGCYH and founded with an original capital of 200,000 TL was raised to 400,000 with the capital increase made in May 2012.



INVESTMENT  
FIELDS

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## EGELI & CO. AGRICULTURE INVESTMENT TRUST

Having started out due to the need for professional management in the Turkish agriculture industry, Egeli & Co. Agriculture Investment ("EGCYO") is the first and only venture capital company in Turkey focusing on agriculture. Listed at the Istanbul Stock Exchange, EGCYO enables qualified investors benefit from the potential for growth in the agriculture industry through a transparent investment platform.

In order to provide its shareholders a sustainable return in the long run, EGCYO is interested in investment opportunities on every phase in the value chain of agriculture and agricultural products.

## BATI AGRICULTURE

**“ Our endeavors continue for consolidating uncultivated land and bringing them in the agricultural economy ”**

The scope of Batı Tarımsal Yatırımlar A.Ş. ("Batı Agriculture"), which operates in Denizli is consolidating cultivable land and ovine breeding. Batı Agriculture, which continues its operations for consolidating agricultural land, reached approximately 1,200 decares within the scope of the cultivable land development project by the end of 2012.

Continuing to cultivate wheat and barley in 2012 alongside its operations for consolidating agricultural land, Batı Agriculture completed the required permits from public authorities for establishing an ovine farm.

Conducting infrastructure investments on uncultivated lands purchased for consolidation, Batı Agriculture efficiently brings the right technology to the region and brings these lands in the economy by designating the vegetation convenient for the region. In this context, the required infrastructure investments for the purchased lands were made in line with the data obtained from the researches made in 2012 in the consolidated region and 2013 season plantings in line with the regional product range were made.

It is planned that the operations of Batı Agriculture shall comprise sheep breeding. Because the ecological structure of the region is suitable for sheep breeding, firstly designing the sheep farm was commenced in line with the regional conditions and the required permits from public authorities for establishing an ovine farm were obtained in 2012. In this context, it is planned that the foundation of the ovine breeding project be laid in 2013.

It is expected that the investments made in the amount of TL 1.5 million for land purchase, infrastructure investments and project works as of December 31st 2012 shall reach TL 3 million together with the investment for the model ovine farm.



INVESTMENT  
FIELDS

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## DOĞA AGRICULTURE

**“ Doğa Agriculture is among the 12\* EC approved milk farms in Turkey ”**

Doğa Tarım Hayvancılık Gıda Pazarlama Sanayi Ticaret Limited Şirketi (“**Doğa Agriculture**”) was founded with a TL 500,000 capital in Baklan- Denizli on 21 September 2010. Doğa Agriculture continues its operations for milk production with its plants installed on a land of 105 decares.

Doğa Agriculture joined Egeli & Co. Financial Services Group when 90.05% of its shares were taken over by EGCYO in June 2012. Having a license for comprising 600 milch animals, Doğa Agriculture is among the 12\* European Community approved milk farms in Turkey holding a Certificate for Plants Free From Infections and Environmental Impact Assessment (EIA) Report.

The infrastructure of the farm which started business with 220 Holstein breed pregnant heifers imported from USA in June 2011, was completed in 2012 and the building permits were obtained. As of the end of 2012 there are 517 animals in the farm in total, 202 of which are milch.

It is planned that in 2013 two more barns shall be built and new milch animals shall be purchased for the farm. The milch animal capacity of the farm is planned to be increased to 590 animals after the investment.

\* Even though there are 14 milk farms on the list dated 1 March 2012 on the official website of TR Ministry of Food, Agriculture and Livestock, Food Control Directorate ([www.gkgm.gov.tr](http://www.gkgm.gov.tr)), it is widely known in the industry that two of these farms later ended their operations.

## TOLINA AGRICULTURE

**“ Organic milk production investments ”**

In October 2012 EGCYO took over 43.57% of the shares of Tolina Tarım Hayvancılık Gıda San. ve Tic. Ltd. Şti. (“Tolina Agriculture”), which shall operate on milk production. It was founded in Bayındır township of Izmir with a capacity of 200 milch animals by Hacaloğlu Tarım Hayvancılık ve Turizm Yatırımları San. Tic. Ltd. Şti. which stopped its operations between 2007 and 2011.

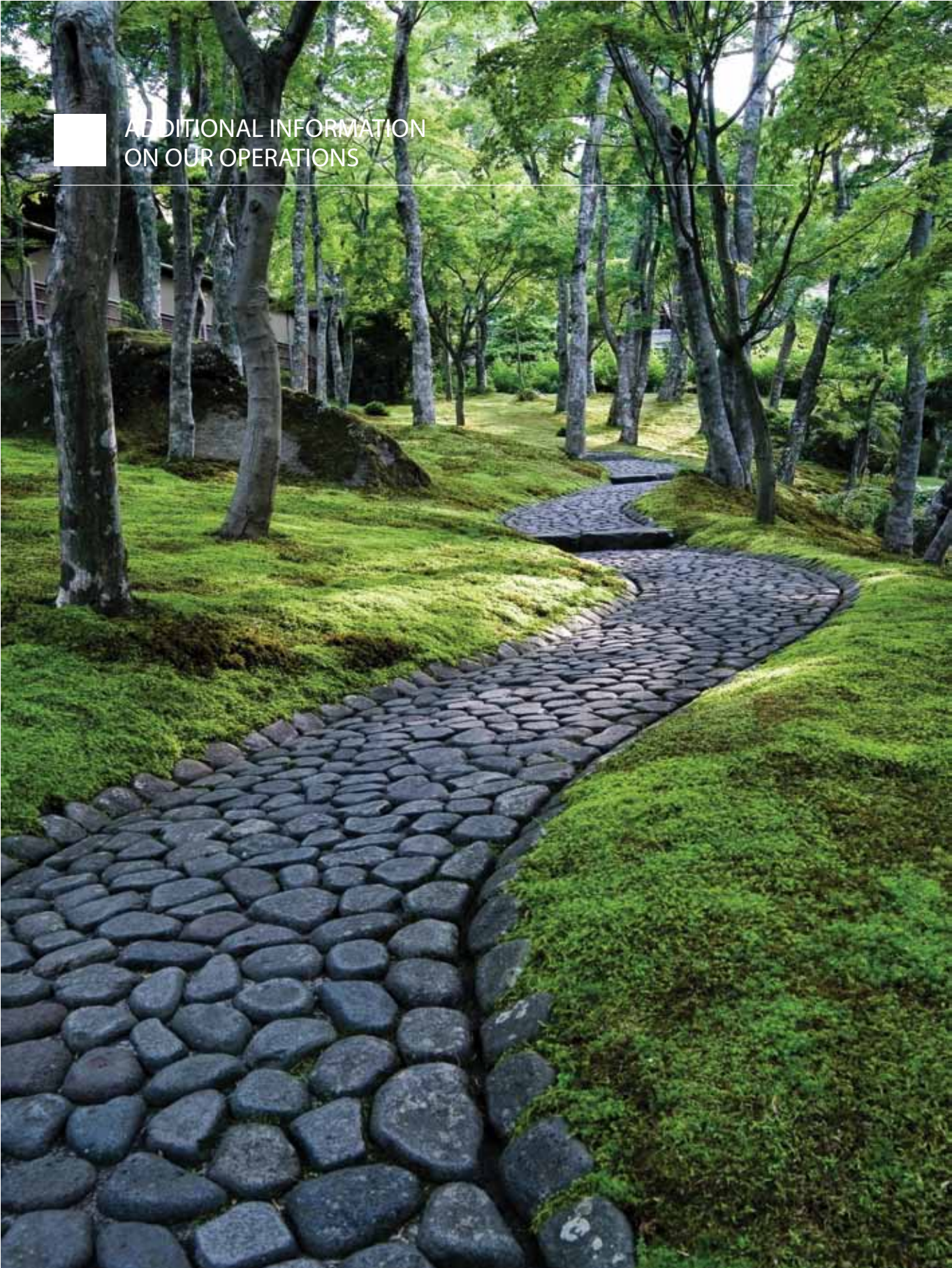
After becoming shareholder of Tolina Agriculture, the modernization works for the reoperation of the establishment were completed and the required 200 pregnant heifers were imported. Additionally, the required forage stockpiling for 2013 was completed.

Due to change of legal form for the Company, its title was changed as “Tolina Tarım Hayvancılık ve Gıda Ürünleri Tic. ve San. A.Ş.” as of 18 January 2013.



ADDITIONAL INFORMATION  
ON OUR OPERATIONS

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#### **Treasury shares owned by Company**

As of 31 December 2012 there are no self-owned shares of the Company.

#### **Private and public inspections conducted within the reporting period**

The Company was not subject to any private or public inspections in 2012.

#### **Administrative or law enforcement imposed on the Company or members of the management body due to practices contrary to provisions of the legislation**

There was no administrative or law enforcement imposed on the company or members of the management organ due to practices contrary to provisions of the legislation within the accounting period.

#### **Whether the targets specified in the past periods were achieved or not, the resolutions of the Shareholders' Assembly were accomplished or not, and if the resolutions were not accomplished; the reasons**

The Company achieved the specified targets in 2012.

#### **If the company is part of a corporate group; legal transactions performed with the parent company, a subsidiary of the parent company, on behalf of the parent company or a subsidiary of the parent company with the instruction of the parent company and any other measures taken or avoided taking on behalf of the parent company or a subsidiary of the parent company**

The details of the relevant legal transactions are specified in the Annual Dependency Report to be submitted to Shareholders' Assembly.

There were no such measures taken or avoided taking within 2012.

#### **If the company is part of a corporate group; according to the terms and conditions known to them at the time a legal transaction mentioned in clause (6) was performed or a measure was taken or avoided taking, whether in every legal transaction an appropriate substituted performance was provided or not and whether the measure taken or avoided taking caused any damage to the company or not; if the company experienced any damage whether this was compensated or not**

According to the terms and conditions known by Board of Directors at the time of the legal transaction, on every legal transaction the Company provided an appropriate substituted performance.

There were no measures taken or avoided taking in a manner causing any damage to the Company.

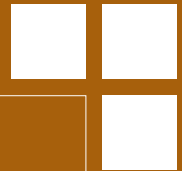
#### **Vakıfbank Loan**

EGCYH drew up a loan agreement up to an amount of TL 50 million with Türkiye Vakıflar Bankası T.A.O on June 26th 2012 in order to meet the cash requirements in its investment operations. The warranty for the loan in question was provided by EGCYH, its controlling shareholder Egeli & Co. Financial Investments and its indirect controlling shareholder Tan Egeli. A TL 21,750,000 portion of the loan in question was lend to Egeli & Co. Financial Investments with the same interest rate.





### 3. CORPORATE GOVERNANCE



## BOARD OF DIRECTORS

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**Tan EGELI**  
CHAIRMAN OF THE BOARD

Having graduated from Delaware University Department of Business Administration in 1992, Tan Egeli got his master's degree (MSIA) from Carnegie Mellon University, Tepper Business School.

After starting his career in 1994 at Citibank, Egeli served as a senior executive at establishments of Citicorp Securities, İnter Yatırım Securities and BSI Bayındır Securities in that order between 1996 and 2001 especially as responsible for international capital markets and asset management. After leaving BSI Bayındır Securities where he served as a Board of Directors Member and General Manager between 1998 and 2001, he lay the foundations for Egeli & Co. Financial Services Group by founding Egeli Consulting in 2002.

In result of the partnership he established in 2007 with British Ashmore Group which is known for its investments in developing markets, in 2008 Egeli founded Ashmore Asset Management, the first asset management company operating in Turkey with independent foreign capital. Until 2009 he served as CEO at Ashmore Turkey and Chairman of the Board at the subsidiaries of the Company.

While serving as General Manager at Egeli & Co. Asset Management, Tan Egeli also serves at Egeli & Co. Group companies Egeli & Co. Agriculture Investment Trust, Egeli & Co. Investment Trust, Egeli & Co. Corporate Support Services, Egeli & Co. Financial Investments, Batı Agriculture, EGC Energy and Simya Agriculture Investments as Chairman of the Board and as Board of Directors Member at İstanbul Erkek Lycee Foundation. Tan Egeli speaks German and English and holds Capital Markets Board Advanced Level and Derivatives Licenses.



**Murat ÇILINGİR**  
BOARD MEMBER

After graduating from Istanbul Technical University Department of Electrical Engineering, Murat Çilingir completed his master degree of Business Administration Program at Istanbul University.

Starting his career at Makintaş İnşaat ve Ticaret A.Ş in 1996, Çilingir served as an associate manager at Foreign Affairs Department till 2003. Joining Egeli & Co. Group during its founding and entering the finance industry, Murat Çilingir has served as an investment advisor, portfolio manager and senior executive manager within the Group since 2003. While serving as General Manager at Egeli & Co. Agriculture Investment Trust since 2011, Çilingir also serves as Board of Directors Vice-chairman at Egeli & Co. Asset Management, Board of Directors Member at Egeli & Co. Investment Trust and Egeli & Co. Financial Investments. Additionally, he also serves as a Board of Directors Member at subsidiaries of Egeli & Co. Group; Batı Agriculture, EGC Energy, Karesi Jeotermal and Simya Agriculture Investments. Çilingir speaks German and English and holds Capital Markets Board Advanced Level License.

## YÖNETİM KURULU

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**Zeynep AYGÜL**  
BOARD MEMBER

Zeynep Aygül graduated from Anadolu University, Faculty of Economics in 2009. Starting her career as an analyst at Bayındır Securities in 1997, Aygül served in accounting and operations of investment funds between 1999 and 2001. Between 2002 and 2005 she worked as operations officer at Global Securities. After serving at Oyak Retirement in 2005 on accounting and operation transactions of individual pension investment funds, Aygül joined Egeli & Co. Group in the same year. While currently serving as Finance and Accounting Director at Egeli & Co. Agriculture Investment Trust, Zeynep Aygül also serves as Board of Directors Member at Egeli & Co. Investment Holding. She holds Capital Markets Board Exchange Operations License.



**Dr. Burak KOÇER**  
BOARD MEMBER

After graduating from Istanbul University Faculty of Business Administration in 1998, Burak Koçer completed his master's degree at Ball State University Miller College of Business. He got his doctor's degree at Istanbul University Institute of Social Sciences in 2005 with his thesis on Board of Directors of companies traded at Istanbul Stock Exchange. He worked as a research assistant at Istanbul University between 1998 and 2001, and at Istanbul Bilgi University between 2001 and 2004.

Between 2004 and 2007 he served as Training and Publishing Director and Associate Coordinator at Corporate Governance Association of Turkey (TKYD). Between 2007 and 2009 he served as Business Development Manager and Finance Manager at Hergüner Bilgen Özeke Attorneyship Partnership. After serving at financial investment consulting company P-Solve Investments Ltd. as Corporate Governance and Reporting Director in 2009, he joined Egeli & Co. Financial Services Group in 2011. Currently he serves as General Manager at Egeli & Co. Corporate Support Services. Additionally, he serves as Board of Directors Member at Egeli & Co. Investment Holding and Egeli & Co. Agriculture Investment Trust and as Independent Board of Directors Member at Bosch Brake Systems and Federal Mogul Izmit Piston Production.

Koçer, who holds Capital Markets Board Advanced Level and Corporate Governance Rating Specialist Licenses, speaks German, English and medium level Greek.



**Mehmet Ali GÜNEYSU**  
INDEPENDENT BOARD MEMBER

After graduating from Boğaziçi University Department of Industrial Engineering in 1987, Mehmet Ali Güneysu completed his MBA at New York University Stern School of Business in 1992.

He served as an analyst at Interbank between 1987 and 1989 and at Türk Merchant Bank (currently Deutsche Bank) between 1989 and 1990. After serving at Booz Allen & Hamilton as an intern consultant in India in 1991, he served as a customer representative at TC Ziraat Bankası between 1992 and 1993, as an Associate Manager at Finansbank between 1993 and 1994, as an Associate Manager at Indosuez Eurotürk Merchant Bank between 1994 and 1995 and as a Department Manager and Group Manager at Koçbank between 1995 and 2006. After serving at Reform Consulting Services as a Senior Consultant between 2006 and 2011, Mehmet Ali Güneysu is currently serving as General Manager at Istanbul Erkek Liseliler Foundation since 2011.

At the same time he is serving as Independent Board Member at Egeli & Co. Agriculture Investment Trust and Bosch Brake Systems as well as Board Member at Sarı Siyah Education Services where Istanbul Erkek Liseliler Foundation is the controlling partner. Güneysu speaks German and English and holds Capital Markets Board Advanced Level, Credit Rating and Corporate Governance Rating Licenses.





**M.N. Tansel SARAÇ**  
INDEPENDENT BOARD MEMBER

A independent consultant on Capital Markets, Tansel Saraç serves as an Independent Board Member at Egeli & Co. Investment Holding, Flap Kongre Toplantı Hizmetleri Otom. Turizm A.Ş. and Beyaz Filo Oto Kiralama A.Ş.. Tansel Saraç started his career in 1997 at the Capital Markets Board (CMB) and after working for 7,5 years at the Department of Market Oversight, between 2004 and 2009 he worked as Capital Markets Director at Akfen Holding and General Manager at Akfen Real Estate Investments. During the same period he served as a Board of Directors Member at Akfen Real Estate Trust, member of the Audit Committee at TAV Airports Holding, member of the Audit Committee at Mersin International Port Operation and member of the Audit Committee at TÜVTürk. Tansel Saraç graduated from Ankara University Faculty of Political Sciences in 1997. During his career he specialized on public offering studies, real estate investment partnerships and agricultural investments. Tansel Saraç, who owns CMB Advanced License and Independent Auditor License, speaks English.



AMENDMENTS TO THE  
ARTICLES OF ASSOCIATION

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In accordance with the permit by Capital Markets Board dated 25.04.2012 with number B.02.6.C MB.0,13,00.110.03.02-1182-4666 and the permit by Ministry of Science, Industry and Technology Directorate of Domestic Trade with number B.21.0.ITG.0.0.00.01-431.02-57096-391670-3093-3130, it was unanimously resolved by the present preferred shareholders for the amendment of Articles 3, 7, 8, 11, 12, 15 and 18 in the Articles of Association as follows and the approval of the resolutions taken in this regard in the Ordinary Shareholders' Assembly Meeting dated May 2nd 2012.

### **Objectives and Scope**

#### **Article 3**

The objectives of the Company are, in financial matters other than tax, with the condition of not comprising investment consulting specified in Capital Markets legislation in regard to especially the layout of domestic and foreign financial markets, provide consulting for matters like technics, planning, programing, budgeting, project designing, financial and organization, company values, law, provide investments and researches for commercial, industrial and financial matters, invest its assets on stocks issued or to be issued by stock corporations with an ability or potential for profitability and other securities, cash, precious metals and commodities, participate in the capital and management of companies founded or to be founded and enhance the safety of the investments against economical fluctuations by combining the investment, financing, organization and management issues of the same under a single roof and thus ensure development and sustainability of these companies in a sound way in accordance with the requirements of the national economy, invest on and operate any kind of movables and immovables in and out of Turkey, provide commercial, industrial and financial investment initiatives in line with these objectives.

In order to materialize the objectives, the scope of the Company is as follows:

1. The Company may found companies operating on industrial, commercial, agricultural, food, financial, real estate, construction, commitment, petroleum, petroleum products, telecommunications and any kind of transportation, automotive, mining or tourism industries as well as banks, financial institutions, brokerages, companies operating on insurance, factoring and financial leasing and other fields. It may participate in founded companies in the capacity of a partner or shareholder and undertake the management of the same. It may invest capital in kind or cash in companies it has founded with these objectives or domestic or foreign companies it deems appropriate for investment.

2. The Company may sell forward or at call, assign, exchange with other shares or share certificates, put in pledge any shares or share certificates it holds, hold in pledge shares or share certificates of other partners, acquire, hold in pledge its own shares in accordance with Turkish Commercial Code and Capital Markets legislation, with the condition of not providing brokerage or securities portfolio management operations.

3. The Company may make preliminary studies in regard to investments within the scope of stock corporations in the capital or management of which it has or has not participated as well as capacity enhancing, quality enhancing or cost reducing expansion or renovation investments. It may make capital investment in the same with the aforementioned methods by reviewing the feasibility and financing balances of the same, if it has the financial possibility.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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4. The Company may make or have made studies or reviews on new investment opportunities for the country or the Company by researching the same personally. It may materialize any investment opportunities it shall deem appropriate directly or through companies it shall found with other capital or public participation as required.

5. Regarding matters as the Company granting guarantees, pledges, warranties or establishing right of lien including mortgage, rights in kind or restricted real rights or in transactions generating receivables or liabilities principles specified in accordance with Capital Markets legislation shall be complied.

6. The Company may take loans warranted or unwarranted with short, medium or long term from banks, foreign loaning establishments or companies for the requirements of itself, companies it has participated in the capital or management thereof and subsidiaries and affiliates of the same, provide warranted or unwarranted financial aid to the same with the condition of being exclusive and not brokering.

7. The Company may grant warranties or guarantees for the loans taken by companies it has participated in the capital thereof from banks or other loaning establishments, debts of the same due to bonds to be issued by or purchases of the same with the condition that the disclosures required by Capital Markets Board within the scope of Special Cases ensuring informing of investors shall be made and the arrangements of Capital Markets Board in regard to warranties, liens and mortgages shall be complied. It may hold counter guarantees such as personal warranties, liens, mortgages in return for the same, collect from companies a provision consistent with market conditions for the warranties or guarantees it shall grant.

8. It may incur warranted or unwarranted debts, grant loans, provide settlement, arbitration, waiver, acknowledgement, discharge on behalf of the Company or its subsidiaries.

9. The Company may make any kind of disposals over any cash, securities, precious metals or commodities in and out of country.

10. The Company may purchase or sell with or without coupon any kind of bonds with a premium, money, rights for early payment or subscription rights, exchangeable with participation stocks issued by public or private establishments or companies participated therein with the condition of not brokering, it may issue any kind of bonds in accordance with the legislation.

11. The Company may organize the commitment transactions of share certificate and bond issuances by companies it has or has not participated in the capital and management thereof due to the capital structure, it may guarantee the results of the same to issuing companies or purchasers with the condition of not being within the scope of Capital Markets operations. It may grant guarantees for minimum dividend, repurchase, exchange with other share certificates or purchase under certain conditions in regard to share certificates. It may provide counter guarantees for bonds issued with bank warranties or provide transactions facilitating or protecting the value of share or bond sales with the condition of not violating the last Clause of Capital Markets Law Article 15 and Special Case Disclosure being made in accordance with Capital Markets legislation.

12. The Company may provide advisory services on taxes or other organizational matters to companies it has participated in the capital and management thereof. It may execute the common services for these companies such as accounting, collection, personnel, training, from a single center in order to provide the same more economically under a single roof and provide help for the same.

13. The Company may operate as arranging the business organizations of other companies, making the annual budgets, annual reports, long term plans and programs of these companies by supervising or having supervised these companies within the scope of mutual agreements, providing help for the solution of financial, administrative, commercial and technical problems of the businesses.

14. The Company may purchase or rent out of Company know-how, technical knowledge, brands and proprietary rights, sell the same to other establishments or make agreements with other companies in regard to the same and assign these agreements together with all financial results to third parties.

15. The Company may provide any kind of data processing machines and office services to companies participated therein or other companies, rent out such machines with the condition of not violating the last Clause of Capital Markets Law Article 15.

16. The Company may acquire, rent, sell, put in pledge, hold in pledge, make any kind of legal disposals over transportation vehicles with the condition of fulfilling the responsibilities for public disclosure in Capital Markets legislation.

17. In order to materialize its objectives and scope and/or profitability and potential, the Company may purchase in and out of country buildings, plots, lands or any other immovables divided or not divided into shares, have houses, offices constructed on flat for land basis, purchase, sell, rent partially or wholly, rent out, market, barter, constructed houses or offices, provide, assign and release legal, financial or commercial transactions, local zoning projects, construction of other projects, usufruct, tenancy, residence, type classification, construction servitude, condominium, allotment, amalgamation for parcelling and selling the same to real persons or legal entities, provide in and out of country consulting and counselling services for these matters, operate or have operated the assets it holds or shall hold, provide or have provided restoration of historical buildings, regional or metropolitan planning, zoning plans, preparing internal layout of shopping areas, provide establishment and organization services, marketing and operation, renting or renting out for shopping centers, offices, houses, business centers, commercial warehouses, commercial parks and similar places, provide analysis and integration works for these processes, execute marketing and renting policies with the condition of fulfilling the responsibilities for public disclosure in Capital Markets legislation.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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18. It may establish any kind of mortgages under any conditions it may wish over immovables both on behalf and against the Company or third parties with the condition of fulfilling the responsibilities for public disclosure in Capital Markets legislation. The Company may establish mortgages or chattel mortgages for its own or third parties' debts and grant warranties to third parties. It may partially or wholly release, cancel, amend or renew mortgages established on behalf of the Company. Besides, it may establish or release any kind of rights and liabilities over immovables on behalf and against the Company. The Company may establish or release construction servitude or condominium over immovables. It may make sales commitments or acknowledge sales commitments made on behalf of the Company. It may draw up sales commitment contracts at the notaries, amend, renew or terminate sales commitment contracts drawn up on behalf or against the Company. It may put or release annotations on title deeds for sales commitment contracts. It may have amalgamation and allotment transactions made over immovables.

19. The Company may found or participate in founded foundations with social purposes in a manner that shall not hinder its objectives and scope with a resolution taken by Shareholders' Assembly without prejudice to Capital Markets Law and the provisions of the relevant legislation in regard to profit distribution.

20. The Company may benefit from enforcements, mortgages, chattel mortgages, pledges of commercial enterprise and warranties, take any kind of warranties in kind and personal, provide cancellation and registration transactions at the Deed Office in regard to the same, for collection and procurement of its rights or receivables arising from any kind of disposals in regard to its objectives and scope.

21. The Company may provide the aforementioned works also abroad as permitted by the laws, provide collaboration with domestic or foreign companies in and out of country, found companies together with the same. It may draw up agreements based on sharing the financial responsibilities. It may provide endeavors for procuring foreign capital so long as it is beneficial for national interests and the country.

22. The Company may enter any businesses other than the aforementioned that it may consider beneficial and in line with its objectives with a resolution taken by Shareholders' Assembly upon a proposal by Board of Directors. The required permits from Ministry of Industry and Trade, Capital Markets Board and other competent authorities must be obtained for any amendments to the objectives and scope of the Company.

23. The Company shall materialize all aforementioned operations and functions as permitted by Turkish laws and relevant legislation, primarily provisions of Turkish Commercial Code and Capital Markets Law. Regarding any cases subject to permit, the required permits shall be obtained beforehand and the laws shall be complied.

During the materialization of the operations in question, provisions of Capital Markets Law in regard to transfer of hidden income and arrangements of Capital Markets Board including the compulsory Corporate Governance Principles. Any transactions not complying with the compulsory principles shall be deemed against the Articles of Association and invalid.

## **Participation Bond and Promissory Note Issuances**

### **Article 7**

The Company may issue any kind of bonds, participation bonds, other promissory notes in the country and with the condition of obtaining the required permits, out of country without prejudice to the provisions of Capital Markets Law and relevant legislation.

Board of Directors of the Company is authorized for issuing bonds and other promissory notes in accordance with Capital Markets legislation.

## **Board of Directors**

### **Article 8**

The Company shall be managed and represented by Board of Directors.

Board of Directors shall comprise at least 5 and at most 12 members the majority of which shall be nonexecutive and all the Board of Directors Members shall be elected by Shareholders' Assembly from among candidates nominated by Group A shareholders.

The number and qualifications of the independent members to serve on Board of Directors shall be determined in line with Corporate Governance Principles which are deemed compulsory by Capital Markets Board.

Instead of a Board of Directors Member on duty who has lost his/her independence, a new Board of Directors Member shall be elected as to be submitted for the approval of Shareholders' Assembly.

Board of Directors shall elect a Chairman and Vice-chairman from among themselves in the first meeting.

Remuneration for Board of Directors Members shall be resolved by Shareholders' Assembly. Regarding authorizations, duties and responsibilities of Board of Directors Members, provisions of Turkish Commercial Code apply. Payment plans based on the performance of the Company shall not be used for remuneration of Independent Board of Directors Members.

## **Board of Directors Meetings**

### **Article 11**

Board of Directors shall meet as required by the works of the Company. In the meetings every member has a right for one vote.

The agenda of Board of Directors shall be determined by Chairman of the Board.

In extraordinary conditions if the Chairman does not call Board of Directors for a meeting, the members shall be authorized to make a call ex officio.



## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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Venue shall be the headquarters of the Company. However, Board of Directors may also meet at any other place deemed convenient.

Quorum for Board of Directors is the majority of the number of total members and decision quorum is the majority of participating members.

In significant transactions in regard to application of Corporate Governance Principles and any related party transactions of the Company and transactions regarding granting a collateral, lien or mortgage on behalf of third parties, Corporate Governance Principles deemed compulsory by Capital Markets Board shall be complied. Any Board of Directors resolutions not complying with these principles are invalid.

In Board of Directors votes shall be cast as “accept” or “decline”. Any members casting a vote of decline shall write down the reasons for decline below the resolution and sign.

Any members not attending the meeting shall not cast a written vote or a vote by means of a deputy.

For sound fulfillment of the duties and responsibilities of Board of Directors, certain Committees shall be formed within Board of Directors. While forming the Committees Capital Markets legislation shall be complied.

### **General Manager and Managers**

#### **Article 12**

Board of Directors may appoint a General Manager or managers for execution of the works of the Company in accordance with Turkish Commercial Code Article 342. General Manager or managers shall not take office in the Committees formed by Board of Directors.

### **Venue, Quorum and Decision Quorum**

#### **Article 15**

Shareholders’ Assemblies shall meet in the same province where the headquarters of the Company is located, in any convenient place deemed appropriate by Board of Directors. Regarding quorum and decision quorum in Shareholders’ Assembly meetings, provisions of Turkish Commercial Code apply. However, in accordance with Capital Markets Law Article 11, in Shareholders’ Assembly meetings held for any matters specified in the second and third Clauses of Turkish Commercial Code Article 388, quorum specified in Turkish Commercial Code Article 372 applies instead of the quorum specified in Turkish Commercial Code Article 388.



In significant transactions in terms of application of Corporate Governance Principles and any related party transactions of the Company and transactions regarding granting collateral, lien and mortgage on behalf of third parties, Corporate Governance Principles deemed compulsory by Capital Markets Board shall be complied.

In the elections for Board of Directors Members, Shareholders' Assembly shall vote for the candidates nominated by Group A shareholders and the candidates receiving the highest number of votes shall be elected as Board of Directors Members.

If any resolution taken by Shareholders' Assembly for amendment to the Articles of Association violates the rights of Group A shareholders, that resolution shall not be executed unless approved by Group A shareholders with another resolution taken in a special meeting held in accordance with Turkish Commercial Code.

In Shareholders' Assembly meetings votes shall be cast by raising hands and also showing the documents specifying appointment of the deputies. However, upon request by shareholders holding one tenth of the capital presently represented, votes should be cast secretly.

### **Announcements**

#### **Article 18**

Announcements regarding the Company shall be published in two newspapers, in the province where the headquarters of the Company is located, at least fifteen days in advance excluding the date of announcement, without prejudice to Article 37 Clause 4. of Turkish Commercial Code. However, announcements for Shareholders' Assembly meetings shall be made in addition to the methods specified by the legislation, at least 3 weeks prior to the date of Shareholders' Assembly meeting with all kinds of communication methods including electronic communication in order to ensure that as many shareholders as possible are reached.

For any announcements regarding capital decrease and liquidation, Turkish Commercial Code Articles 397 and 438 apply.

Capital Markets Law, relevant legislation and the obligations for announcement and providing information arising from Turkish Commercial Code are reserved.



## RISK MANAGEMENT

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With the effective risk management,EGCYH aims to reach its corporate targets and minimize threats Risk Management operations within the Company are conducted under supervision by Corporate Governance Committee. Objective assessment is the primary condition for successful Risk Management. Reports are submitted to Board of Directors according to the risk factors they carry after the assessments. The objective here is to hinder the materialization of the risks or manage the crises that may be occurred. Risk Management operations are handled under two main headers as Operational and Financial Risk Management.

### **Operational Risk Management**

It is not possible to eliminate operational risk completely. At EGCYH risks are minimized by the consistent and multi-layered Risk Management approach applied. Taking the operational risks under control is only possible by Risk Management becoming a corporate culture adopted by all employees. Therefore, minimizing the risk is the operational duty of every employee employed at EGCYH.

### **Financial Risk Management**

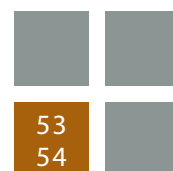
EGCYH is subject to various financial risks arising from its operations including effects of changes in the currency and interest rates in Debt and Capital Markets. The Bulk Risk Management Program of EGCYH focuses on the unpredictability of financial markets and aims to minimize the potential adverse effects on the financial performance of EGCYH.

### **Credit Risk**

There are no financial assets of EGCYH, that were come under the credit risk, were subject to to impairment. Additionally, the Company does not comprise any elements containing Off-Balance Sheet Credit Risk and any assets overdue but not subject to impairment.

### **Liquidity Risk**

Uncertainty in the markets or occurrence of events as a result of decrease in funding resources such as decrease in credit ratings can give rise to Liquidity Risk. The management of EGCYH manages Liquidity Risk by keeping enough cash and similar resources ready in order to fulfill its current and potential responsibilities by distributing the funding resources. EGCYH does not have any derivative financial assets or liabilities.



**Interest Rate Risk**

EGCYH is subject to Interest Rate Risk arising from its assets and liabilities comprising interest. EGCYH manages this risk by balancing the remaining term of its interest sensitive assets and liabilities until repricing. EGCYH does not have any interest sensitive financial liabilities.

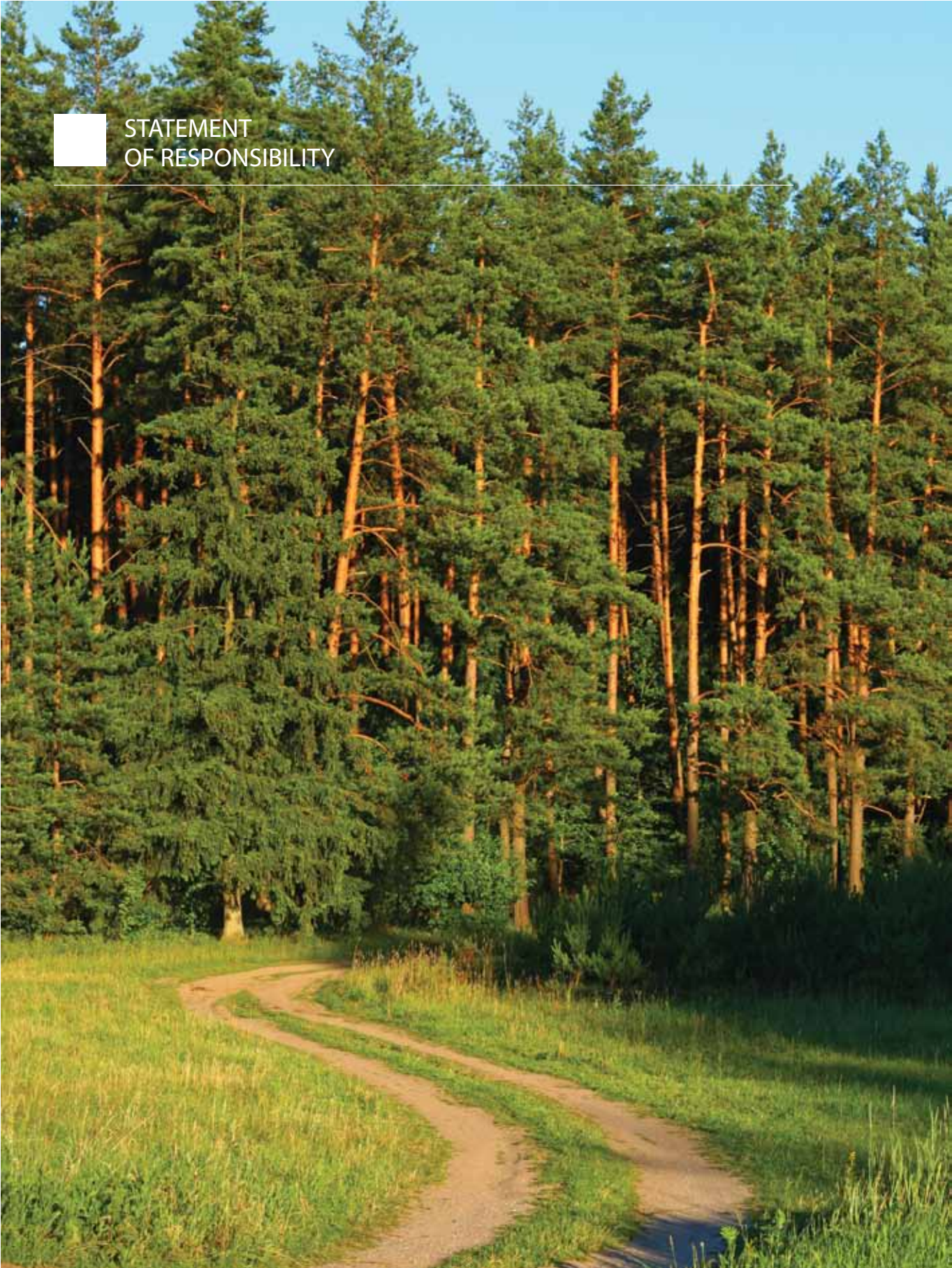
**Foreign Currency Risk**

Foreign Currency Risk is the effects arising from currency rate movements in case of having assets, liabilities and Off-Balance Sheet liabilities in any foreign currency. EGCYH is not subject to Foreign Currency Risk as of December 31st 2012.



# STATEMENT OF RESPONSIBILITY

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FİNANSAL TABLO VE FAALİYET RAPORUNUN KABULÜNE İLİŞKİN YÖNETİM KURULUNUN

KARAR TARİHİ: 18.03.2013

KARAR SAYISI: 98

SERMAYE PİYASASI KURULU'NUN SERİ: XI, NO:29 SAYILI TEBLİĞİNİN ÜÇÜNCÜ BÖLÜMÜNÜN 9. MADDESİ GEREĞİNCE SORUMLULUK BEYANI

Şirketimiz Yönetim Kurulu tarafından onaylanan, Sermaye Piyasası Kurulu'nun (SPK) Seri: XI, No: 29 Sermaye Piyasasında Finansal Raporlamaya İlişkin Esaslar Tebliği ve SPK'nın 17.04.2008 tarihinde yayımladığı 11/467 sayılı kararı uyarınca Uluslararası Finansal Raporlama Standartları (UMS/UFRS) çerçevesinde ve SPK tarafından düzenlenen formatlara, Gümrük ve Ticaret Bakanlığı'nın 28 Ağustos 2012 tarih ve 28395 sayılı Şirketlerin Yıllık Faaliyet Raporunun Asgari İçeriğinin Belirlenmesi Hakkında Yönetmeliği'ne uygun olarak hazırlanan 01 Ocak - 31 Aralık 2012 dönemine ait bağımsız denetimden geçmiş konsolide mali tablolarımız ve yönetim kurulu faaliyet raporumuz ektedir.

a) Konsolide mali tabloların ve yönetim kurulu faaliyet raporunun tarafımızca incelendiğini,

b) Şirketteki görev ve sorumluluk alanımızda sahip olduğumuz bilgiler çerçevesinde, konsolide mali tablolar ve yönetim kurulu faaliyet raporunun önemli konularda gerçeğe aykırı bir açıklama ya da açıklamanın yapıldığı tarih itibarı ile yanıltıcı olması sonucunu doğurabilecek herhangi bir eksiklik içermediğini,

c) Şirketteki görev ve sorumluluk alanımızda sahip olduğumuz bilgiler çerçevesinde, yürürlükteki finansal raporlama standartlarına göre hazırlanmış konsolide mali tabloların, Şirketimizin aktifleri, pasifleri, finansal durumu ve kar/zararını dürüst bir biçimde yansıttığını, yönetim kurulu faaliyet raporunun işin gelişimi ve performansı dahil olmak üzere işletmenin finansal durumunu, karşı karşıya olduğu önemli riskler ve belirsizliklerle birlikte, dürüst bir biçimde yansıttığını,

kamuya beyan ederiz.

Saygılarımızla,

**Tan EGELİ**  
Yönetim Krl. Bşk.

**Ersoy ÇOBAN**  
Genel Müdür



## 1. Compliance to Corporate Governance Principles Declaration

EGCYH carries out its operations in line with the four primary pillars of corporate governance, which are fairness, accountability, responsibility and transparency and complies with the compulsory provisions of Communiqué Serial: IV, No:56 on Specification and Application of Corporate Governance Principles (“**Corporate Governance Communiqué**”) of the Capital Markets Board (“CMB”) and puts forth effort to comply with the discretionary provisions to a large extent.

EGCYH's compliance to the corporate governance principles is disclosed to the public with the Compliance to Corporate Governance Principles Declaration prepared as a part of the annual report. The Company was included in Istanbul Stock Exchange Corporate Governance Index on 2 December 2011. As a result of the revision completed by SAHA Corporate Governance and Credit Rating Services Inc., on 30 November 2012, Corporate Governance rating of the Company was specified as 8.60 on a scale of 10.

The scores received by EGCYH under four main sections in the scope of the rating are as follows:

<b>Main Sections</b>	<b>Weight</b>	<b>Score</b>
Shareholders	25%	80.88
Public Disclosure and Transparency	35%	88.46
Stakeholders	15%	90.47
Board of Directors	25%	85.14
<b>Total</b>	<b>100%</b>	<b>86.04</b>

The complete Corporate Governance Rating Report issued by Saha Rating can be found at the Company website [www.egcyh.com](http://www.egcyh.com).

Apart from the following matters also specified in the rating report, EGCYH carries out its operations in line with Corporate Governance Principles:

- The practice of cumulative vote is not contained in the Articles of Association
- No arrangement for a personal right granting allowing minority shareholders to request a special auditor appointment is contained in the Articles of Association
- Privilege for nominating candidates for Board of Directors are specified as the primary areas, which require improvement.

## SECTION I - SHAREHOLDERS

### 2. Investor Relations

EGCYH has established an Investor Relations Unit reporting to the Corporate Governance Committee. Investor Relations contact information is indicated below:

#### Çağrı Ünveren

Investor Relations Manager

Tel: +90 212 343 0626 Fax: +90 212 343 0627

E-mail: [yatirimci@egelico.com](mailto:yatirimci@egelico.com)

Investor Relations carries out the responsibilities of,

- Providing coordination within the Company for matters regarding shareholders
- Informing current and potential investors and all stakeholders about the operations of the Company regularly, efficiently, correctly and completely
- Providing General Shareholders' Meeting be held in accordance with the regulations, Articles of Association and internal policies of the Company and keeping records and issuing reports in the aftermath of General Shareholders' Meeting
- Fulfilling the responsibility of public disclosure in accordance with the relevant regulations and Disclosure Policy of the Company and
- Coordinating the communication with regulatory bodies.

Primary activities carried out by Investor Relations within the reported period are as follows:

- 6 requests for information were received from our shareholders on the phone within the reporting period. All questions received from investors were replied in accordance with legal arrangements and the Disclosure Policy of the Company, and all information requests, excluding those which are confidential or a business secret were responded in line with the principle of equality.
- General shareholders' meeting was provided to be held in accordance with the regulations, Articles of Association and internal arrangements.
- Before General shareholders' meeting, an Information Document was prepared for shareholders.
- The records of the voting results were kept. None of the shareholders requested these records.
- Responsibilities regarding Public Disclosure were fulfilled in accordance with the regulations and the required disclosures were provided to be made on the Public Disclosure Platform completely, directly, lucidly, comprising sufficient information and free from deceptive expressions.

The Company met both in the country and abroad with shareholders and potential investors in numerous meetings and conferences in 2012. Intending to make itself known in the international capital markets, in 2012 EGCYH attended the EMPEA Private Equity in Emerging Markets conference in London and Das Eigenkapital Forum conference in Frankfurt in order to provide information on the Company. Our Company had a chance to introduce itself and its asset management companies to potential investors in the Gulf Region by attending Global Ag Investing in Abu Dhabi in February 2013.

### **3. Exercise of the Right to Receive Information by the Shareholders**

In accordance with the relevant regulation and Disclosure Policy of the Company, all investors must be equally informed. In any information shared with investors, any information not previously disclosed to the public is not included.

On the Company website no information or disclosure is contained that might affect exercise of shareholders' rights. Disclosures regarding dematerialization of the shares, attendance to General shareholders' meeting and possible share repurchase program were contained on the Company website in 2012. Besides this, all disclosures made on Public Disclosure Platform were also announced on the Company website [www.egcyh.com](http://www.egcyh.com).



No arrangement for a personal right allowing minority shareholders to request a private auditor appointment is contained in the Articles of Association of the Company. No such requests were made within the reported period.

#### **4. Shareholders' Assembly Meetings**

The call for the Ordinary General Shareholders' Meeting held on 2 May 2012 was announced on Hürses Newspaper dated 13 April 2012, Yenigün Newspaper dated April 13 13th 2012, Turkish Trade Registry Gazette dated 17 April 2012, Company website and Public Disclosure Platform. Out of the TL 40 million capital of the Company corresponding to a total of 4 billion shares, the holders of TL 10,084,571 capital (25.21%) corresponding to 1,008,457,100 shares were present in the meeting and no questions were asked by the shareholders in the meeting.

No stakeholders or media representatives attended the meeting. A representative of the Corporate Governance Rating Company attended the meeting as a guest.

A General Shareholders' Meeting Information Document containing explanatory information in regard to the matters on the agenda was prepared and announced on the Company website before the meeting. Before the General Shareholders' Meeting, the Annual Report and Financial Statements, the dividend distribution proposal and Articles of Association were available for review at the headquarters of the Company where the meeting was held.

In the General Shareholders' Meeting under a separate agenda item regarding donations and financial aid, shareholders were informed that no donations or financial aid were made within the reporting period.

General Shareholders' Meeting minutes are announced on the Company website under Investor Relations section under Corporate Governance header at the link for General Assembly.

#### **5. Voting Rights and Minority Rights**

No privileges are acknowledged in the Articles of Association in regard to voting rights. Yet each of a total of 7,976,100 Group A shares with 1 kurus par value have privilege for the nominating candidates for Board of Directors. There is no cross shareholding in the Company as of the reporting date. Minority shares are not represented in the management.

According to Article 8 in the Articles of Association Group A shares have privileges for nominating candidate for Board of Directors while Group B shares have no privileges.

#### **6. Dividend Rights**

There are no privileges for participation in the profit of the Company. Dividend Distribution Policy submitted for the information of shareholders in the General Shareholders' Meeting is as follows:



In accordance with Turkish Commercial Code, Capital Markets Law and the relevant regulations, taking the financial position and profitability of the Company and general economic conjuncture into consideration, distribution of the distributable net profit if any, to an extent that shall not affect the capital structure and work plan of the Company via dividends in cash and/or bonus shares shall be submitted for the approval of General Shareholders' Meeting. This policy may be annually reviewed by Board of Directors according to local and international economic and financial market conditions.

### **7. Assignment of Shares**

There are no provisions in the Articles of Association restricting assignment of shares. Shares may be freely assigned in accordance with provisions of Turkish Commercial Code.

## **SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY**

### **8. Disclosure Policy**

Disclosure Policy of the Company is announced on the Company website and the responsibility for monitoring, supervising and developing the works in regard to Disclosure Policy is fulfilled by Board of Directors with support from Audit Committee.

#### **1. Purpose**

Egeli & Co. Investment Holding A.Ş. ("**EGCYH**" or "**Company**") disclosure policy aims to establish effective and transparent communication by complete, fair, accurate, timely, comprehensive and comparable disclosure of information regarding company performance and future expectations of the company to the public, related regulatory institutions, shareholders, existing and potential investors, capital market participants and other stakeholders within the framework of the generally accepted accounting principles and capital market regulations and Corporate Governance Principles of the Capital Markets Board.

#### **2. Scope**

The disclosure policy is effective for all affiliates and subsidiaries of the Company and its managers, employees and advisors.

#### **3. Authority and Responsibility**

The disclosure policy was established by the Board of Directors. The board of directors is authorized to approve any change to be made on the contents of the policy. The audit committee assists the board of directors in fulfilling the responsibilities of monitoring, supervising and developing the disclosure policy.

The investor relations unit of the Company is responsible for coordination of any and all activities relating to the public disclosure and advises the board of directors on the improvements to be made on the disclosure policy.



#### **4. Disclosure Methods and Instruments**

The disclosure Policy is implemented through following methods and means:

- Financial statements and explanatory footnotes (the **"Financial Statements"**)
- Annual Reports
- Disclosure of Material Events
- Printed and Visual Media
- Corporate Website
- Turkish Trade Registry Gazette

##### **4.1 Financial Statements**

The Financial Statements, prepared quarterly in accordance with the International Financial Reporting Standards (the **"IFRS"**) within the scope of the Capital Market Law and regulations, are ratified by the board of directors based on the opinion of the audit committee.

The Financial Statements, ratified by the board of directors, shall be submitted to the Istanbul Stock Exchange (the **"ISE"**) together with the responsibility declaration prepared and undersigned by general manager of the company and one board member, and disclosed to the public through the Public Disclosure Platform.

The Financial Statements are subject to limited scope audit for to the periods ending on June 30 and full independent audit for the fiscal period ending on December 31. As a general principle, the company receives limited scope audit for financial statements for the quarter ending on March 31 and three quarters ending on September 30.

The limited scope audit for the period ending June 30 and independent audit reports for the period ending on December 31 are prepared both in Turkish and English.

The Financial Statements are made open available at the corporate website for five years.

##### **4.2. Annual Report**

EGCYH quarterly interim reports and the annual report are prepared in line with the capital market regulations and the Corporate Governance Principles of the Capital Markets Board. These reports shall be submitted to the Istanbul Stock Exchange and disclosed to the public through the Public Disclosure Platform.

#### **4.3 Disclosure of Material Events**

Disclosure of Material Events is prepared by the investor relations unit in a complete, to-the-point, comprehensive manner, with adequate level of information and without any misleading expression; and published on the Public Disclosure Platform by two managers, who are granted e-signing authority by the board of directors and the titles of whom are disclosed to the public.

Disclosures of Material Events, announced on the Public Disclosure Platform, are uploaded to the corporate website of the Company on the following business day and made available for access for five years.

#### **4.4 Printed and Visual Media**

Strategies, potential investment opportunities of the Company, assessments on the general economy and printed and visual media disclosures on the Company are handled by the chairman of the board and General Manager. Other personnel of the Company may not response the requests of the printed and visual media for the disclosure and assessment without the consent of the board of directors.

Media announcements and disclosures shall be posted to the corporate website.

News published and broadcasted on the printed and visual media relating to the Company are regularly monitored by the media monitoring service and regularly disclosed to the members of the board of directors and top management by the corporate communications manager of the Company.

#### **4.5. Corporate Website**

The corporate website [www.egcyh.com](http://www.egcyh.com) of the Company is actively used for implementation of the disclosure policy within the framework of the Corporate Governance Principles of the Capital Market Board.

Disclosures made on the corporate internet website do not substitute notifications and disclosures of material events, required to be made as per the provisions of the Capital Market Law and regulations.

The Company takes any and all measures required for the security of the corporate website and regularly follows up the developments relating to the internet security.

Contents of the Investor Relations page of the corporate website are coordinated and regularly updated by the Investor Relations Unit for the purpose of informing the shareholders and potential investors of the Company.



Information disclosed on the corporate website is as follows:

General introduction and history of the Company

- Mission and Vision
- Information on the Members of the Board of Directors and top executives
- Shareholding Structure
- Articles of Association
- Disclosure of Material Events
- Press Releases
- Date and agenda of the General Assembly, General Assembly Information Document
- General Assembly meeting minutes and attendance list
- Important Resolutions of the Board of Directors
- Proxy Form
- Disclosure Policy
- Code of Ethics
- Dividend Policy
- Independent Audit Reports
- Annual Reports
- Corporate Governance Compliance Report
- Details of Share Certificates
- Disclosure regarding Privileged Shares
- Contact Details

#### **4.6. Turkish Trade Registry Gazette**

Announcements regarding the General Assembly, capital increase and dividend payments are made in the Turkish Trade Registry Gazette and daily newspapers as per the Capital Market Law and regulations, Turkish Commercial Code and Articles of Association of the Company.

#### **5. Analyst Reports**

Analyst reports are intellectual property of the institution, which prepared the report, and are not published on the corporate website. The Company's personnel may not review or approve reports or financial models prepared by the analysts or advice analysts on these reports. EGCYH does not accept any responsibility for the reports or financial models prepared by the analysts.

However, in some exceptional cases, in order to avoid potential incorrect public disclosure, the analyst reports are overviewed provided that only historical knowledge, under the public domain and relating to the past are used.

Names, companies and contact details of the analysts, preparing reports on the Company are disclosed to public on the corporate website.

### **6. Meetings and Telephone Calls**

Board members and upon consent of the board of directors, top management and investor relations unit manager may have one-on-one or collective face-to-face meetings or telephone calls with capital market participants within the scope of the investor relations activities.

However, during these meetings, no information, not disclosed to the public before may be provided to the participants and the information disclosed to the public before cannot be updated.

EGCYH implements the principle of equal and concurrent disclosure to the capital market participants.

### **7. Silent Period and Blackout Period**

The Company refrains from disclosing to the capital market participants in certain periods of the year to prevent distribution of incorrect information and unauthorized disclosures regarding the consequences of the activities (the **"Silent Period"**). The Silent Period starts two weeks prior to the deadline when quarterly interim report and the year-end financial results are to be disclosed and ends on the date of disclosure of the financial results. In case the Company discloses an earlier date for disclosure of the financial statements, the Silent Period shall cover two weeks prior to the announced disclosure date.

During the Silent Period, the financial status of the Company, excluding the information disclosed to the public, is not discussed and questions asked by the individuals or small groups are not replied. If required, the questions asked by the individuals or the groups are published and disclosed to the public on the corporate website of the Company.

Board members, legal auditors or employees may not use undisclosed confidential information which they obtain with regard to the activities and financial status of the Company, for their own benefit or for the benefit of their relatives or third parties directly or indirectly; they shall obey all the restrictions including those stipulated in the Capital Market Law and the Regulations.

Nevertheless, besides the liabilities arisen out of the laws and regulations, it is forbidden that insiders of the Company buy or sell shares within the period falling in the Silent Period (the **"Blackout Period"**). The Blackout Period starts two weeks before the last date of disclosure of the financial statements and ends on the date of publication of the financial statements on the Public Disclosure Platform. In case the Company announces a date for disclosure of its financial statements prior to the legal disclosure period, then the Forbidden Period covers two weeks before the date of disclosure.

### **8. Future Projections**

EGCYH may disclose to the public its projections on the general economy and related sectors. These expectations shall be based on realistic assumptions and expectations and in correlation with the consequences of activities of the Company. In such disclosures, the Company must state that realizations might be different from the Company's expectations based on various uncertainties and risks.



The expectations may be disclosed only by the persons authorized to make public disclosure and by expressly stating the aforesaid warnings or by referring to an existing and a written public document (such as press releases, informative documents, disclosures already made within the frame of the Capital Market Law and Regulations). In case of unexpected developments, the Company revises and discloses its future expectations.

### **9. Disclosure of Related Party Transactions**

Legal and commercial transactions between the Company and the real persons and legal entities with which the Company has direct or indirect relationships in respect of capital, management and control are subject to the provisions of the Capital Market Law and Regulation and the Turkish Commercial Code.

### **10. Disclosure of Agenda Items to be discussed at the General Assembly**

The Company ensures that the shareholders are adequately informed before the Ordinary and Extraordinary General Assembly meetings. For this purpose, in addition to the meeting agenda, a General Assembly Informative Document is prepared and disclosed to the public.

As of the date of announcement made for the General Assembly meeting, the following information and documents are made available for review at the Company's headquarters and on the corporate website:

- Annual Report
- Financial Statements
- Recommendation for Dividend Policy
- General Assembly Informative Document
- Other documents supporting the agenda items
- Final version of the Articles of Association

If amendment to Articles of Association is required, the amendment text and the ground for such an amendment.

### **11. Enforcement**

The Company's Disclosure Policy shall be updated with a board resolution and enters into force after submission for the information of the shareholders at the general assembly meeting.

### **9. Company Website and Contents**

The Company website is published at [www.egcyh.com](http://www.egcyh.com) both in Turkish and English. The website contains all matters specified in the Corporate Governance Principles of the Capital Markets Board.

### **10. Annual Report**

Annual Report contains the information specified in the Corporate Governance Principles of the Capital Markets Board.

## SECTION III - STAKEHOLDERS

### 11. Informing Stakeholders

The Company defines any persons, groups or establishments affecting or being affected by achievement of its objectives and sustainment of its operations and thus having legitimate interests on the operations of the Company as its stakeholders. EGCYH believes that the shareholder value can only be maximized by watching over the interests of all stakeholders and that the interests of the shareholders and stakeholders run parallel to each other. The company takes maximum care for the interests of stakeholders under this philosophy.

Stakeholders are invited to the meetings regarding any matters concerning them or are informed via communication methods as required. Meetings, Company website, email, Public Disclosure Platform and E-Management system are used as communication methods.

Responsibility for assessment of the views of stakeholders regarding transactions they consider to be against the regulation or ethically inappropriate is given to Audit Committee.

### 12. Participation of Stakeholders in Management

No preparation was made for participation of stakeholders in the management.

### 13. Human Resources Policy

The most important capital of EGCYH for achieving its targets is its qualified human resources. The responsibility for carrying out the relationships with employees is fulfilled by Zeynep Aygöl, Human Resources Officer of the Group. Human Resources activities of the Company is focused on finding and maintaining well educated, expert and competent human resources through the concept of the right person for the right job.

The required measures for avoiding discrimination in terms of race, religion, language, gender, age, physical handicap or any other reason, respecting human rights and protecting the employees from physical, sexual, mental or sentimental abuse are taken and monitored by Audit Committee. During recruitment no discrimination is made to anyone and the selection process is carried out based on objective criteria. The principle of providing equal opportunity for equal people is adopted for career planning. There were no complaints received by the Company in regard to discrimination.

The Company takes care for installing and applying systems for accurately assessing the individual differences for the employees, preparing a convenient environment for personal and professional development of the employees and providing a convenient workplace environment.



Human Resources Processes of the Company are carried out under the following headings:

- Human Resources Planning
- Job Descriptions and Job Evaluation
- Training and Development
- Performance Assessment and
- Rewarding

The Company pays attention that any persons joining the team shall hold the competencies, qualifications, knowledge, education and career required by the position, be suitable for teamwork and be open for changes and development.

The training objectives of the Company are providing the employees adopt certain knowledge, skills and behavior as well as providing support for them so that they shall apply the same also in their lives. Competencies and professional skills of the employees are objectively assessed within the scope of the Performance Assessment System and their areas in need of development are specified. Training requirements set by the employees and managers together are met within a systematic training program in the next stage.

In order to provide the right remuneration for the right job and maintain the balances within the Company, a rewarding policy consistent with the steps specified in line with market conditions is applied in the Company through a flexible Rewarding System consistent with the constantly changing employment environment. The Company takes care for forming the reward package in such a way providing the employees be motivated towards the targets of the Company.

To date, no complaints have been received from the employees in regard to discrimination.

#### **14. Code of Ethics and Social Responsibility**

EGCYH's fields of operation have developed to comprise investment opportunities in energy, agriculture, real estate and similar various industries and it focuses on creating values and providing sustainable positive return in the long run, builds up its investment philosophy based on the Sustainable and Socially Responsible Investing approach. Code of Ethics of the Company is disclosed to the public on the Company website.

In line with this approach, the Company concentrates in the fields contributing to environmental sustainability, protecting the interests of the society and economy in the long run while singling out investment opportunities. The concept of Social Responsibility has become an inseparable part of EGCYH business model within the scope of this approach.

Having adopted contributing to development of the industries in our country with a potential for growth, such as agriculture, energy and infrastructure, EGCYH provides works for enhancing agricultural added values and institutionalization in agriculture especially through EGCYO as its leading investor, within the scope of Sustainable and Socially Responsible Investing approach.



Code of Conduct in EGCYH is carried out within the scope of Code of Ethics put into effect after being submitted for the approval of the shareholders in the Extraordinary Shareholders' General Meeting dated 25.08.2011. EGCYH Code of Ethics is binding for anyone connected to the Company including Board of Directors Members.

As a member of EMPEA (Emerging Markets Private Equity Association), EGCYH has adopted contributing to the society and minimizing the damage given to the natural environment by its operations as an inseparable part of its business model.

In any investment operation planned within EGCYH, which has specified complying with Socially Responsible Investing Principles while materializing its investments as its main objective, developing environment friendly and profitable businesses is aimed. Code of Ethics of the Company is announced on the Company website.

#### SECTION IV- BOARD OF DIRECTORS

##### 15. Board Composition and Structure

The Company shall be managed and represented by the Board of Directors. Board of Directors shall comprise at least 5 and at most 12 members the majority of which shall be nonexecutive and all the Board of Directors Members shall be elected by General Shareholders' Meeting from among candidates nominated by Group A shareholders.

The number and qualifications of the independent members to serve on Board of Directors shall be determined in line with Corporate Governance Principles which are deemed compulsory by Capital Markets Board. Accordingly, Board of Directors Members Mehmet Ali Güneysu and Murat Nadir Tansel Saraç were elected for Board of Directors as independent members. Board of Directors shall elect a Chairman and Vice-chairman from among themselves in the first meeting. Board of Directors comprises six members, four of which are nonexecutive and two are independent.

Duties of the Nomination Committee are fulfilled under Corporate Governance Committee. Independent member Mehmet Ali Güneysu is Corporate Governance Committee Chairman. Due to contributions of the current independent members who work efficiently, our Board of Directors saw fit that current independent members of the Company shall be renominated and be submitted for the approval of member in the General Shareholders' Meeting dated May 2nd 2012. No other candidates were nominated for Corporate Governance Committee other than these candidates.

Tan Egeli	Chairman	Nonexecutive	02.05.2012/1 year
Murat Çilingir	Vice-chairman	Nonexecutive	02.05.2012/1 year
Zeynep Aygül	Member	Nonexecutive	02.05.2012/1 year
Dr. Burak Koçer	Member	Nonexecutive	02.05.2012/1 year
M. Ali Güneysu	Member	Independent	02.05.2012/1 year
M. Nadir Tansel Saraç	Member	Independent	02.05.2012/1 year



## **Tan EGELİ**

### *Chairman of the Board*

Having graduated from Delaware University Department of Business Administration in 1992, Tan Egeli got his master's degree (MSIA) from Carnegie Mellon University, Tepper Business School.

After starting his career in 1994 at Citibank, Egeli served as a senior executive at establishments of Citicorp Securities, Inter Yatırım Securities and BSI Bayındır Securities in that order between 1996 and 2001 especially as responsible for international capital markets and asset management. After leaving BSI Bayındır Securities where he served as a Board of Directors Member and General Manager between 1998 and 2001, he lay the foundations for Egeli & Co. Financial Services Group by founding Egeli Consulting in 2002.

In result of the partnership he established in 2007 with British Ashmore Group which is known for its investments in developing markets, in 2008 Egeli founded Ashmore Asset Management, the first asset management company operating in Turkey with independent foreign capital. Until 2009 he served as CEO at Ashmore Turkey and Chairman of the Board at the subsidiaries of the Company.

While serving as General Manager at Egeli & Co. Asset Management, Tan Egeli also serves at Egeli & Co. Group companies Egeli & Co. Agriculture Investment Trust, Egeli & Co. Investment Trust, Egeli & Co. Corporate Support Services, Egeli & Co. Financial Investments, Batı Agriculture, EGC Energy and Simya Agriculture Investments as Chairman of the Board and as Board of Directors Member at İstanbul Erkek Lycee Foundation. Tan Egeli speaks German and English and holds Capital Markets Board Advanced Level and Derivatives Licenses.

## **Murat ÇİLİNGİR**

### *Board Member*

After graduating from Istanbul Technical University Department of Electrical Engineering, Murat Çilingir completed his master degree of Business Administration Program at Istanbul University. Starting his career at Makintaş İnşaat ve Ticaret A.Ş in 1996, Çilingir served as an associate manager at Foreign Affairs Department till 2003. Joining Egeli & Co. Group during its founding and entering the finance industry, Murat Çilingir has served as an investment advisor, portfolio manager and senior executive manager within the Group since 2003.

While serving as General Manager at Egeli & Co. Agriculture Investment Trust since 2011, Çilingir also serves as Board of Directors Vice-chairman at Egeli & Co. Asset Management, Board of Directors Member at Egeli & Co. Investment Trust and Egeli & Co. Financial Investments. Additionally, he also serves as a Board of Directors Member at subsidiaries of Egeli & Co. Group; Batı Agriculture, EGC Energy, Karesi Jeotermal and Simya Agriculture Investments. Çilingir speaks German and English and holds Capital Markets Board Advanced Level License.

**Zeynep AYGÜL**

*Board Member*

Zeynep Aygöl graduated from Anadolu University, Faculty of Economics in 2009. Starting her career as an analyst at Bayındır Securities in 1997, Aygöl served in accounting and operations of investment funds between 1999 and 2001. Between 2002 and 2005 she worked as operations officer at Global Securities. After serving at Oyak Retirement in 2005 on accounting and operation transactions of individual pension investment funds, Aygöl joined Egeli & Co. Group in the same year.

While currently serving as Finance and Accounting Director at Egeli & Co. Agriculture Investment Trust, Zeynep Aygöl also serves as Board Member at Egeli & Co. Investment Holding. She holds Capital Markets Board Exchange Operations License.

**Dr. Burak KOÇER**

*Board Member*

After graduating from Istanbul University Faculty of Business Administration in 1998, Burak Koçer completed his master's degree at Ball State University Miller College of Business. He got his doctor's degree at Istanbul University Institute of Social Sciences in 2005 with his thesis on Board of Directors of companies traded at Istanbul Stock Exchange. He worked as a research assistant at Istanbul University between 1998 and 2001, and at Istanbul Bilgi University between 2001 and 2004.

Between 2004 and 2007 he served as Training and Publishing Director and Associate Coordinator at Corporate Governance Association of Turkey (TKYD). Between 2007 and 2009 he served as Business Development Manager and Finance Manager at Hergüner Bilgen Özeke Attorneyship Partnership. After serving at financial investments company P-Solve Investments Ltd. as Corporate Governance and Reporting Director in 2009, he joined Egeli & Co. Financial Services Group in 2011.

Currently he serves as General Manager at Egeli & Co. Corporate Support Services. Additionally, he serves as Board of Directors Member at Egeli & Co. Investment Holding and Egeli & Co. Agriculture Investment Trust and as Independent Board Member at Bosch Fren Sistemleri A.Ş. and Federal Mogul Izmit Piston ve Pim Üretim Tesisleri A.Ş..

Burak Koçer holds Capital Markets Board Advanced Level and Corporate Governance Rating Specialist Licenses and speaks German, English and Greek.



## **Mehmet Ali GÜNEYSU**

### *Independent Board Member*

After graduating from Boğaziçi University Department of Industrial Engineering in 1987, Mehmet Ali Güneysu completed his MBA at New York University Stern School of Business in 1992. He served as an analyst at Interbank between 1987 and 1989 and at Türk Merchant Bank (currently Deutsche Bank) between 1989 and 1990. After serving at Booz Allen & Hamilton as an intern consultant in India in 1991, he served as a customer representative at TC Ziraat Bankası between 1992 and 1993, as an Associate Manager at Finansbank between 1993 and 1994, as an Associate Manager at Indosuez Eurotürk Merchant Bank between 1994 and 1995 and as a Department Manager and Group Manager at Koçbank between 1995 and 2006. After serving at Reform Consulting Services as a Senior Consultant between 2006 and 2011, Mehmet Ali Güneysu is currently serving as General Manager at IELEV Foundation since 2011.

At the same time he is serving as Independent Board Member at Egeli & Co. Agriculture Investment Trust and Bosch Brake Systems as well as Board Member at Sarı Siyah Education Services where İstanbul Erkek Lycee Foundation is the controlling partner. Güneysu speaks German and English and holds Capital Markets Board Advanced Level, Credit Rating and Corporate Governance Rating Licenses.

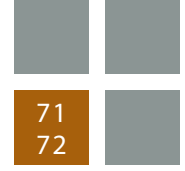
## **M. Nadir Tansel SARAÇ**

### *Independent Board Member*

Graduated from Ankara University Faculty of Political Sciences in 1997, Tansel Saraç started his career in 1997 at the Capital Markets Board (CMB). After working for 7.5 years at the Department of Market Oversight between 2004 and 2009, he worked as Capital Markets Director at Akfen Holding and General Manager at Akfen Real Estate Investments. During the same period he served as a Board Member at Akfen Real Estate Trust, member of the Audit Committee at TAV Airports Holding, member of the Audit Committee at Mersin International Port Operation and member of the Audit Committee at TÜVTürk.

An independent consultant on Capital Markets, Tansel Saraç serves as Independent Board Member at Egeli & Co. Investment Holding, Flap Congress Services and Beyaz Filo Fleet Leasing.

During his career he specialized on public offering studies, real estate investment partnerships and agricultural investments. Tansel Saraç holds CMB Advanced License and Independent Auditor License and speaks English.



**Ersoy OBAN**

*General Manager*

Graduated from Yıldız Technical University Department of Economics in 1997, Ersoy oban received his master's degree in finance from Yeditepe University in 2004.

Having started his career at Interbank Department of Operations and Accounting in 1996, Ersoy oban worked at Bayındır Securities as Operations and Accounting Director and as internal audit manager at Dundas Ünlü Securities between 1999 and 2004. Ersoy oban has been serving as CFAO at Egeli & Co. Group since 2004.

He currently serves as Chairman of the Board at Egeli & Co. Asset Management and General Manager at Egeli & Co. Investment Holding, Vice Chairman of the Board at Egeli & Co. Agriculture Investment Trust and Egeli & Co. Investment Trust and Board Member at Egeli & Co. Financial Investments and Egeli & Co. Corporate Support Services. Additionally, Ersoy oban also serves as Board Member at various subsidiaries and affiliates of the Group.

Ersoy oban holds CMB Advanced Level, Corporate Governance Rating Specialist and Derivatives Licenses and speaks English.



## Declaration of Independence

In regard to the office of Independent Board of Directors membership I shall undertake at Egeli & Co. Investment Holding ("Company"), in accordance with;

- Provisions of Communiques with Serial: IV, No: 63, Serial: IV, No: 61, Serial: IV, No: 60 and Serial: IV, No:57 and "Communique for Specification and Application of Corporate Governance Principles" with Serial: IV, No: 56 announced and entered into effect in Official Gazette dated December 30th 2011 and numbered 28158 by TR Prime Ministry Capital Markets Board
- Articles of Association of the Company and
- Provisions of other relevant legislation

I hereby declare that I have the qualifications and meet the criteria of an Independent Board Member, I have read and understood the aforementioned information and documents and I shall completely fulfill the duties specified in the aforementioned information and documents.

I hereby declare that I hold all the qualifications required for being able to be qualified as an independent member in accordance with Communique for Specification and Application of Corporate Governance Principles with Serial: IV, No: 56, accordingly;

- a) In the last five years, no commercial relationship was established in terms of employment, capital or any significant nature in the position of an executive undertaking direct or indirect significant duties or responsibilities between myself, my spouse or relatives by blood or marriage up to second degree and the Company, a related party of the Company, or legal entities in relationship in terms of management or capital with shareholders holding directly or indirectly 10% or more shares in the capital of the Company
- b) In the last five years, I did not work or serve as a Board of Directors Member in any company executing the whole or a certain part of the operations or organization of the Company within the scope of contracts drawn up, primarily any company performing audit, rating or consulting for the Company;
- c) In the last five years, I was not a shareholder, employee or Board Member of any company providing products or services to the Company;
- d) The shares I hold in the capital of the Company are less than 1% and these shares are not preferred shares;
- e) As it may be seen in my resume annexed, I have the required professional education, information and experience to duly fulfill the duties I shall undertake due to being an Independent Board of Directors Member;
- f) I currently do not work full time in any public institution or establishment;
- g) I am a resident in Turkey in accordance with Income Tax Law;
- h) I shall contribute positively to the operations of the Company, I shall retain my objectivity in conflicts of interest between partners of the Company, I shall take resolutions freely by taking into consideration the rights of stakeholders;
- i) I shall allocate time for the works of the Company to the extent as to be able to follow the running of the operations of the Company and fulfill completely the requirements of the duties I undertake;

Additionally, I hereby declare and acknowledge that in the last ten years I did not serve for more than six years as a Board of Directors Member.

Again I hereby declare and acknowledge that if any situation emerges that may annul my independence for any reason, I shall convey this change to Board of Directors as to be disclosed to the public in accordance with provisions of the relevant Communique for Specification and Application of Corporate Governance Principles.

**Mehmet Ali Güneysu**

### Declaration of Independence

In regard to the office of Independent Board of Directors membership I shall undertake at Egeli & Co. Investment Holding (Company), in accordance with;

- Provisions of Communiques with Serial: IV, No: 63, Serial: IV, No: 61, Serial: IV, No: 60 and Serial: IV, No:57 and "Communique for Specification and Application of Corporate Governance Principles" with Serial: IV, No: 56 announced and entered into effect in Official Gazette dated December 30th 2011 and numbered 28158 by TR Prime Ministry Capital Markets Board
- Articles of Association of the Company and
- Provisions of other relevant regulation

I hereby declare that I hold the qualifications and criteria of an "Independent Board of Directors Member"; I have read and understood the aforementioned information and documents and I shall completely fulfill the duties specified in the aforementioned information and documents.

I hereby declare that I hold all the qualifications required for being able to be qualified as an independent member in accordance with Communique for Specification and Application of Corporate Governance Principles with Serial: IV, No: 56, accordingly;

- a) In the last five years, no commercial relationship was established in terms of employment, capital or any significant nature in the position of an executive undertaking direct or indirect significant duties or responsibilities between myself, my spouse or relatives by blood or marriage up to second degree and the Company, a related party of the Company, or legal entities in relationship in terms of management or capital with shareholders holding directly or indirectly 10% or more shares in the capital of the Company
- b) In the last five years, I did not work or serve as a Board of Directors Member in any company executing the whole or a certain part of the operations or organization of the Company within the scope of contracts drawn up, primarily any company performing audit, rating or consulting for the Company;
- c) In the last five years, I was not a partner, employee or Board of Directors Member of any company providing products or services to the Company;
- d) The shares I hold in the capital of the Company are less than 1% and these shares are not preferred shares;
- e) As it may be seen in my resume annexed, I have the required professional education, information and experience to duly fulfill the duties I shall undertake due to being an Independent Board of Directors Member;
- f) I currently do not work full time in any public institution or establishment;
- g) I am deemed to be a resident in Turkey in accordance with Income Tax Law;
- h) I shall contribute positively to the operations of the Company, I shall retain my objectivity in conflicts of interest between partners of the Company, I shall take resolutions freely by taking into consideration the rights of stakeholders;
- i) I shall allocate time for the works of the Company to the extent as to be able to follow the running of the operations of the Company and fulfill completely the requirements of the duties I undertake;

Additionally, I hereby declare and acknowledge that in the last ten years I did not serve for more than six years as a Board of Directors Member.

Again I hereby declare and acknowledge that if any situation emerges that may annul my independence for any reason, I shall convey this change to Board of Directors as to be disclosed to the public in accordance with provisions of the relevant Communique for Specification and Application of Corporate Governance Principles.

*M. Nadir Tansel Saraç*



### **Other Duties of Board Members**

Service in other companies provided by Board Members is subject to approval by Shareholders' Assembly in accordance with Turkish Commercial Code. In the General Shareholders' Meeting dated 2 May 2012, Board Members were authorized and approved in accordance with Corporate Governance Principles and Turkish Commercial Code Articles 334 and 335 which were in effect at that time. In-group and Out of Group offices executed by Board of Directors Members are as follows:

#### **Tan Egeli**

*Within the Group:* CEO at Egeli & Co. Financial Services Group, General Manager at Egeli & Co. Asset Management, Chairman of the Board at EGCYO, EGLYO , Egeli & Co. Corporate Support Services (EKDH), Egeli & Co. Financial Investments, Batı Agriculture Investments, EGC Energy.

*Out of the group:* Chairman of the Board at Simya Agriculture Investments, Board of Directors Member at Istanbul Erkek Lisesi Foundation.

#### **Murat Çilingir**

*Within the group:* Board of Directors Vice-chairman at Egeli & Co. Asset Management, Board of Directors Member at EGLYO and Egeli & Co. Financial Investments, Board of Directors Member at Batı Agriculture Investments, EGC Energy and Karesi Jeotermal.

*Out of the group:* Board of Directors Member at Simya Agriculture Investments

#### **Dr. Burak Koçer**

*Within the group:* Board of Directors Member at EGCYO

*Out of the group:* Independent Board Member at Bosch Fren Sistemleri A.Ş. and Federal Mogul İzmit Piston ve Pim Üretim Tesisleri A.Ş.

#### **M. Ali Güneysu**

*Within the group:* Independent Board Member at EGCYO

*Out of the group:* General Director at IELEV Foundation, Board Member at Bosch Brake Systems and Sarı Siyah Education Services

#### **M. Nadir Tansel Saraç**

*Within the group:* Independent Board of Directors Member at Egeli & Co. Agriculture Investment Trust

*Out of the group:* Independent Board of Directors Member at Beyaz Filo Fleet Leasing and Flap Congress Services

### **16. Board Practices**

Board of Directors shall meet as necessary in line with the business of the Company. The agenda shall be specified by the Chairman of the Board. Any Board Member may add items to the agenda by notifying the Chairman. Board Members are invited to meetings by e-mail or telephone.

Under extraordinary conditions if the Chairman does not invite members for a meeting, the members shall be authorized to make a call ex officio.



The Board of Directors meets at the headquarters of the Company. However, Board of Directors may also meet at any other place deemed convenient. In accordance with the provision of CMB Corporate Governance Principles Section IV Article 2.17.4, physical attendance of the members in Board of Directors meetings is provided. Any questions asked and any matters discussed in the meetings are recorded in the meeting minutes.

Any information in the meeting minutes constituting a trade secret shall not be disclosed to the public. However, any important matters resolved in the meetings shall be disclosed to the public as per the Disclosure of Material Events regulations of the Capital Markets Board. Additionally, board resolutions of material importance shall be disclosed to the public on the Company website.

Meeting quorum is majority of the total board size and decision quorum is the majority of presence. However, in accordance with the provisions of Communique for Specification and Application of Corporate Governance Principles by CMB with Serial: IV No: 56, for resolutions of Board of Directors in regard to material transactions and related party transactions, approval of Independent Board Members by majority vote is required.

Votes shall be cast as "accept" or "decline". Any member casting a vote of decline shall indicate his/her objection in writing on the resolution and sign it.

Including the Chairman of the Board, each Board Member has one vote and none of the members has a predominance in voting right.

In 2012 Board of Directors conducted 26 meetings. Significant number of these meetings were conducted with full participation.

### **17. Number, Structure and Independence of Board Committees**

In 2012 eight Corporate Governance Committee meetings, one Remuneration Committee meeting and six Audit Committee meetings were conducted. In Audit Committee meetings recommendation for the acknowledgement of Financial Statements was submitted to Board of Directors, in the Remuneration Committee meeting financial rights of Board Members and senior executives were assessed and in Corporate Governance Committee meetings the steps required for development of compliance with Compliance to Corporate Governance Principles and Risk Management of the Company were assessed.

Board of Directors have observed that committees have made significant contributions to the Company in improving the implementation of Corporate Governance practices, ensuring the accuracy, transparency and issuance of Financial Statements compliant with the legislation within the scope of their Terms of Reference.

Since there are two independent members in the Board of Directors, same independent members need to serve in more than one committee. Terms of Reference of the committees are as follows:



## **Audit Committee**

**Chairman:** Mehmet Ali Güneysu

**Member:** M.Nadir Tansel Saraç

## **Committees and Terms of Reference**

The Terms of Reference of Audit Committee were respecified on April 5th 2012 in accordance with the Communiqué by CMB with Serial: IV, No: 56 and in accordance with Article 4.5.3 of the Communiqué Dr. Burak Koçer resigned from Audit Committee membership.

### **1. Purpose**

**1.1** This procedure aims to determine the terms of reference of the audit committee, which assists the board of directors in implementing the independent audit and internal audit processes of Egeli & Co. Investment Holding A.Ş. (the "Company") in line with regulations and disclosing the Company's financial statements timely, accurately, and fairly to reflect the truth, as well as oversees and monitors potential complaints by stakeholders regarding compliance of the Company's transactions to legal and ethical standards.

### **2. Membership**

**2.1** The audit committee shall consist of at least two members. All members of the committee shall be selected from among the independent members of the board.

**2.2** Members of the committee shall be appointed by the board, one of the members being appointed as the committee chairman.

**2.3** Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. In general, it is expected that independent auditor of the Company would attend the committee meeting once a year to provide feedback to the committee. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

### **3. Quorum**

**3.1** The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **4. Frequency of Meetings**

**4.1** As a principle, the committee shall meet four times a year in accordance with the time schedule for disclosure of the financial statements. The committee members may organize additional meetings if required.

### **5. Notice of Meetings**

**5.1** Meetings of the committee shall be called by the chairman of the committee.

**5.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required to attend the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

## 6. Minutes of Meetings

**6.1** The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

**6.2** Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

## 7. Duties

**7.1** To monitor the integrity of the annual and quarterly financial statements of the Company, and any other formal announcement relating to its financial performance.

**7.2** To review presentations and press releases regarding the financial performance of the Company together with the top management.

**7.3** To review the financial information and reference documents prepared for the analysts and rating agencies together with the top management.

**7.4** To examine the consistency of accounting policies across reporting periods.

**7.5** To assess the effect of new developments and regulations in accounting as well as off- balance sheet items on the financial statements together with the top management.

**7.6** To advise the top management with regard to appointment or replacement of the internal audit manager and ensure efficient operation of the internal audit processes.

**7.7** To review transactions with related parties. The ratification of a related party transaction is assessed under the resolution of the board of directors.

**7.8** To recommend to the board of directors on the engagement with the independent audit company. Pursuant to this scope, the committee determines the appropriate cost for a healthy independent audit and advises the board of directors on the agreements terms including the scope of work and fees.

**7.9** To review independent audit company's relationships with the Company and its executives to ensure the independence of the audit. It examines whether the independence is jeopardized by non-audit services or for any other reason and submits a report to the board of directors regarding the same.

**7.10** To examine whether the independent audit team has adequate competence and sources.

**7.11** To examine together with the independent auditor the problems and difficulties experienced in the audit process and evaluate measures taken by the top management.

**7.12** To examine together with the independent auditor responsibilities, budget and staff of the internal audit function.

**7.13** To evaluate, together with the independent auditor, disagreements between the independent auditor and the top management, which may partially or entirely affect the contents of the financial statements or independent audit report regardless whether they are resolved later.

**7.14** To examine the report issued by the legal advisor of the Company and evaluate legal matters, which may considerably affect the financial statements.

**7.15** To oversee and monitor potential complaints by stakeholders submitted to the Investor Relations Unit regarding compliance of the Company's transactions to legal and ethical standards.

**7.16** To support the Board of Directors on the implementation of the Code of Ethics and examines complaints made in that respect.



## **8. Reporting Responsibilities**

**8.1** The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

**8.2** The committee shall submit a report to the board of directors on proposals received from the independent audit companies, evaluation of the committee regarding the same and independence of the audit company.

## **9. Public Disclosures**

**9.1** The committee shall advise the board of directors on the statement of responsibility to be published in the annual report.

## **10. Authority**

**10.1** The committee is authorized to seek any information it requires from any employee of the company in order to perform its duties.

**10.2** The committee may obtain legal advisory or professional advice on any matter within its terms of reference. Such services shall be reimbursed from the internal audit budget.

**10.3** The committee shall call any employee to be questioned at a meeting of the committee as and when required.

**10.4** The committee is authorized to ratify non-audit services to be supplied by an independent audit firm.

## **Corporate Governance Committee**

**Chairman:** Mehmet Ali Güneysu

**Member:** Dr. Burak Koçer

## **Corporate Governance Committee Terms Of Reference**

### **1. Purpose**

**1.1** This procedure aims to determine the terms of reference of the Corporate Governance Committee, which assists the Board of Directors in terms of compliance of Egeli & Co. Investment Holding A.Ş (the "Company") to the corporate governance principles, performance of the investor relations activities in accordance with the related laws and regulations, nomination of candidates for the board and the top management, assessment of board and executive performance and top-management career planning and improving of the Company's risk management process.

### **2. Membership**

**2.1** The corporate governance committee shall consist of at least two members. The chairman of the committee shall be selected from among the independent members of the board. The majority of the committee members shall be selected from among the non-executive directors. In case the committee consists of two members, all members shall be selected from among the non-executive directors, committee chairman being an independent director.

**2.2** Members of the committee shall be appointed by the board, one of the members being appointed as the committee chairman.

**2.3** Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

**2.4** The Committee members shall appointed for maximum term of office for which they are appointed as the members of the board. The members, who complete their terms of office, may be re-elected as long as they continue to have the required qualifications.

### **3. Quorum**

**3.1** The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **4. Frequency of Meetings**

**4.1** As a principle, the committee shall meet once each quarter. The committee members may organize additional meetings if required.

### **5. Notice of Meetings**

**5.1** Meetings of the committee shall be called by the chairman of the committee.

**5.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required attending the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

### **6. Minutes of Meetings**

**6.1** The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

**6.2** Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

### **7. Duties**

**7.1** Terms of reference of the corporate governance committee covers the responsibilities defined by the capital markets regulations for the nomination committee, risk committee and the corporate governance committee and involves the following:

**7.2** To monitor the Company's compliance to the corporate governance principles, and reasons not to comply to a specific principle if not fully complied with, review resulting conflicts of interest and advice the board for improvement. Pursuant to this scope, the committee ensures that the corporate governance compliance declaration and corporate governance compliance report is issued in accordance with the related laws and regulations.



**7.3** To monitor investor relations activities, in cooperation with the board of directors, to maintain effective communication between the Company and investors, resolve and settle possible disputes. Pursuant to this scope, the committee takes necessary measures for providing accurate, complete and timely information to the investors in compliance with the related laws and regulations and ensures efficient functioning of the disclosure process. The committee ensures that the investor relations unit prepares the investor relations section of the corporate website and the documents to be submitted to the shareholders at the general assembly are up-to-date and accurate.

**7.4** To monitor the composition and the size of the board of directors including competencies, know-how, experience and diversification needed and advises the board of directors regarding the same.

**7.5** To carry out activities to establish a transparent system to identify, evaluate and train appropriate candidates for the board of directors and determine policies and strategies regarding the same.

**7.6** To determine and monitor approaches, principles and practices on performance assessment and career planning of the board of directors and the top management.

**7.7** To evaluate the succession planning for the board of directors and the top management in line with the challenges the Company encounters, and competencies and experiences required at the board.

**7.8** To review the composition of the board of directors, performance of individual members and advise the board of directors on re-nomination of non-executive members whose terms are expired. The committee members shall not comment on their re-nomination. The nomination process for existing committee members shall be governed by the board of directors.

**7.9** To carry out activities for identification of risks promptly, which may threaten existence, development and continuity of the Company and take necessary measures regarding risks identified and implement relevant risk management processes.

**7.10** To advise the board of directors on risk appetite, tolerance and strategy of the company, considering existing and expected financial and macroeconomic circumstances.

**7.11** To review the ability of the Company to define and manage the new risk types.

**7.12** To examine risks of brought by a strategically important transaction such as a significant M&A transaction and its impact on the risk appetite/tolerance of the Company and advise the board of directors accordingly prior to board approval.

**7.13** To overview efficiency of the internal audit and risk management processes at least once a year and approve the disclosures to be made regarding the same in the annual report.

**7.14** To ensure that all employees are informed in writing regarding internal policies, processes, regulations and terms of reference of the Company.

## **8. Reporting Responsibilities**

**8.1** The committee shall make whatever recommendations to the board and auditor of the Company it deems appropriate on any area within its remit where action or improvement is needed each two months in writing.

**8.2** The committee shall coordinate the preparation of the corporate governance compliance report to be published in the annual report and approve the same.

**8.3** The committee shall ensure that necessary disclosures are made in the annual report with regard to the risk management practices and strategy of the Company.

## 9. Public Disclosures

**9.1** The committee ensures that the contents of the Company's annual report is accurate, consistent and in compliance with the related laws and regulations and the disclosure policy of the Company.

**9.2** The committee develops recommendations to ensure that the public disclosures, analyst presentations and disclosures of material events comply with the related laws and regulations and the disclosure policy of the Company.

## 10. Authority

**10.1** The committee may obtain legal advisory or professional advice on any matter within its terms of reference. The committee is authorized to seek any information it requires from any employee of the company in order to perform its duties.

## Remuneration Committee

**Chairman:** M.Nadir Tansel Saraç

**Member:** Tan Egeli

## REMUNERATION COMMITTEE TERMS OF REFERENCE

### 1. Purpose

**1.1** This procedure aims to determine the terms of reference of the compensation committee, which assists the board of directors in relation to remuneration of the board members and the top management of Egeli & Co. Investment Holding A.Ş. (the "Company").

### 2. Membership

**2.1** The remuneration committee shall consist of at least two members appointed by the board, one of the members being appointed as the committee chairman. The chairman of the committee shall be selected from among the independent members of the board.

**2.2** Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

**2.3** The Committee members shall be appointed for maximum term of office for which they are appointed as the members of the board. The members, who complete their terms of office, may be re-elected as long as they continue to have the required qualifications.

### 3. Quorum

**3.1** The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.



#### **4. Frequency of Meetings**

**4.1** As a principle, the committee shall meeting twice a year. The committee members may organize additional meetings if required.

#### **5. Notice of Meetings**

**5.1** Meetings of the committee shall be called by the chairman of the committee.

**5.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required to attend the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

#### **6. Meeting Minutes**

**6.1** The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

**6.2** Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

#### **7. Duties**

**7.1** To determine in writing the committee's recommendations for remuneration of the board members and the top management in line with the long term objectives of the Company.

**7.2** To ensure that the remuneration principles are disclosed under a separate agenda item at the general assembly meeting and published on the corporate website.

**7.3** To determine the criteria to be used in determination of remuneration based on the performance of both the Company and the member in line with the relevant laws and regulations.

**7.4** To advise the board of directors on the payment to be made to the members of the board of directors and the top management also by considering the degree of achievement of the criteria.

#### **8. Public Disclosures**

**8.1** The committee ensures accurate and complete disclosure of the principles of remuneration of the board of directors and the top management in the annual report.

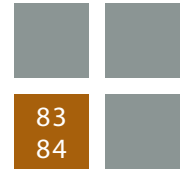
#### **9. Authorities**

The committee may obtain legal advisory or professional advice on any matter within its terms of reference.

#### **18. Risk Management and Internal Control Mechanism**

Internal Control Mechanisms were formed in the Company and in 2012 the efficiency of Risk Management and Internal Control was monitored under supervision by Corporate Governance Committee. Risk Management and Internal Control Mechanisms are efficiently operated for specifying and managing the risks encountered by the Company.





### 19. Strategic Goals

Strategic goals of the Company are set in line with proposals of senior managers and f Board of Directors and are linked to budget targets. Budget targets and achievement rates are followed by the General Manager and Chairman of the Board of the Company and are assessed in Board of Directors meetings where the Interim Financial Statements of the Company are discussed.

### 20. Financial Rights

Any rights, benefits and remuneration provided for Board Members and senior executives as well as the criteria used for specifying the same and the Remuneration Policy comprising the remuneration principles are announced on the Company website.

Remuneration is provided for only members with independent member status in Board of Directors and a remuneration of monthly net TL 1,750 for Board of Directors membership is paid only for Independent Board Members of the Company and no remuneration is provided to other members.

The Company did not grant any warranties or loans or provide loan facilities to any Board Members or managers.





## 4. FINANCIAL INFORMATION



INTERNAL  
AUDITOR'S REPORT

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**Egeli & Co. Yatırım Ortaklığı A. Ş.**

**2012 Yılına İlişkin DENETÇİ RAPORU**

Sayın Divan başkanlığı ve Genel kurul Üyeleri;

Şirketin 2012 faaliyetleri, defter kayıt ve belgeleri muhtelif tarihlerde tarafımdan incelendi.

Yönetim Kurulu ile yaptığım muhtelif görüşmelerinde uyum içinde oldukları yapılan işlerde yöneticilerin titizlikle hareket ettiklerini her dönem için çıkarılan gelir tablosunu ve Kurum Geçici Vergi Beyanlarını inceledim. Her dönemin gelir tablosunun defter kayıt ve belgelerine dayandırıldığını yaptığım incelemeler sonucunda tespit ettim.

Şirketimizin 2012 yılına ait kanuni defterleri ve ticari vesikalar tarafımdan incelendi, muhasebe usullerine göre zamanında kanuni defterlere kaydedildiği ve belgelerin muntazaman dosyalandığı, ayrıca üçer aylık dönemlerde yapılan fiili envanter işleminin kaydı envanter ve hesap mutabakatları ile uyumlu olduğunu incelemem sonucunda tespit edilmiştir.

Görüşüme sunulan 2012 yılına ait bilanço ve gelir tablolarında yapılan incelemelerimde, kanuni defter ve belgelere uygun olarak çıkarıldığı kayıtların kanuni belgelere dayandığı tespit edilmiştir.

Yöneticilerin gayretlerinden ve kayıtlarda gösterdikleri titizlikten dolayı huzurlarınızda kutlar bilanço ve gelir tablolarının kabulünü saygılarımla arz ederim.

Denetçi

**Yusuf BİÇER**

YEMİNLİ MALİ MÜŞAVİR

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

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

1. We have audited the accompanying consolidated financial statements of Egeli & Co Yatırım Holding A.Ş., its joint venture and subsidiaries (collectively referred to as "the Group") which comprise the consolidated balance sheet as of 31 December 2012 and the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

***Group Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

*Opinion*

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Egeli & Co Yatırım Holding A.Ş., its joint venture and subsidiaries as of 31 December 2012 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board (See Note 2).

*Additional Paragraph for Convenience Translation into English*

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

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

**Talar Gül, SMMM**

Partner

*Istanbul, 18 March 2013*





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**CONVENIENCE TRANSLATION INTO ENGLISH OF  
AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012**  
ORIGINALLY ISSUED IN TURKISH

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

	Notes	31 December 2012	31 December 2011
<b>ASSETS</b>			
<b>Current assets</b>		<b>89,544,671</b>	<b>35,931,120</b>
Cash and cash equivalents	5	50,612,295	27,840,926
Financial investments	6	15,000,137	7,491,714
-Financial assets held for trading due to transaction with related parties	22	1,378,602	1,923,115
-Other financial investments	6	13,621,535	5,568,599
Other current assets	14	23,932,239	598,480
-Receivables from related parties	14 and 22	23,169,792	-
-Other current assets	14	762,447	598,480
<b>Non-current assets</b>		<b>7,688,230</b>	<b>6,051,408</b>
Financial investments	6 and 22	6,452,593	5,197,910
Property and equipment (net)	10	321,459	138,003
Intangible assets (net)	11	599,462	622,073
Other non-current assets	14	121,956	16,175
Deferred tax assets	20	192,760	77,247
<b>TOTAL ASSETS</b>		<b>97,232,901</b>	<b>41,982,528</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>1,139,722</b>	<b>62,167</b>
Financial liabilities	7	53,216,786	-
Trade payables	8	110,337	152,290
- Trade payables to related parties	8 and 22	94,566	11,720
- Other trade payables	8	15,771	140,570
Other payables	9	21	817
Other liabilities	14	308,520	204,852
<b>Non-current liabilities</b>		<b>265,758</b>	<b>434,739</b>
Other Non-current liabilities	14	256,812	430,586
Provisions for employee benefits	13	8,946	4,153
<b>Total liabilities</b>		<b>53,901,422</b>	<b>792,698</b>
<b>Shareholders' equity</b>		<b>43,331,479</b>	<b>41,189,830</b>
Share capital	15	40,000,000	40,000,000
Unpaid capital	15	-	(40,017)
Adjustment to share capital	15	251,880	251,880
Common stocks share premiums	15	297,610	297,610
Treasury stocks(-)	15	(2,160,679)	-
Restricted reserves	15	278,095	278,095
Change in the fair value of AFS financial investments		(1,040,357)	(161,199)
Retained earnings	15	486,292	1,034,235
Net income/(loss) for the period		1,610,347	(470,778)
<b>Shareholders' equity</b>		<b>39,723,188</b>	<b>41,189,826</b>
<b>Non-controlling interests</b>		<b>3,608,291</b>	<b>4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>97,232,901</b>	<b>41,982,528</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
ORIGINALLY ISSUED IN TURKISH**

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

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	Notes	1 January - 31 December 2012	1 January - 31 December 2011
<b>CONTINUING OPERATIONS</b>			
<b>OPERATING INCOME</b>			
Interest, commission and other income	16	9,318,821	2,005,850
Interest, commission and other expense (-)	16	(2,868,332)	(1,286,617)
<b>Gross profit</b>		<b>6,450,489</b>	<b>719,233</b>
General administrative expense (-)	17	(2,594,826)	(1,400,184)
Other operation income	18	4,844	22,857
Other operation expense (-)	18	(53,138)	-
<b>Operating income/(loss)</b>		<b>3,807,369</b>	<b>(658,094)</b>
Financial income	19	1,501,976	284,574
Financial expense (-)	19	(3,288,690)	(146,299)
<b>Income/(loss) before tax from continuing operations</b>		<b>2,020,655</b>	<b>(519,819)</b>
<b>Tax income/(expense) from continuing operations</b>			
- Current period tax expense (-)	20	(283,878)	-
- Deferred tax income/expense (-)	20	(104,277)	49,041
<b>Income/(loss) from continuing operations</b>		<b>1,632,500</b>	<b>(470,778)</b>
<b>Net gain (loss) from continuing operations</b>		<b>1,632,500</b>	<b>(470,778)</b>
<b>Loss attributable to:</b>			
Owners of the parent		1,610,347	(470,778)
Non-controlling interests		22,153	-
<b>Other comprehensive (loss)/income</b>			
Changes in the fair value of available for-sale financial investments		(1,098,948)	(201,499)
Tax effect of changes in the fair value of available for-sale financial investments	20	219,790	40,300
<b>Total comprehensive income/(loss)</b>		<b>753,342</b>	<b>(631,977)</b>
<b>Comprehensive loss attributable to:</b>			
Owners of the parent		731,189	(631,977)
Minority interest		22,153	-
Earnings per share from continuing operations (Corresponds to per share which is 1 TRY nominal)	21	0.0004	(0.0002)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**  
**ORIGINALLY ISSUED IN TURKISH**

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

	Notes	Share capital	Unpaid Capital	Adjustment to share capital	Common stocks share premium	Treasury stocks	Restricted reserves	Retained earnings	Changes in the fair value of AFS fin. inv	Non-comt interests	Net profit/(loss) for the period	Total equity
<b>1 January 2011</b>	<b>15</b>	<b>9,027,000</b>	-	<b>251,880</b>	<b>297,545</b>	-	<b>278,095</b>	<b>1,343,928</b>	-	-	<b>(309,693)</b>	<b>10,888,755</b>
Capital increase	15	30,973,000	(40,017)	-	65	-	-	-	-	-	-	30,933,048
Minority shares regarding current period purchases		-	-	-	-	-	-	-	-	4	-	4
Transfers		-	-	-	-	-	-	(309,693)	-	-	309,693	-
Total comprehensive income		-	-	-	-	-	-	-	(161,199)	-	(470,778)	(631,977)
<b>31 December 2011</b>		<b>40,000,000</b>	<b>(40,017)</b>	<b>251,880</b>	<b>297,610</b>	-	<b>278,095</b>	<b>1,034,235</b>	<b>(161,199)</b>	<b>4</b>	<b>(470,778)</b>	<b>41,189,830</b>
<b>1 January 2012</b>		<b>40,000,000</b>	<b>(40,017)</b>	<b>251,880</b>	<b>297,610</b>	-	<b>278,095</b>	<b>1,034,235</b>	<b>(161,199)</b>	<b>4</b>	<b>(470,778)</b>	<b>41,189,830</b>
Capital increase		-	40,017	-	-	-	-	-	-	-	-	40,017
Minority shares regarding current period purchases		-	-	-	-	-	-	-	-	3,586,134	-	3,586,134
Transaction with minority shares		-	-	-	-	-	-	(77,165)	-	-	-	(77,165)
Treasury stock purchase (-)		-	-	-	(2,160,679)	-	-	-	-	-	-	(2,160,679)
Transfers		-	-	-	-	-	-	(470,778)	-	-	470,778	-
Total comprehensive (expense)/income		-	-	-	-	-	-	-	(879,158)	22,153	1,610,347	753,342
<b>31 December 2012</b>		<b>40,000,000</b>	-	<b>251,880</b>	<b>297,610</b>	<b>(2,160,679)</b>	<b>278,095</b>	<b>486,292</b>	<b>(1,040,357)</b>	<b>3,608,291</b>	<b>1,610,347</b>	<b>43,331,479</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012**  
ORIGINALLY ISSUED IN TURKISH

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



	Notes	1 January - 31 December 2012	1 January - 31 December 2011
<b>Cash flows from operating activities:</b>			
Profit/(loss) before tax for the period		2,020,655	(519,819)
<b>Adjustments to reconcile net income to net cash from operating activities:</b>			
Financial investments value increase(-)		(15,953)	(205,090)
Depreciation and amortisation		151,424	48,479
Provision for employment termination benefits		4,793	3,559
Payment of employment termination benefits		-	(6,037)
Interest accrual correction		(1,748,774)	(93,086)
Interest expense		3,216,786	-
<b>Net cash used in operating activities before changes in operating assets and liabilities</b>		<b>3,628,931</b>	<b>(771,994)</b>
Change in financial investments		(7,508,423)	(6,812,387)
Net increase in other current assets		(163,967)	(518,107)
Net increase in trade payables		(41,933)	121,312
Net increase in other non-current assets		(105,781)	(16,175)
Net increase in other payables and other liabilities		(740,615)	576,426
<b>Net cash used in operating activities</b>		<b>(4,931,788)</b>	<b>(7,420,925)</b>
Purchases of tangible and intangible assets		(312,269)	(635,533)
Loans transferred to partners		(21,750,000)	-
Increase in financial assets available for sale		(2,386,487)	(5,230,766)
Cash and cash equivalents acquired by purchase of subsidiary		4,120,678	-
<b>Cash flows used in investing activities</b>		<b>(20,328,078)</b>	<b>(5,866,299)</b>
Increase in capital		-	30,973,000
Purchase of treasury stock		(2,160,679)	-
Bank borrowings received		50,000,000	-
<b>Cash flows from financing activities</b>		<b>47,839,321</b>	<b>30,973,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>22,579,455</b>	<b>17,685,776</b>
Change in restricted cash		(24,856,007)	(724,529)
Cash and cash equivalents at the beginning of the period	4	27,023,310	10,062,063
<b>Cash and cash equivalents at the end of the period</b>		<b>4 24,746,758</b>	<b>27,023,310</b>

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

EGELİ & CO YATIRIM HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

ORIGINALLY ISSUED IN TURKISH

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

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**1 - ORGANIZATION AND NATURE OF OPERATIONS**

Egeli & Co. Yatırım Holding A.Ş. (The "Company") was incorporated by being fully registered and started its financial operations on 10 February 1998. The company was established under the name of Varlık Yatırım Ortaklığı A.Ş., on 24 March 2010 in order to be engaged with Securities Investment Trusts according to the regulations of 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 "Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret Anonim Şirketi"(Karesi), which was founded on 30 March 2011 with TRY480,000 capital stock, with NRG Enerji Sistemleri Sanayi ve Ticaret A.Ş., as a 50%-50% joint venture co-founded, to operate in geothermal energy investments, especially investments of energy production in the Balıkesir-Bigadiç-Adalı-Çeribaşı and the Balıkesir-Balya-Ilica geothermal fields. The Company sold its partnership interest in Karesi, amounting to TRY794,111, to a group company on 20 February 2013, 91.20% of whose shares are owned by the company Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (formerly known as "Ak B Tipi Yatırım Ortaklığı" and "Egeli & Co B tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.") as of 31 December 2012.

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 TRY200,000 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. The Company's partnership interest in EGC Elektrik as of 31 December 2012 is 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.". As of 31 December 2012, the Company owns 91.20% of the share capital of "Egeli & Co B Tipi Menkul Kıymet Yatırım

## **1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)**

Ortaklığı A.Ş. Egelî & 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 "Egelî & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.". (Note: 4)

Egelî & Co Yatırım Holding A.Ş, its subsidiary and joint venture are expressed as "the Group" all together. The total number of personnel employed in the Company as of 31 December 2012 is 8 (as of 31 December 2011 it was 5).

The consolidated financial statements for the year ended 31 December 2012 have been approved by the Board of Directors on 18 March 2013. The General Assembly has the power to amend the financial statements.

## **2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

### **2.1 Basis of Presentation**

#### **2.1.1 Significant accounting standards**

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

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012  
ORIGINALLY ISSUED IN TURKISH**

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

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

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

**2.1.2 Accounting for the effect of hyperinflation**

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

**2.1.3 Offsetting**

Financial assets and liabilities are offset, 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.

**2.1.4 Going concern**

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

**2.1.5 Functional and presentation currency**

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

**2.2 Changes in accounting policies**

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

**2.2.1 Comparatives and restatement of prior periods' financial statements**

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period. On the consolidated comprehensive income statement for the period ended 31 December 2011, investment consultancy expense amounting to TRY 589,082 has been classed from "general administrative expenses" to "service income and expense" to conform to current period presentation.

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

The Company adopted the standards, amendments and interpretations published by the IASB and International Financial Reporting Interpretation Committee ("IFRIC") and which are mandatory for the accounting periods beginning on or after 1 January 2012.



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

### New standards and amendments

- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.
- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.
- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, "Income taxes - recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. Early adoption is permitted.

### Standards, amendments and interpretations not yet effective and not adopted early:

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net-funding basis. Early adoption is permitted.
- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.
- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012  
ORIGINALLY ISSUED IN TURKISH**

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

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

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.
- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.
- IAS 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 IAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- IFRS 1 (amendment), "First time adoption", on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.
- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.
- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2013. 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 IFRS 12 to introduce disclosures that an investment entity needs to make.

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

- IFRIC 20, "Stripping costs in the production phase of a surface mine" is effective for annual periods beginning on or of 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.

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

### 2.3 Restatement and the Errors in the Accounting Estimates

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

### 2.4 Summary of Significant Accounting Policies

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

#### a. Consolidation principles

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

#### Joint 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:

<b>Joint venture</b>	<b>Egeli &amp; Co Yatırım Holding A.Ş. direct ownership interest</b>	<b>Total ownership interest</b>	<b>Proportion of effective interest</b>
Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret A.Ş.	50.00%	50.00%	50.00%

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

ORIGINALLY ISSUED IN TURKISH

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

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

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

**Subsidiaries**

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.

<b>Joint venture</b>	<b>Egeli &amp; Co Yatırım Holding A.Ş. direct ownership interest</b>	<b>Total ownership interest</b>	<b>Proportion of effective interest</b>
EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş.	100.00%	-	100.00%
Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.	91.20%	-	91.20%

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

**Minority shares**

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

**b. Financial Assets**

The group 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 Group commits to purchase or sell the asset.

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

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

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

### ***Financial assets at fair value through profit or loss***

Financial assets, which are classified as "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 "interest, commission and other income".

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

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

### ***Financial assets held until maturity***

Financial assets held until maturity are kept with the intention of holding until maturity and the necessary conditions are met in order to hold until maturity, including funding ability. They have fixed or determinable payments with fixed maturity and are excluded from credit and receivables. They are not classified as held for trading during the initial accounting and not presented as ready for sale in the records. The mentioned assets are recorded at their acquisition cost and this value is accepted as fair value.

Financial assets held until maturity are valued with "discounted value" using the effective interest rate method, following the recording. Interest income regarding financial assets held until maturity is recognized in the consolidated comprehensive income statement. The Company does not allocate any impairment provision for the short-term market fluctuations under the condition that no collection risk emerges on the securities representing the borrowing classified under held-to-maturity financial assets. In the event that collection risk emerges, the amount of the impairment is the difference between the book value of the financial asset and the cash flows that are still expected to be collected from the financial assets, if any, obtained through discounting based on the original effective interest rate.

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

### ***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 income statement.

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

### **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.

### **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 consolidated 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.

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

### **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 income 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 include software and energy generation licences. (Note 11).

#### ***Software***

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 from 3 to 5 years from the date of acquisition.

#### ***Energy generation licences***

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

### **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.

## **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.

### **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 "interest, commissions and other income" account as interest income in the income statement (Note 16).

### **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).



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

### **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 20).

### **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.

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

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

### **r. Employee benefits**

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

### **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,.

### **t. Earnings per share**

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

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

### **u. Subsequent events**

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

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

### v. Segment Reporting

The Group does not prepare segment reporting as of 31 December 2012 since the subsidiary and the joint venture, which will perform their activities in different sectors and geographical areas, has not yet started their operations. Aggregate amounts of assets, liabilities, and revenue and results related to subsidiaries and joint ventures in the consolidated financial statements are figured in Note 3.

### 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.

#### *Deferred tax assets recognition*

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

#### *Fair value of financial assets*

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

## 3 - SUBSIDIARIES AND JOINT VENTURES

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

#### *Joint venture (not multiplied by parent company share)*

	31 December 2012	31 December 2011
Total current assets	194,526	70,799
Total non-current assets	1,463,202	1,234,179
<b>Total assets</b>	<b>1,657,728</b>	<b>1,304,978</b>
Total current liabilities	339,811	333,529
Total non-current liabilities	532,548	872,742
<b>Total liabilities</b>	<b>872,359</b>	<b>1,206,271</b>
Net loss for the period	(113,371)	(301,261)

EGELİ & CO YATIRIM HOLDİNG A.Ş.

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**3 - SUBSIDIARIES AND JOINT VENTURES (Continued)**

*Subsidiary*

**Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.**

	<b>31 December 2012</b>	<b>31 December 2011</b>
Total current assets	41,153,567	-
Total non-current assets	16,322	-
<b>Total assets</b>	<b>41,169,889</b>	<b>-</b>
Total current liabilities	164,854	-
Total non-current liabilities	1,740	-
<b>Total liabilities</b>	<b>166,594</b>	<b>-</b>
Service income	2,622,914	-
Net profit for the period	251,743	-

**EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş.**

	<b>31 December 2012</b>	<b>31 December 2011</b>
Total current assets	45,553	116,202
Total non-current assets	2,386,487	-
<b>Total assets</b>	<b>2,432,040</b>	<b>116,202</b>
Total current liabilities	2,391,887	67,741
Total non-current liabilities	-	-
<b>Total liabilities</b>	<b>2,391,887</b>	<b>67,741</b>
Service income	-	-
Net loss for the period (-)	(208,309)	(151,539)



#### NOTE 4 - BUSINESS COMBINATIONS

On 3 July 2012, the Company purchased 12,607,326 shares of "AK B Tipi Yatırım Ortaklığı A.Ş." (owning TRY18,000,000 nominal capital) which have a nominal value of TRY12,607,326 for TRY28,542,387. Thereby, "AK B Tipi Yatırım Ortaklığı A.Ş." has become a subsidiary of which the Company owns 70.26%. As of 31 December 2012, the share in the subsidiary is 91.20%. As of

31 December 2012, the subsidiary has become a "Venture Capital Company" by changing its type. The Extraordinary General Assembly resolution that changed the prime contract has been registered by the 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."

Goodwill calculation and information on acquired net assets as of the acquisition date is as follows:

Cash and cash equivalents	41,369,245
Tangible assets	51,999
Provisions and other liabilities	(669,692)
<b>Net acquired assets</b>	<b>40,751,552</b>
Minority shares	(12,209,165)
Goodwill	-
<b>Acquisition cost</b>	<b>28,542,387</b>
Cash and cash equivalents acquired	41,369,245
<b>Cash obtained from acquisition</b>	<b>12,826,858</b>

The Company has increased its share rate to 91.20% as of 31 December 2012 with the purchases it made after the acquisition date. Total cost of these shares is TRY37,248,566.

#### 5 - CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Cash	530	2,228
Banks		
- Time deposits (*)	25,857,882	27,827,383
- Demand deposits	45,228	11,315
Reverse repo(**)	17,505,335	-
Receivables from Money market operations (***)	7,203,320	-
	<b>50,612,295</b>	<b>27,840,926</b>

(\*) As of 31 December 2012, time deposit amounting to TRY25.580.536 (31 December 2011: TRY724.529) are under blockage.

(\*\*) As of 31 December 2012, current reverse repo is daily and the interest rate is between 5.25%-5.80%.

(\*\*\*) As of 31 December 2012, receivables from Money market operations have 2 days to mature and the interest rate is 5.80%.

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## 5 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 December 2012	31 December 2011
Cash	530	2,228
Banks		
- Time deposits	-	27,009,767
- Demand deposits	45,228	11,315
Reverse repo	17,500,000	-
Receivables from money market operations	7,201,000	-
	<b>24,746,758</b>	<b>27,023,310</b>

The details of time deposits are as follows:

31 December 2012	Interest rate	Maturity date	Cost	Book value
	8.40%	27 March 2013 (*)	25,000,000	25,276,165
	7.42%	24 January 2013 (**)	580,536	581,717
			<b>25,580,536</b>	<b>25,857,882</b>

(\*) Related amount is under blockage for use of credit which is explained in Note 7.

(\*\*) Related amount is under blockage for letter of guarantee of Karesi.

31 December 2012	Interest rate	Maturity date	Cost	Book value
	11.00%	20 January 2012	22,492,568	22,580,547
	11.60	% 5 January 2012	3,500,000	3,503,332
	11.50	% 2 January 2012	892,518	893,081
	11.00	% 27 January 2012	736,925	738,241
	11.50	% 2 January 2012	112,152	112,182
			<b>27,734,163</b>	<b>27,827,383</b>

## 6 - FINANCIAL INVESTMENTS

	31 December 2012	31 December 2011
<b>Short term financial investments</b>		
Fair value through profit or loss	9,161,345	7,491,714
Financial assets held until maturity	5,838,792	-
	<b>15,000,137</b>	<b>7,491,714</b>

**6 - FINANCIAL INVESTMENTS (Continued)****31 December 2012 31 December 2011****Financial assets at fair value through profit or loss**

Financial assets held for trading	9,161,345	7,491,714
	<b>9,161,345</b>	<b>7,491,714</b>

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 2012			31 December 2011		
	Cost value	Fair Value	Book Value	Cost value	Fair Value	Book Value
Share certificates (*)	2,488,194	2,255,128	2,255,128	5,835,084	6,114,667	6,114,667
Government bonds (**)	6,414,752	6,906,217	6,906,217	-	-	-
Mutual Fund (***)	-	-	-	1,555,000	1,377,047	1,377,047
	<b>8,902,946</b>	<b>9,161,345</b>	<b>9,161,345</b>	<b>7,390,084</b>	<b>7,491,714</b>	<b>7,491,714</b>

(\*) As of 31 December 2012 and 2011, stocks at fair value through profit or loss are comprised of stocks quoted on the ISE. A part of the stocks amounting to TRY1,378,602 consists of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. stocks (31 December 2011: TRY546,068) (Note 22).

(\*\*) The government bonds classed under financial assets at fair value through profit or loss are all quoted on the stock exchange and their maturities and interest rates are as follows:

Type of currency	31 December 2012		31 December 2011	
	Average maturity	Yearly interest rate (%)	Average maturity	Yearly interest rate (%)
TL	46 months	6.38	-	-

(\*\*\*) "Egeli & Co Special Situations Fund" is a Cayman-centred investment fund whose control power is owned by Egeli & Co Finansal Yatırımlar A.Ş. The fund focuses on restructuring, hard times, troubled assets and the other special circumstances with constructive investments. Egeli & Co Portföy Yönetimi A.Ş. is the manager of the portfolio of the fund, Caledonian Fund Services realise operational management. The funds that the Group have, were sold for TRY1,414,084 on 30 November 2012.

**Financial assets held until maturity:**

	31 December 2012	31 December 2011
Private sector bonds	5,838,792	-

Private sector financing bonds that the Group owns, has an average maturity of 88 days and an average interest rate of 13.60%.

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**6 - FINANCIAL INVESTMENTS (Continued)****Financial assets available for sale:**

Details of share certificates that are classified as available-for-sale financial assets that the Group follows under current assets are as follows:

Type	31 December 2012		31 December 2011	
	Subsidiary Amount TRY	Partnership interest %	Subsidiary Amount TRY	Partnership interest %
<b>Quoted to stock exchange</b>				
Egeli & Co Tarım Girişim Sermayesi Y.O. A.Ş.	4,066,106	24.98	5,165,054	24.98
<b>Not quoted to stock exchange</b>				
Enda Enerji Holding A.Ş.	2,386,487	2.05	-	-
Batı Tarımsal Yatırımlar A.Ş.	-	-	32,856	9.00
	<b>6,452,593</b>		<b>5,197,910</b>	<b>-</b>

As of 31 December 2012, the portion of available-for-sale financial assets (31 December 2011: amounting to TRY5,165,054) consists of shares of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. with a nominal value of TRY494,738 owned by the Company and shares with a nominal value of TRY5,000,000. This second set of shares was sold to the Company via private placement without exercising the right of purchasing new shares and was issued when the issued capital of Egeli & Co. Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. (formerly known as "Egeli & Co. Yatırım Ortaklığı A.Ş.") was increased from TRY17,000,000 to TRY22,000,000. Both sets of shares are valued according to the market price on the Istanbul Stock Exchange. All of the said shares are Class B shares and two-thirds of the members of the Board of Directors are selected among the members indicated by Class A shareholders. Hence, the Group does not have a major influence on the management of the relevant company.

The Company sold its shares of "Batı Tarımsal Yatırımlar A.Ş." (owning TRY2,000,000 in capital), in its financial assets ready for sale to Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı on 27 September 2012. The shares correspond to 9% of their capital and their nominal value is TRY180,000. The sale amounts to TRY189,552 and the profit originating from the sales is TRY9,593 (Note 22).

The Company's subsidiary EGC Elektrik, purchased TRY2,386,487 worth of Enda Enerji Holding A.Ş. stocks corresponding to 2.05% of the total stocks as of 31 December 2012. Since the purchase transaction took place in the balance sheet date, the mentioned financial asset is presented with its cost value in the balance sheet.

**7 - FINANCIAL LIABILITIES**

	31 December 2012	31 December 2011
<b>Short term financial liabilities</b>		
TRY bank borrowings	50,000,000	-
Interest expense accrual	3,216,786	-
	<b>53,216,786</b>	<b>-</b>



## 7 - FINANCIAL LIABILITIES (Continued)

Based on the credit agreement between The Company and Türkiye Vakıflar Bankası T.A.O, between 27 June and 4 July 2012 the Company took up a loan amounting to TRY50,000,000. A time deposit amounting to TRY25,000,000 has been blocked due to this loan(Note 5). In addition, the Company has given shares of Egeli & Co B Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş. and Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. amounting to TRY33,109,716 to Türkiye Vakıflar Bankası T.A.O as collateral. TRY21,750,000 of the loan has been given to controlling shareholder Egeli & Co. Finansal Yatırımlar A.Ş with the same conditions and interest rate(Note 22).

The aforesaid borrowing has a total maturity of 9 months and a yearly average interest rate of 12%. The maturities of the borrowing is between 27 March 2013 and 4 April 2013.

## 8 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2012 and 2011 the Group does not have any trade receivables.

	31 December 2012	31 December 2011
<b>Short-term trade payables</b>		
Portfolio management debt to related parties (Note 22)	94,566	11,720
Advisory fee	7,126	67,741
Payables to insurance companies	2,626	1,562
Trade creditors	590	-
Payables related to purchase of shares	-	68,169
Other	5,429	3,098
	<b>110,337</b>	<b>152,290</b>

## 9 - OTHER SHORT-TERM RECEIVABLES AND PAYABLES

As of 31 December 2012 and 2011 the Group does not have any other receivables.

	31 December 2012	31 December 2011
<b>Short-term trade payables</b>		
Dividend payables	21	21
Other	-	796
	<b>21</b>	<b>817</b>

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**10 - PROPERTY AND EQUIPMENT**

<b>31 December 2012</b>	<b>Property and equipment</b>	<b>Fixtures</b>	<b>Leasehold improvements</b>	<b>Investments under construction</b>	<b>Total</b>
<b>Cost</b>					
<b>1 January 2012 opening balance</b>	<b>13,050</b>	<b>57,023</b>	<b>120,058</b>	-	<b>190,131</b>
Additions	-	138,573	25,902	140,744	305,219
Disposals (-)	-	-	-	-	-
<b>31 December 2012 closing balance</b>	<b>13,050</b>	<b>195,596</b>	<b>145,960</b>	<b>140,744</b>	<b>495,350</b>
<b>Accumulated depreciation</b>					
<b>1 January 2012 opening balance</b>	<b>(13,050)</b>	<b>(12,384)</b>	<b>(26,694)</b>	-	<b>(52,128)</b>
Additions	-	(92,592)	(29,171)	-	(121,763)
Disposals (-)	-	-	-	-	-
<b>31 December 2012 closing balance</b>	<b>(13,050)</b>	<b>(104,976)</b>	<b>(55,865)</b>	-	<b>(173,891)</b>
<b>31 December 2012 net book value</b>	<b>-</b>	<b>90,620</b>	<b>90,095</b>	<b>140,744</b>	<b>321,459</b>
<b>31 December 2011</b>					
<b>31 December 2011</b>	<b>Property and equipment</b>	<b>Fixtures</b>	<b>Leasehold improvements</b>	<b>Investments under construction</b>	<b>Total</b>
<b>Cost</b>					
<b>1 January 2011 opening balance</b>	<b>13,050</b>	<b>51,660</b>	<b>120,058</b>	-	<b>184,768</b>
Additions	-	5,363	-	-	5,363
Disposals (-)	-	-	-	-	-
<b>31 December 2011 closing balance</b>	<b>13,050</b>	<b>57,023</b>	<b>120,058</b>	-	<b>190,131</b>
<b>Accumulated depreciation</b>					
<b>1 January 2011 opening balance</b>	<b>(13,050)</b>	<b>(1,627)</b>	<b>(2,748)</b>	-	<b>(17,425)</b>
Additions	-	(10,757)	(23,946)	-	(34,703)
Disposals (-)	-	-	-	-	-
<b>31 December 2011 closing balance</b>	<b>(13,050)</b>	<b>(12,384)</b>	<b>(26,694)</b>	-	<b>(52,128)</b>
<b>31 December 2011 net book value</b>	<b>-</b>	<b>44,639</b>	<b>93,364</b>	-	<b>138,003</b>

**11 - INTANGIBLE ASSETS**

Intangible assets consist of software and energy generation licences.

<b>31 December 2012</b>	<b>Software</b>	<b>Energy generation licences</b>	<b>Total</b>
<b>Cost</b>			
01 January 2012 opening balance	40,752	627,170	667,922
Additions	7,050	-	7,050
Disposals (-)	-	-	-
<b>31 December 2012 closing balance</b>	<b>47,802</b>	<b>627,170</b>	<b>674,972</b>
<b>Accumulated amortisation</b>			
01 January 2012 opening balance	(35,769)	(10,080)	(45,849)
Additions	(3,429)	(26,232)	(29,661)
Disposals (-)	-	-	-
<b>31 December 2012 closing balance</b>	<b>(39,198)</b>	<b>(36,312)</b>	<b>(75,510)</b>
<b>31 December 2012 net book value</b>	<b>8,604</b>	<b>590,858</b>	<b>599,462</b>
<b>31 December 2011</b>			
<b>31 December 2011</b>	<b>Software</b>	<b>Energy generation licences</b>	<b>Total</b>
<b>Cost</b>			
01 January 2011 opening balance	37,752	-	37,752
Additions	3,000	627,170	630,170
Disposals (-)	-	-	-
<b>31 December 2011 closing balance</b>	<b>40,752</b>	<b>627,170</b>	<b>667,922</b>
<b>Accumulated amortisation</b>			
01 January 2011 opening balance	(32,073)	-	(32,073)
Additions	(3,696)	(10,080)	(13,776)
Disposals (-)	-	-	-
<b>31 December 2011 closing balance</b>	<b>(35,769)</b>	<b>(10,080)</b>	<b>(45,849)</b>
<b>31 December 2011 net book value</b>	<b>4,983</b>	<b>617,090</b>	<b>622,073</b>

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**12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

The statements of the Company related to its collateral/pledge/mortgage position as of 31 December 2012 and 2011 are as follows:

	31 December 2012			31 December 2011		
	Currency	Quantity	TRY Equivalent	Currency	Quantity	TRY Equivalent
<b>Collateral, pledges and mortgages given by the Group</b>						
A. Total amount of collateral, pledges and mortgages issued in the name of its legal entity (note 7)	TRY	58,109,716	58,109,716	-	-	-
B. Total amount of collateral, pledges and mortgages given on behalf of affiliates within the scope of full consolidation	TRY	1,000,000	1,000,000	-	-	-
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	4,113,536	4,113,536	TRY	724,529	724,529
D. Total amount of other collateral, pledges and mortgages given	-	-	-	-	-	-
i. The total amount of collateral, pledges and mortgages given on behalf of parent company	-	-	-	-	-	-
ii. The total amount of collateral, pledges and mortgages given on behalf of other group companies that is not within the scope of Articles B and C	-	-	-	-	-	-
iii. The total amount of collateral, pledges and mortgages given on behalf of third parties that is not within the scope of Article C	-	-	-	-	-	-
<b>Total</b>			<b>63,223,252</b>			<b>724,529</b>

The ratio of other collateral, pledges and mortgages to the Group equity is 146% (31 December 2011: 2%); to total assets it is 65%.

**13 - PROVISION FOR EMPLOYEE BENEFITS**

	31 December 2012	31 December 2011
<b>Short-term employee benefits</b>		
Provision for unused vacation	7,765	-
	<b>7,765</b>	<b>-</b>
<b>Long-term employee benefits</b>		
Provision for employment termination benefits	8,946	4,153
	<b>8,946</b>	<b>4,153</b>

### 13 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

#### *Unused vacation provision*

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

#### *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). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TRY3,033.98 (31 December 2011: TRY2,731.85) for each period of service at 31 December 2011.

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

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

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

	31 December 2012	31 December 2011
Discount rate (%)	3.40 - 4.66	4.66
Turnover rate to estimate the probability of retirement (%)	93 - 100	100

Additionally, the principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore the maximum amount of employment termination benefits of the Company is determined every six months and is calculated using the maximum amount of TRY3,129.25, valid from 1 January 2013.

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**13 - PROVISION FOR EMPLOYEE BENEFITS (Continued)**

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

	<b>2012</b>	<b>2011</b>
<b>Period beginning balance 01 January</b>	<b>4,153</b>	<b>6,631</b>
Provision for current period		
- Service cost	4,601	3,250
- Interest cost	192	309
Payments of employment termination benefits in current period	-	(6,037)
<b>Period end balance 31 December</b>	<b>8,946</b>	<b>4,153</b>

**14 - OTHER ASSETS AND LIABILITIES**

	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Other current assets</b>		
Receivables from shareholders (Note 7 and 22)	23,169,792	-
Deferred Value Added Tax (VAT)	559,716	326,840
Receivables from tax office	141,211	-
Prepaid taxes	235	268,612
Other	61,285	3,028
<b>Total</b>	<b>23,932,239</b>	<b>598,480</b>
<b>Other non-current assets</b>		
Emission premiums paid	120,000	-
Prepaid expenses	1,956	16,175
	<b>121,956</b>	<b>16,175</b>
<b>Other short-term liabilities</b>		
Expense accruals (*)	169,108	166,179
Provision for potential tax risk	96,742	-
Other	42,670	38,673
	<b>308,520</b>	<b>204,852</b>
<b>Other long-term liabilities</b>		
Expense accruals (*)	256,812	430,586
	<b>256,812</b>	<b>430,586</b>

(\*) Expense accruals consist of the licence fee of the geothermal field as per the agreement between Karesi and the General Directorate of Mineral Research and Exploration (MRE).

## 15 - SHAREHOLDER'S EQUITY

The Company's paid-in capital TRY40,000,000 (31 December 2011: TRY40,000,000), has been divided number of shares 4,000,000,000 (31 December 2011: 40,000,000,000) 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 2011: TRY250,000,000).

As the parent company, the Company owns 7,976,071 Class A privileged shares registered in the name of shareholders with the nominal value of TRY1, all of which belong to Egeli & Co Finansal Yatırımlar A.Ş. as of the date when these financial statements were prepared. In the election of members of the Board of Directors, all of these members are elected from among the members nominated by Class A shareholders.

Net book value of issued and paid capital as of 31 December 2012 and 31 December 2011 as below;

<b>Partners</b>	<b>Share (%)</b>	<b>31 December 2012 TRY</b>	<b>Share (%)</b>	<b>31 December 2011 TRY</b>
Egeli & Co Finansal Yatırımlar A,Ş,	43.33	17,329,761	43.31	17,325,000
Tan Egeli	1.95	780,002	1.95	780,002
Egeli & Co Special Situations Fund	-	-	1.25	500,000
Ebru Egeli	-	-	0.48	190,000
Murat Çilingir	-	-	-	1,807
Ersoy Çoban	-	-	-	3
Other/Publicly held	54.72	21,890,237	53.01	21,203,188
<b>Total paid-in share capital</b>	<b>100.00</b>	<b>40,000,000</b>	<b>100.00</b>	<b>40,000,000</b>
Unpaid Capital		-		(40,017)
Adjustment to share capital		251,880		251,880
<b>Total Capital</b>	<b>-</b>	<b>40,251,880</b>		<b>40,211,863</b>

While increasing the issued capital of the Company from TRY9,027,000 to TRY20,000,000 with an increase of TRY10,973,000, pre-emptive rights are exercised between 3 January 2011 and 17 January 2011. During the use of pre-emptive rights between 3 January 2011 and 17 January 2011, regarding the shares representing the capital in which TRY10,973,000 was increased against cash, the portion of TRY9,640,082.72 has been purchased by shareholders. The remaining portion of TRY1,332,917.28 (with the value TRY1,332,917,276/Nominal in the Central Registry Agency) was put up for sale in the primary market on the Istanbul Stock Exchange for 15 days between 3 February 2011 and 17 February 2011. The share sale was completed on 15 February 2011. Registration basis document for completion of capital increase No. 502, dated 9 March 2011, was obtained from the Capital Markets Board, and the capital increase transaction was completed after registration by the Istanbul Trade Registry Office on 14 March 2011.

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**15 - SHAREHOLDER'S EQUITY (Continued)**

On 12 August 2011, the Board of Directors resolved to increase company capital from TRY20,000,000 to TRY50,000,000; and consequently at the time of the sale of shares with a nominal value of TRY30,000,000 via private placement, the portion corresponding to a nominal value of TRY20,000,000 (all of which shall be issued in cash) which was recorded with Capital Markets Board's Decision No. 54/551, dated 15 June 2011, was sold on the Istanbul Stock Exchange's wholesale market. Accordingly, of the TRY30,000,000 worth of shares increased in return for cash, TRY20,000,000 worth of shares were sold, and the Central Registry Agency was asked to cancel the unsold shares worth TRY10,000,000. The registration basis document for completion of capital increase No. 1684, dated 6 September 2011, was obtained from the Capital Markets Board. The capital increase transaction was completed after registration by the Istanbul Trade Registry Office on 12 September 2011.

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.

**Treasury stocks**

The Company's subsidiary Egeli & Co Girişim Sermayesi Ortaklığı A.Ş. purchased the Company's 2,398,136 stocks from price range TRY0.79-TRY0.95, transaction amount TRY2,160,679, between 12 September and 12 December 2012 from the stock market. The average purchase price of the stocks is TRY0.90 and the rate of shares resulting from purchase transactions to total number of stocks is 6%. The mentioned stocks are classed as "Treasury stocks" in the consolidated financial statements (31 December 2011: None).

**Reserves, retained earnings (accumulated losses)**

	<b>2012</b>	<b>2011</b>
Restricted reserves		
- Legal reserves	278,095	278,095
Retained earnings	486,292	1,034,235
	<b>764,387</b>	<b>1,312,330</b>

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.





## **15 - SHAREHOLDER'S EQUITY (Continued)**

### **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.

### **Bonus Share**

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.

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

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## 16 - SERVICE INCOME

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Interest, commission and other income</b>		
Gain on sale of common stocks	3,921,452	47,246
Deposit interest income	2,664,459	1,762,947
Gain of government bonds, treasury bills	1,308,077	-
Interest income from reverse repo	1,279,808	117,572
Other	145,025	78,085
	<b>9,318,821</b>	<b>2,005,850</b>
<b>Interest, commission and other expenses</b>		
Cost of sales from government bonds, treasury bills	1,448,949	-
Portfolio management fee/ Investment consultancy expense (Note 22)	1,330,475	620,490
Project based consultancy expenses	-	460,671
Other	88,908	205,456
	<b>2,868,332</b>	<b>1,286,617</b>

## 17 - GENERAL ADMINISTRATIVE EXPENSE

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>General administrative expenses</b>		
Personnel expenses	1,055,155	318,400
Audit and consultancy expense	376,275	114,271
Rent expenses and the share of building expenses	235,834	172,425
Service expenses	152,492	144,613
Consulting expenses	88,478	56,479
Commission expense	76,612	-
Legal expenses	70,042	58,305
Travel expenses	66,165	52,251
Transportation expenses	64,319	41,203
Directors' and officers' liability insurance expenses	46,822	-
Other operating expenses	362,632	442,237
	<b>2,594,826</b>	<b>1,400,184</b>

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	125
	126

**18 - INCOME/EXPENSE FROM OTHER OPERATIONS**

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Income from other operations</b>		
Income from BITT litigations	-	22,857
Other	4,844	-
	<b>4,844</b>	<b>22,857</b>
	<b>31 Aralık 2012</b>	<b>31 Aralık 2011</b>
<b>Expenses from other operations</b>		
Cancellation of leasehold improvements	(42,132)	-
Other	(11,006)	-
	<b>(53,138)</b>	<b>-</b>

**19 - FINANCIAL INCOME AND EXPENSE**

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Financial income</b>		
Interest income from loans transferred to shareholders (Note 22)	1,419,792	-
Foreign exchange gain	48,912	6,049
Other	33,272	278,525
	<b>1,501,976</b>	<b>284,574</b>
	<b>31 Aralık 2012</b>	<b>31 Aralık 2011</b>
<b>Financial expense</b>		
Borrowing interest expense	3,216,786	-
Foreign exchange loss	10,992	122,300
Other	60,912	23,999
	<b>3,288,690</b>	<b>146,299</b>

## **20 - INCOME TAXES**

According to CMB's Corporate Tax Declaration Law, article 5/d, dividends paid to non-resident corporations that have business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Withholding Tax Declaration Law No. 193, 67th article of the amendment by Law No. 5527 on 7 July 2006 and published in the framework of this change in the Official Gazette No. 26237 dated 23 July 2006, and with the Capital Market in accordance with the decision established securities investment funds (funds and exchange traded funds and housing finance funds, including asset finance) and securities portfolio management, investment partners over the earnings until the date of 01 October 2006 date of the change rate of withholding tax is amended to 15% from 1 October 2006.

However, shares acquired before 01 January 2006, with treasury bills and bonds issued before that date, or the maintenance of a process arising from the disposals of the portfolio and gains exempt from corporation tax are subject to the provisions that are valid from 31 December 2006. Accordingly, allowance has been made to the portion of the portfolio in the formation of at least 25% of the shares from the portfolio in this part of the portfolio gains of 0%, otherwise of 10%.

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

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

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

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

## 20 - INCOME TAXES (Continued)

Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (with its former title; "Ak B Tipi Yatırım Ortaklığı" and "Egeli & Co B Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.") is subject to the related exemptions due to operating in the status of investment trust in 2012, and since it changed type and was transformed into "venture capital trust" as of 01 January 2013, it is subject to the venture capital revenues exemption included in Corporate Income Tax Law as of this date.

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

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

	1 January- 31 December 2012	1 January- 31 December 2011
Current year tax expense(-)	(283,878)	-
Deferred tax (expense)/income	(104,277)	49,041
<b>Total tax (expense)/income</b>	<b>(388,155)</b>	<b>49,041</b>

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

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

## **20 - INCOME TAXES (Continued)**

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 30 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 2005 and 2006, no inflation adjustment was performed.

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

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

Under the Turkish Corporate Tax Law, losses can be carried forward to offset 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 in into consideration in the fixation of the corporate tax assessment.

As of 31 December 2012 and 2011 the cumulative temporary differences and deferred tax assets and liabilities using enacted tax rates are as follows:

**20 - INCOME TAXES (Continued)**

	<b>31 December 2012</b>	<b>31 December 2011</b>
Deferred tax assets	216,992	158,351
Deferred tax liabilities	(24,232)	(81,104)
<b>Deferred tax assets, net</b>	<b>192,760</b>	<b>77,247</b>
	<b>Total temporary differences</b>	<b>Deferred tax assets/(liabilities)</b>
	<b>31 December 2012</b>	<b>31 December 2012</b>
<b>Deferred tax assets</b>		
Marketable securities valuation differences	1,063,317	212,663
Tax losses carried forward	12,700	2,540
Employee termination benefits	8,946	1,789
	<b>1,084,963</b>	<b>216,992</b>
<b>Deferred tax liabilities</b>		
Tangible and intangible assets tax basis and book value differences	(98,105)	(19,621)
Other	(23,056)	(4,611)
	<b>(121,161)</b>	<b>(24,232)</b>
<b>Deferred tax assets, net</b>		<b>192,760</b>

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

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

	<b>2012</b>	<b>2011</b>
<b>Beginning of the period - 1 January</b>	<b>77,247</b>	<b>(12,094)</b>
Deferred tax income recognized in the income statement	(104,277)	49,041
Deferred tax expense recognized in the Shareholders' equity		
- Tax effect of change in fair value of available for sale financial investments	219,790	40,300
<b>End of the period - 31 December</b>	<b>192,760</b>	<b>77,247</b>
	<b>Total temporary differences</b>	<b>Deferred tax assets/(liabilities)</b>
	<b>31 December 2011</b>	<b>31 December 2011</b>
<b>Deferred tax assets</b>		
Deductible financial losses	586,104	117,221
Financial assets tax basis and book value differences	201,499	40,300
Employee termination benefits	4,153	830
	<b>791,756</b>	<b>158,351</b>
<b>Deferred tax liabilities</b>		
Financial assets tax basis and book value differences	(279,583)	(55,917)
Tangible and intangible assets tax basis and book value differences	(97,257)	(19,451)
BITT provision	(28,681)	(5,736)
	<b>(405,521)</b>	<b>(81,104)</b>
<b>Deferred tax liabilities, net</b>		<b>77,247</b>

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## 21 - EARNINGS PER SHARE

Earnings per share stated in the income statement are being calculated by dividing the net profit for the current period by the weighted average number of ordinary shares.

In Turkey, companies can increase their share capital by distributing "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.

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
Net income/(loss) for the period	1,632,500	(470,778)
The average number of shares	4,000,000,000	3,024,984,444
<b>Income/(loss) per share (As TRY1 per share)</b>	<b>0.0004</b>	<b>(0.0002)</b>
Total comprehensive income/ (loss)	753,342	(631,977)
<b>Comprehensive income/(loss) per share (As TRY1 per share)</b>	<b>0.0002</b>	<b>(0.0002)</b>

## 22 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) As of 31 December 2012 and 2011 balances of related parties are as follows:

	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Receivables from related parties</b>		
Egeli & Co Finansal Yatırımlar A.Ş. (Note 7 and 14) (*)	23,169,792	-
	<b>23,169,792</b>	<b>-</b>
<b>Trade payables to related parties</b>		
Egeli & Co Portföy Yönetimi A.Ş. (Note 8) (**)	94,566	11,720
	<b>94,566</b>	<b>11,720</b>

(\*) The Company provided a loan amounting TRY 21,750,000 to its majority shareholder Egeli & Co Finansal Yatırımlar A.Ş. to compensate their need of cash in investment activities. The related receivable balance amounting to TRY1,419,792 contains interest income accrual (Note 19).

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



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

b) Transactions with related parties for the years ended 31 December 2012 and 2011 are as follows:

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Interest income received from related parties</b>		
Egeli & Co Finansal Yatırımlar A.Ş.	1,419,792	-
	<b>1,419,792</b>	<b>-</b>
	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Advisory expenses for investing activities and portfolio management fee</b>		
Egeli & Co Portföy Yönetimi A.Ş. (Dipnot 16) (**)	1,330,475	620,490
	<b>1,330,475</b>	<b>620,490</b>

(\*) Consists of expenses for advisory and portfolio management.

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
<b>Other expenses</b>		
Egeli & Co Kurumsal Destek Hizmetleri A.Ş. (**)	152,492	144,613
	<b>152,492</b>	<b>144,613</b>

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

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

	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Financial assets at fair value through profit or loss</b>		
Egeli & Co Tarım Girişim Sermayesi Y.O.A.Ş.	1,378,602	546,068
Egeli & Co Special Situations Fund	-	1,377,047
	<b>1,378,602</b>	<b>1,923,115</b>

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

	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Financial assets held for sale</b>		
Egeli & Co Tarım Girişim Sermayesi Y.O.A.Ş. (*)	4,066,106	5,165,054
Batı Tarımsal Yatırımlar A.Ş.(**)	-	32,856
	<b>4,066,106</b>	<b>5,197,910</b>

(\*) Consists of shares of Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. with nominal value of TRY494,738 owned by the Company and shares with nominal value of TRY5,000,000 valued according to the market price on the Istanbul Stock Exchange.

(\*\*) The company sold the shares of "Batı Tarımsal Yatırımlar A.Ş." which are classed in financial assets ready for sale to Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı on 27 September 2012. The sales, amount to TRY189,552, and the profit from sales amount to TRY9,593 (Note 6).

d) The details of benefits which provided to high level executives are as follows;

	<b>1 January- 31 December 2012</b>	<b>1 January- 31 December 2011</b>
Gross wages and other short term benefits	281,395	147,735
	<b>281,395</b>	<b>147,735</b>

**23 - FINANCIAL RISK MANAGEMENT**

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

**Financial Risk Management**

The Group's activities expose 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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

**a) 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.

**23 - FINANCIAL RISK MANAGEMENT (Continued)**

The Group's maximum credit risk exposure:

<b>Note</b>	<b>Banks and B type liquid funds (Note 5)</b>	<b>Receivables from reverse repo transactions (Note 5)</b>	<b>Receivables from money market transactions (Note 5)</b>	<b>Financial investments (Note 6)</b>	<b>Receivables from related parties (Note 22)</b>
<b>31 December 2012</b>					
<b>As of reporting date Max. credit risk exposed</b>	<b>25,903,110</b>	<b>17,505,335</b>	<b>7,203,320</b>	<b>21,452,730</b>	<b>23,169,792</b>
Net book value of non-overdue or non-impaired financial assets	25,903,110	17,505,335	7,203,320	21,452,730	23,169,792
<b>31 December 2011</b>					
<b>As of reporting date Max. credit risk exposed</b>	<b>27,838,698</b>	-	-	<b>12,689,624</b>	-
Net book value of non-overdue or non-impaired financial assets	27,838,698	-	-	12,689,624	-

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

**b) Liquidity risk disclosures**

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

The Group does not have any derivative financial liabilities. The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of 31 December 2012 and 2011.

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**23 - FINANCIAL RISK MANAGEMENT (Continued)**

31 December 2012							
	Up to 1 month	Between 1-3 months	Between 3 months- 1 year	Between 1-5 years	5 years and more	Demand	Total
Cash and cash equivalents	50,566,537	-	-	-	-	45,758	50,612,295
Financial investments	-	-	12,745,009	-	-	8,707,721	21,452,730
Receivables from related parties	-	23,169,792	-	-	-	-	23,169,792
Other current assets	-	-	762,447	-	-	-	762,447
<b>Total Assets</b>	<b>50,566,537</b>	<b>23,169,792</b>	<b>13,507,456</b>	<b>-</b>	<b>-</b>	<b>8,753,479</b>	<b>95,997,264</b>
Financial liabilities	-	53,216,786	-	-	-	-	53,216,786
Trade and other payables	15,792	-	-	-	-	-	15,792
Payables to related parties	94,566	-	-	-	-	-	94,566
Other liabilities	-	-	308,520	256,812	-	-	565,332
Employee termination benefits	-	-	-	-	8,946	-	8,946
<b>Total liabilities</b>	<b>110,358</b>	<b>53,216,786</b>	<b>308,520</b>	<b>256,812</b>	<b>8,946</b>	<b>-</b>	<b>53,901,422</b>
<b>Net liquidity excess/(shortage)</b>	<b>50,456,179</b>	<b>(30,046,994)</b>	<b>13,198,936</b>	<b>(256,812)</b>	<b>(8,946)</b>	<b>8,753,479</b>	<b>42,095,842</b>

31 December 2011							
	Up to 1 month	Between 1-3 months	Between 3 months- 1 year	Between 1-5 years	5 years and more	Demand	Total
Cash and cash equivalents	27,102,854	-	-	724,529	-	13,543	27,840,926
Financial Investments	-	-	7,491,714	5,197,910	-	-	12,689,624
Other Current Assets	-	-	598,480	-	-	-	598,480
<b>Total Assets</b>	<b>27,102,854</b>	<b>-</b>	<b>8,090,194</b>	<b>5,922,439</b>	<b>-</b>	<b>13,543</b>	<b>41,129,030</b>
Trade and other payables	141,387	-	-	-	-	-	141,387
Payables to related parties	11,720	-	-	-	-	-	11,720
Other liabilities	-	-	204,852	430,586	-	-	635,438
Employee termination benefits	-	-	-	-	4,153	-	4,153
<b>Total Liabilities</b>	<b>153,107</b>	<b>-</b>	<b>204,852</b>	<b>430,586</b>	<b>4,153</b>	<b>-</b>	<b>792,698</b>
<b>Net liquidity excess /(shortage)</b>	<b>26,949,747</b>	<b>-</b>	<b>7,885,342</b>	<b>5,491,853</b>	<b>(4,153)</b>	<b>13,543</b>	<b>40,336,332</b>

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

## 23 - FINANCIAL RISK MANAGEMENT (Continued)

### c) Information on market risk

#### 1. Foreign currency risk

Since the Group does not have any assets and liabilities denominated in foreign currency as of 31 December 2012 and 2011, the Group was not exposed to currency risk.

#### 2. Interest Rate Risk

The Group is exposed to interest rate risk because of its interest bearing assets and liabilities.

The Group manages its interest rate-susceptible assets and liabilities by balancing their time left to repricing.

The Group doesn't have any financial assets or liabilities that are susceptible to interest rate risk.

The Interest position Schedule is as below:

<b>Fixed-rate financial instruments</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Financial assets</b>		
Cash and cash equivalents	50,566,537	27,827,383
Financial investments	12,745,009	-
Other current assets	23,169,792	-
	<b>86,481,338</b>	<b>27,827,383</b>
<b>Financial liabilities</b>		
Financial debts	53,216,786	-
	<b>53,216,786</b>	-

Group's average effective yearly interest rates (%) concerning financial assets and liabilities are shown below:

	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Assets</b>		
TRY cash and cash equivalents	7	11
TRY financial investments	6 - 14	-
TRY other receivables	12	-
<b>Liabilities</b>		
TRY financial debts	12	-
		-

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**23 - FINANCIAL RISK MANAGEMENT (Continued)**

**3. Share certificate price risk**

In the Group's balance sheet, the Group has TRY6,321,234 worth of the stocks which belongs to publicly traded companies which are classified as of 31 December 2012 (31 December 2011: TRY11,279,721). The Group's analysis suggests that when the ISE index increases/decreases by 5%, the Group's pre-tax increases/decreases by TRY316,062 (31 December 2011: TRY563,986) assuming that all other variables remain constant.

**d) Share capital management**

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

**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:**

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

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

**24 - FINANCIAL INSTRUMENTS (Continued)****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.

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

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

	Level 1	Level 2	Level 3
<b>31 December 2012</b>			
Financial Investments	13,227,451	2,386,487	-
<b>31 December 2011</b>			
	<b>Seviye 1</b>	<b>Seviye 2</b>	<b>Seviye 3</b>
Financial Investments	11,279,721	1,409,903	-

**25 - SUBSEQUENT EVENTS**

The Company sold its partnership interest in Karesi amounting to TRY794,111 to a group company 91.20% of whose shares are owned by the Company as of 31 December 2012, Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (formerly known as "Ak B Tipi Yatırım Ortaklığı" and "Egeli & Co B tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.") on 20 February 2013.

**26 - DISCLOSURE OF OTHER MATTERS**

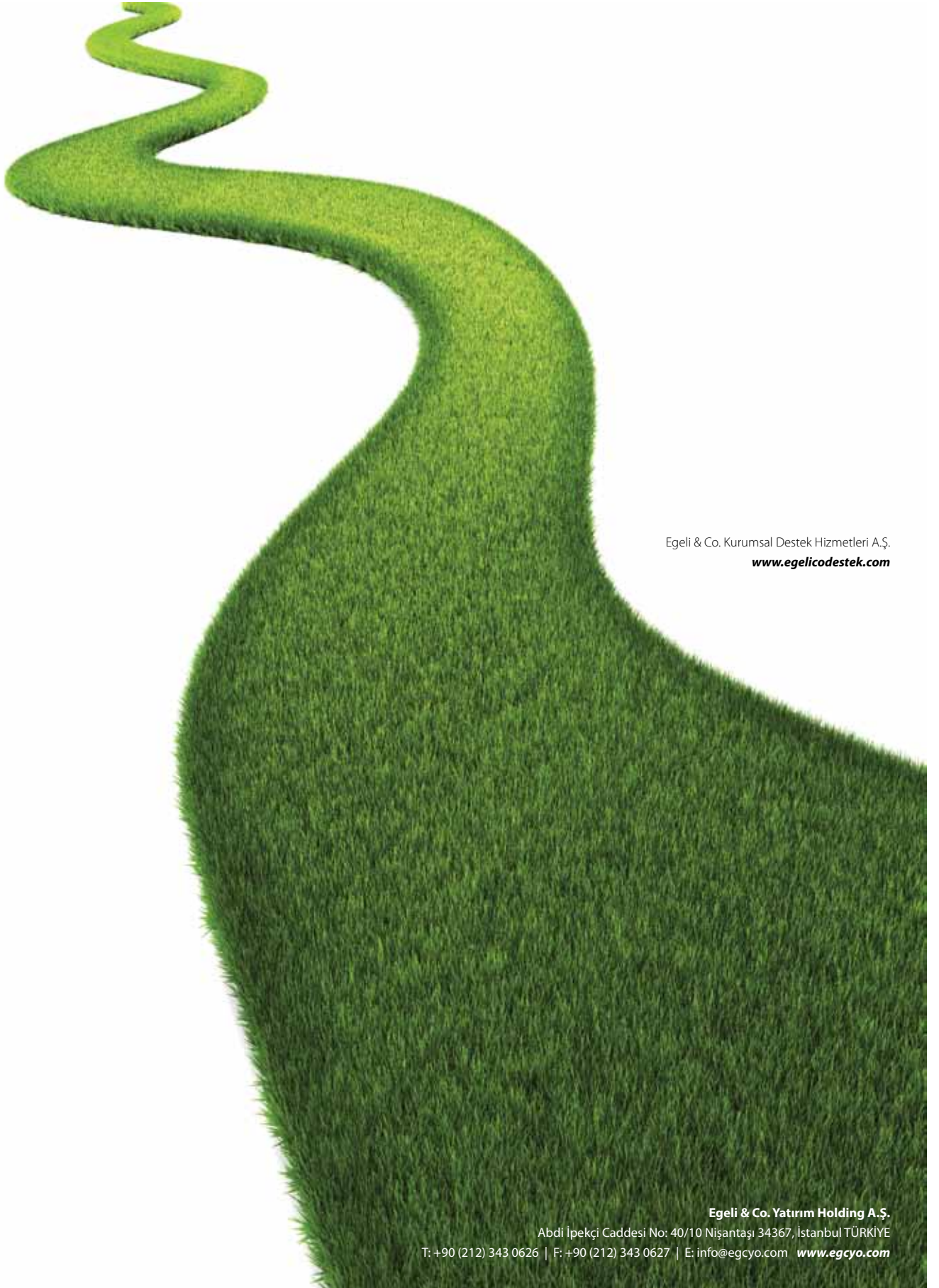
None.











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