



*Renewable
success...*

 EGC InfraEnergy

2013 ANNUAL REPORT

AT A GLANCE

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As long as Turkey continues to grow, its energy needs increases. Besides, dynamism particularly in the infrastructure sector also continues. New opportunities arise in many sectors.

EGC InfraEnergy evaluates investment opportunities in potentially growing sectors especially the sectors of energy and infrastructure. It enables local or foreign, individual or institutional investor to evaluate the potential in these sectors on a transparent and reliable investment platform.

EGC INFAENERGY INVESTMENT MAP

We are investing to add value to future

ENERGY

ENDA ENERGY ★

BALIKESİR
MERSİN
ANTALYA
AYDIN
ÇANAKKALE
İZMİR
ADANA

KARESİ GEOTHERMAL ★

BALIKESİR



OUR MISSION

is to maximize shareholder value by means of investment projects we achieved in potentially growing sectors particularly in energy and infrastructure.

OUR VISION

is to convert the energy and infrastructure sectors in our country to transparent and trustable alternative investment platforms managed according to the corporate governance principles.

ABOUT US

EGC InfraEnergy is providing a strong and sustainable capital returns by investing in the growing industries, especially in clean energy and infrastructure.

Egeli & Co. Investment Trust ("EGLYO" or EGC InfraEnergy) founded by Akbank on 18 September 1998 under the title Ak B-Type Investment Trust. The shares of Ak B-Type Investment Trust were acquired by Egeli & Co. Investment Holding ("EGCYH" or "EGCYH Investment Holding") on 3 July 2012 and joined Egeli & Co. Financial Services Group.

The legal status of EGC InfraEnergy, the shares of which are traded at Borsa Istanbul and are regulated and monitored by the Capital Markets Board ("CMB"), was converted from a securities investment trust to a venture capital investment trust with a resolution taken in the Shareholders' Meeting dated 27 December 2012.

EGC InfraEnergy provides opportunities to exploit the potential in high growth industries, particularly energy and infrastructure, on a transparent and regulated platform to domestic and foreign institutional and individual investors.

The energy and infrastructure sectors, vital also for development policies of the Country, are the most important supporters of the emerging economies. In this respect, EGC InfraEnergy makes correct and sustainable investments to satisfy the increasing energy demand by benefiting from inactive, limited and exhaustible natural resources in the most efficient and environmentalist manner and achieves the projects in order to ensure provision of fundamental services in adequate, fast, efficient and fair manner in the infrastructure sector attracting investors, focused on long term business opportunities increasing day by day.

Immediately after transformation of the company's status, EGC InfraEnergy started to create energy investment portfolio, firstly bought 4.2% of the shares of Enda Energy Holding A.Ş. ("ENDA Energy"), holding 9 active facilities and having 297 Mw capacities, in January 2013 and subsequently

increased its share in Enda Energy up to 5.34% by means of share acquisitions throughout the year.

Afterwards, in February 2013, EGC InfraEnergy acquired shares of Karesi Geothermal, incorporated as a 50% affiliate of EGC Investment Holding in 2011, within the frame of the strategy of gathering energy investments of Egeli & Co. Financial Services Group under the roof of EGC InfraEnergy.

EGC InfraEnergy exit form its investment, corresponding to 36%, in KRC Real Estate Investment Co., active in the field of urban tourism and hotel management, after the relevant project achieved a specific objective as of the end of 2013.

Commercial Title

Egeli & Co. Investment Trust

Trade Registration Number

403397

Headquarters

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Tel: : +90 (212) 343 0626
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Website

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SHAREHOLDING STRUCTURE

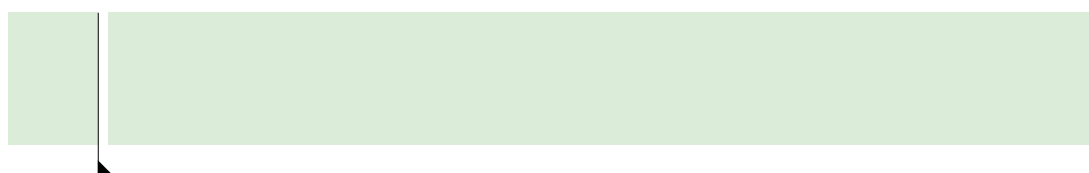
The registered capital of EGC InfraEnergy is 300 million TRL and issued capital is 18 million TL. The Capital is divided into 2 billion shares each with a nominal value of 0.01 TL as of December 31, 2013.

The shareholding structure as of 31 December 2013 is as follows:

TOTAL NUMBER OF SHARES

20,000,000 TRL

EGELI & CO. INVESTMENT HOLDING.
NUMBER OF SHARES: **18,336,499* TRL**
PERCENTAGE OF SHARES: **91.68%**



OTHER/PUBLICLY TRADED
NUMBER OF SHARES: **1,663,501 TRL**
PERCENTAGE OF SHARES: **8.32%**

* EGC Investment Holding shares in EGC InfraEnergy was 84.03% at February 27, 2014 when EGC Investment Holding transferred its 700,000 B Group shares with a value of 3 TRL to over-the-counter qualified investors.

EGC Investment Holding is the leading investor of EGC InfaEnergy. As of December 31, 2013 Company had Group A privileged nominative shares of 25 million with a par value of 0.01 TRL. The entire Group A shares are belongs to EGC Investment Holding. Group

A shareholders are privileged for nominating candidates for the election of two thirds of the board members.

Coupon distribution of shares representing the capital of TRL 20 million is as follows:

Classification/Group	Nominal Value	Nominative/Bearer	Amount
A	0.01 TRL	Nominative	25,000,000
B	0.01 TRL	Nominative	1,975,000,000

SHARE INFORMATION

Initial Public Offering	21 May 1999
Ticker	EGLYO
ISIN Code	TRAAKYOW91Q4
Registered Capital	300 million TRL
Paid in Capital	20 million TRL
Lowest Share Price	1.56 TRL
Highest Share Price	3.25 TRL
Average Share Price	2.23 TRL
Share Price on 31 December, 2013	3.02 TRL
Market Value (31 December, 2013)	60.40 million TRL

SUBSIDIARIES

EGC InfraEnergy

"EGLYO"

Karesi Jeotermal Enerji Üretim
İnşaat San. ve Tic. A.Ş.

"KARESİ GEOTHERMAL"
50.00%

KARESİ
jeotermal

Enda Enerji Holding A.Ş.

"ENDA ENERGY"
5.34%

 **enda**
ENERJİ HOLDİNG A.Ş.

MILESTONES

Following the decision to invest in the fields of energy and infrastructure industries, 2013 has been a year of establishing our investment portfolio.

JULY 2012

EGC Investment Holding signed a share purchase agreement with Akbank to purchase 70.4% shares of Ak B Investment Trust.

SEPTEMBER 2012

Title of Ak B-Type Investment Trust changed to Egeli & Co. B-Type Investment Trust.

SEPTEMBER 2012

An application was submitted to CMB to convert EGLYO from investment trust to venture capital investment trust.

DECEMBER 2012

EGLYO was converted from a securities investment trust to a venture capital investment trust.

JANUARY 2013

4.21% of Enda Energy was purchased.

FEBRUARY 2013

Karesi Geothermal was transferred to EGC InfraEnergy.

MARCH 2013

Shares of Enda Energy was raised to 4.35%.

MAY 2013

36% of KRC Real Estate Development was purchased.

AUGUST 2013

Shares of Enda Energy was raised to 4.96%.

SEPTEMBER 2013

Shares of Enda Energy was raised to 5.34%.

DECEMBER 2013

EGC InfraEnergy exited from KRC Real Estate Development.

FINANCIAL HIGHLIGHTS

	31.12.2013	31.12.2012
Revenue	9,138,394	46,442,870
Gross Profit/Loss	(57,042)	2,157,031
Operating Profit/Loss	(575,784)	2,448,097
Loss/Profit Before Tax	(576,108)	2,448,097
Net Profit/Loss	(576,108)	2,448,097
Profit/Loss Per Share	(0.0003)	0.0012
Total Assets	40,661,500	41,169,889
Current Assets	29,664,168	41,153,567
Fixed Assets	10,997,332	16,322
Short Term Liabilities	539,783	164,854
Long Term Liabilities	4,711	1,740
Shareholders' Equity	40,117,006	41,003,295
Paid in capital	20,000,000	20,000,000
Current Ratio	54.95	249.63
Total Liabilities / Shareholders' Equity	0.014	0.004
Shareholders' Equity / Total Assets	0.99	1.00

* All amounts are indicated in Turkish Liras (TRL).



MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Egeli & Co. Investment Trust (“EGC InfraEnergy”) appraised investment opportunities in the fields with potentially higher growth rates, particularly the opportunities in the fields of energy and infrastructure, which procure economic and social improvement and enhance the life quality. This company enables utilization of attractive opportunities offered to the investors by real sector in an auditable and reliable environment within the frame of the principles of transparency and accountability procured by the public offering.

Turkey, respectively being one of the countries less affected by the global economic crisis and recent ambiguity, achieved a growth rate of 3% in the first quarter, 4.5% in the second quarter and 3.8% in the third quarter of 2013. According to estimates of IMF, Turkey would grow at the rate of 3.8% in 2013. In the emerging economy, the importance of the energy and infrastructure sectors is indisputable, since they considerably contribute to the competitiveness of the country and are indispensable motives for the sustainable growth.

According to OECD estimates, the infrastructure need of the world would become around USD 2 trillion per year by 2030. On the other hand, as it was in all the emerging countries, volume of infrastructure investments required in Turkey gradually increased and exceeded the level to be achieved by the public sources.

Within this frame, it is expected that new funding opportunities be procured; income-generating resources be diversified; the projects to be supported by the cooperation of public and private sectors be focused; and the investment in the infrastructure be increased. Higher targets are anticipated with regard to the infrastructure sector as per the vision of 2023 when 100th anniversary of the Republic of Turkey would be celebrated. The target desired to be achieved is to cause the Turkish Economy to take place among the top 10 strongest economies of the world. This general target requires greater investments to be made in the infrastructure sector with regard to new education, health and transportation.

Furthermore, Turkey, turned out to be one of the rapidly-growing energy markets of the world, is in a fast progress to achieve a competitive structure in parallel with the economic growth achieved in recent years. The energy market enables a fast growth and the process of liberalization with the recent privatizations, license tenders and strategic partnerships. In the long run, 2013 targets of Turkey in the field of energy were determined as increase of the renewable energy resources to the highest level and procurement of fast and sustainable energy efficiency.

Within this context, estimated amount of investment required to be made between 2010 and 2030 is approximately USD 225 billion. Turkey is a rich country in terms of hydraulic energy, geothermal energy, solar energy and wind power. One of the material targets, set for 2023, is to increase the share of renewable energy in the electrical energy generation up to 30%. The year 2013 was a year when EGC InfraEnergy constituted its investment portfolio in addition to the expected growth, after the energy and infrastructure sectors were determined as important investment fields for EGC InfraEnergy.

Immediately upon transformation of the corporate status, EGC InfraEnergy acquired 4.2% of the shares in Enda Energy Holding (“Enda Energy”), incorporated by more than 100 Aegean industrialists and businessmen in January 2013 to constitute its energy investments-portfolio. The shares of our Company in Enda Energy, continuing its activities with its active 9 facilities and having the capacity of 297 MW and later the increased capacity of 389 MW upon completion of 6 investments, rose up to 5.34% by means of acquisitions during the year.

The shares of Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic. A.Ş. ("Karesi Geothermal") was acquired in February 2013 from Egeli & Co. Investment Holding A.Ş. ("EGC Investment Holding") within the frame of the strategy of gathering the energy investments under the roof of EGC InfraEnergy. After Balıkesir-Bigadiç-Adalı-Çeribaşı and Balıkesir-Balya-Ilıca geothermal site tenders, issued by MTA together with the consortium constituted by EGC Investment Holding and NRG Energy in the first quarter of 2011, were won, it is planned that drilling would be started in the aforesaid two sites in Karesi Geothermal, incorporated in the subsequent periods.

KRC Real Estate Investment Co., active in the field of urban tourism and hotel management, joined to our portfolio as one of our venture investments in May 2013. Upon achievement of a specific objective by the project, the relevant investment was quitted upon resale of our 36% shares in the Company to the shareholders with profit of TRY 3.25 million in December 2013.

EGC InfraEnergy 2014, keeping its leadership on broadening the scope in the investment projects, will also continue to overview convenient venture capital companies and make investments in the other fields with the growth potential, particularly energy and infrastructure in 2014.

We work motivatedly and devotedly to ensure sustainability of the momentum we achieved and we believe in the importance of the same. Therefore, I, for and on behalf of our board of directors, would like to extend my thanks to all of our shareholders, business partners and employees, trusting in us on this way we faithfully progress.

Yours faithfully,

Tan EGELI
Chairman of the Board



The year 2013 was a year when EGC InfraEnergy constituted its investment portfolio in addition to the expected growth, after the energy and infrastructure sectors were determined as important investment fields for EGC InfraEnergy.

BOARD OF DIRECTORS

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, 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 laid 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, Bati Agriculture, EGC Energy and Simya Agriculture Investments as Chairman of the Board and as Board of Directors Member at İstanbul Erkek Lyceum Foundation. Tan Egeli speaks German and English and holds Capital Markets Board Advanced Level and Derivatives Licenses.

Ersoy ÇOBAN

Vice-Chairman

After graduating from Yıldız Technical University Department of Economics in 1997, Ersoy Çoban 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 Çoban worked at Bayındır Securities as Operations and Accounting Director and as internal audit manager at Dundas Ünlü Securities between 1999 and 2004. Ersoy Çoban 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. Investment Trust and Board Member at Egeli & Co. Financial Investments and Egeli & Co. Corporate Support Services. Additionally, Ersoy Çoban also serves as Board Member at various subsidiaries and affiliates of the Group.

Ersoy Çoban holds CMB Advanced Level and Corporate Governance Rating Specialist and Derivatives Licenses and speaks English.

Murat ÇİLİNGİR**Board Member**

After graduating from Istanbul Technical University Department of Electrical Engineering in 1993, Murat Çilingir completed his master degree of Business Administration Program at Istanbul University in 1994.

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. He was General Manager at Egeli & Co. Agriculture Investment Trust between 2011-2013, Çilingir also serves as Board of Directors Vice-chairman at Egeli & Co. Asset Management, Board of Directors Member at Egeli & Co. Investment Trust, Egeli & Co. Agriculture 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, and Karesi Geothermal. Çilingir speaks German and English and holds Capital Markets Board Advanced Level License.

Ali Sami ER**Board Member**

After graduating from Bahçeşehir University Faculty of Law achieving the first rank in his class in 2005, he got his master's degree from Columbia University Faculty of Law under scholarships from Fulbright and Appel in 2008. Registered to the Istanbul Bar Association, Ali Sami Er is a member of Izmir American Collegiate Institute, Bahçeşehir University and Columbia University alumni associations. Atty. Ali Sami Er currently serves as Legal Affairs and Compliance Director at Egeli & Co Financial Services Group. Between 2004 and 2005 he served as Associate Rapporteur in Turkish Football Federation Arbitration Board. Between 2005 and 2010 he worked at Hergüner Bilgen Özeke Avukatlık Ortaklığı in Capital Markets and Finance and Dispute Resolution departments. During that time, he provided consulting service to many international finance players for their investments in Turkey. He specializes on mergers and acquisitions, public offering and private placement, restructuring and project finance. He has offered legal opinion on the applicability of many innovative finance products in Turkey. Ali Sami Er speaks English.

Murat TANRIÖVER**Independent Board Member**

Murat Tanrıöver graduated from Marmara University Department of Business Administration in 1992 and got his MBA from Louisiana State University on finance. Starting his career at Turkish Boston Bank as an analyst between 1994 and 1995, Tanrıöver served as a specialist at Industrial Development Bank of Turkey between 1996 and 1997. After working as a manager at Yapı Kredi Investment between 1997 and 1999, Tanrıöver served as Capital Markets Coordinator at Doğan Broadcasting Holding between 1999 and 2005, and as Assistant General Manager at Yatırım Financing between 2005 and 2010. Joining Garanti Investment Securities in 2010, Tanrıöver managed the International Corporate Sales Department in his office of Assistant General Manager until 2012. Since March 2013, he has been serving as Assistant General Manager at Gedik Securities.

Mehmet Cemal TÜKEL**Independent Board Member**

After graduating from Galatasaray High school, he had his Economics and Business Administration education at Wayne State University. He completed his BA on Banking & Finance and his MBA on Macroeconomics. Cemal Tükel served as the Chairman of the International Committee in 1999 for two years and as the Vice-chairman of the Board between 2001 and 2004 at the Association of Aegean Young Businessmen (EGIAD), where he is a member since 1992. Tükel, who was a member of Izmir Kordon Rotary Club between 1993 and 2008, after serving in the Board numerous times also served as the Chairman in 2004. He currently serves as a Board Member at the Foundation for Aegean Economic Development where he joined the management in 2003. He currently serves as Editor in Chief at Ticaret Newspaper, his family business, and as a columnist at Hürriyet Newspaper Aegean Supplement. He mostly writes about economy, agriculture and Izmir. Being at the same time a shareholder of Albatros Packaging, Tükel also serves as a Board Member at Tükemat Trade Newspaper Tükeller Printing.

INVESTMENT PHILOSOPHY

EGC InfraEnergy offers the opportunities of growth potential in the emerging sectors to its investors through transparent investment platform.

INVESTMENT STRATEGY

EGC InfraEnergy offers the opportunities of growth potential in the emerging sectors to its investors through transparent investment platform. EGC InfraEnergy is providing a strong and sustainable capital returns by investing in the growing industries, especially in clean energy and infrastructure.

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.

Investment are finalized further to the approval of Board of Directors based on the recommendation of the Egeli & Co. Asset Management Investment Committee

PROACTIVE MANAGEMENT IN EVERY PHASE OF THE INVESTMENT PROCESS

Revealing the investment process

- Reviewing investment opportunities in line with prespecified investment criteria

Assessment and approval phase

- Preassessment of investment opportunity, industry research, competition analysis, comparative analysis, quality of target company executive staff, reference speeches, financial analysis and evaluation works
- Issuing investment report and submitting to Board of Directors

Financing and closing transaction

- Discussing the Letter of Intent with the target company and coming to an agreement in principle
- Detailed inspection process together with other consultants
- Making preliminary negotiations with the banks for financing
- Signing the Share Purchase Agreement and Partnership Agreement
- Closing (Completing the transaction)

Processes after closing

- Development of corporate strategy by Board of Directors and Executive Board
- Developing Corporate Governance Criteria
- Establishing Audit Processes
- Forming Audit Committee
- Investor Relations
- Issuing detailed management reports

Exit from investment

- Public offering
- Sale to strategic investor
- Sale to financial investor
- Resale to founding

INVESTMENT PHILOSOPHY

In 2013, out of the 18 investment reviewed within the reporting period 10 were eliminated and 4 were finalized

EGC InfaEnergy 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.

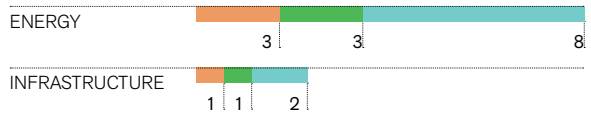
Reports containing financial and operational key performance indicators, issued by the invested companies are regularly submitted to Board of Directors by Internal Audit and Reporting officers and the ongoing operations of the companies in the portfolio are monitored regularly.

PROJECTS REVIEWED IN 2013

In 2013, out of the 18 investment reviewed by Egeli & Co. Asset Management within the reporting period 10 were eliminated and 4 were finalized. The feasibility studies of 4 projects are currently in progress.

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

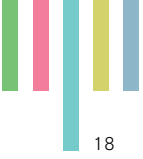
EGC InfaEnergy



- CANCELLED
- ONGOING
- FINALIZED



The fields in the diagram above indicate the industries standing out in the current investment strategy of the Company.



ENERGY

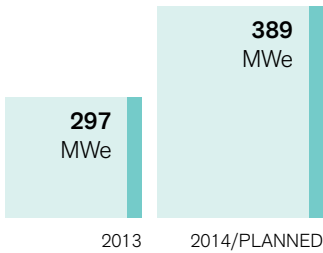
*Turkey's growing energy demands...
Rich energy portfolio. Renewable energy
projects with a focus on sustainability.
And energetic team that powers the future.*



INVESTMENT FIELDS

Enda develops primarily renewable energy projects in the Aegean and Mediterranean regions

TOTAL INSTALLED CAPACITY (MW)



With a total of 297 MWe installed capacity, Enda planned that by the end of 2014 an additional 92 MWe capacity shall be put into operation.



ENDA ENERGY

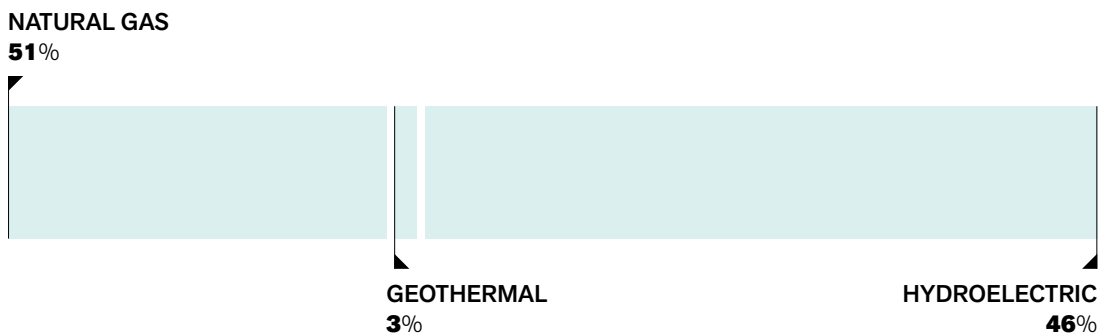
EGC InfraEnergy took over 4.21% of the shares of Enda Energy Holding ("Enda Energy") on 17 January 2013, right after the completion of the change of company status on 31 December 2012 in order to form an energy investments portfolio. EGC InfaEnergy continued to acquire the shares of Enda Energy throughout the year and at the end of the reporting period, the acquired shares amount increased to 5.34%.

Operating in the energy industry since 1993, Enda develops energy investment projects in the Aegean and Mediterranean regions, 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. 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.

With a focus of obtaining solid position in energy sector, significant portion of Enda Energy's portfolio will consist of renewable energy with the upcoming investments.

ENDA ENERGY PORTFOLIO DISTRIBUTION



Enda Energy has various subsidiaries and affiliates in the energy industry including hydroelectricity, wind energy, geothermal energy and natural gas, operating under the titles Gonen HES A.Ş., Pamuk A.Ş., Su Enerji A.Ş., Antalya A.Ş., Akcay A.Ş., Tuzla A.Ş., Tirenda A.Ş., Egenda A.Ş., Yaylakoy A.Ş., RES İYTE A.Ş., Solenda A.Ş., Ardenda A.Ş. and Izmir Teknoloji A.Ş.. In this sense, the portfolio allocation of Enda Energy is 51% natural gas, 46% hydroelectric and 3% geothermal.

With 9 plants operational, Enda Energy and its subsidiaries have a total of 297 MWe installed capacity. In addition, by finalizing investments of 1 hydroelectricity and 5 wind projects, 6 projects in total, it is planned that by the end of 2014 an additional 92 MWe installed capacity shall be put into operation.

Ongoing investments consist of hydroelectric and wind power plants, with the completion of these investments the weight of renewable sources shall increase in the portfolio.

INVESTMENT FIELDS

KARESI

jeothermal

KARESI GEOTHERMAL

Geothermal energy was initially used for health resorts but today it has become an energy type presenting various utilization fields. Geothermal electricity production was developed to a great extent in the last 40 years. It is acknowledged worldwide that geothermal heat and electrical energy production will have a great importance in the future. Investments made in the geothermal energy industry are continuously increasing.

According to Electric Energy Market and Supply Security Strategy document, Turkey's geothermal installed capacity is planned to increase up to 600 MW in 2023 from 162.2 MW.

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-Bigadic-Adali-Ceribasi and Balıkesir-Balya-Ilica geothermal areas put out by General Directorate of Mineral Research & Exploration (MTA), on 24 February 2011 through a consortium formed by EG CYH and NRG Energy. Following the tender, the capital of Karesi Geothermal, which was founded by EGC Investment Holding 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 geothermal operating permit, for "Geothermal 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 EGC Infra Energy, 480,000 shares of Karesi Geothermal with a par value of TL 1 each, owned by EGC Investment Holding were assigned to EGC Infra Energy in return for TL 794,111 on February 20th 2013.

EXITS

KRC GAYRİMENKUL (KRC REAL ESTATE)

KRC Gayrimenkul Yatırım A.Ş., engaged in urban hotel management, joined to the portfolio as one of the venture capital investments of EGC InfraEnergy on 09.05.2013. Upon achievement of several targets in the relevant project, the investment was disposed by the way of re-selling 36% shares held by EGC InfraEnergy in the company to the shareholders on 03.12.2013. The unit price per share, calculated as TRY 2 in May 2012, was determined as TRY 2.29 at the time of sale and accordingly the shares were sold at the cost of TRY 25.75 million with the profit of TRY 3.25 million.



EXIT



HUMAN RESOURCES

EGC InfraEnergy 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.

EGC InfraEnergy adopted as principle management of the human resources, being its highest capital and basis of its success, according to the international standards. EGC InfraEnergy, progressively following up contemporary implementations in the human resources management and aiming at implementing in the most consistent manner with the culture of the company, works in consultation with the consulting firms specialized on the relevant fields with regard to the matters of recruitment, training and development, career management, performance assessment.

EMPLOYMENT

The company adopted the principle of “equal opportunity for everyone” in recruitment. EGC InfraEnergy, abstaining from stating discriminating expressions or qualifications such as age or sex in the announcements of vacation, maintains this attitude at all the stages of recruitment and elects the most appropriate candidate for the position based on the objective criteria. EGC InfraEnergy keeps its door open for anyone, having invested in occupational and personal improvement, being highly motivated, dynamic and open for improvements and innovations and believing in the team spirit.

TRAINING AND IMPROVEMENT

EGC InfraEnergy pays utmost attention to occupational and personal improvements of the human resources and therefore continuously makes investment in its human resources. Many different ways such as individual demands, executives' observances, performance assessment negotiation results, assessment center

studies are followed in determination of the needs of the employees for improvement. Taking all the results into consideration, annual improvement plan is prepared and closely monitored for each employee.

PERFORMANCE MANAGEMENT SYSTEM

A systematic study is carried out throughout the year in order to evaluate the performance objectively and reward the success. The company prepares an individual performance report for each EGC InfraEnergy employee, including annual targets and necessary competence for the relevant position, according to the company's targets. Performance of the employee is followed up throughout the year and performance evaluation negotiations are held in January each year.

Purpose of EGC InfraEnergy's performance management system is to provide the appointment and rewarding system with data, ensure assessment of the stronger and improvable aspects of the employees objectively and support sustainable improvements.

CAREER MANAGEMENT

Job definitions, necessary competence, criteria for success and career plans are defined for all the positions in EGC InfraEnergy. Direction and development activities required for improvement of the employee according to the career plan are governed and followed up by the human resources.

RISK MANAGEMENT

LIQUIDITY RISK

Liquidity risk is the Company's possibility of failing to fulfill its net funding obligations. 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 EGC InfraEnergy 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. The Company performs periodical liquidity risk analysis for the risks it may expose to.

CREDIT RISK

Credit risk is the risk of occurrence of financial loss of one of the parties in a commercial relation due to failure by the other party to meet its obligation relating to a financial instrument. The Company is exposed to the credit risk due to its deposit amount kept in the bank. All the bank deposits of the Company are kept in Turkish banks.

FINANCIAL RISK

Due to its activities, the Company is investing in long-term projects. Financing needs of these investments are satisfied by liquid values; and the risks such as failure to find funds with appropriate conditions for project financing credit, failure to create due dates of the existing debts according to the due dates of the assets under the current assets item and failure to establish optimum balance between the assets and resources are all monitored.

CURRENCY/INTEREST RATE 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. The company currently is not subject to foreign currency risk.

The Company expose to interest rate risk due to effects of the changes in market interest rates lead to fluctuations in the prices of financial instruments. These exposures are managed by short-term retention of assets affected by interest rate changes.

SHARE CERTIFICATE PRICE RISK

All stocks of the Company categorized as financial assets held for purchase and sale are traded at Borsa Istanbul. Based on the analyses made by the Company, in the event that there is an increase/decrease of 5% in the BIST index, presuming that all other variables remain constant, there is a 42% increase in the fair values of shares in the portfolio for the period at December 31, 2013.

MARKET RISK

Market risks such as; fluctuations in electricity prices, changes in electricity demand, price instability for the raw materials (sources), state ongoing intervention in the electricity market, are important elements that need to be monitored closely especially in recent years.

ECONOMIC RISKS

Adverse effects of economic instability (such as stagnation, crisis, recession, devaluation etc.) and fluctuations in currency and interest rates are the major risk factors for the investment and operation stages.

INVESTMENT RISKS

The Company has combined-cycle natural gas and wind power plants in its portfolio, and therefore places great importance on feasibility studies, as the Company's main objective is to grow with profitable investments. Accordingly, the potential effects of all internal and external risk factors on planned investments are identified and relevant scenarios are analyzed.

PROJECT RISK

The Company conducts technical feasibility studies at the most optimum level possible, in all stages of its projects, for which the investment decision has been made.

The Company also takes into consideration financial feasibility, including macroeconomic growth, inflation rate, currency rates, sales volume, market impact, prices, and monitors these factors periodically. The profitability of a project is determined by calculating the internal productivity ratio, profitability index, and capital cost. During the project development stage, the Company closely monitors progress through the use project management tools.

COMPETITION RISK

Through privatizations and a new regulatory framework, a more liberal and competitive market is being formed to replace the public monopoly in the energy sector, leading to increased competition. Therefore, the Company manages competitive risk by implementing innovative sales and marketing strategies. As a result, portfolio diversification will continue to be on the company's agenda in the coming period as well.

LEGAL/POLITICAL RISKS

Legal and political risks, defined as changes in regulations, delays in obtaining project permits, licenses or expropriation permits from public authorities, compliance with tender contract conditions, and political relations, are considered natural risks in the energy sector. The Company keeps such risks under control through close monitoring and timely actions.

TECHNOLOGY RISKS

As technological developments, newer and more efficient energy production systems, at the same or lower cost, continue to emerge every day, the Company may potentially experience weakening competitive power in terms of profitability. Therefore, the Company makes short-term upgrades to integrate these new technologies.

ENVIRONMENT/HEALTH/SAFETY RELATED RISKS

At its production facilities, the Company implements strict policy and procedural guidelines to ensure compliance with legal standards related to environmental protection, stakeholder safety and health; the Company also tries to take the necessary measures against adverse geographic and climatic conditions.

OTHER INFORMATION REGARDING CORPORATE ACTIONS

- **Treasury shares owned by Company**

As of 31 December 2013 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 2013.

- **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 mostly achieved the specified targets in 2013. The resolutions of the Shareholder's Assembly were accomplished in 2013.

- **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 2013.

- **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 previous clause 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.

- **Whether legal actions had been lodged against the company that would affect the company's fiscal position and actions or not**

No legal action has been lodged against the company that would affect the company's fiscal position and actions in 2013

- **Whether the targets specified in the past periods were achieved or not, the resolutions of the Shareholders' Assembly were accomplished or not**

The Company mostly achieved the specified targets in 2013. The resolutions of the Shareholder's Assembly were accomplished in 2013.

BOARD EVALUATION ON EFFICIENCY OF THE COMMITTEES

In 2013 Audit, Corporate Governance, Early Detection of Risk and Remuneration Committee fulfilled the duties and responsibilities specified in their terms of references.

Chairman and members of the committee were appointed according to the corporate governance principles. It was resolved that "Early Detection of Risk Committee" would be constituted as per Article 378 of the Turkish Commercial Code and according to the Corporate Governance Principles and Murat Tanrıöver, one of the independent members of the Board would be appointed as the chairman of the committee and Ali Sami Er would be appointed as the member of the committee. Principles of operation of the Early Detection of Risk Committee were adopted by the board of directors on March 27, 2013 and such resolution was disclosed to the public on the Public Disclosure Platform and on the website of the company.

In 2013, the audit and corporate governance committees fulfilled their duties and responsibilities set forth in the operating principles. Frequencies of the conventions and activities of the committees in 2013 are given as follows:

- **The Audit Committee** convened 5 times within the year. At one of those meetings, independent audit offers collected for auditing financial statements of the year 2013 were assessed and the recommendation of the committee was issued for submission to the board of directors. The issuance process of annual and interim financial statements was revised according to the laws and regulations in effect at the other four committee meetings and the board of directors was presented an opinion the compatibility of the financial statements.
- **The Corporate Governance Committee** held four meetings within the year. At these meetings, independent members to be appointed to the board of directors, independent members to be appointed to the vacant positions of the board of directors, preparations made with regard to the obligations of the company on the information society and communication with the investors by the investor relations department as well as target investor analysis reports were evaluated and the board of directors was presented by an opinion.
- **The Early Detection of Risk Committee** held six meetings within the year. At these meetings, risks arisen out of financial activities and investments of the company were assessed and a commendation was presented to the board of directors in order to fulfill the requirements to manage such risks.

EGELI & CO. INVESTMENT TRUST CORPORATE GOVERNANCE PRINCIPLES REPORT FOR THE PERIOD JANUARY 1ST 2013-DECEMBER 31ST 2013

SECTION I - COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES DECLARATION

EGC InfraEnergy 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 Corporate Governance Communiqué No: Il-17.1 published in the Official Gazette numbered 28871 and dated 03.01.2014, ("Corporate Governance Communiqué") of the Capital Markets Board ("CMB") and takes care for complying with discretionary provisions as much as possible.

SECTION II – SHAREHOLDERS

2.1. Investor Relations

EGC Investment Holding has an Investor Relations Unit reporting to the Corporate Governance Committee. Investor Relations contact information is indicated below:

Çağrı Demirel

Investor Relations Manager

Tel: +90 212 343 0626

Fax: +90 212 343 0627

Email: yatirimci@eglyo.com

With respect to investor relations following responsibilities are observed:

- Ensuring that records of correspondence between investors and the shareholding as well as the records pertaining to other data and documents are kept correctly, safely and up to date;
- Responding to the information requests of shareholders regarding the shareholding;
- With regard to the general meetings; preparing the documents to be submitted to the perusal of the shareholders and taking necessary measures as to ensure that general meetings are held in compliance with the relevant legislation, articles of association and other internal regulations;
- Ensuring and monitoring that duties and obligations arising out of the capital market legislation including the issues related to corporate governance and public disclosure are fully respected.

Shareholder Relations Unit has performed below stated activities in the relevant period:

- Investors have lodged 250 information requests via telephone and 85 requests via e-mail. Their questions are responded in compliance with relevant legislation and the disclosure policy of the company. Except from the requests involving confidential information and trade secrets, all of the information requests are met respecting equality principle.
- It is ensured that general meeting is carried out in compliance with the relevant legislation, articles of association and other internal regulations.
- Prior to the general meeting, informative documents are prepared for the perusal of the shareholders
- Results of the voting are registered. None of the shareholders requested the records.
- Legal obligations regarding public disclosure are fulfilled and it is ensured that required information is provided to Public Disclosure Platform so that such information is complete, clear, adequate, and direct and does not involve misleading expressions.

The Company met both in the country and abroad with shareholders and potential investors in numerous meetings and conferences in 2013. Intending to make itself known in the international capital markets, EGC InfraEnergy attended "Invest In Turkey" conference in London in February 2013. Also the Company attended the Syneidesis Spring 2013 conference which was held in May 2013. The company also attended the Global Ag Investing conference which was held in February, April and October 2013 and had a change to provide information about the Company and its portfolio to potential investors in Gulf Region.

An annual analyst meeting held by the Company in April 29, 2013 where the EGC InfraEnergy executives provide recent information about the Company to investors and analysts.

2.2. 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 2013. Besides this, all disclosures made on Public Disclosure Platform were also announced on the Company website www.eglyo.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.

Investor relation unit of the Company, maintained regular database about the activities carried out during the reporting period and related reports are presented to the board regularly every month.

2.3. Shareholders' Assembly Meetings

The call for the Ordinary General Shareholders' Meeting held on 26 April 2013 was announced on Turkish Trade Registry Gazette dated April 05, 2013 numbered 8294, and also in Company website and Public Disclosure Platform with the General Shareholders' Meeting Information Document containing explanatory information in regard to the matters on the agenda was prepared.

It is apparent that out of the capital consisting of 1,800,000,000 shares corresponding to TRY 18,000,000; total 1,652,384,000 shares corresponding to 16,523,840TL, consisting of 25,000,000 Class A Shares corresponding to TRY 250,000 and 1,627,384,000 Class B Shares corresponding to TRY 16,273,840 were represented in person and in proxy at the meeting; and 100 shares corresponding to TRY 1 were represented in electronic medium; consequently, overall 1,652,384,100 corresponding to TRY 16,523,841 were represented.

No agenda proposed by the shareholders during the meeting.

To facilitate the participation in the General Shareholders' Meeting the time and the place for the meeting is announced clearly in Company website and Public Disclosure Platform.

The majority of independent board must cast affirmative votes for board to decide. During the period no negative votes casted by the independent board members and therefore no transaction mentioned in the general assembly 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 and in Central Registry Agency's (CRA) disclosure platform.

There has not been any occasion that may lead to conflict of interest between Executive shareholders, board of director members, managers with administrative responsibility, their spouses and their first and secondary level kinship by consanguinity or marriage, and their partnerships or affiliates.

2.4. Voting Rights and Minority Rights

The issued capital of the Company comprises 25,000,000 Group A nominative shares each with nominal value of one Kuruş with a nominal value of 250,000 TRL in total and 1,975,000,000 Group B nominative shares each with nominal value of one Kuruş with a nominal value of 19,750,000 TRL in total.

Group A shares have a privilege for the nomination of two thirds of the Board Members. If two thirds of the number of Board Members comprises a decimal, it shall be rounded off to the nearest whole number. The rest of Board Members shall be determined by the Shareholders' Assembly.

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All shares are nominative. Assignment of nominative shares shall not be restricted. However, shares representing the minimum capital share of the leading investor specified in the Capital Markets legislation and the amount of preferred shares enough to provide management control, shall not be assigned during the conversion and the two years following the completion of the conversion process.

In the capital increases to be made, new Group A shares shall be issued in return for Group A shares and new Group B shares shall be issued in return for Group B shares. However, in capital increases the Board of Directors is authorized for issuing new Group B shares in return for Group A shares. On the other hand, if the Board of Directors restricts the subscription rights of shareholders, all the shares to be issued shall be issued as Group B shares.

Any other company, in a mutual participation relation with the Company, did not vote at the ordinary general assembly meeting.

The minority rights were not determined as less than one twentieth of the capital in the articles of association of the Company.

2.5. Dividend Rights

There are no privileges for participation in the profit of the Company.

Dividend distribution is made within its statutory time and the information on the dividend policy was submitted for the information of the shareholders at the general assembly meeting. The information on the dividend policy is disclosed in the annual report and the official web site of the company.

No dividend distribution shall be made to the shareholders since a loss is declared in the financial statements for the reporting period.

2.6. Assignment of Shares

There are no provisions in the Articles of Association restricting assignment of shares.

All shares of the Company are nominative. Assignment of nominative shares shall not be restricted. However, shares representing the minimum capital share of the leading investor specified in the Capital Markets legislation and the amount of preferred shares enough to provide management control, shall not be assigned during the conversion and the two years following the

completion of the conversion process. Assignment of preferred shares is subject to the approval of CMB.

SECTION III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website

The corporate website www.eglyo.com of the Company is actively used both in Turkish and in English for implementation of the disclosure policy within the framework of the Corporate Governance Principles of the Capital Market Board.

3.2 Annual Report

Annual report of the Company is prepared in line with the capital market regulations and the Corporate Governance Principles of the Capital Markets Board.

SECTION IV – STAKEHOLDERS

4.1. 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. The Company 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, CRA 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. Stakeholders may contact the company to share their views via investor relations' e-mail and telephone.

4.2. Participation of Stakeholders in Management

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

4.3. Human Resources Policy

The most important capital of EGC InfraEnergy for achieving its targets is its qualified human resources. The responsibility for carrying out the relationships with employees is fulfilled by Zeynep Aygül, 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.

Job descriptions and distribution of employees and also performance and reward criteria based on the Company's human resources policy is announced to employees.

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

Skilled Human Resources

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.

Improvement of Performance

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.

Rewarding

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.

4.4. Code of Ethics and Social Responsibility

Code of Ethics put into effect by the Company's board after being submitted for the approval of the shareholders in the general assembly. EGC InfraEnergy Code of Ethics is binding for anyone connected to the Company including Board of Directors Members. Codes of Ethics of the Company communicated to all employees by signing. Code of Ethics of the Company is disclosed to the public on the Company website and also related section of this report.

As a member of EMPEA (Emerging Markets Private Equity Association), EGC InfraEnergy 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 all investment operations planned within EGC InfraEnergy, 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

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SECTION V- BOARD OF DIRECTORS

5.1. Board Composition and Structure

Board of Directors, which shall comprise at least 5 and at most 12 members the majority of which shall be nonexecutive, elected for a term of at most 3 years by General Shareholders' Meeting, is responsible for managing, representing and binding the Company against third parties.

Among these members there shall be independent members as well. The number and qualifications of Independent Board of Directors Members shall be determined in accordance with the compulsory Corporate Governance Principles. In the first meeting Board of Directors shall elect from among its members a Chairman and Vice-chairman who shall deputize the Chairman. Unless assigned, all members of the Board of Directors are responsible for the management.

If a legal entity is elected as a Board Member, along with the legal entity, a real person designated by the legal entity to act on behalf of the legal entity shall be registered and announced as well; additionally, it shall be immediately announced on the Company Website that the registration and announcement has been completed. Only this registered person may join the meetings and vote on behalf of the legal entity.

Board Members and the real person to be registered on behalf of the legal entity must be fully competent. Any reasons causing the termination of membership also hinder election.

The Board of Directors shall fulfill the duties specified by the provisions of TTC, CML, Articles of Association, resolutions of the Shareholders' Assembly and any other relevant legislation. The Board of Directors is authorized for taking resolutions for any matters other than those where a resolution taken by the Shareholders' Assembly is held compulsory by the law or Articles of Association.

Any member whose term has expired may be re-elected. In the event of a vacancy in membership for any reason Board of Directors shall temporarily elect a member for this vacant position, who conforms to the conditions prescribed by the Turkish Commercial Code and Capital Markets Law and shall present such appointment to the approval of the first next shareholders meeting. Hence, the said elected member shall complete the term of office of the former member.

The general assembly may at any time dismiss the board members.

For sound fulfillment of the duties and responsibilities of Board of Directors, certain.

Name-Surname	Title	Executive/ Non-executive/ Independent	Start Due Date
Tan Egeli	Chairman	Nonexecutive	26.04.2013/ Until the next general assembly
Ersoy Çoban	Vice-chairman	Nonexecutive	26.04.2013/ Until the next general assembly
Murat Çilingir	Member	Nonexecutive	26.04.2013/ Until the next general assembly
Ali Sami Er	Member	Nonexecutive	26.04.2013/ Until the next general assembly
Murat Tanrıöver	Member	Independent	26.04.2013/ Until the next general assembly
M. Cemal Tükel	Member	Independent	26.04.2013/ Until the next general assembly
Akın Aydın	General Manager		

Committees shall be formed within Board of Directors. While forming the Committees Capital Markets legislation shall be complied.

In the Company, remuneration committee's responsibilities and duties are performed under corporate governance committee. The chairman of the corporate governance committee is an independent member, Murat Tanrıover.

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 April 26, 2013. No other candidates were nominated for Corporate Governance Committee other than these candidates.

Every independent member has the criteria for the independence.

CVs of the members of the board of directors are given in the board of directors section of this report.

DECLARATION OF INDEPENDENCE

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

- Corporate Governance Communique of the Capital Markets Board with the number II-17.1, which entered into force upon its promulgation in the Official Gazette dated 03 January 2014 and with the number 28871
- Articles of Association of the Company and
- Provisions of other relevant legislation

I hereby declare that I hold the qualifications and 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: II-17.1, accordingly;

a) No employment relation exists at any executive position, which requires assumption of duties and responsibilities between the company, management and control of the company or subsidiaries on which the company has considerable effects, shareholders controlling the company or having considerable effects on the company and legal entities controlled by these shareholders on one side and the independent member

himself, his spouse and lineal consanguinity up to second degree on the other side; he would not hold more than 5% of the capital controlling or voting rights or privileged shares together with the others or by himself; or no important commercial relation has not been established in the last five years;

b) The independent member has not served as a shareholder (5% or more), top-executive assuming important tasks and responsibilities or a member of the board of directors in the companies from which the company considerably buys services or products or to which the company considerably sells services and products within the frame of the agreements executed particularly on the matters of audit (including tax audit, legal audit and internal audit) of the company), rating and consulting of the company in the last five years;

c) The independent member is required to have occupational education, knowledge and experience to fulfill the duties to be assumed by him due to his independent membership in the board of directors;

ç) The independent member is required not to work on full-time basis in any public institution and organization, excluding academic position at the university, after appointment to the board of directors; provided that the relevant laws and regulations are abided;

d) The independent member is required to reside in Turkey according to Income Tax Law dated 31/12/1960 and numbered 193.

e) The independent member is required to have stronger ethical standards, occupational prestige and experience to contribute to the activities of the company positively, protect his impartiality in conflicts of interests arisen between the company and the shareholders and to freely decide by considering rights of the beneficiaries;

f) The independent member is required to spare time for the company affairs to the extent that he would be able to follow up the activities of the company and fulfill the requirements of the tasks he assumes.

g) The independent member is required not to have served as member of the board of directors for more than six years in the last ten years.

ğ) The independent member is required not to become an independent member in more than three companies controlled by the same person or the company or the companies controlling the company and in more than total five companies quoted on the stock exchange.

h) The independent member is required not to have been registered and announced for and on behalf of the

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legal entity appointed as the member of the board of directors. The independent member is required to have represent and acknowledge that he would devote himself to the extent that he would fully perform the affairs of the company.

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 Communiqué for Specification and Application of Corporate Governance Principles.

Mehmet Cemal Tükel

DECLARATION OF INDEPENDENCE

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

- Corporate Governance Communiqué of the Capital Markets Board with the number II-17.1, which entered into force upon its promulgation in the Official Gazette dated 03 January 2014 and with the number 28871
- Articles of Association of the Company and
- Provisions of other relevant legislation

I hereby declare that I hold the qualifications and 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 Communiqué for Specification and Application of Corporate Governance Principles with Serial: II-17.1, accordingly;

a) No employment relation exists at any executive position, which requires assumption of duties and responsibilities between the company, management and control of the company or subsidiaries on which the company has considerable effects, shareholders controlling the company or having considerable effects

on the company and legal entities controlled by these shareholders on one side and the independent member himself, his spouse and lineal consanguinity up to second degree on the other side; he would not hold more than 5% of the capital controlling or voting rights or privileged shares together with the others or by himself; or no important commercial relation has not been established in the last five years;

b) The independent member has not served as a shareholder (5% or more), top-executive assuming important tasks and responsibilities or a member of the board of directors in the companies from which the company considerably buys services or products or to which the company considerably sells services and products within the frame of the agreements executed particularly on the matters of audit (including tax audit, legal audit and internal audit) of the company), rating and consulting of the company in the last five years;

c) The independent member is required to have occupational education, knowledge and experience to fulfill the duties to be assumed by him due to his independent membership in the board of directors;

ç) The independent member is required not to work on full-time basis in any public institution and organization, excluding academic position at the university, after appointment to the board of directors; provided that the relevant laws and regulations are abided;

d) The independent member is required to reside in Turkey according to Income Tax Law dated 31/12/1960 and numbered 193.

e) The independent member is required to have stronger ethical standards, occupational prestige and experience to contribute to the activities of the company positively, protect his impartiality in conflicts of interests arisen between the company and the shareholders and to freely decide by considering rights of the beneficiaries;

f) The independent member is required to spare time for the company affairs to the extent that he would be able to follow up the activities of the company and fulfill the requirements of the tasks he assumes.

g) The independent member is required not to have served as member of the board of directors for more than six years in the last ten years.

ğ) The independent member is required not to become an independent member in more than three companies controlled by the same person or the company or the companies controlling the company and in more than total five companies quoted on the stock exchange.

h) The independent member is required not to have been registered and announced for and on behalf of the legal entity appointed as the member of the board of directors. The independent member is required to have represent and acknowledge that he would devote himself to the extent that he would fully perform the affairs of the company.

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.

Murat Tanrıöver

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 26 April 2013, Board Members were authorized and approved in accordance with Corporate Governance Principles article 1.3.7 and 1.3.8 and Turkish Commercial Code Articles 395 and 396 which were in effect at that time. Board members' other duties in the group and out of the group, does not lead to any conflict of interest. In-group and Out of Group offices executed by Board of Directors Members are as follows:

Tan Egeli

Within the Group: General Manager at Egeli & Co. Asset Management, Chairman of the Board of Egeli & Co. Investment Holding, Egeli & Co. Agriculture Investment Trust, Egeli & Co. Corporate Support Services, Egeli & Co. Financial Investment, Bati Agriculture Investments, EGC Electric Energy Production.

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

Ersoy Çoban

Within the Group: Vice-chairman of the board at Egeli & Co. Asset Management and Egeli & Co. Investment Holding, board member at Egeli & Co. Agriculture Investment Trust, Egeli & Co. Corporate Support Services, Bati Agriculture Investments, EGC Electric Energy Production.

Out of the group: member of the board of Simya Agriculture Investments

Murat Çilingir

Within the Group: Vice-chairman of the board at Egeli & Co. Asset Management and Egeli & Co. Investment Holding, Board Member of Egeli & Co. Agriculture Investment Trust, Egeli & Co. Financial Investment and Bati Agriculture Investments.

Out of the group: None

Ali Sami Er

Within the Group: Director of legal affairs and compliance at Egeli & Co. Investment Holding

Out of the group: None

Mehmet Cemal Tükel

Out of the group: partner at Albatros Ambalaj San. ve Tic. Ltd. Şti and board member at Tükemat Ticaret Gazetesi Tükeller Matbaacılık Sanayi ve Ticaret A.Ş.

Murat Tanrıöver

Out of the group: Deputy general manager at Gedik Menkul Değerler A.Ş.

5.2. Board Practices

The Board of Directors shall meet as required by the works of the Company. However, it must convene at least once a month. In the meetings every member has a right for one vote. The agenda of the Board of Directors shall be determined by the Chairman of the Board. Amendments to the agenda are possible by a Board of Directors resolution.

In extraordinary conditions, if the Chairman does not call the Board for a meeting upon the written request of a member, the members shall hold the right to call the Board for a meeting ex officio. The venue shall be the headquarters of the Company. However, the Board may also meet at any other place under the condition that it takes a resolution accordingly.

Quorum for the Board of Directors is the majority of the number of total members and decision quorum is the majority of participating members. This rule also applies when the Board of Directors meeting is held in an electronic environment.

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Board Members shall not cast votes representing each other and shall not attend the meetings via proxies. If there is equality in the votes, the matter in question shall be left for the next meeting. If there is equality in the votes in the second meeting as well, the matter in question shall be deemed to have been rejected.

If none of the members has requested a call for a meeting, Board of Directors resolutions may also be taken by obtaining the written approvals of the majority of the number of total members upon a proposal by a Board Member on a certain subject written in the form of a resolution. In order that such a resolution shall be valid, the same proposal must have been made to all Board Members. It is not compulsory that the approvals be present on the same paper; however, every paper bearing a signature of approval must be pasted onto the Board of Directors Minute Book and be recorded in the Minute Book after being converted to a resolution comprising the signatures of the approvers, in order that such a resolution shall be valid.

The validity of the resolutions is subject to being in writing and signed.

In transactions considered important in regard to the application of Corporate Governance Principles, and any related party transactions of the Company and transactions for granting warranties, liens or mortgages on behalf of third parties, the regulations of CMB concerning the compulsory Corporate Governance Principles apply, without prejudice to the exceptions provided for investment trusts and the provisions of the Capital Markets legislation the investment trusts must comply with. Any transactions made and Board of Directors resolutions taken which do not comply with the compulsory Corporate Governance Principles shall be deemed to violate the Articles of Incorporation and invalid.

In case of equality, Board of Directors Members does not have any right to vote and/or authorization for veto. Every Board of Directors Member has one vote including Chairman of the Board and none of the members has a weighted vote. In 2013 Board of Directors conducted 31 meetings. 90% of these meetings were conducted with full participation.

Faults of the members of the board of directors during their terms of office are insured against the loss possibly caused by them and the policy liability limit is USD 10 million.

5.3. Number, Structure and Independence of Board Committees

Operating principles of the committees, constituted in the body of the board of directors, were prepared and arrangements were made for follow-up by the relevant departments.

In 2013, 4 corporate governance committee meetings, 5 audit committee meetings and 6 early risk determination committee meetings were held. The audit committee held 5 meetings during the year. At one of these meetings, independent audit proposals obtained for the audit of the financial statements for the year 2013 were assessed and recommendation is issued by the committee for submission to the board of directors. At other four committee meetings, preparations of year-end and interim financial statements were overviewed in accordance with the relevant laws and regulations; and an opinion was submitted to the board of directors on the compliance of the financial statements.

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.

Committee members are elected from nonexecutive board members and independent board members since there are two independent members in the Board of Directors, same independent members need to serve in more than one committee. The chairman and member of the audit committee were appointed from among the independent members; the chairmen of the other committees were appointed from among the independent members whereas the members of the same were appointed from among the members of the non-executive board members. Qualifications of these persons are set forth in this annual report and in company web site.

Audit Committee**Chairman:** Murat TANRIÖVER**Member:** Mehmet Cemal TÜKEL**Audit Committee Terms of Reference****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 Trust (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 once each two months. 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 three 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.

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- 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 coordinate the preparation of the report included 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.

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

Corporate Governance Committee

Chairman: Murat TANRIÖVER

Member: Tan EGELİ

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 Egele & Co. Agriculture Investment Trust (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

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- 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.

Committee of Early Detection of Risks**Chairman:** Murat TANRIÖVER**Member:** Ali Sami ER**Committee of Early Detection of Risks Term of References****1. Purpose**

1.1 This procedure aims to determine the terms of reference of the Committee of Early Detection of Risks, which assists the Board of Directors in terms of early detection of the risks of Egeli & Co. Agriculture Investment Trust (the "Company"). The Committee for Early Detection of Risks is established for early detection of risks that might endanger the existence, development and perpetuation of the Company and to implement measures required against the risks determined as well as the management of risks.

2. Membership

- 2.1 The Committee of Early Detection of Risks shall consist of at least two members. The chairman of the committee shall be selected from among the independent members of the board. 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 two months. 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 three 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 Minutes of the meeting shall be kept in a documented manner.
- 6.2 Minutes of committee meetings shall be signed by all committee members and 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 The Committee shall carry out duties for the identification of any risks that might endanger the existence, development and continuity of the Company, the implementation of required measures and the management of risks.
- 7.2 The Committee for Early Detection of Risks shall carry out studies in order to detect the Company's risks, develop methods of measurement, secure reliability of the methods of measurement, create strategies for the risk management, oversee the application of these strategies, determine the maximum limits for the risks of the Company and provide recommendations for the Board of Directors.
- 7.3 The Committee for Early Detection of Risks shall share its view with the Board of Directors for creating internal control systems including risk management systems and process of information that will minimize the effects of risks which might affect the stakeholders, particularly the shareholders, of the Company.

8. Reporting Responsibilities

8.1 The committee shall oversee and advise the Board every two months, in writing, on the current risk exposures of the Company by identifying threats and proposing actions. The report shall be sent to the Auditors.

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- 8.2 The Risk Detection Committee shall prepare and present to the Board of Directors an annual assessment report, which shall be included in the annual reports, for working principles including its members, frequency of the sessions and executed activities, in order to provide a basis for board's evaluations of its effectiveness.
- 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 shall coordinate the preparation of the report included in the annual report.

10. Authority

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

5.4. Risk Management and Internal Control Mechanism

The purpose in the risk management and internal audit mechanism is based on development of implementations for definition of all the possible risks which the company encounters or may possibly encounter and for minimization of these risks and based on the follow up of all these implementations.

Internal Control Mechanisms were formed in the Company and in 2013 the efficiency of Risk Management and Internal Control was monitored under supervision by Committee of Early Detection of Risk. Risk Management and Internal Control Mechanisms are efficiently operated for specifying and managing the risks encountered by the Company. Risk Management operations are handled under two main headers as Operational and Financial Risk Management.

5.5. Strategic Goals

While the board of directors of the company administers and represents the company by keeping the risk, growth and return balance at the most appropriate level by means of its strategic decisions and by protecting principally long term interests of the company with the rationalist and prudent risk management approach on one hand, it is responsible for achievement by the company of its operational and financial performance objectives determined and disclosed to the public on the other hand. Strategic goals of the Company are set in line with proposals of senior managers and 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.

5.6. Financial Rights

Remuneration Policy, consisting of any and all rights, interests and remuneration provided to the members of the board of directors and executives holding administrative responsibility as well as written criteria and remuneration principles used in determination of the same, is published on the official website of the company. As per the Corporate Governance Principles, the Remuneration Policy, determined by the board of directors, published and disclosed to the public on the official web site of the company, determining principles of remuneration for the members of the board of directors and the top executives, was submitted for the information of the shareholders at the General Assembly held on April 26, 2013 within the frame of the arrangements of the Capital Market Board; and no update has been made since then. The aforesaid disclosure was made to include the board of directors and the top executives of the company.

Remuneration is provided for only members with independent member status in Board of Directors and a remuneration of monthly net TRL 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.

**EGELİ & CO GİRİŞİM SERMAYESİ
YATIRIM ORTAKLIĞI A.Ş.
(EARLY NAMED AS “EGELİ & CO B TİPİ
MENKUL KIYMET YATIRIM ORTAKLIĞI A.Ş.”)**

FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2013

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

1. We have audited the accompanying balance sheet of Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (previously named "Egeli & Co B Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.") (the "Company") as at 31 December 2013 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards ("TAS") as published by Public Oversight, Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the entity's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the TAS (Note 2).

Reports on independent auditor's responsibilities arising from other regulatory requirements

5. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

6. Pursuant to Article 378 of Turkish Commercial Code no 6102, Board of Directors of publicly traded companies are required to form an expert committee and to run and develop the necessary system for purposes of early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4 of Article 398 of the Code, the auditor is required to prepare a separate explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management and, if such a system exists, the report, the principles of which shall be announced by the POA, shall be describe the structure of the system and the practises of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 27 March 2013 and it is comprised of 2 members. The committee has met 6 times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the Company and its development, applying the necessary measures and remedies in this regard, and managing risks, and has submitted the relevant reports to the Board of Directors.

Other matter

7. The financial statements of the Company for the year ended 31 December 2012 were audited by another firm of auditors whose report, dated 14 March 2013, expressed an unmodified opinion on those statements.

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



Talar Gül, SMMM
Partner

Istanbul, 3 March 2014

EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(EARLY NAMED AS “EGELİ & CO B TİPİ MENKUL KIYMET
YATIRIM ORTAKLIĞI A.Ş.”)

FINANCIAL STATEMENTS (BALANCE SHEET)

AT 31 DECEMBER 2013

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

		(Audited) Current Period	(Audited) Previous Period
	Notes	31 December 2013	31 December 2012
ASSETS			
Current assets			
Cash and cash equivalents	6	3.367.871	24.718.344
Financial investments	7, 18	2.009.431	16.432.050
Other receivables	9	24.170.393	1.183
Other current assets	9	116.473	1.990
Total current assets		29.664.168	41.153.567
Non-current assets			
Financial investments	7, 18	10.352.918	-
Other receivables			
Receivables from related parties	9, 18	297.515	-
Investments in joint venture	18	297.515	-
Investments in joint venture	8	338.376	-
Property and equipment	10	8.523	8.265
Other non-current assets		-	8.057
Total non-current assets		10.997.332	16.322
TOTAL ASSETS		40.661.500	41.169.889

EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
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FINANCIAL STATEMENTS (BLANCE SHEET)

31 DECEMBER 2013

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

		(Audited) Current Period	(Audited) Previous Period
	Notes	31 December 2013	31 December 2012
LIABILITIES			
Current liabilities			
Trade payables		483.018	2.074
Due to related parties	18	473.271	-
Due to non-related parties		9.747	2.074
Short-term provisions	11	22.597	122.431
Other current liabilities	9	34.168	40.349
Total short-term liabilities		539.783	164.854
Long-term liabilities			
Long-term provisions	12	4.711	1.740
Provisions for employee benefits	12	4.711	1.740
Total long-term liabilities		4.711	1.740
Shareholders' equity			
Share capital	13	20.000.000	18.000.000
Adjustment to share capital		17.197.511	19.197.511
Costs arising from the capital increase		(67.383)	(67.383)
Share premiums		29.552	29.552
The effect of mergers of entities or businesses under common control	8, 18	(310.731)	-
Other comprehensive income/expense not to be reclassified to profit or loss	12	550	-
<i>Actuarial gain</i>	12	550	-
Restricted reserves	13	3.518.928	3.518.928
Retained earnings/ (Accumulated losses)	13	324.687	(2.123.410)
Net (loss)/income for the period		(576.108)	2.448.097
Total shareholders' equity		40.117.006	41.003.295
TOTAL LIABILITIES		40.661.500	41.169.889

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

EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
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STATEMENT OF INCOME/LOSS AND OTHER COMPREHENSIVE STATEMENT OF
INCOME FOR THE YEAR ENDED 1 JANUARY -31 DECEMBER 2013

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

		(Audited) Current Period	(Audited) Previous Period
	Notes	31 December 2013	31 December 2012
PROFIT/LOSS			
Revenue	14	9.138.394	46.442.870
Cost of sales (-)	14	(9.195.436)	(44.285.839)
Gross profit/(loss)	14	(57.042)	2.157.031
General administrative expenses (-)	15	(2.120.684)	(1.886.236)
Marketing expenses (-)	15	(463.494)	(166.350)
Other operating income	16	2.896.220	2.398.807
Other operating expense (-)	16	(830.784)	(55.155)
Operating (loss)/profit		(575.784)	2.448.097
Income/ (expense) from investing activities		-	-
Operating (loss)/ profit before financial expenses		(575.784)	2.448.097
Financial expenses (-)	12	(324)	-
(Loss)/ profit before tax from continued operations		(576.108)	2.448.097
Tax income/ (expense) from continued operations			
Taxes on income/(loss)		-	-
Deferred tax income/(loss)		-	-
(Loss)/profit from continuing operations		(576.108)	2.448.097
(Loss)/profit for the period	19	(576.108)	2.448.097
(Loss)/earnings per share (Kr)	19	(0,0288)	0,1224
Other comprehensive income:			
Items not to be reclassified to profit or loss			
Actuarial gains	12	550	-
Other comprehensive income		550	-
Total comprehensive (loss) / income		(575.558)	2.448.097

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

**EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
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**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	Paid in capital	Adjustment to share capital	Charges arising from capital increase	Shares premiums	Actuarial gains	The effect of assets mergers of entities or businesses under common control	Restricted reserves	Retained earnings/ (loss)	Net (loss)/ profit for the period	Total equity
PRIOR PERIOD										
1 January 2012	18.000.000	19.197.511	(67.383)	29.552	-	-	3.518.928	2.520.123	(4.643.533)	38.555.198
Transfers	-	-	-	-	-	-	-	(4.643.533)	4.643.533	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	2.448.097	2.448.097
31 December 2012	18.000.000	19.197.511	(67.383)	29.552	-	-	3.518.928	(2.123.410)	2.448.097	41.003.295
CURRENT PERIOD										
1 January 2013	18.000.000	19.197.511	(67.383)	29.552	-	-	3.518.928	(2.123.410)	2.448.097	41.003.295
Capital increase	2.000.000	(2.000.000)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	2.448.097	(2.448.097)	-
The effect of mergers of entities or business under common control	-	-	-	-	-	(310.731)	-	-	-	(310.731)
Total Comprehensive Income	-	-	-	-	550	-	-	-	(576.108)	(575.558)
31 December 2013	20.000.000	17.197.511	(67.383)	29.552	550	(310.731)	3.518.928	324.687	(576.108)	40.117.006

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

EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
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STATEMENT OF CASH FLOWS FOR THE YEAR END

31 DECEMBER 2013

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

	(Audited) Current Period Notes 31 December 2013	(Audited) Previous Period 31 December 2012
A. Cash flows from operating activities:		
(Loss)/ profit for the period	(576.108)	2.448.097
Adjustments to reconcile net (loss)/ income to netcash from operating activities:		
Adjustments related to depreciation and amortization expense	10 841	9.221
Adjustments related to provisions	(95.870)	(196.726)
Adjustment related interest income	6.492	2.818
Adjustments related to the fair value losses	797.184	59.639
Loss of the shares of the joint venture	8 145.004	-
Participation gain on sale	16 (1.666.766)	-
Changes in working capital:		
Fair value difference gain/loss of financial investment	13.625.434	11.728.330
Adjustments related to decrease in trade receivables	-	1.774.990
Adjustments related to (increase)/decrease in other receivables and assets related to operations	(406.387)	1.831.136
Adjustments related to trade payables increase/(decrease)	480.944	(1.198.443)
Adjustments related decrease in other payables and liabilities related to operations	(6.621)	(1.355)
Net cash used in operating activities	12.304.147	16.457.707
B. Cash flows from investing activities:		
The cash outflow for the debt instruments or shares of other businesses or funds (-)	(33.647.029)	-
Proceeds from sale of tangible and intangible assets	10 (1.099)	-
Cash inflows from the sale of tangible and intangible fixed assets	-	42.132
Cash outflows from investing activities (-)	(33.648.128)	42.132
Net decrease /increase in cash and cash equivalents(A+B)	(21.343.981)	16.499.839
C. Cash and cash equivalents at beginning of period	24.710.687	8.210.848
Cash and cash equivalents at end of period (A+B+C)	6 3.366.706	24.710.687

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

EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (EARLY NAMED AS “EGELİ & CO B TİPİ MENKUL KIYMET YATIRIM ORTAKLIĞI A.Ş.”)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

1. ORGANIZATION AND NATURE OF OPERATIONS

Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. (formerly named as “Egeli & Co B Tipi Menkul Kıymet Yatırım Ortaklığı A.Ş.”) (“the Company”), was incorporated and started its financial operations on 18 September 1998 in İstanbul under the name of Ak Yatırım Ortaklığı A.Ş.. Akbank, the main shareholder of the Company until the date of 3 July 2012, signed a letter of Intent to transfer a total of 12,607,326 Class A and Class B shares and started negotiations with Egeli & Co. Yatırım Holding A.Ş. As a result of the negotiations, on April 5, 2012 “Share Purchase Agreement” was signed and the share transfer was completed on the 3 July 2012 after taking the necessary legal permissions from the Capital Market Board and other authorities. The Company's transformation to Venture Capital Investment Trust was approved by the trade register on 31 December 2012. On 2 January 2013 the title of the company was declared as “Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.”

The company aims to provide financial capital to high-potential, high risk, growth startup companies in accordance with Capital Markets Board (“CMB”) regulations on venture capital investment trusts. The Company is a public joint stock partnership.

The Company carries out the following procedures and transactions:

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

The Company operates in one geographical segment (Turkey) and one industrial segment (to create a portfolio of venture capital) (Note 5).

The company's shares have been offered to public on May 1999 and Egeli & Co Yatırım Holding A.Ş. has 91,68% of the share of the total shares of the Company as of 31 December 2013 (31 December 2012: %91,20).

The Company is based in İstanbul, and the total number of personnel employed in the Company as of 31 December 2013 is 2 (31 December 2012: 3). The registered office address of the Company is as follows: Abdi İpekçi Caddesi, Azer İş Merkezi No: 40 Kat: 3 Daire:10 Harbiye Şişli - İstanbul, Turkey.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

At 31 December 2013, The Company's long term investments marketable securities, companies with advance payment of capital and preemption and joint ventures, subject of operations basis, are as follows:

Joint ventures	Nature of business
Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic. A.Ş. (“Karesi”)	Energy
Marketable securities	Nature of business
Enda Enerji Holding A.Ş. (“Enda”)	Energy
Companies with advance payment of capital and preemption	Nature of business
EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş. (“EGC”) (Notes 7 and 21)	Energy

The interim financial statements have been approved by the Board of Directors on 3 March 2014 and signed by Vice Chairman of the Board of Directors Ersoy Çoban and Chief Executive Officer Akın Aydın. General Assembly and regulators has the power to amend the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The main accounting policies applied in the preparation of the financial statements of the Company are as follows

2.1 Basis of Presentation of Financial Statements

2.1.1 Financial reporting standards applied and compliance to IAS/TAS

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

The Company's financial statements and notes, as described by the CMB with the announcement dated 7 June 2013 and in accordance with the format by including the mandatory information.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

In accordance with the CMB's resolution issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. The Company's financial statements are prepared in accordance with this decision.

The Company, the accounting records and the statutory financial statements in preparing the CMB issued by the principles and conditions of the Turkish Commercial Code (“TCC”), tax legislation and the Ministry of Finance issued by the Uniform Chart of Accounts complies with the requirements.

The financial statements have been prepared on the basis of historical cost, to the legal records for the purpose of fair presentation in accordance with IAS adjustments and reclassifications are reflected.

Comparative Information and Restatement of Prior Period Financial Statements

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

2.1.2 Offsetting

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

2.1.3 Going concern

Company's financial statements are prepared under the going concern assumption.

2.1.4 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.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting standards

a) Amendments in International Financial Reporting Standards (“IFRS”)

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2013 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2013 and at year end to 31 December 2013.

Standards, amendments and IFRICs applicable to 31 December 2013

- Amendment to IAS 1, 'Financial statement presentation', 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.
- Amendment to IAS 19, '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.
- Amendment to IFRS 1, 'First time adoption', on government loans; ; is effective for annual periods beginning on or after 1 January 2013. This 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.
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting; ; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- Amendment to IFRSs 10, 11 and 12 on transition guidance; ; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- Annual improvements 2011; 1 January 2013 or after this date is effective for annual reporting periods beginning. This annual improvements in the reporting period 2009-2011 includes five titles. These changes include:
 - IFRS 1, "First time adoption"
 - IAS 1, "Presentation of financial statements"
 - IAS 16, "Property, plant and equipment"
 - IAS 32, "Financial Instruments; Presentations"
 - IAS 34, "Interim financial reporting"
- IFRS 10, 'Consolidated financial statements'; is effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.
- 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 therefore 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 therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013. IFRS 12 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. IFRS 13 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 IFRS 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 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. IAS 27 (revised 2011) 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 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

New IFRS standards, amendments and IFRICs effective after 1 January 2014

The Company will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations except for the ones the impacts of which were disclosed above will not have a significant effect on the financial statements of the Company.

- Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
- IFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- IFRS 9 ‘Financial instruments’ – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

- Amendments to IFRS 9, ‘Financial instruments’, regarding general hedge. These amendments to IFRS 9, ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.
- Amendment to IAS 19 regarding defined benefit plans; ; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 6 standards:
 - IFRS 2, ‘Share-based payment’ and IFRS 3, ‘Business Combinations’
 - IFRS 8, ‘Operating segments’
 - IFRS 13, ‘Fair value measurement’
 - IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’
 - Consequential amendments to IFRS 9, ‘Financial instruments’, IAS 37, ‘Provisions, contingent liabilities and contingent assets’, and
 - IAS 39, ‘Financial instruments - Recognition and measurement’.
- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
 - IFRS 1, ‘First time adoption’
 - IFRS 3, ‘Business combinations’
 - IFRS 13, ‘Fair value measurement’ and
 - IAS 40, ‘Investment property’.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2013

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

It is expected that the application of the standards and the interpretations except for the ones the impacts of which were disclosed above will not have a significant effect on the financial statements of the Company.

2.3 Changes and Errors in 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. The company has no significant changes in accounting estimates in the current period.

Significant accounting errors are applied retrospectively and prior period financial statements are restated.

2.4 Summary of Significant Accounting Policies

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

Joint Venture

The joint venture, joint control by the entrepreneur and Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş., established by contractual agreement to undertake an economic activity. Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş. establishes this joint control by being authorized to vote directly or indirectly by itself or on behalf of related parties shares.

The company has purchased 480,000 shares of Karesi Jeotermal Enerji Üretim İnşaat Sanayi Ve Ticaret A.Ş with nominal value of 1 TRY per share, correspondinging to TRY794,111 on 20 February 2013. To subject purchase transactions which is the controlling shareholder of the Company Egeli & Co. Yatırım Holding A.Ş have been performed with a process was considered as subject to joint control rights are accounted for using the merger method.

The table below sets out the joint venture and shows the proportion of ownership interests as of 31 December 2013

Joint venture	Direct ownership interest	Total ownership interest	Proportion of effective interest
Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic.A.Ş.	%50,00	%50,00	%50,00

Karesi which was established to operate in geothermal energy production, has no operations at 31 December 2013.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Joint venture is accounted for using the equity method of accounting. In the equity accounting method, investments in the joint venture are first recorded on the financial statements at their cost values, and the amount is increased or decreased in line with the share of joint venture company's profit or loss after the date of the acquisition (Note 8)

Operating income / expenses

Income and expenses are accounted for on an accruals basis. The Company recognizes the financial asset sales income when the sales charged, and the dividend income on the date of distribution. Discount income / expenses is recorded as income / expense as of the date of the valuation.

Interest income/expenses and commission expenses are recognized on an accrual basis. Interest income includes assurance accretions of interest rate related to money market transactions and reverse repurchase agreements.

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 3 to 5 years (Note 10).

Financial Assets

Financial Assets

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 sales or purchase of financial asset are booked to the under revenue as “profit/loss from purchase or sales of financial asset”

All related realized and unrealized gains and losses, coupon and interest earned whilst holding trading securities is reported as “other operating income/expenses”.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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. Cost of financial assets is calculated using the weighted average cost method.

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.

Sale and repurchase agreements

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.

Loans and receivables

Loans and trade and other receivables that are not quoted with fixed or determinable payments are classified in this category. Borrowings and receivables are presented using the effective interest method with their discounted cost value after deducting the impairment.

Impairment of financial assets

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

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts and highly liquid reverse repurchase and other short-term investments which do not have the risk of significant value change.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Company have no financial liabilities as either at fair value through profit or loss.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

Earnings per share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. (Note 19).

Subsequent events

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

The Group adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements.

Provisions, contingent assets and liabilities

Provision are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into accounts the risks and uncertainties surrounding the obligation.



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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party; receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Corporate income tax

According to the current tax law, the company's corporate tax rate is %0.

Corporate income taxes are described in Note 17.

Employee benefits

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

Employee 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 Group 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.

Short-term employee benefits such as vacation liabilities are accounted in accordance with IAS 19 (Note 12).

Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from petroleum products sales of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Significant accounting judgments, estimates and assumptions

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, current knowledge, and actual results may differ from those estimates.

3. BUSINESS COMBINATIONS

None (31 December 2012: None).

4. SHARES IN OTHER ENTITIES

Explained in Note 7 and Note 8.

5. SEGMENT REPORTING

As described in Note 1, since the Company operates in one geographical segment (Turkey) and one industrial segment (to create a portfolio of venture capital) there is not segment reporting for the financial statements for the year ended as at 31 December 2013. As a result of the Company’s future investments and investments to be activated segment reporting will be made in the future.

6. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Time deposits at banks	3.364.251	-
Demand deposits at banks	3.620	9.687
Reverse repo	-	17.505.336
Receivables from money market operations	-	7.203.321
	3.367.871	24.718.344

Maturity of term deposits as at 31 December 2013 is 1 -7 January 2014 and the interest rate is in the range of 7,25% to 7,50% (as at 31 December 2012 the maturity of the reverse repurchase transactions is 2 January 2013 and interest rate is in the range of 5,25% - 5,80%).

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6. CASH AND CASH EQUIVALENTS(Continued)

For the purpose of regulating cash flow statements, details of cash and cash equivalents' breakdown is as follows:

	31 December 2013	31 December 2012
Time deposits at banks	3.364.251	-
Demand deposits at banks	3.620	9.687
Reverse repo	-	17.505.336
Receivables from money market operations	-	7.203.321
Minus - Interest accrual	(1.165)	(7.657)
	3.366.706	24.710.687

7. FINANCIAL INVESTMENTS

Short term financial investments

	31 December 2013	31 December 2012
<i>Financial assets held for trading</i>		
Quoted share certificates (*)		
- Related party share certificates (Note 18)	2.009.431	2.806.615
- Share certificates	-	880.425
	2.009.431	3.687.040
- Government securities	-	6.906.217
	2.009.431	10.593.257
<i>Financial assets held until maturity</i>		
- Private sector bonds	-	5.838.793
Total short-term investments	2.009.431	16.432.050

(*) The Company's shares are traded on the Istanbul Stock Exchange.

The maturity analysis of financial investments is as follows:

	31 December 2013	31 December 2012
No maturity	2.009.431	3.687.040
30-90 days	-	5.215.720
90-180 days	-	623.073
More than 180 days	-	6.906.217
	2.009.431	16.432.050

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7. FINANCIAL INVESTMENTS (Continued)

Long-term financial investments

Type/Company name	31 December 2013		31 December 2012	
	Participation Amount TRY	Share %	Participation Amount TL	Share %
Unquoted investments				
<i>Marketable securities</i>				
Enda Enerji Holding A.Ş. (*)	7.352.918	5,34	-	-
<i>Advance payments of capital and preemption</i>				
EGC Elektrik Enerji Üretim Sanayi ve Ticaret A.Ş. (**)	3.000.000	-	-	-
	10.352.918		-	

(*) The Company's subsidiary EGC Elektrik, purchased TRY7.352.918 worth of Enda Enerji Holding A.Ş. stocks respectively TRY4.884.875 on 17 January 2013, TRY205.480 on 20 March 2013, TRY540.564 on 9 May 2013, TRY401.502 on 28 June 2013, TRY318.995 on 14 August 2013, TRY600.000 on 5 September 2013 and TRY401.502 on 26 December 2013. The company has acquired TRY2.386.487, through transfer from EGC. EGC which is assignor is a subsidiary of the company's leading shareholder Egeli & Co (Note 18). Enda Enerji Holding A.Ş. All purchases of shares took place in the year 2013. It is assumed that the cost of purchases approximate to the shares' fair value at 31 December 2013. The statement of financial position as at 31 December 2013 was carried at cost.

(**) In accordance with the decision taken by Board of Directors of Egeli Girişim on 8 April 2013, it has been unanimously decided that; a pre-purchase agreement should be signed regarding the purchase of 400,000 EGC shares with a nominal value of TRY1.00, which constitutes all of the EGC shares and owned by Yatırım Holding A.Ş., for TRY7.500.000, on the basis of the independent valuation report dates 29 March 2013, the share transfers should be made after EGC receives its production licence from Energy Market Regulatory Authority, TRY3,000,000.00 should be paid in advance, the balance of TRY4.500.000 should be paid after the share transfers and in case the sales transaction cannot be finalised, the amount of advance payment should be reimbursed, including all the legal interest. EGC pre-purchase agreement for the takeover of the shares, on February 6, 2014, Egeli & Co Yatırım Holding A.Ş. terminated by mutual agreement and with the purchase of shares for TRY3.000.000 has been paid in advance with legal interest Egeli & Co Yatırım Holding A.Ş. has been understood in reimbursement by 6 February 2014 on the advance payment of TRY 1.000.000 of TRY1.088.452 together with legal interest and the Egeli KDV & Co Yatırım Holding A.Ş. has been collected (Note 21).

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8. INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (JOINT VENTURE)

Investment accounted by equity method for joint venture:

	Percentage of share	31 December 2013	Percentage of share	31 December 2012
Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic. A.Ş.	50%	338.376	-	-
Total		338.376	-	-

The Company has purchased 480.000 shares with a nominal value of TRY1.00 per share, which corresponds to 50% portion which belongs to Egeli & Co Yatırım Holding A.Ş., of Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret A.Ş., for TRY794.111 on 20 February 2013. Due to the fact that the purchase transaction in question is made with the Company's majority shareholder, Egeli & Co Yatırım Holding A.Ş., it has been considered as a transaction subject to joint control and recognised through pooling of rights method. In this framework the Company has recorded its investment in Karesi Jeotermal Enerji Üretim İnşaat Sanayi ve Ticaret A.Ş., as the value carried in the financial statements of the majority shareholder, in the initial recognition, and the difference of TRY310.731 between the amount paid for the investment and the carried value of the investment, is recognised under "Effects of the Mergers of Businesses or Companies Under Joint Control" account, under equities. The amount to be initially recognised in the balance sheet regarding the investment in question, has been reduced by the amount of share of the Company in the loss after the date of acquisition.

The movement of investment accounted in joint venture is as follows:

	2013
Opening balance - 1 January	-
Purchase of shares	794.111
The merger effect of businesses under common control	(310.731)
Joint venture loss for the period (-) (Note 16)	(145.004)
Closing balance – 31 December	338.376

The summary of financial statements of investment in joint venture is as follows:

	1 January - 31 December 2013			
	31 December 2013 Total asset	31 December 2013 Total liabilities	Revenue	Net loss of the period (-)
Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic. A.Ş.	1.713.125	1.219.236	-	(290.007)

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9. OTHER CURRENT ASSETS/OTHER SHORT TERM LIABILITIES

Other receivables	31 December 2013	31 December 2012
Receivables arising from sales of subsidiary (*)	25.750.000	-
Discount of receivables arising from sales of subsidiary (-) (*)	(1.583.234)	-
Other	3.627	1.183
	24.170.393	1.183

(*) With the decision taken by the Board of Directors of the Company on 29 April 2013, It is decided to participate with TRY10.000.000 to capital increase of KRC Gayrimenkul Yatırım Ltd. Şti. (“KRC”) which operates investment and development activities in the field of city hotel and share purchase and Shareholders Agreement is signed with Kenan Onak and Ayten Onak. In addition to this decision, with the decision taken on 9 May 2013 by the Board of Directors of the Company, It is decided to participate in capital increase with TRY12.500.000 additional payment which makes the ownership ratio as %36. With the decision taken on 3 December 2013, It is been decided to sale shares of KRC Gayrimenkul to Kenan Onak and Ayten Onak with TRY25.750.000 amount which will be collected on 30 June 2014, 30 September 2014 and 30 December 2014 with three installments. Sale agreement regarding to KRC shares sale was signed on 3 December 2013. Receivable from mentioned sale has been discounted by considering installment dates and by using %9,47 discount rate and presented in the financial statements as of 31 December 2013 after deducting calculated TRY1.583.234 discount (Note 16).

Other current assets	31 December 2013	31 December 2012
Taxes paid	112.095	-
Prepaid expenses	4.378	1.990
	116.473	1.990

Other short-term liabilities	31 December 2013	31 December 2012
Taxes, fees and other deductions payable	34.168	38.491
Other	-	1.858
	34.168	40.349

Other long -term receivables	31 December 2013	31 December 2012
Receivables from joint ventures (Note 18)	297.515	-
	297.515	-

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10. PROPERTY AND EQUIPMENT

	1 January 2013	Additions	Disposals	31 December 2013
Fixtures- Cost	60.650	1.099	-	61.749
Fixtures - Accumulated depreciation	(52.385)	(841)	-	(53.226)
Net book value	8.265			8.523
	1 January 2012	Additions	Disposals	31 December 2012
Fixtures- Cost	125.042	-	(64.392)	60.650
Fixtures - Accumulated depreciation	(65.424)	(9.221)	22.260	(52.385)
Net book value	59.618			8.265

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
Other short-term provisions		
Portfolio management fee provision (Note 18)	22.597	25.689
Provision for potential tax risk	-	96.299
Other	-	443
	22.597	122.431

⁽¹⁾ Republic of Turkey Ministry of Finance Revenue Administration (“Revenue Administration”) started a tax review in 2008 in terms of Banking and Insurance Transaction Tax (“BITT”) for the 2003, 2004, 2005, 2006 and 2007 accounting periods covering the whole securities capital trust industry. Notices regarding the taxes and penalties levied following this tax review were communicated to the Company on 14 July 2008. BITT tax loss penalty and late payment interest calculated accordingly are TRY2.295.744, TRY2.295.744 and TRY2.442.594 respectively and the total amount is TRY7,034,082.00. Pursuant to the tax inspection reports prepared, the Company has applied for a reconciliation meeting on 7 August 2008. Reconciliation was made upon resetting the tax loss penalty and paying the tax principal as 30% with Istanbul Tax Office Administration Reconciliation Committee on 24 November 2008 and a total amount of TRY1.437.675 was paid to the tax offices as of 24 December 2008.

In addition to this, in accordance to the paragraph 8 of the Article 32 changing sub-paragraph (t) of paragraph 1 of Article 29 of Expenditure Tax Law No. 6802 of Law on Amending Certain Laws No. 5838 promulgated in the Official Gazette No. 27155 (Repeated) dated 28 February 2009 and temporary Article 1, revenue obtained as a result of transactions made in capital markets by investors of investment trust, is exempt from BITT as of 1 March 2009.

According to the Company's management best assumption in the past period, the additional potential tax payment TRY 96.299 provision booked in the Company's balance sheet as of 31 December 2013. As of 31 December 2013 for five years from the date of review that subject provision is canceled and recorded as other income from operations (Note 16)

The Company has no contingent assets and liabilities.

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12. EMPLOYEE BENEFITS

Long term employee benefits provision	31 December 2013	31 December 2012
Provision for employment termination benefits	4.711	1.740

Provision for employee termination benefit is calculated as explained below:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women), or reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY3.254,44 (31 December 2012: TRY 3.033,98) for each period of service as of 31 December 2013. 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. TFRS 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 2013	31 December 2012
Discount rate	%3,98	%3,40
Turnover rate to estimate the probability of retirement	%100	%93

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 TRY3.438,22 valid from 1 January 2014 (1 January 2013: TRY3.129,25).

As of 31 December 2013 and 2012, movements in the reserve for employment termination benefits during the current year are as follows:

Long term employee benefits provision	2013	2012
Opening balance - 1 January	1.740	104.229
Service cost	3.197	1.740
interest cost(*)	324	-
Paid during the year	-	(104.229)
Actuarial gains (-) (**)	(550)	-
Closing balance – 31 December	4.711	1.740

(*) Presented under financial expenses.

(**) Actuarial gain for the period ended 31 December 2013, has been recognised in the “Other income and expenses which cannot be re-classified regarding profits and losses” account” in equity capital, including tax effects. Due to the fact that the actuarial losses arising in 01 January - 31 December 2012, does not have a significant effect on the financial statements of the previous period, no correction is made in the financial statements of the previous period. Also, service and interest costs regarding the period in question and all of the actuarial losses are recognised in the consolidated income/expenses statement.

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13. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company's paid-in capital TRY20.000.000 (31 December 2012: TRY18.000.000) has been divided number of shares 2.000.000.000 (31 December 2012: TRY1.800.000.000) to give each share a nominal value of TRY0.01.

The company is in an authorized capital subject system, the amount of authorized capital being TRY300.000.000.

As the parent company, the Company owns TRY25.000.000 privileged shares registered in the name of shareholders with the nominal value of TRY0,01, 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 shareholders.

Net book value of issued and paid capital as of 31 December 2013 and 31 December 2012 as below:

	Share (%)	31 December 2013 TL	Share (%)	31 December 2012 TL
Egeli & Co Yatırım Holding A.Ş.	91,68	18.336.499	91,20	16.416.011
Publicly held	8,32	1.663.501	8,80	1.583.989
	100,00	20.000.000	100,00	18.000.000

On 16 April 2013, the Board of Directors, TRY300.000.000 registered capital amounting to stay on the ceiling and capital inflation adjustment positive differences to be paid, was resolved to increase (portion of %11.11) company capital from TRY18.000.000 to TRY20.000.000. Following the Capital Markets board approval dated 10 June 2013, shares deriving from the capital increase has been distributed to Group A and B stockholders in accordance to their participation ratios, as Group B representative share and free of charge on 16 June 2013 and the distribution in question has been registered on 11 July 2013.

Reserves, retained earnings

	31 December 2013	31 December 2012
Restricted reserves	3.518.928	3.518.928
Retained earnings / (losses)	324.687	(2.123.410)
	3.843.615	1.395.518

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.

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13. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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.

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.

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.

Capital adjustment differences have no other use other than being transferred to share capital.



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13. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Bonus Share

Public limited companies distribute dividends due form of Capital Markets Board of Turkey as follows:

In accordance with the CMB's decision Serial: IV, No: 27; It is required to show first dividend ratio in the articles of association of corporations. The first dividend ratio can not be less than 20% of distributable profit remains after deduction of the reserves required to be set aside according to law and taxes, funds, financial payments and the losses of previous year, if any. Publicly held companies with shares traded on exchange, depending on the decision made in their general assembly, are free to, distribute dividends completely in cash, distribute dividends completely in bonus share form, distribute dividends both in cash and bonus share form with certain rates, keeping the remaining amount in the company and keep the amount of dividends in the company without distributing them neither in cash nor bonus share form.

In accordance with the CMB's decision No: 7/242 dated 25 February, 2005; if the amount of net distributable profit based on the CMB's requirement regarding the minimum profit distribution arrangements which is computed over the net profit determined according to the CMB's regulations does not exceed net distributable profit in the statutory accounts, the whole amount calculated according to the CMB's regulations should be distributed.

CMB decision dated 27 January 2010 for the companies whose shares are traded on the stock exchange in the distribution of the dividend is decided that there is no minimum profit distribution obligation.

14. REVENUE AND COST OF SALES

	31 December 2013	31 December 2012
Revenue:		
Gain of government bonds ,Treasury bills	8.129.274	31.904.261
Gain on sale of common stocks	1.009.120	14.972.609
VOB selling expense (-)	-	(434.000)
Revenue, net	9.138.394	46.442.870
Cost of sales:		
Cost of government bonds ,Treasury bills(-)	(8.186.436)	(31.180.344)
Cost of common stocks (-)	(1.009.000)	(13.105.495)
Cost of sales (-)	(9.195.436)	(44.285.839)
Gross loss/(profit)	(57.042)	2.157.031

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15. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

a) General administrative expenses

	31 December 2013	31 December 2012
Portfolio management expense	810.140	840.490
Audit and other consultancy expense	408.215	86.895
Personnel expenses	407.401	689.070
IT support expenses	99.998	24.720
Taxes and duty expenses	73.180	-
Rent expenses	39.444	34.312
Insurance expenses	22.030	22.366
Annual listing fee	8.600	4.500
Depreciation expenses (Note 10)	841	9.221
Other	250.835	174.662
	2.120.684	1.886.236

b) Marketing expense

	31 December 2013	31 December 2012
Performance fee paid to portfolio company Regarding to sale of subsidiary	445.208	-
Commision on share securities	18.286	160.860
Advertisement expense	-	5.490
	463.494	166.350

16. OTHER OPERATING INCOME/ EXPENSES

	31 December 2013	31 December 2012
Income from other operations (expenses):		
Gain on sale of participation (*)	1.666.766	-
Interest income	1.011.493	2.290.254
Dividend income (Note 18)	120.605	45.364
Tax penalty cancellation income	96.299	-
Other	1.057	63.189
Income from other operations	2.896.220	2.398.807
Stock, treasury bond / unrealized losses on treasury bonds (-)	(659.198)	-
Loss from the investment in joint venture (Note 8)	(145.004)	-
Special cost cancellation expenses	-	(42.133)
Other	(26.582)	(13.022)
Expense from other operations(-)	(830.784)	(55.155)
Income/(expenses), from other operations net	2.065.436	2.343.652

(*) The subsidiary share sales income of KRC TRY3.250.000 has been presented in income statement as TRY1.666.766 after deducting TRY1.583.234 discount amount (Note 9).

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17. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

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 and with the Capital Market in accordance with the decision established securities investment funds (funds and exchange traded funds and housing finance funds, including asset finance) and securities portfolio management, investment partners over the earnings until the date of 1 October 2006 date of the change rate of withholding tax is amended to 15% from 1 October 2006.

However, shares acquired before 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.

As of 31 December 2013 tax provision is not reserved, as the above mentioned regulations of GVK.

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18. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. As of 31 December 2013 and 31 December 2012 balances of related parties are as follows:

Share held for trading (Note 7)

	31 December 2013		31 December 2012	
	Cost	Fair value	Cost	Fair value
Egeli & Co. Yatırım Holding A.Ş.	2.160.679	1.414.900	2.160.679	1.870.546
Egeli & Co. Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.	1.064.015	594.531	1.064.015	936.069
	3.224.694	2.009.431	3.224.694	2.806.615

Long term receivables from related parties

	31 December 2013	31 December 2012
Karesi Jeotermal Enerji Üretim İnşaat San. ve Tic A.Ş.	297.515	-
	297.515	-

Portfolio management commission payables to related parties

	31 December 2013	31 December 2012
Egeli & Co. Portföy Yönetimi A.Ş. (Note 11)	22.597	25.689
	22.597	25.689

Trade payables to related parties

	31 December 2013	31 December 2012
Egeli & Co. Portföy Yönetimi A.Ş.	467.468	-
Egeli & Co Kurumsal Destek Hizmetleri A.Ş.	5.803	-
	473.271	-

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18. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b. As of 1 January- 31 December 2013 and 31 December 2012 transactions with related parties are as follows:

	31 December 2013	31 December 2012
Dividend income		
Egeli & Co Yatırım Holding A.Ş. (Note 16)	120.605	45.364
	120.605	45.364

	31 December 2013	31 December 2012
Portfolio management commission payables to related parties		
Egeli & Co Portföy Yönetimi A.Ş.	1.255.348	389.682
	1.255.348	389.682

Amount has included portfolio management commission and participation sales performance fees.

	31 December 2013	31 December 2012
Rent expense and utilization expense with customer services		
Egeli & Co Kurumsal Destek Hizmetleri A.Ş. (*)	90.152	-
Egeli & Co Finansal Yatırımlar A.Ş. (**)	39.444	17.965
	129.596	17.965

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

(**) Consists of rent expense and utilization expense.

	31 December 2013	31 December 2012
Purchase of financial asset and joint venture to related parties		
Egeli & Co Yatırım Holding A.Ş.		
- Capital advance paid to EGC (Note 7)	3.000.000	-
- Purchase of Karesi (***)	794.111	-
EGC Elektrik Enerji		
Üretim Sanayi ve Ticaret A.Ş. (****)	2.386.487	-
	6.180.598	-

(***) As explained in Note 8, the Company's majority shareholder has paid TRY 794.111 and the difference between the carrying value of investment amounting TRY 310.731 accounted under "Including effect of the merger entities or businesses under common control".

(****) The balance related to purchase of Enda and explained in note 7.

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18. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

c. Unrealized losses on related party shares

	31 December 2013	31 December 2012
Egeli & Co. Yatırım Holding A.Ş.	(455.646)	(290.132)
Egeli & Co. Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş.	(341.539)	(127.946)
	(797.185)	(418.078)

d. Benefits for high level executive

The amount of total high level executives fees and provided short term benefits of TRY 286.665 at 31 December 2013 (31 December 2012: TRY 234.482)

19. (LOSS)/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.

	31 December 2013	31 December 2012
Net income/(loss) for the period	(576.108)	2.448.097
The average number of shares	2.000.000.000	2.000.000.000
(Loss)/income per share (As TRY 1 per share)	(0,0288)	0,1224

The Company owns TRY25.000.000 privileged shares registered in the name of shareholders with the nominal value of TRY0.01. Each of these equities are voting stock which has a million voting securities in order to elect members of board of directors. These type of shares has been devoid of privilege to profit distribution.

Earnings per share is the same for privileged and common share.



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20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

20.1 Financial risk management

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.

As of 31 December 2013, the most important credit risk is consist of deposits held at the bank and other receivables. All of the Company's bank deposits are in Turkish banks. Other receivables related to credit risk is managed by the guarantees.

The Company's maximum credit risk exposure:

31 December 2013	Other receivable	
	Related party	Other party
As of reporting date Max, credit risk exposed	297.515	24.170.393
Part of maximum risk under guarentee with collateral	-	24.166.766
Net book value of not-due or not-impaired financial assets	297.515	24.170.393
31 December 2012	Other receivable	
	Related party	Other party
As of reporting date Max, credit risk exposed	-	1.183
Part of maximum risk under guarentee with collateral	-	-
Net book value of not-due or not-impaired financial assets.	-	1.183

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20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Reverse repo and Bank deposits (Note 6)	Stock exchange Money market (Note 6)	Debt securities in the tradebook (Note 7)
31 December 2013			
As of reporting date Max. credit risk exposed	3.367.871	-	-
Part of maximum risk under guarantee with collateral	-	-	-
Net book value of non-overdue or non-impaired financial assets	3.367.871	-	-
31 December 2012			
As of reporting date Max. credit risk exposed	17.515.023	7.203.321	12.745.010
Part of maximum risk under guarantee with collateral	-	-	-
Net book value of non-overdue or non-impaired financial assets.	17.515.023	7.203.321	12.745.010

b) Liquidity risk disclosures

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

The Company does not have any derivative financial liabilities. The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of 31 December 2013 and 31 December 2012. The tables have been drawn up based on the discounted cash flows.

	Carrying amount	Contractual cash outflow	Up to 1 month
31 December 2013			
Trade payables	483.018	483.018	483.018
Short-term provisions	22.597	22.597	22.597
Other current liabilities	34.168	34.168	34.168
Total liabilities	539.783	539.783	539.783
31 December 2012			
Trade payables	2.074	2.074	2.074
Short-term provisions	122.431	122.431	122.431
Other current liabilities	40.349	40.349	40.349
Total liabilities	164.854	164.854	164.854



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20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

c) Market Risk

i. Foreign exchange risk

Transactions in foreign currencies expose the Company to foreign currency risk. Since The Company does not have material assets and liabilities denominated in foreign currency as of 31 December 2013 and 31 December 2012, the company was not exposed to currency risk.

ii. Interest rate risk

Market interest rate changes on financial instruments lead to price fluctuations, the Company's interest rate risk coping leads to the need. This risk is affected by interest rate changes usually a short-term assets or managed to keep in reserve.

As of 31 December 2013 and 2012, The interest rate position as at the table and the corresponding sensitivity analysis are presented below:

Financial asset

As of 31 December 2013, there is no interest risk since the company owns no variable interest rated financial assets.

As of 31 December 2013 and 31 December 2012, average interest rates on financial instruments.

Assets	31 December 2013	31 December 2012
	TRY (%)	TRY (%)
Bank deposits	7,29	-
Receivables arising from sales of participation	9,47	-
Payables from reverse repo transactions	-	5,43
Short term financial assets	-	9,58

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20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2013 and 31 December 2012, financial assets and liabilities by re-pricing according to the remaining contractual maturities is as follows:

31 December 2013	Up to 1 month	Up to 3 months	Between 3 months- 1 year	Between 1-5 years	5 years and over	Demand	Total
Cash and cash equivalents	3.364.251	-	-	-	-	3.620	3.367.871
Financial investments	-	-	-	-	-	2.009.431	2.009.431
Other short term receivables	3.627	-	24.166.766	-	-	-	24.170.393
Total assets	3.367.878	-	24.166.766	-	-	2.013.051	29.547.695
Trade payables	483.018	-	-	-	-	-	483.018
Other current liabilities	34.168	-	-	-	-	-	34.168
Short-term provision	22.597	-	-	-	-	-	22.597
Total liabilities	539.783	-	-	-	-	-	539.783
Net position	2.828.095	-	24.166.766	-	-	2.013.051	29.007.912
31 December 2012	Up to 1 month	Up to 3 months	Between 3 months- 1 year	Between 1-5 years	5 years and over	Demand	Total
Cash and Cash Equivalents	24.708.657	-	-	-	-	9.687	24.718.344
Financial investment	-	5.215.720	1.293.896	6.235.394	-	3.687.040	16.432.050
Other short term receivables	1.183	-	-	-	-	-	1.183
Total assets	24.709.840	5.215.720	1.293.896	6.235.394	-	3.696.727	41.151.577
Trade payables	2.074	-	-	-	-	-	2.074
Other current liabilities	38.491	1.858	-	-	-	-	40.349
Short term provision	25.689	-	96.742	-	-	-	122.431
Total liabilities	66.254	1.858	96.742	-	-	-	164.854
Net position	24.643.586	5.213.862	1.197.154	6.235.394	-	3.696.727	40.986.723

iii. Share certificate price risk

All the shares that are classified as financial assets in the Company's balance sheet reflect the fair value differences of profits/losses and are traded on the Istanbul Stock Exchange. As of 31 December 2013 and 31 December 2012, if the Istanbul Stock Exchange index increases/decreases by 5%, with all other variables held constant, net loss for the year would have been by TRY100.472 (31 December 2012: TRY184.352 higher/lower).

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20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

d) Capital management

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

21.2 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.

b) Financial liabilities

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

The fair value hierarchy table.

The Company measures the fair value of each class of financial instruments according to the source, using a three-level hierarchy, are classified 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 cannot be based on the data observed in the market and used to determine the fair value of the asset or liability.

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20. NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2013

Fair value through financial assets in the balance sheet	Level 1	Level 2	Level 3
- Stock exchange securities	2.009.431	-	-

31 December 2012

Fair value through financial assets in the balance sheet	Level 1	Level 2	Level 3
- Stock exchange securities	3.687.040	-	-
- Treasury bill and treasury bond	6.906.217	-	-

The company's portfolio of financial assets measured at fair value the carrying values are as follows:

31 December 2013	Cost	Fair Value	Book value
Share certificate	3.224.693	2.009.431	2.009.431

31 December 2012	Cost	Fair Value	Book value
Share certificate	4.233.693	3.687.040	3.687.040
Public sector bonds and note	6.414.752	6.906.217	6.906.217

The fair value of financial assets which are presented at balance sheet with fair value are valued with stock exchange prices in an active market .

Fair value is that between knowledgeable and willing parties and market conditions, the transactions that occur on a company's return could be exchanged or a liability is the value can be met.

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 were used for the determination of the fair values of financial instruments:

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

It is based on market prices for the determination of fair values of equities and government debt securities which is shown in financial statements as a fair value.



**EGELİ & CO GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
(EARLY NAMED AS “EGELİ & CO B TİPİ MENKUL KIYMET
YATIRIM ORTAKLIĞI A.Ş.”)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 DECEMBER 2013**

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

21. SUBSEQUENT EVENTS

1) EGC pre-purchase agreement for the takeover of the shares, on February 6, 2014, Egeli & Co Yatırım Holding A.Ş. terminated by mutual agreement and with the purchase of shares for TRY3.000.000 has been paid in advance with legal interest Egeli & Co Yatırım Holding A.Ş. has been understood in reimbursement by 6 February 2014 on the advance payment of TRY1.000.000 of TRY1.088.452 together with legal interest and the Egeli KDV & Co Yatırım Holding A.Ş. has been collected (Note 7).

2) The company's leading shareholder Egeli & Co Yatırım Holding A.Ş.'s share rate has dropped to % 84.03 as of 27 February 2014.

