

**EGELİ & CO TARIM GİRİŞİM SERMAYESİ  
YATIRIM ORTAKLIĞI A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY - 31 DECEMBER 2015**

**(ORIGINALLY ISSUED IN TURKISH)**

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF AUDITED BALANCE SHEET AT 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

	Notes	(Audited) 31 December 2015	(Audited) 31 December 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	6.354	18.328
Financial Investments	5	900.000	-
Other receivables	8	439.533	315.289
<i>Due from related parties</i>	8, 18	438.539	294.169
<i>Other receivables from non-related parties</i>	8	994	21.120
Other current assets	7	5.903	59.028
<b>Total current asset</b>		<b>1.351.790</b>	<b>392.645</b>
<b>Non-current assets</b>			
Financial investments	5	37.212.731	45.204.061
<b>Total non-current asset</b>		<b>37.212.731</b>	<b>45.204.061</b>
<b>TOTAL ASSETS</b>		<b>38.564.521</b>	<b>45.596.706</b>

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

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION OF AUDITED BALANCE SHEET AT 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

	Notes	(Audited) 31 December 2015	(Audited) 31 December 2014
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	6	404.858	394.956
<i>Due to related parties</i>	6,18	393.050	381.998
<i>Trade payables to non-related parties</i>	6	11.808	12.958
Short term provisions		2.642	6.436
<i>Provisions for employee benefits</i>	10	2.642	6.436
Other payables	8	3.249	9.291
<i>Other payables to related parties</i>	8, 18	3.249	9.291
Other current liabilities	7	72.978	33.784
<b>Total current liabilities</b>		<b>483.727</b>	<b>444.467</b>
<b>Non-current liabilities</b>			
Other liabilities	8	2.285.905	916.536
<i>Other payables to related parties</i>	8, 18	2.285.905	916.536
Long term provisions	10	28.110	18.128
<i>Provisions for employee benefits</i>	10	28.110	18.128
<b>Total non-current liabilities</b>		<b>2.314.015</b>	<b>934.664</b>
<b>Shareholders' equity</b>			
Paid-in capital	11	22.000.000	22.000.000
Adjustments to share capital	11	789.204	789.204
Share premium		10.870	10.870
Other comprehensive income/expense not to be reclassified to profit or loss		(12.492)	(9.059)
<i>Actuarial loss (-)</i>		(12.492)	(9.059)
Restricted reserves	11	474.975	474.975
Retained earnings)	11	20.951.585	13.237.677
Net (loss)/income for the period		(8.447.363)	7.713.908
<b>Total shareholders' equity</b>		<b>35.766.779</b>	<b>44.217.575</b>
<b>TOTAL LIABILITIES</b>		<b>38.564.521</b>	<b>45.596.706</b>

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

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

		<i>(Audited)</i> 1 January - 31 December 2015	<i>(Audited)</i> 1 January - 31 December 2014
	<i>Notes</i>		
<b>PROFIT/LOSS</b>			
Revenue	12	-	1.084.421
Cost of sales (-)	12	-	(1.079.956)
<b>Gross profit</b>		<b>-</b>	<b>4.465</b>
General administrative expenses (-)	13	(1.769.875)	(1.533.479)
Other operating income	14	493.055	9.248.226
Other operating expenses (-)	14	(7.168.726)	(1.889)
<b>Operating (loss)/income</b>		<b>(8.445.546)</b>	<b>7.717.323</b>
Financial expenses (-)	10,15	(1.817)	(3.415)
<b>Tax (expense)/income from continuing operations</b>		<b>(8.447.363)</b>	<b>7.713.908</b>
Continuing operations tax (expense) / income			
- Current period tax income/expense		-	-
- Deferred tax income/expense		-	-
<b>Net (loss)/profit</b>		<b>(8.447.363)</b>	<b>7.713.908</b>
(Loss)/Income per share from continuing operations (Corresponds to per share which is TRY1 nominal	17	(0,3840)	0,3506
<b>Other comprehensive expense</b>			
<b>Items not to be reclassified to profit or loss</b>			
Actuarial loss (-)	10	(3.433)	(6.502)
<b>Total comprehensive (loss)/income</b>		<b>(8.450.796)</b>	<b>7.707.406</b>

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

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

	Shareholder’s equity (Audited)							
	Paid in Capital	Adjustments to share capital	Share premium	Actuarial gain/(loss)	Restricted reserves	Retained earnings/loss	Net profit/loss	Total Equity
<b>1 January 2014</b>	<b>22.000.000</b>	<b>789.204</b>	<b>10.870</b>	<b>(2.557)</b>	<b>474.975</b>	<b>(3.187.532)</b>	<b>16.425.209</b>	<b>36.510.169</b>
Transfers	-	-	-	-	-	16.425.209	(16.425.209)	-
Total comprehensive income	-	-	-	(6.502)	-	-	7.713.908	7.707.406
<b>31 December 2014</b>	<b>22.000.000</b>	<b>789.204</b>	<b>10.870</b>	<b>(9.059)</b>	<b>474.975</b>	<b>13.237.677</b>	<b>7.713.908</b>	<b>44.217.575</b>
	Shareholder’s equity (Audited)							
	Paid in Capital	Adjustments to share capital	Share premium	Actuarial gain/(loss)	Restricted reserves	Retained earnings/loss	Net profit/loss	Total Equity
<b>1 January 2015</b>	<b>22.000.000</b>	<b>789.204</b>	<b>10.870</b>	<b>(9.059)</b>	<b>474.975</b>	<b>13.237.677</b>	<b>7.713.908</b>	<b>44.217.575</b>
Transfers	-	-	-	-	-	7.713.908	(7.713.908)	-
Total comprehensive expense (-)	-	-	-	(3.433)	-	-	(8.447.363)	(8.450.796)
<b>31 December 2015</b>	<b>22.000.000</b>	<b>789.204</b>	<b>10.870</b>	<b>(12.492)</b>	<b>474.975</b>	<b>20.951.585</b>	<b>(8.447.363)</b>	<b>35.766.779</b>

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

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

		<i>(Audited)</i> 1 January - 31 December 2015	<i>(Audited)</i> 1 January - 31 December 2014
	Notes		
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax for the period		(8.447.363)	7.713.908
<b>Adjustments to reconcile net (loss)/ income to net cash from operating activities</b>			
Fair value increase adjustment	14	7.161.566	(8.561.954)
Rediscount income adjustment	14	(199.905)	(364.487)
Provisions adjustment		2.755	(3.838)
Interest and redemption adjustments		-	9.826
Depreciation and amortisation adjustment		-	1.639
Marketable securities sales profit adjustment	12	-	(4.465)
<b>Changes in operating assets and liabilities:</b>			
Adjustments related with increase in other liabilities		1.737.653	1.027.891
Adjustment related with decrease/ (increase) in other receivables		528.101	(3.576.352)
Adjustment related with increase/decrease in other assets and liabilities		92.319	(21.458)
Adjustments related to the increase in trade payables		9.902	376.675
The cash outflow due to purchase of other businesses or fund share debt instruments (-)		(897.002)	(1.079.956)
The cash inflow due to sale of other businesses or fund share debt instruments		-	1.084.421
Severance payment (-)	10	-	(34.702)
<b>Net cash used in operating activities (-)</b>		<b>(11.974)</b>	<b>(3.432.852)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(11.974)</b>	<b>(3.432.852)</b>
Cash and cash equivalents at the beginning of the period		18.328	3.451.180
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>6.354</b>	<b>18.328</b>

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

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

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

The Company carries out the following procedures and transactions:

- Invests in venture capital companies in line with the principles stated in CMB Communiqué Serial: III No: 48.3 enacted in 9 October 2013
- Participates in the management of venture capital companies and gives them consultancy services;
- Invests in capital market instruments and money market tools on secondary markets to diversify its portfolio.
- Invests in overseas venture capital funds that seek to invest in venture capital companies located in Turkey.

The registered office address of the Company is as follows: Abdi İpekçi Caddesi, Azer İş Merkezi No:40 Kat:4 Daire: 12-13 Harbiye Şişli - Istanbul, Turkey,

The total number of employees in the Company as of 31 December 2015 is 3 (31 December 2014: 3).

The Company’s subsidiaries and joint ventures, subject of operations basis, are as follows:

<b>Subsidiary</b>	<b>Subject of Operations</b>
Batı Tarımsal Yatırımlar A.Ş. (“Batı Tarım”)	Ship breeding for red meats and milk and cultivation for one semester
Doğa Tarım Hayvancılık Gıda Pazarlama San. Tic. A.Ş. (“Doğa Tarım”)	Dairy cattle and milk sale

The company has the control of related parties Batı Tarım ve Doğa Tarım while having %100 of shares since 31 December 2015 and 2014.

<b>Joint venture</b>	<b>Subject of Operations</b>
Tolina Tarım Hayvancılık ve Gıda Ürünleri Tic. ve San. A.Ş. (“Tolina Tarım” or “joint venture”)	Dairy organic cattle and milk sale

Company has become a partner to Tolina Tarım Hayvancılık Gıda Sanayi ve Ticaret Limited Sirketi (has 1.815.000 nominal capital) with a partnership rate of %43,57 via equity increase method on 16 October 2012. They have bought 1401 shares for 1.400.000 TL value (with an exception of 1 free-of-charge share )

The financial statements for the period of 31 December 2015 have been approved by the Board of Directors on 10 February 2016. General Assembly and regulators has the power to amend the financial statements.



# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

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

#### 2.1 Basis of presentation

##### 2.1.1 Financial reporting standards applied and compliance to IAS/TAS

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/IFRS”) 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

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 TFRS) 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.

##### 2.1.2 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset 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

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

The company has not made a profit in 2015 ( that is explained note 5 and note 14 ) because of they had loss the amount of 8.447.363 TRY before tax which is most important reason of decreases 7.164.564 TRY of fair value of the related parties and joint ventures who are not publicly-traded its reflected to the financial tables. As it is explained in detail note 8, the company has not commitment to short-term pay-back, all long-term debts for the company is belongs to Egeli&Co Yatırım Holding A.Ş. Beside, board of directors is managing to liquidity risk management to distribute of source of funds for carrying out present and possible obligations by keeping that enough cash and cash equivalents.

##### 2.1.4 Functional and presentation currency

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO  
THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH**

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

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

**2.1.5 Comparatives and restatement of prior periods’ financial statements**

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

**2.2 Changes in TAS/IFRS**

**a) Performing new or changed procedures**

The Company adopted the standards, amendments and interpretations published by the POA and which are mandatory for the accounting periods beginning on or after 1 January 2015.

**The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 December 2015:**

Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
  - TFRS 2, “Share-based payment”
  - TFRS 3, “Business Combinations”
  - TFRS 8, “Operating segments”
  - TFRS 13, “Fair value measurement”
  - TAS 16, “Property, plant and equipment” and TAS 38, “Intangible assets”
  - Consequential amendments to TFRS 9, “Financial instruments”, TAS 37, “Provisions, contingent liabilities and contingent assets”, and
  - 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 2011-12-13 cycle of the annual improvements project that affect 4 standards:
  - TFRS 1, “First Adoption of IFRS”
  - TFRS 3, “Business Combinations
  - TFRS 13, “Fair Value Measurement
  - TAS 40, “Investment Properties

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO  
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

**The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 December 2015:**

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
  - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
  - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
  - IAS 19, 'Employee benefits' regarding discount rates.
  - IAS 34, 'Interim financial reporting' regarding disclosure of information

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

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

- Amendment to IAS 1, ‘Presentation of financial statements’ on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.
- Amendment to IFRS 10 ‘Consolidated financial statements’ and IAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
- IFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The company will apply changes above after evaluating the effects of these changes on its operations. The interpretations and standards above are not expected to have a significant effect on financial statements.

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

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

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

### 2.4 Summary of significant accounting policies

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

#### 2.4.1 Subsidiaries and joint ventures

##### *Joint Venture*

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

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

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

The Company became a shareholder (43,58%) of Tolina Tarım Hayvancılık Gıda Sanayi ve Ticaret Limited Şirketi with a nominal capital of TRY 1.815.000 on 16 October 2012 through capital increase and 1,401 shares (1 free of charge) were purchased in return for TRY 1.400.000. The Company is engaged in organic dairy farming and milk sale activities.

"Tolina Tarım", whose type was changed after the purchasing transaction performed through capital contribution, became a joint stock company with all its assets on 18 January 2013, The capital of the new Company is TRY 3.215.000. Voting rights and shareholding rates of the joint venture as of 31 December 2015 and 31 December 2014 are presented in the table below:

Joint Ventures Name	Company's directly vote right		Total vote right		Effective Ownership rate	
	2015	2014	2015	2014	2015	2014
Tolina Tarım	%43,61	%43,58	%43,61	%43,58	%43,61	%43,58

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

#### *Subsidiaries*

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

The Company is the 100 % owner of the shares of Batı Tarım and Doğa Tarım, as of 31 December 2015 and 31 December 2014.

Batı Tarımsal Yatırımlar A.Ş. (“Batı Tarım”) was established on 30 March 2011 with capital worth TRY 500.000 by the related party of the Company “Egeli & Co Yatırım Holding A.Ş.” with TRY 499.960 and capital share of 99,99%. The Company acquired 454.960 shares, with a nominal value of TRY 454.960 of Batı Tarımsal Yatırımlar A.Ş., via Egeli & Co Yatırım Holding A.Ş., for TRY 463.425 on 15 June 2011. The Company acquired 100% of Batı Tarım after purchasing 9,01% of Batı Tarım nominal shares amounting to TRY 180.000 in return for TRY 189.552 as of 27 September 2012.

Doğa Tarım Hayvancılık Gıda Paz. San. ve Tic. Ltd. Şti, (“Doğa Tarım”) was established in Denizli on 21 September 2010 in order to perform cattle and dairy farming activities. "Doğa Tarım" has licence for 600 milkers and performs milk production. The Company purchased 1,801 shares of "Doğa Tarım", with a nominal value of TRY 450.250 in return for TRY 3.203.837 on 27 June 2012. The Company acquired 49.750 shares, with a nominal value of TRY 49.750, which corresponds to 9.95% of the remaining company capital, for TRY 360.000 on 3 July 2013 in accordance with the Supplemental Agreement to the Share Transfer Agreement dated 27 June 2012.

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

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

#### 2.4.2 Financial Assets

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

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

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

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

#### *Debt and Equity Mix Financing*

The company may obtain short term finance in matter that contrariety against to the government as a equity of company with hidden income. Except these conditions, within “mix of debt and equity finance agreement” which has transferred under resources to the company’s subsidiaries and joint ventures, according to agreements the payment can not paid by the related party in the period of determined, classified under the financial investments in debt and equity financing added to the cost of the company.

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

The company's fair value through profit/loss reflect this financial investments are classified as financial assets consist of the company's subsidiaries and partners

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

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

In assessing the fair value of the trading securities, the best bid price on the Borsa Istanbul as of the balance sheet date is used. All regular way purchases and sales of trading securities are recognized at the “settlement date”, which is the date that the asset is delivered to/from the Company.

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

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

#### 2.4.3 Segment Reporting

Segmental reporting are organized in a way that would ensure uniformity with company’s operations reporting to the competent authority to make decisions. The company's decision-making competent authorities related to making the decisions about resources to be allocated to the department, and is responsible for evaluating the performance of the department. Operating segments of the Company’s venture fund’s is as follow;

#### Venture Capital Investments

#### Operating Segments

Batı Tarım  
Doğa Tarım  
Tolina Tarım

Meat and dairy products with the cultivation of one period of sheep  
Dairy cattle and milk sale  
Organic dairy farming and milk sale

The company is invest in venture companies mainly in the agricultural sector within the framework of venture capital activities the authority to make decisions regarding the activities interventions and evaluate investment companies within the company's operations in the field of activity of these companies. Venture companies with subsidiaries under the Company's financial investments are accounted for in the financial statements include the assets measured at fair value. Accordingly, the competent authority to make decisions relating to their activities, to measure and evaluate the performance of the company departments included in the assets forming part of the venture company uses the fair value. The fair value during the period of the interference issues and activities of the companies forming section increases / decreases are described in Note 3.

#### 2.4.4 Interest income and expenses

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

#### 2.4.5 Foreign exchange transactions

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

#### 2.4.6 Impairment of financial assets

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

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

#### 2.4.7 Revenue recognition

Income and expenses are recognized on an accrual basis. The Company records income from the sales of securities in its portfolio when the sales are conducted. Rediscount income/expenses are recognised income /expense as of valuation date. (Note 12, 14)

#### 2.4.8 Fees and commissions

Brokerage commissions are recorded as income or expense at the time the transactions to which they relate are made. All fees and commissions are recognized on an accrual basis and booked under the “Operating expenses” (Note 13).

#### 2.4.9 Taxes

Egeli & Co Tarım Girişim Sermayesi Yatırım Ortaklığı A.Ş. is exempt from corporate tax as per Article 5, sub-paragraph d-3 of the Corporate Tax Law. Moreover, venture capital revenue is not subject to advance tax.

#### 2.4.10 Trade payables

Trade payable is an amount billed to a company by its suppliers for goods delivered to or services consumed by the Company in the ordinary course of business. Company has not determined interest rate on the trade payables which are short term therefore interest accrual effect is not considered to be big impact and trade receivables are presented according to original invoice balances (Note 6).

#### 2.4.11 Other Payables

Other payables express except for the usual trade operations of the Company and Company’s overall financial debt which are carried at cost and amortized using the effective interest method. Financial income is calculated with using interest rate of state bonds and is considered interest rate of other organized market. Rediscount income / expense which accrued in the period is shown in financial income / expense from main operations (Note 8 and 14)

#### 2.4.12 Related parties

For the purpose of the accompanying financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies, are considered and referred to as related parties (Note 18).

#### 2.4.13 Capital and dividends

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

In the event that the the shares issued within the scope of capital increases are issued with an amount that is higher than their nominal values, the difference emerging between the issuing amount and the nominal value is recognised under equities as “Share Issuance Premiums” ( Note 11 )



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

**2.4.14 Cash flow statement**

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.

**2.4.15 Provisions, Contingent Assets and Liabilities**

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

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

**2.4.16 Employee benefits**

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

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

Provision for employment termination is the discounted amount of the calculated value within the case of retirement of employees of the Company’s estimated future liability that will occur within the framework of the Turkish Labour Law (Note 10).

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

#### 2.4.17 Cash and cash equivalents

Cash and cash equivalents which are immediately convertible to cash and carry an insignificant risk of changes in value, or other short-term highly liquid investments, demand deposit accounts from date of purchase and maturities of 3 months or less than 3 months (Note 4).

#### 2.4.18 Trade Receivables

The Company recognise it’s trade receivable related to directly trade operations with invoice amounts and reflect after deducting impairment losses. Due to company has not determined interest rate and there is only short term trade receivable, accrual effect is not considered to be too big impact and trade receivables are presented according to invoice balances

The Company estimates doubtful receivable provision when there is no possibility to collectibility for trade receivable. When doubtful receivable is identified, provision is book for the Company. If there is no possibility for collectibility, the Company totally write off to whole receivables. Provision is amount that estimation of the Company’s management or the possible losses due to risk.

#### 2.4.19 Other Receivables

Other receivables express receivables except ordinary trade operations receivables and are deducted carried cost by using effective interest method. Financial income is calculated with using interest rate of state bonds and is considered interest rate of other organized market. Rediscount income / expense which accrued in the period is shown in financial income / expense from main operations. (Notes 8 and 14).

#### 2.4.20 Earnings per share

Earnings per share disclosed in these statements of income are determined by dividing the net loss/profit by the weighted average number of shares that have been outstanding during the year. (Note 17)

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 17).

#### 2.4.21 Subsequent events

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

The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 21).

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

#### 2.4.22 Asset restrictions and adjustment control for the limit of financial debt and total expenses

The information disclosed in “Additional Note of the Financial Statements” is recognised as a summary which is derived from the financial statements in accordance with Communiqué on Financial Reporting in Capital Markets and prepared within the framework of the provisions of “Communiqué on Principles of Venture Capital Investment Funds” regarding asset restrictions and adjustment control for the limit of financial debt and total expenses.

#### 2.5 Critical accounting estimates and judgements

Preparation of financial statements requires balance sheet assets and liabilities as of the date reported or described in the relevant period and the amounts of contingent assets and liabilities consists of estimates and assumptions that affect the reported amounts of revenues and expenses. These estimates are based on management’s best, current knowledge, and actual results may differ from those estimates. These estimates and assumptions are regularly reviewed and in the event that adjustments are required to be made, they are reflected in the operating results of the related period. The discount rates used in the determination and calculation based on the assessment of current market conditions are as follows:

Subsidiary/Joint Venture	31 December 2015	31 December 2014
	Weighted average capital cost	Weighted average capital cost
Doğa Tarım	% 14,31 - % 14,57	% 11,03 - % 12,55
Batı Tarım	% 12,78 - % 14,07	% 9,33 - % 12,55
Tolina Tarım	% 14,32 - % 15,50	% 11,46 - % 13,23

In the fair value calculations of subsidiaries and joint ventures, 3.0% was used as the constant growth rate for the estimation of cash flows that would occur in the periods after the projection period. The valuation in point contains the estimates regarding many coefficients like milk, livestock and forage prices in future, composition of animals in drove, milk efficiency of animals, number of animals in drove and government incentives except the discount rate and the fixed growth rate, and sensitive to the changes in the coefficients aforementioned (Note 5).

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### NOTE 3 - SEGMENTAL REPORTING

31 December 2015	Cattle of dairy farming and milk sales	Meat and dairy sheep farming organic milk	Organic dairy farming and milk sales	Undistributed	Total
<b>Current Assets</b>					
Cash and cash equivalents	-	-	-	6.354	6.354
Financial investments	-	-	-	900.000	900.000
Other receivables (Note 18)	181.921	256.618	-	994	439.533
Other current assets	-	-	-	5.903	5.903
<b>Total current assets</b>	<b>181.921</b>	<b>256.618</b>	<b>-</b>	<b>913.251</b>	<b>1.351.790</b>
<b>Non current assets</b>					
Financial investments(Note 5)	25.713.422	6.523.878	4.975.431	-	37.212.731
<b>Total non current Assets</b>	<b>25.713.422</b>	<b>6.523.878</b>	<b>4.975.431</b>	<b>-</b>	<b>37.212.731</b>
<b>Total Assets</b>	<b>25.895.343</b>	<b>6.780.496</b>	<b>4.975.431</b>	<b>913.251</b>	<b>38.564.521</b>
<b>Short-term liabilities</b>					
Trade payables	-	-	-	404.858	404.858
Short-term provisions	-	-	-	2.642	2.642
Other liabilities	-	-	-	3.249	3.249
Other short-term liabilities	-	-	-	72.978	72.978
<b>Total short-term current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483.727</b>	<b>483.727</b>
<b>Long-term liabilities</b>					
Other liabilities	-	-	-	2.285.905	2.285.905
Long-term provisions	-	-	-	28.110	28.110
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.314.015</b>	<b>2.314.015</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.797.742</b>	<b>2.797.742</b>
<b>Profit and losses</b>					
General and administrative expenses (-)	-	-	-	(1.769.875)	(1.769.875)
Other operating income (Note 18)	70.000	120.000	99.657	203.398	493.055
Other operating expense (-) (*)	(3.604.004)	(3.274.253)	(286.307)	(4.162)	(7.168.726)
- The fair value of the subsidiaries and joint ventures decreased expenses	(3.604.004)	(3.274.253)	(286.307)	-	(7.164.564)
- Other	-	-	-	(4.162)	(4.162)
<b>Operating profit and loses(-)(*)</b>	<b>(3.534.004)</b>	<b>(3.154.253)</b>	<b>(186.650)</b>	<b>(1.570.639)</b>	<b>(8.445.546)</b>
Financial expenses (-)	-	-	-	(1.817)	(1.817)
<b>Net loss for the period (-) (*)</b>	<b>(3.534.004)</b>	<b>(3.154.253)</b>	<b>(186.650)</b>	<b>(1.572.456)</b>	<b>(8.447.363)</b>

(\*) Losses from agricultural operations are mainly consist of fair value decreases of subsidiaries and joint ventures.

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### NOTE 3 - SEGMENTAL REPORTING (Continued)

31 December 2014	Cattle of dairy farming and milk sales	Meat and dairy sheep farming organic milk	Organic dairy farming and milk sales	Undistributed	Total
<b>Current Asset</b>					
Cash and cash equivalents	-	-	-	18.328	18.328
Other receivables (Note 18)	129.800	129.800	34.569	21.120	315.289
Other current assets	-	-	-	59.028	59.028
<b>Total currents assets</b>	<b>129.800</b>	<b>129.800</b>	<b>34.569</b>	<b>98.476</b>	<b>392.645</b>
<b>Non current assets</b>					
Financial investments (Note 5)	30.435.188	9.604.256	5.164.617	-	45.204.061
<b>Total non current assets</b>	<b>30.435.188</b>	<b>9.604.256</b>	<b>5.164.617</b>	<b>-</b>	<b>45.204.061</b>
<b>Total assets</b>	<b>30.564.988</b>	<b>9.734.056</b>	<b>5.199.186</b>	<b>98.476</b>	<b>45.596.706</b>
<b>Short-term liabilities</b>					
Trade payable	-	-	-	394.956	394.956
Short-term provisions	-	-	-	6.436	6.436
Other liabilities	-	-	-	9.291	9.291
Other short-term liabilities	-	-	-	33.784	33.784
<b>Total short-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444.467</b>	<b>444.467</b>
<b>Long term Liabilities</b>					
Other liabilities	-	-	-	916.536	916.536
Long-term provisions	-	-	-	18.128	18.128
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>934.664</b>	<b>934.664</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.379.131</b>	<b>1.379.131</b>
<b>Profit and losses</b>					
Revenue	-	-	-	1.084.421	1.084.421
Cost of sales (-)	-	-	-	(1.079.956)	(1.079.956)
<b>Gross revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.465</b>	<b>4.465</b>
General administrative expense (-)	-	-	-	(1.533.479)	(1.533.479)
Other real operating income (*)	5.707.483	1.814.853	1.279.618	446.272	9.248.226
- Increase in fair value income of Subsidiaries and joint ventures	5.587.483	1.694.853	1.279.618	-	8.561.954
- Other (Note 18)	120.000	120.000	-	446.272	686.272
Other expenses from operations (-)	-	-	-	(1.889)	(1.889)
<b>Operating profit/losses (*)</b>	<b>5.707.483</b>	<b>1.814.853</b>	<b>1.279.618</b>	<b>(1.084.631)</b>	<b>7.717.323</b>
Financial expenses (-)	-	-	-	(3.415)	(3.415)
<b>Net profit/loss (*)</b>	<b>5.707.483</b>	<b>1.814.853</b>	<b>1.279.618</b>	<b>(1.088.046)</b>	<b>7.713.908</b>

(\*) Profits from agricultural operations are mainly consist of fair value increases of subsidiaries and joint ventures.

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### DİPNOT 4 - CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Demand deposits in banks	6.354	18.328
	<b>6.354</b>	<b>18.328</b>

The Company has no time deposits in banks as of 31 December 2015 and 2014

The details of cash and cash equivalents in order to prepare the cash flow statement is as follows;

	31 December 2015	31 December 2014
Bank deposits	6.354	18.328
	<b>6.354</b>	<b>18.328</b>

### NOTE 5 - FINANCIAL INVESTMENTS

#### *Short-term financial investments*

	31 December 2015	31 December 2014
<i>Marketable securities held for trading</i>		
Financial assets at fair value through profit or loss	900.000	-
<b>Total short-term financial investments</b>	<b>900.000</b>	<b>-</b>

	31 December 2015	31 December 2014
<i>Financial assets at fair value through profit or loss</i>		
- Stock Shares	900.000	-
	<b>900.000</b>	<b>-</b>

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

	31 December 2015			31 December 2014		
	Cost	Fair value	Net book value	Cost	Fair value	Net book value
Stock shares	897.002	900.000	900.000	-	-	-
	<b>897.002</b>	<b>900.000</b>	<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>

# EGELİ & CO TARIM GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 ORIGINALLY ISSUED IN TURKISH

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

### NOTE 5 - FINANCIAL INVESTMENT (Continued)

	31 December 2015	31 December 2014
<i>Long-term financial investment</i>		
Financial assets at fair value through profit or loss	37.212.731	45.204.061
	<b>37.212.731</b>	<b>45.204.061</b>

Cost and net book value of the subsidiaries and joint ventures are shown as below;

	31 December 2015			31 December 2014		
	Cost (*)	Fair value	Net book Value	Cost (*)	Fair Value	Net book value
<i>Subsidiaries</i>						
Doğa Tarım	9.323.723	25.713.422	25.713.422	10.441.485	30.435.188	30.435.188
Batı Tarım	5.305.232	6.523.878	6.523.878	5.111.358	9.604.256	9.604.256
<i>Joint Ventures</i>						
Tolina Tarım	1.973.242	4.975.431	4.975.431	1.876.120	5.164.617	5.164.617
	<b>16.602.197</b>	<b>37.212.731</b>	<b>37.212.731</b>	<b>17.428.963</b>	<b>45.204.061</b>	<b>45.204.061</b>

(\*) Debt and equity finance mixture which is provided by the Company to its subsidiary and joint venture has classified under the financial investment cost by the agreement signed on 3 November 2015 and 4 December 2015. The details of those that have been shown in the cost of debt and capital finance mixture amount is presented as below:

Subsidiaries and Joint Ventures	<u>Debt and Equity Finance Mixture(**)</u>	
	31 December 2015	31 December 2014
Doğa Tarım	3.759.886	4.877.648
Batı Tarım	2.287.214	3.093.340
Tolina Tarım	378.242	476.120
	<b>6.425.342</b>	<b>8.447.108</b>

(\*\*) The movements in the period include collections made and added to the capital amount.

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

	31 December 2015	31 December 2014
<i>Subsidiaries</i>		
Doğa Tarım	25.713.422	30.435.188
Batı Tarım	6.523.878	9.604.256
	<b>32.237.300</b>	<b>40.039.444</b>
<i>Joint Ventures</i>		
Tolina Tarım	4.975.431	5.164.617
	<b>4.975.431</b>	<b>5.164.617</b>
	<b>37.212.731</b>	<b>45.204.061</b>

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### NOTE 5 - FINANCIAL INVESTMENT (Continued)

Shares of the fair value of unlisted subsidiaries and business partnerships is calculated by discounting the free cash flow by the weighted average cost of capital. Truth is based on projections approved by the management of the fair value calculations; projection period, growth and profitability rates, discount rates and projection periods after the forecast is sensitive to the growth rate used to calculate cash flows. The discount rates used in the determination and calculation based on the assessment of current market conditions are as follows:

Subsidiary/Joint venture	31 December 2015	31 December 2014
	Weighted average capital cost	Weighted average capital cost
Doğa Tarım	% 14,31 - % 14,57	% 11,03 - % 12,55
Batı Tarım	% 12,78 - % 14,07	% 9,33 - % 12,55
Tolina Tarım	% 14,32 - % 15,50	% 11,46 - % 13,23

For subsidiaries to estimate the cash flow will occur in the period after the projection period and the fair value calculation for the partnership as a fixed growth rate of 3% (31 December 2014: 3%) was used. The valuation study, discount and except a constant rate of growth, milk will occur in the future market, and animal feed prices, a lot of forming a composition of animals, milk productivity of animals, number of animals in the herd and state grants as include estimates for several factors, said the changes in factors it is sensitive.

Subsidiaries and joint ventures of the projections used in the determination of fair value is the most important expenditure items in feed prices. Accordingly, the feed price increase projections approved by management of the company are provided in the following ways:

31 December 2015	Expected rate of increase on feed		
	2016-2017	2018	2019-2025
Subsidiary/Joint venture			
Doğa Tarım	% 7,82	% 7,41	% 6,57
Batı Tarım	% 7,82	% 7,41	% 6,57
Tolina Tarım	% 7,82	% 7,41	% 6,57

31 December 2014	Expected rate of increase on feed		
	2015-2016	2017-2018	2019-2024
Subsidiary/Joint venture			
Doğa Tarım	% 6,50	% 6,00	% 5,50
Batı Tarım	% 6,50	% 6,00	% 5,50
Tolina Tarım	% 6,50	% 6,00	% 5,50

The most important source of income as sales revenues milk and livestock sales income of subsidiaries and joint ventures in the projections used in the determination of fair value is located. The increase in milk prices in the projection approved by the company's management following the trend of the price of milk has increased in the past period foreseen for the coming quarters as follows;

Subsidiary/Joint venture	Expected milk price increase	
	31 December 2015	31 December 2014
Doğa Tarım	% 9,5	% 8
Batı Tarım	% 9,5	% 8
Tolina Tarım	% 9,5	% 8



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### NOTE 5 - FINANCIAL INVESTMENT (Continued)

Livestock price increases are predicted in line with inflation expectations as follows:

31 December 2015	Expected livestock price increase rate		
	2016-2017	2018	2019-2025
<b>Subsidiary/Joint venture</b>			
Doğa Tarım	%7,82	%7,41	%6,57
Batı Tarım	%7,82	%7,41	%6,57
Tolina Tarım	%7,82	%7,41	%6,57

31 December 2014	Expected livestock price increase rate		
	2015-2016	2017-2018	2019-2024
<b>Subsidiary/Joint venture</b>			
Doğa Tarım	%6,50	%6,00	%5,50
Batı Tarım	%6,50	%6,00	%5,50
Tolina Tarım	%6,50	%6,00	%5,50

The expected rate of increase in prices of milk and livestock fair value of the subsidiaries and joint ventures the following table shows the sensitivity to a 1% change in expectations. Sensitivity analysis against the subsidiary and the discount rate for calculating the fair value of partnerships and the exchange rate in milk prices are listed below. The financial discount rate and the expected rise in the price of milk increased/decreased by 1 represents the result of the impact on the net profit of the company:

Subsidiary/Joint venture	Change in discount rate	31 December 2015	31 December 2014
		Decrease/(increase) at fair value(TRY)	Decrease/(increase) at fair value(TRY)
Doğa Tarım	% 1 increase	(487.164)	(523.412)
	% 1 decrease	500.491	537.766
Batı Tarım	% 1 increase	(153.765)	(170.109)
	% 1 decrease	158.107	174.830
Tolina Tarım	% 1 increase	(90.280)	(90.774)
	% 1 decrease	92.740	93.294
<b>Total</b>	<b>%1 increase</b>	<b>(731.209)</b>	<b>(784.295)</b>
	<b>%1 decrease</b>	<b>751.338</b>	<b>805.890</b>

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### NOTE 5 - FINANCIAL INVESTMENT (Continued)

Subsidiary/Joint venture	Change in milk price (*)	Decrease/(increase) at fair value(TRY)	Decrease/(increase) at fair value(TRY)
Doğa Tarım	% 1 increase	5.691.339	6.050.910
	% 1 decrease	(5.343.678)	(5.649.823)
Batı Tarım	% 1 increase	451.883	9.072
	% 1 decrease	(423.851)	(9.093)
Tolina Tarım	% 1 increase	959.535	1.003.758
	% 1 decrease	(901.227)	(943.877)
<b>Total</b>	<b>%1 increase</b>	<b>7.102.757</b>	<b>7.063.740</b>
	<b>%1 decrease</b>	<b>(6.668.756)</b>	<b>(6.602.793)</b>

Subsidiaries	Change in animal price(*)	Decrease/(increase) at fair value(TRY)	Decrease/increase at fair value(TRY)
Batı Tarım	%1 artış	872.890	759.638
	%1 azalış	(817.874)	(727.791)
<b>Total</b>	<b>%1 artış</b>	<b>872.890</b>	<b>759.638</b>
	<b>%1 azalış</b>	<b>(817.874)</b>	<b>(727.791)</b>

(\*) Represents the changes in estimated increases of milk prices for calculating fair value of the company

### NOTE 6 - TRADE PAYABLES

#### Short-term trade payables

	31 December 2015	31 December 2014
Trade payables to related parties (Note 18)	393.050	381.998
Other	11.808	12.958
	<b>404.858</b>	<b>394.956</b>

### NOTE 7 - OTHER ASSETS AND LIABILITIES

	31 December 2015	31 December 2014
<b>Other current assets:</b>		
Advances given	2.424	2.424
Receivables from personnel	1.105	-
Advanced payments	-	52.974
Other	2.374	3.630
	<b>5.903</b>	<b>59.028</b>
<b>Other short-term liabilities:</b>		
Taxes and funds payable	66.592	28.150
Other	6.386	5.634
	<b>72.978</b>	<b>33.784</b>

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### NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2015	31 December 2014
<b>Other short term receivables</b>		
Due from related parties (Note 18)	463.800	294.169
Discount on receivables from related parties (-) (*)	(25.261)	-
Other	994	21.120
	<b>439.533</b>	<b>315.289</b>

(\*) The company’s short-term receivables are consist of debts given to related parties to provide consultancy services and calculated by deducting TRY25.261 which is found by using discount rate of 11.19% and recorded to financial statements on 31 December 2015 (31 December 2014: None).

### Other short term payables

Other payables to related party (Note 18)	3.249	9.291
	<b>3.249</b>	<b>9.291</b>

### Other long term receivables (Note 18)

	31 December 2015	31 December 2014
Due from related parties	2.762.295	1.018.600
Discount related to receivables from related parties (-) (*)	(476.390)	(102.064)
	<b>2.285.905</b>	<b>916.536</b>

(\*) Short-term payables of the Company due to related parties are composed of loans from subsidiaries and joint ventures, and recognised in the financial statements dated 31 December 2015 after discounted amount of TRY 476.390 (31 December 2014: 102.064 TRY), calculated with %11,19 (31 December 2014:% 10,02) discount rate and by considering the date of collection.

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#### NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The statements of the Company related to its collateral/pledge/mortgage position as of 31 December 2015 and 31 December 2014 are as follows;

Collateral, pledges and mortgages given by the Company	31 December 2015			31 December 2014		
	Currency	Quantity	TRY Equivalent	Currency	Quantity	TRY Equivalent
A. Total amount of collateral, pledges and mortgages issued in the name of its legal entity	-	-	-	-	-	-
B. Total amount of collateral, pledges and mortgages given on behalf of affiliates within the scope of full consolidation	-	-	-	-	-	-
C. Total amount of collateral, pledges and mortgages given in order to assure the liabilities of third parties for the purpose of performing ordinary trade activities (*)	TRY	466.000	466.000	TRY	466.000	466.000
D. Total amount of other collateral, pledges and mortgages given	-	-	-	-	-	-
The total amount of collateral, pledges and mortgages given on behalf of parent company	-	-	-	-	-	-
The total amount of collateral, pledges and mortgages given on behalf of other company companies that is not within the scope of Articles B and C	-	-	-	-	-	-
The total amount of collateral, pledges and mortgages given on behalf of third parties that is not within the scope of Article C	-	-	-	-	-	-
<b>Total</b>			<b>466.000</b>			<b>466.000</b>

(\*) Totally given on behalf of related parties Batı tarım and Tolina Tarım

As of 31 December 2015, the ratio of other collateral, pledges and mortgages to the Company equity is 1,30% to total assets it is 1,21% (31 December 2014: 1,02 % ).

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#### NOTE 10 - PROVISION FOR EMPLOYEE BENEFITS

	31 December 2015	31 December 2014
<b>Short term employee benefits provision</b>		
Provision for unused vacation	2.642	6.436
	<b>2.642</b>	<b>6.436</b>
<b>Long term employee benefits provision</b>		
Provision for employment termination benefits	28.110	18.128
	<b>28.110</b>	<b>18.128</b>

#### *Provision for unused vacation*

In accordance with existing labour law in Turkey, the Company is required to make payments to employees for the remaining vacation days up to the termination date regarding the current salary amount. The unused vacation balance is the undiscounted total liability amount as of the balance sheet date which is equal to the unused vacation balance that has been earned by all personnel.

#### *Provision for employee termination benefits*

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

According to Turkish Labor Law who has completed one year of the company and no reason to dismissed interrupted or retired 25 years (20 years for women) and are earned for retirement (for women 58 years, for men 60 years old) who levy or it is obliged to pay severance to employees who died.

The amount payable consists of one month's salary limited to a maximum of TRY 3.828,37 (31 December 2014: TRY 3.438,22) for each period of service at 31 December 2015. Severance pay liability is not subject to any legal funding requirement and does not have any funding.

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 2015	31 December 2014
Discount rate (%)	3,79	3,49
Turnover rate to estimate the probability of retirement (%)	100,00	100,00

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#### NOTE 10 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Additionally, the principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore the maximum amount of employment termination benefits of the Company is determined every six months and is calculated using the maximum amount of TRY 4.092,53, valid from 1 January 2016 (1 January 2015: TRY 3.541,37).

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

	2015	2014
<b>Opening balance - 1 January</b>	<b>18.128</b>	<b>34.941</b>
Service cost	4.732	7.972
Interest cost (*)	1.817	3.415
Actuarial loss (**)	3.433	6.502
Severance paid	-	(34.702)
<b>Closing balance – 31 December</b>	<b>28.110</b>	<b>18.128</b>

(\*) Recognised as financial expenses (Note 15).

(\*\*) Recognised as other comprehensive expenses.

#### NOTE 11 - EQUITY

The Company’s paid-in capital is TRY22,000,000 (31 December 2014: TRY22,000,000), each with a nominal value derived by dividing by 22,000,000 shares (31 December 2014: 22,000,000), that is TRY1.

The Company is subject to registered capital system, registered capital amount has been determined as TRY200,000,000 (31 December 2014: TRY200,000,000).

The Company, as the parent company, owns 5,263 Class A privileged bearer shares with a nominal value of TRY1 each, Class A shares have the right to nominate candidates for two-thirds of the members of the Board of Directors, and all of these shares are owned by Tan Egeli as of the preparation date of these financial statements.

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### NOTE 11 - EQUITY ( Continued)

Net book value of issued and paid-in capital as of 31 December 2015 and 31 December 2014 are as below:

Shareholders	Share (%)	31 December 2015 (TRY)	Share (%)	31 December 2014 (TRY)
Egeli & Co Yatırım Holding A.Ş. (*)	14,38	3.162.681	18,98	4.174.538
Tan Egeli (B group share) (**)	9,40	2.068.278	-	-
Tan Egeli (A group share)	0,02	5.262	0,02	5.262
Egeli & Co Portföy Yönetimi A.Ş. (**)	-	-	9,40	2.068.278
Egeli & Co Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	0,81	178.407
Other/Publicly held	76,20	16.763.779	70,79	15.573.515
<b>Total paid-in share capital</b>	<b>100,00</b>	<b>22.000.000</b>	<b>100,00</b>	<b>22.000.000</b>
<b>Adjustment to share capital</b>		789.204		789.204
<b>Total capital</b>		<b>22.789.204</b>		<b>22.789.204</b>

(\*) Egeli & Co Yatırım Holding A.Ş. has sold out of stock market 1.011.857 of shares, corresponding to 4.60% of the total shares of the Company's shareholding as of 11 February 2015

(\*\*) Egeli & Co Portföy Yönetim A.Ş., has sold 2.068.278 of shares to Tan Egeli corresponding to 9.40% of the total shares between 16 December 2015 and 30 December 2015

### Reserves, accumulated losses, retained earnings:

	31 December 2015	31 December 2014
Restricted reserves		
- Legal reserves	474.975	474.975
Retained earnings/(loss)	20.951.585	13.237.677
	<b>21.426.560</b>	<b>13.712.652</b>

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 the paid-in share capital.

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**NOTE 11 - EQUITY (Continued)**

**Retained earnings**

In accordance with the CMB regulations effective until 01 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under “Accumulated losses” could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under “accumulated losses” could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

However, the application that is valid until 01 January 2008, corrected for the inflation in accordance with the regulation of the financial statements as a result of the first equity “capital, share premium, legal reserves, statutory reserves, special reserves and extraordinary reserves”, “presented at their historical amounts of these items are given and the corrected values in such accounts equity inflation adjustment differences” account. For all equity accounts “equity inflation adjustment differences” could be used free of charge for share capital increase, extraordinary values, free capital increase, cash dividend distribution or to offset losses.

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

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

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

**Bonus share**

Companies whose shares are listed in the BIST are subject to dividend conditions set by the Capital Markets Board.

Publicly traded companies make dividend distributions in accordance with the Capital Markets Board Communiqué on Dividends No. II-19, 1 enacted on 1 February 2014. According to this; full dividend amount proposed to be distributed, but the Tax Code to be distributed as long as it can be met by records kept in current net distributable profit or from other sources and limit the amount of dividends to be distributed, the Tax Code contained in the generated record to the relevant dividend is distributable amount of the distribution source

Affiliates distribute their profits with the decision of a general assembly within the framework of profit distribution policies determined by their general assemblies and in accordance with the provisions of the related legislation. Within the context of the communiqué mentioned above, a minimum distribution rate was not determined. Companies pay dividends in accordance with their articles of association or profit distribution policies. Also, dividends may be paid in equal or unequal instalments and dividend advances may be distributed in cash based on the profit in the interim financial statements.



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### NOTE 12 - REVENUE AND COST OF SALES

	1 January - 31 December 2015	1 January - 31 December 2014
<b>Revenue</b>		
Stock sales revenue (*)	-	1.084.421
	-	<b>1.084.421</b>
<b>Cost of Sales</b>		
Cost of stock sales (*)	-	(1.079.956)
	-	(1.079.956)
<b>Gross profit</b>	-	<b>4.465</b>

(\*) Stock sales revenue and cost of stock sales has occurred between 1 January- 31 December 2014 is due to Egeli & Co Yatırım Holding A.Ş. shares sales.

### NOTE 13 - GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2015	1 January- 31 December 2014
<b>General administrative expenses</b>		
Portfolio managemet fees (Note 18)	(861.300)	(654.631)
Personnel expenses	(532.582)	(395.019)
Consultancy expenses	(105.540)	(204.512)
Tax expenses	(51.168)	(48.533)
Rent expenses and the share of building expenses	(40.494)	(35.343)
Vehicle expenses	(35.008)	(38.016)
Transportation and accomodation expenses	(31.867)	(59.883)
Other	(111.916)	(97.542)
	<b>(1.769.875)</b>	<b>(1.533.479)</b>

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#### NOTE 14 - OTHER OPERATING INCOME /EXPENSE

	1 January- 31 December 2015	1 January- 31 December 2014
<b>Other operating income</b>		
Rediscount income	199.905	364.487
Consultancy revenue from related party (Note 18)	190.000	240.000
Interest income from related parties (Note 18)	99.657	-
Subsidiaries and joint ventures fair value increase income	-	8.561.954
Stocks fair value increase revenue	2.998	-
Other	495	81.785
	<b>493.055</b>	<b>9.248.226</b>

#### Other operating income

Subsidiaries and joint ventures fair value decreased expenses	(7.164.564)	-
Other	(4.162)	(1.889)
	<b>(7.168.726)</b>	<b>(1.889)</b>

#### NOTE 15 - FINANCIAL EXPENSES

	1 January- 31 December 2015	1 January- 31 December 2014
<b>Financial Expenses(-)</b>		
Severance payment provision interest cost (Note 10)	(1.817)	(3.415)
	<b>(1.817)</b>	<b>(3.415)</b>

#### NOTE 16- INCOME TAXES

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

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### NOTE 17 - EARNINGS/LOSS PER SHARE

Per share in the gain/loss stated on profit or loss and other comprehensive income, has been calculated by, net loss for the current period / profit shares in issue during the period divided by the weighted average number was found.

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

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

	31 December 2015	31 December 2014
Net profit attributable to shareholders	(8.447.363)	7.713.908
The average number of shares	22.000.000	22.000.000
<b>(Loss)/earning per share (As TRY1 per share)</b>	<b>(0,3840)</b>	<b>0,3506</b>
Total comprehensive (loss)/income	(8.450.796)	7.707.406
<b>Comprehensive (loss)/earning per share(As TRY1 per share)</b>	<b>(0,3841)</b>	<b>0,3503</b>

### NOTE 18 - RELATED PARTIES DISCLOSURES

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

	31 December 2015	31 December 2014
<b>Other short term receivables from related parties (Note 8) (Discounted)</b>		
Batı Tarım	256.618	129.800
Doğa Tarım	181.921	129.800
Tolina Tarım	-	34.569
	<b>438.539</b>	<b>294.169</b>
<b>Trade payables to related parties (Note 6)</b>		
Egeli & Co Portföy Yönetimi A.Ş. (*)	393.050	380.284
Egeli & Co Finansal Yatırımlar A.Ş.	-	1.714
	<b>393.050</b>	<b>381.998</b>

(\*) Consists of portfolio management fees as part the portfolio management contract’s unpaid invoices.

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### NOTE 18 - RELATED PARTIES DISCLOSURES (Continued)

	31 December 2015	31 December 2014
<b>Other short-term payables to related parties (Note 8)</b>		
Tan Egeli	2.808	8.731
EGC Gayrimenkul Geliştirme ve Yatırım A.Ş.	-	560
Other.	441	-
	<b>3.249</b>	<b>9.291</b>

### Other long-term payables to related party (Note 8) (Discounted)

Egeli & Co Yatırım Holding A.Ş.	2.285.905	916.536
	<b>2.285.905</b>	<b>916.536</b>

b. As of 31 December 2015 and 2014, the transactions between related parties are as follows:

	31 December 2015	31 December 2014
<b>Consultancy fee received from related parties (Note 14)</b>		
Doğa Tarım	120.000	120.000
Batı Tarım	70.000	120.000
	<b>190.000</b>	<b>240.000</b>

	1 January - 31 December 2015	1 January - 31 December 2014
<b>Interest income derived from Related parties( Note 14)</b>		
Tolina Tarım	99.657	-
	<b>99.657</b>	-

	31 December 2015	31 December 2014
<b>Portfolio management fee paid to related parties (Note 13)</b>		
Egeli& Co Portföy Yönetim A.Ş. (*)	861.300	654.631
	<b>861.300</b>	<b>654.631</b>

(\*) Consists of portfolio management commissions as part the portfolio management contract.

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### NOTE 18 - RELATED PARTIES DISCLOSURES (Continued)

	1 January- 31 December 2015	1 January- 31 December 2014
<b>Support and rent expenses</b>		
Egeli & Co Finansal Yatırımlar A.Ş. (*)	40.494	35.343
Egeli & Co Kurumsal Destek Hizmetleri A.Ş. (**)	-	65.949
	<b>40.494</b>	<b>101.292</b>

(\*) Consists of rent and usage expenses.

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

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

	1 January- 31 December 2015	1 January- 31 December 2014
Gross wages and other short term benefits	292.006	288.226
	<b>292.006</b>	<b>288.226</b>

### NOTE 19 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

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

#### Financial Risk Management

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

#### a. Credit risk disclosures

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 2015, 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.

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#### NOTE 19 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Company’s maximum credit risk exposure:

	Cash and cash equivalents (Note 4)	Other receivables from related parties (Note 7)	Other receivables from third parties (Note 8)
<b>31 December 2015</b>			
<b>As of reporting date</b>			
<b>max. credit risk exposed</b>	<b>6.354</b>	<b>438.539</b>	<b>994</b>
Part of maximum risk under guarantee with collateral	-	-	-
Net book value of neither past due nor impaired financial assets	6.354	438.539	994
	Cash and cash equivalents (Note 4)	Other receivables from related parties (Note 8)	Other receivables from third parties (Note 8)
<b>31 December 2014</b>			
<b>As of reporting date</b>			
<b>max. credit risk exposed</b>	<b>18.328</b>	<b>294.169</b>	<b>21.120</b>
Part of maximum risk under guarantee with collateral	-	-	-
Net book value of neither past due nor impaired financial assets	18.328	294.169	21.120

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

#### b. Liquidity risk disclosures

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

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### NOTE 19 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Company does not have any derivative financial liabilities. The following table presents the cash flows payable by the Company under other financial liabilities according to their remaining contractual maturities as of 31 December 2015 and 31 December 2014:

	31 December 2015					Total
	Up to 1 month	Between 1-3 months	Between 3 months-1 year	Between 1-5 years	Demand	
Trade payables	-	-	404.858	-	-	404.858
Other short-term liabilities	-	72.978	-	-	-	72.978
Other short-term payables	-	-	3.249	-	-	3.249
Other short-term provisions	-	-	2.642	-	-	2.642
Other long term payables	-	-	-	2.285.905	-	2.285.905
Other long term provisions	-	-	-	28.110	-	28.110
<b>Total liabilities</b>	<b>-</b>	<b>72.978</b>	<b>410.749</b>	<b>2.314.015</b>	<b>-</b>	<b>2.797.742</b>

  

	31 December 2014					Total
	Up to 1 month	Between 1-3 months	Between 3 months-1 year	Between 1-5 years	Demand	
Trade payables	-	-	394.956	-	-	394.956
Other short term liabilities	-	33.784	-	-	-	33.784
Other short term payables	-	-	9.291	-	-	9.291
Other short term provisions	-	-	6.436	-	-	6.436
Other long term payables	-	-	-	916.536	-	916.536
Other long term provisions	-	-	-	18.128	-	18.128
<b>Total liabilities</b>	<b>-</b>	<b>33.784</b>	<b>410.683</b>	<b>934.664</b>	<b>-</b>	<b>1.379.131</b>

#### c. Information on market risk disclosures

##### i. Foreign currency 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 2015 and 31 December 2014, the company was not exposed to currency risk.

##### ii. Interest Rate Risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Annual rates of the financial instruments as of 31 December 2015 and 31 December 2014 are presented below:

Assets	31 December 2015 TRY (%)	31 December 2014 TRY (%)
Other receivables from related parties	10,50	-

#### d. Capital risk 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.

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**NOTE 20 - FINANCIAL INSTRUMENTS**

**Fair value of the financial instruments**

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

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

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

**a. Financial assets:**

Subsidiaries whose shares are not publicly traded and fair values of the joint venture were calculated by discounting free cash flows with weighted average cost of capital. Fair value calculation is based on the projections approved by the management, and growth rates and rates of return for the projection period are sensitive to the growth rate used for calculating the discount rate and estimated cash flows after the projection period. Discount rates used for the calculation were determined considering the current market conditions. The aforementioned valuation study contains estimations on multiple factors, such as future milk, livestock and feed prices, composition of animals in the herd, milk productivity of animals, number of animals in the herd and government promotions and aids other than the discount and fixed growth rate, and is sensitive to the fluctuations in the aforementioned factors.

**b. Financial liabilities:**

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

Due to being short-term instruments are assumed their fair values closes to book values.

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

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



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#### NOTE 20 - FINANCIAL INSTRUMENTS ( Continued )

The Company’s assets measured at fair value are as follows:

<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Shares traded on the stock exchange	900.000	-	-
Subsidiaries and joint ventures	-	-	37.212.731
	<b>900.000</b>	<b>-</b>	<b>37.212.731</b>
<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Subsidiaries and joint ventures	-	-	45.204.061
	<b>-</b>	<b>-</b>	<b>45.204.061</b>

#### NOTE 21 - SUBSEQUENT EVENTS

None

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**ADDITIONAL NOTE : PORTFOLIO RESTRICTIONS, CONSISTENCY CHECK TO THE FINANCIAL LIABILITIES AND CUMULATIVE EXPENSES LIMITS**

PORTFOLIO RESTRICTIONS, CONSISTENCY, CHECK TO THE FINANCIAL LIABILITIES AND CUMULATIVE EXPENSES LIMITS				
	Individual Financial Statement Main Account Name	Notified Relevant Regulation	31.12.2015 (TRY)	31.12.2014 (TRY)
A	Money and Capital Instruments	Md.20/1 – (b)	906.354	18.328
B	Venture Fund Instruments	Md.20/1 – (a)	37.212.731	45.204.061
C	Assets Management Consulting Company's Associate	Md.20/1 – (d) ve (e)	-	-
D	Other Assets		445.436	374.317
E	Partnership Total Assets	Md.3/1-(a)	38.564.521	45.596.706
F	Financial Debts	Md.29	-	-
G	Provisions, Contingent Assets and Liabilities	Md.20/2 – (a)	466.000	466.000
H	Equity		35.766.779	44.217.575
I	Other Liabilities		2.797.742	1.379.131
E	Partnership Total Liability	Md.3/1-(a)	38.564.521	45.596.706
	Individual Other Financial Informations	Notified Relevant Regulation	31.12.2015 (TRY)	31.12.2014 (TRY)
A1	Investment of Capital Market Instruments	Md.20/1 – (b)	900.000	-
	1. Capital Market Instruments		900.000	-
	A- Shares		900.000	-
	YAPRK.E		900.000	-
A2	TRY and Foreign Currency Time and Demand Deposits	Md.20/1 – (b)	6.354	18.328
B1	Established Abroad Investment Firm	Md.21/3 – (c)	-	-
B2	Debt and Equity Financing Mix	Md.21/3 – (f)	6.425.342	8.447.108
B3	Public Venture Company Shares OFF-Exchange	Md.21/3 – (e)	-	-
B4	Special Purpose Company	Md.21/3 – (g)	-	-
C1	Associate Asset Management Company	Md.20/1 – (e)	-	-
C2	Associate Consulting Company	Md.20/1 – (d)	-	-
F1	Short-Term Debt Borrowings	Md.29/1	-	-
F2	Long-Term Debt Borrowing	Md.29/1	-	-
F3	Short-Term Debt Instruments	Md.29/1	-	-
F4	Long-Term Debt Instruments	Md.29/1	-	-
F5	Other Short-Term Debt Instruments	Md.29/1	-	-
F6	Other Long-Term Debt Instruments	Md.29/1	2.285.905	916.536
G1	Pledge	Md.20/2 – (a)	-	-
G2	Guarantees	Md.20/2 – (a)	466.000	466.000
G3	Mortgages	Md.20/2 – (a)	-	-
I	Outsourced Services Costs	Md.26/1	966.841	816.743

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### ADDITIONAL NOTE : PORTFOLIO RESTRICTIONS, CONSISTENCY CHECK TO THE FINANCIAL LIABILITIES AND CUMULATIVE EXPENSES LIMITS (Continued)

	Portfolio Restrictions	Notified Relevant Regulation	31.12.2015 (TRY)	31.12.2014 (TRY)	Minimum/Maximum Rate
1	Money and Capital Instruments	Md.22/1 – (b)	2,35%	0,04%	≤ %49
2	Capital Market Instruments	Md.22/1 – (c)	2,33%	0,00%	≤ %10
	A - Shares		2,33%	0,00%	≤ %10
	YAPRK.E		2,33%	0,00%	
3	Venture Fund Investments	Md.22/1 – (b)	96,49%	99,14%	≥ %51
4	Assets Management Consulting Company's Associates	Md.22/1 – (c)	0,00%	0,00%	≤ %10
5	Established Abroad Investment Firm	Md.22/1-(e)	0,00%	0,00%	≤ %49
6	Debt and Equity Financing Mix	Md.22/1-(h)	16,66%	18,53%	≤ %25
7	Public Venture Company Shares OFF-Exchange	Md.22/1-(f)	0,00%	0,00%	≤ %25
8	TRY and Foreign Currency Time and Demand Deposits	Md.22/1-(i)	0,02%	0,04%	≤ %20
9	Short-Term Borrowings and Debt Instruments Nominal Value	Md.29	0,00%	0,00%	≤ %50
10	Long-Term Borrowings and Debt Instruments Nominal Value	Md.29	6,39%	2,07%	≤ %200
11	Pledge, Guarantees and Mortgages	Md.22/1 – (d)	1,21%	1,02%	≤ %10
12	Outsourced Services Costs	Md.26/1	2,51%	1,79%	≤ %2,5

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