

**İŞ GİRİŞİM SERMAYESİ
YATIRIM ORTAKLIĞI A.Ş.**

Financial Statements
As at and For the Year Ended
31 December 2015 with Independent
Auditors' Report Thereon

*(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish)*

28 January 2016

This report contains 2 pages of the independent auditors' report and 49 pages of the financial statements and their explanatory notes.

**Convenience Translation of the Independent Auditors' Report
As at 31 December 2015 Originally Prepared and Issued in Turkish**

To the Board of Directors of
İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi,

Report on the Financial Statements

We have audited the accompanying financial statements of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi ("the Company") which comprise the statement of financial position as at 31 December 2015 and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards 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 or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of İş Girişim Sermayesi Yatırım Ortaklığı as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 28 January 2016.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Funda Aslanoğlu SMMM
Partner

28 January 2016
İstanbul, Turkey

Additional paragraph for convenience translation to English:

As explained in Note 2.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

CONTENTS	PAGE NUMBERS
STATEMENT OF FINANCIAL POSITION	1-2
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-49
NOTE 1 ORGANIZATION OF THE COMPANY AND NATURE OF OPERATIONS	6
NOTE 2 BASIS OF PRESENTATION	6-17
NOTE 3 SEGMENT REPORTING	17
NOTE 4 RELATED PARTIES	17-21
NOTE 5 CASH AND CASH EQUIVALENTS	22-23
NOTE 6 FINANCIAL INVESTMENTS	23-26
NOTE 7 TRADE PAYABLES	27
NOTE 8 OTHER RECEIVABLES AND PAYABLES	27
NOTE 9 TANGIBLE ASSETS	28
NOTE 10 INTANGIBLE ASSETS	29
NOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	29
NOTE 12 COMMITMENTS	29
NOTE 13 EMPLOYEE BENEFITS	30-31
NOTE 14 PREPAID EXPENSES	31
NOTE 15 OTHER ASSETS AND LIABILITIES	31
NOTE 16 EMPLOYEE BENEFIT PAYABLES	32
NOTE 17 CAPITAL AND RESERVES	32-33
NOTE 18 REVENUE AND COST OF SALES	34
NOTE 19 GENERAL ADMINISTRATIVE EXPENSES	35
NOTE 20 OTHER OPERATING INCOME AND EXPENSES	35
NOTE 21 INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)	36
NOTE 22 EARNINGS PER SHARE	36
NOTE 23 EFFECTS OF EXCHANGE RATE CHANGES	36
NOTE 24 REPORTING IN HYPERINFLATIONARY PERIODS	36
NOTE 25 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	37-46
NOTE 26 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)	47-49
NOTE 27 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED TO BE EXPLAINED FOR CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS	49
NOTE 28 EVENTS AFTER THE REPORTING PERIOD	49
ADDITIONAL CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO, NOTE: BORROWINGS AND TOTAL EXPENSE	50-51

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

	Notes	Audited 31 December 2015	Audited 31 December 2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	11,601,590	27,125,692
Financial Investments	6	104,500,617	127,764,150
Other Receivables	8	1,180	1,180
Prepaid Expenses	14	246,926	51,986
Other Current Assets	15	446,497	677,407
TOTAL CURRENT ASSETS		116,796,810	155,620,415
Non-current Assets			
Other Receivables	8	150	150
- <i>Other Receivables from Related Parties</i>	4	150	150
Financial Investments	6	141,871,120	113,072,109
Tangible Assets	9	236,135	389,536
Intangible Assets	10	30,032	42,267
TOTAL NON-CURRENT ASSETS		142,137,437	113,504,062
TOTAL ASSETS		258,934,247	269,124,477

The accompanying notes are an integral part of these financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (continued)**

(Amounts are expressed in Turkish Lira ("TL"))

	Notes	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES			
Current Liabilities			
Trade Payables	7	3,763	503,114
-Due to Related Parties	4	3,763	503,114
Other Payables	8	750	230
Employee Benefit Payables	16	36,912	32,645
Short-Term Provisions		1,878,814	1,988,953
-Short-Term Employee Benefits	13	1,878,814	1,988,953
Other Current Liabilities	15	1,187,640	429,203
TOTAL CURRENT LIABILITIES		3,107,879	2,954,145
Non-current Liabilities			
Long-Term Provisions		720,027	1,758,555
-Long-Term Employee Benefits	13	720,027	1,758,555
TOTAL NON-CURRENT LIABILITIES		720,027	1,758,555
TOTAL LIABILITIES		3,827,906	4,712,700
EQUITY			
Share Capital	17	74,652,480	74,652,480
Adjustment to Share Capital	17	21,606,400	21,606,400
Share Premium	17	7,000,000	7,000,000
Legal Reserves	17	20,488,276	19,185,249
Retained Earnings	17	130,586,536	127,370,080
Profit for the Year		772,649	14,597,568
TOTAL EQUITY		255,106,341	264,411,777
TOTAL EQUITY AND LIABILITIES		258,934,247	269,124,477

The accompanying notes are an integral part of these financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

		Audited 1 January-31 December 2015	Audited 1 January-31 December 2014
	Notes		
CONTINUING OPERATIONS			
Revenue	18	12,407,484	22,757,254
Cost of Sales (-)	18	(1,850,400)	--
GROSS PROFIT		10,557,084	22,757,254
Administrative Expenses (-)	19	(9,740,823)	(8,054,465)
Other Operating Income	20	33,659	3,241
Other Operating Expenses (-)	20	(77,271)	(108,462)
OPERATING PROFIT		772,649	14,597,568
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		772,649	14,597,568
Income tax from continuing operations	21	-	-
PROFIT FOR THE YEAR		772,649	14,597,568
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		772,649	14,597,568
Basic and Diluted Earnings per Share	22	0.01035	0.19554

The accompanying notes are an integral part of these financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

Notes	Share Capital	Adjustment To Share Capital	Share Premium	Other Comprehensive Income/Expense that may be Reclassified to Profit or Loss		Legal Reserves	Retained Earnings		Total Before Non-controlling Interests	Non-Controlling Interests	Total
				Foreign Currency Translation Reserves	Other Reserves		Profit For the Year	Retained Earnings			
Balance at 1 January 2014	66,654,000	21,606,400	7,000,000	(1,300,965)	2,639,654	14,520,826	68,664,493	68,403,268	248,187,676	20,515,532	268,703,208
Adjustments related to changes in accounting policies	-	-	-	1,300,965	(2,639,654)	(118,019)	17,728,693	(2,647,732)	13,624,253	(20,515,532)	(6,891,279)
Restated balance at 1 January 2014 (*)	66,654,000	21,606,400	7,000,000	-	-	14,402,807	86,393,186	65,755,536	261,811,929	-	261,811,929
Transfers	17	7,998,480	-	-	-	4,782,442	(86,393,186)	73,612,264	-	-	-
Total comprehensive income		-	-	-	-	-	14,597,568	-	14,597,568	-	14,597,568
Dividends paid	17	-	-	-	-	-	-	(11,997,720)	(11,997,720)	-	(11,997,720)
Balance at 31 December 2014	74,652,480	21,606,400	7,000,000	-	-	19,185,249	14,597,568	127,370,080	264,411,777	-	264,411,777

Notes	Share Capital	Adjustment To Share Capital	Share Premium	Other Comprehensive Income/Expense that may be Reclassified to Profit or Loss		Legal Reserves	Retained Earnings		Total Before Non-controlling Interests	Non-Controlling Interests	Total
				Foreign Currency Translation Reserves	Other Reserves		Profit For the Year	Retained Earnings			
Balance at 1 January 2015	74,652,480	21,606,400	7,000,000	-	-	19,185,249	14,597,568	127,370,080	264,411,777	-	264,411,777
Transfers	17	-	-	-	-	1,303,027	(14,597,568)	13,294,541	-	-	-
Total comprehensive income		-	-	-	-	-	772,649	-	772,649	-	772,649
Dividends paid	17	-	-	-	-	-	-	(10,078,085)	(10,078,085)	-	(10,078,085)
Balance at 31 December 2015	74,652,480	21,606,400	7,000,000	-	-	20,488,276	772,649	130,586,536	255,106,341	-	255,106,341

The accompanying notes are an integral part of these financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

		Audited	Audited
	Notes	1 January-31 December 2015	1 January- 31 December 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		772,649	14,597,568
Adjustments to Reconcile Net Profit			
Depreciation	9	182,423	175,971
Amortization	10	23,445	21,577
Increase in bonus provision	13	299,850	257,000
Increase in vacation pay liability	13	60,393	195,450
Increase in severance pay liability	13	44,986	31,919
Increase in accrued expenses	15	326,569	33,657
Fair value loss	18	4,705,639	722,108
Gain on sale from financial investment		(755,925)	--
Change in fair value of investment securities (net)		(1,525,680)	(7,621,906)
Interest received	18	(2,559,564)	(3,982,529)
Changes in working capital			
Interest received		2,786,078	4,051,849
Decrease/(increase) in other receivables and current assets		35,970	(200,786)
Increase in trade payables		(499,351)	(501,493)
Increase in other payables		436,655	106,225
Net cash from operating activities			
Severance payments	13	(17,615)	(8,051)
Vacation payments	13	(30,570)	--
Bonus payments	13	(1,505,711)	(2,151,283)
Net cash used in operating activities		2,780,241	5,727,276
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial investments		(10,565,836)	(26,420,047)
Acquisition of property and equipment	9	(29,022)	(52,574)
Proceeds from sale of financial investment	18	2,606,325	--
Acquisition of intangible assets	10	(11,210)	--
Net cash used in investing activities		(7,999,743)	(26,472,621)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	17	(10,078,085)	(11,997,720)
Net cash used in financing activities		(10,078,085)	(11,997,720)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(15,297,587)	(32,743,065)
D. EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD		--	--
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		26,883,834	59,626,899
NET DECREASE IN CASH EQUIVALENTS (A+B+C+D)		(15,297,587)	(32,743,065)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	11,586,247	26,883,834

The accompanying notes are an integral part of these financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

1. ORGANIZATION OF THE COMPANY AND NATURE OF OPERATIONS

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“the Company” or “İş Girişim Sermayesi”), was established in İstanbul, Turkey. The registered address of the Company is İş Kuleleri Kule 2, Kat: 2, Levent, İstanbul. Türkiye İş Bankası A.Ş. is the ultimate shareholder of the Company. The Company’s shares are traded in the İstanbul Stock Exchange since 2004.

The Company operates in private equity business.

Private equity: Investing in venture capital companies which are established or will be established in Turkey and has potential to grow and need resources

As at 31 December 2015, the Company has 19 employees (31 December 2014: 18 employees)

2. BASIS OF PRESENTATION

2.1 Basis of Presentation

a) Approval of the Financial Statements

The Company's financial statements as at and for the year ended 31 December 2015 were approved by the Board of Directors and authorization for issue is given for publishing on 28 January 2016. The General Assembly and/or statutory authorities have power to amend the financial statements after their issue.

b) Preparation of Financial Statements and Statement of Compliance to TAS

The Company maintains its books of account and prepares its statutory financial statements in accordance with accounting principles of the Turkish Commercial Code (“TCC”) and tax legislation.

The accompanying financial statements are prepared in accordance with the Communiqué numbered II-14.1 “Basis for Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards (“TAS”) which is published by Public Oversight Accounting and Auditing Standards Authority (“POA”). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The accompanying financial statements as at 31 December 2015 have been prepared in accordance with the communiqué numbered 20/670 “Announcement on Financial Statements and Footnote Formats” published by Capital Markets Board (“CMB”) dated 7 June 2013.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

c) Basis of Measurement

The financial statements have been prepared based on the historical cost, except for the investment securities which are measured at fair value.

The methods used to measure fair value are disclosed separately in Note 26.

d) Functional Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). Functional currency and presentation currency of the Company is Turkish Lira (“TL”).

The foreign exchange rates used by the Company as at 31 December 2015 and 31 December 2014 are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
US Dollar	2.9076	2.3189
Euro	3.1776	2.8207

e) Paragraph for convenience translation to English

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA.

f) Comparative Information

The Company’s financial statements are prepared including comparative information in order to enable readers to understand the trends in the financial position and performance of the Company. The change in presentation or reclassification of the financial statement items is applied retrospectively and the reclassifications made in the prior year financial information are disclosed in the notes to the financial statements.

g) Consolidation Exemptions

According to TFRS 10 Consolidated Financial Statements, investment entity:

- (a) Obtains funds from one or more investors for the purpose of providing investment management services,
- (b) Its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) Measures and evaluates the performance of its investments on a fair value basis.

While the entity evaluates whether it meets the above mentioned definition, it also considers whether it has the significant features of the investment entities mentioned below:

- (a) Has more than one investment,
- (b) Has more than one investor,
- (c) Has investors who are not related parties, and
- (d) Has partnership shares in the form of equity and suchlike shares.

Since the Company meets the above requirements, it does not consolidate its subsidiaries. Instead, it measures investments in its subsidiaries and associates according to TFRS 10 by recognizing the changes in the fair value to the profit or loss.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

2. BASIS OF PRESENTATION (continued)

2.2 Changes in Accounting Policies

Accounting policies used to prepare 31 December 2015 financial statements were applied consistent with the financial statements prepared as at 31 December 2014.

2.3 Changes in the Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is not any significant change in Company’s accounting estimates in the current period.

Material accounting errors are corrected retrospectively and the prior period financial statements are restated accordingly.

2.4 Summary of Significant Accounting Policies

Revenue

Private equity

Revenues are comprised of sale of subsidiary and/or associate, income from consultancy services provided to associates.

Revenues of the sale of non-controlling interests of the subsidiary without a change in control and/or associate are recognized when the sales are realized. Consultancy services given to associates are recognized at the date of the service rendered.

As the Company is an investment entity, fair value remeasurements of subsidiaries and associates are presented under revenues.

Dividend and interest income

Interest income is accrued by remaining principal in proportion as effective interest rate that reduces expected cash flows obtained from financial asset during its expected useful life to its carrying value in the related period.

Dividend income from equity investments and associates are recognized when shareholders have the right to receive the dividend.

Income stems from the sale of security portfolio and coupon payment and amortization income are recognized when the transaction is realized. The period end valuation income is recognized in the related accounts as at the period end.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to write off the cost over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed every year, with the effect of any changes in estimates accounted prospectively.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Regular repair and maintenance costs of tangible assets are recognized as expense as incurred.

Leased assets are depreciated over the shorter of the lease term and their useful life as if property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Useful life

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

Furniture and fixtures	3-10 years
Leasehold improvements	5 years

2. BASIS OF PRESENTATION (continued)

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. These assets are amortized using the straight-line method based on their useful lives. The estimated useful lives and amortization method are reviewed every year, with the effect of any changes in estimates accounted prospectively.

Computer software

Acquired software is recognized with their acquisition costs and the costs incurred in the period until the software is ready to use. These costs are amortized over their estimated useful lives.

Useful life for software is 3 years.

Financial instruments

Financial assets, except for the financial assets classified as at fair value through profit or loss and initially measured with fair value, are recognized with total of fair values and transaction costs related with acquisition. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Financial assets are classified into the following categories: “financial assets at fair value through profit or loss”, “held-to-maturity investments”, financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts to present value through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and although they are not initially acquired for the purpose of trading, recognized in this category at the initial recognition and subsidiaries and associate meets consolidation exemption criteria in Note 2.1(g). A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedging instrument. The Company uses the best buying price, if not available the last transaction price, to determine the fair value of financial assets that are traded on a stock exchange.

The methods used to determine the fair values of subsidiaries and associate that meets the consolidation exemption criteria are explained in Note 2.5.

2. BASIS OF PRESENTATION (continued)

Financial instruments (continued)

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method, less impairment and the associated revenues are measured using the effective interest method.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable repayments that are quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortized cost using the effective interest method less any impairment losses.

Impairment of financial assets

Financial assets, other than those assets measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets measured at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, receivable from reverse repo and other short-term highly liquid investments which have maturities of three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as or other financial liabilities.

2. BASIS OF PRESENTATION (continued)

Financial instruments (continued)

Other financial liabilities

Other financial liabilities are initially recognized at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments to net present value through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are payables arising from private equity investments and payables to third party suppliers.

Foreign Currency Transactions

When preparing the financial statements of the Company, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities in the statement of financial position denominated in foreign currencies have been translated into TL at the exchange rates at the end of the reporting periods. Foreign currency translation differences, except for the cases below, are recognized as profit or loss in related period.

Earnings per Share

Earnings per share disclosed in the statement of profit or loss and other comprehensive income are calculated by dividing net earnings by the weighted average number of shares that have been outstanding during the related period. The weighted average number of shares is the number calculated by multiplying and aggregating the number of ordinary shares outstanding at the beginning of the period and the number of shares withdrawn or issued during the period by a time-weighting factor. A time-weighting factor is the rate of the number of the days for which a specific number of shares have been outstanding to the total number of days in the period.

Events After the Reporting Period

Events after the reporting period are those events, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

As required by *TAS 10 Events after the Reporting Period*, the Company adjusts its financial statements to reflect adjusting events after the reporting period and discloses the material non-adjusting events after the reporting period in the notes to the financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Related Parties

TAS 24 “Related Party Disclosures” defines the persons who have direct or indirect control or significant influence over other persons through shareholding, contractual rights, family relationships or the like as related parties. The definition also includes shareholders and the Company management as related parties. Related party transactions is the transfer of resources and obligations between related parties regardless of whether a price is charged. With regard to accompanying financial statements, the Company’s shareholders, the Group entities with indirect equity relationship, and members of the Board of Directors and the top management of the Company is defined as related parties.

Top management of the Company includes general manager and vice general managers.

Segment Reporting

The Company operates only in the private equity business. For this reason, segment reporting is not prepared.

Income Tax

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş is exempt from Corporate Tax in accordance with the 5th /d-3 article.

Besides, income from private equity is not subject to advance tax application and according to the 15th /3 article of the Turkish Corporation Tax Law, earning from portfolio management withholding rate is determined at 0% (zero).

Employee Benefits

Employee severance pay liability

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 “Employee Benefits” (“TAS 19”).

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligations. The actuarial gains and losses are recognized in other comprehensive income would never be reclassified to the profit or loss.

Employee bonuses

The Company makes provision if there is a contractual obligation or constructive obligation caused by previous applications.

Other short-term employee benefits

Other short-term employee benefits include vacation pay liability. In Turkey, according to the legislation, the employer has to make payments for unused vacation days when the personnel leave the company. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employee.

Post-employment plans

The Company does not have any retirement or post-employment benefit plans.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

2. BASIS OF PRESENTATION (continued)

2.4 Summary of Significant Accounting Policies (continued)

Statement of Cash Flows

In the statement of cash flows, cash flows are classified as operating, investing and financing activities.

Cash flows from operating activities represent the cash flows provided from the Company’s private equity business.

Cash flows from investing activities represent the Company’s cash flows used in/provided from investing activities (fixed asset investments, financial investments and private equity investments).

Cash flows from financing activities represent the Company’s funds used in and repayment of the funds during the year.

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are deducted from retained earnings and classified as dividend payable in the period that the dividend distribution decision is taken.

2.5 Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with TAS requires making judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The estimates are used particularly in the following notes:

Note 6 Determination of fair value of the subsidiaries and the associates

Note 13 Employee benefits

Shares of the subsidiaries and the associates are not publicly traded. When determining the fair values of the subsidiaries and the associates, Discounted Cash Flows (“DCF”) method of the income approach has been used. Discount and growth rates used are as follows:

<u>Name of subsidiary and associate</u>	<u>Discount rates</u>	<u>Ongoing growth rates</u>
Toksöz Spor Malzemeleri Ticaret AŞ (“Toksöz”)	16.6%-17.6%	4.5%-5.5%
Numnum Yiyecek ve İçecek A.Ş. (“Numnum”)	16.8%-17.8%	4.0%-6.0%
Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. (“Nevotek”)	11.6%-12.6%	1.6%-2.6%
Radore Veri Hizmetleri Anonim Şirketi (“Radore”)	14.1%-15.1%	4.5%-5.5%
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. (“Ortopro”)	19.1%-20.1%	4.5%-5.5%
Mika Tur Seyahat Acenteliği ve Turizm A.Ş. (“Tatil Budur”)	16.0%-22.0%	7.5%.-9.5%

2. BASIS OF PRESENTATION (continued)

2.6 New standards and interpretations not yet adopted as of 31 December 2015

• *TFRS 9 Financial Instruments*

The new standard, together with the amendment published in December 2012, is going to be effective for the reporting periods beginning from 1 January 2018 onwards. TFRS 9 introduces new requirements for the classification and measurement of financial assets. The amendments made in TFRS 9 will principally affect classification and measurement of financial assets and financial liabilities measured at fair value and will require the changes in the fair value of such financial liabilities related to credit risk to be recognized in the statement of other comprehensive income. Earlier adoption of the Standard is permitted. The Company is not planning to early adoption of this standard and the potential effects of this Standard on the financial position and performance of the have not been evaluated.

• *Clarification of applicable methods of depreciation and amortization (Amendments to TAS 16 and TAS 38)*

The amendments to TAS 16 “Property, Plant and Equipment” explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 “Intangible Assets” introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

• *Disclosure Initiative (Amendments to TAS 1)*

The narrow-focus amendments to TAS 1 “Presentation of Financial Statements” clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

• *Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10, TFRS 12 and TAS 28)*

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity’s internal structure uses intermediates, the financial statements will provide less granular information about investment performance – i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

2. BASIS OF PRESENTATION (continued)

2.7 Improvements to TFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

Annual Improvements to TFRSs– 2012-2014 Cycle

TFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 “Financial Instruments: Disclosures”

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by “Disclosures: Offsetting Financial Assets and Financial Liabilities” (Amendments to TFRS 7).

TAS 19 “Employee Benefits”

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 “Interim Financial Reporting”

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

2.8 The new standards, amendments and interpretations that are issued by IASB but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company

2. BASIS OF PRESENTATION (continued)

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TMS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

2.9 Control of compliance with restrictions on the investment portfolio, financial loans and total expenses

The information contained in the additional note related to Control of Compliance With Restrictions on the Investment Portfolio, Financial Loans and Total Expenses, is summary information derived from the financial statements according to "Communiqué on Financial Reporting in Capital Market" of CMB and this information has been prepared in accordance with the control of portfolio, financial loans and total expenses limits compliance, of CMB's "Communiqué on Principles Regarding Real Estate Investment Trusts", numbered III-48.3 published in the Official Gazette on 9 October 2013.

3. SEGMENT REPORTING

The Company operates only in private equity business. The Company management monitors its financial investments according to their fair value. Information regarding to those financial investments is disclosed in Note 6.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

2. BASIS OF PRESENTATION (continued)

4. RELATED PARTIES

The ultimate shareholder of the Company is Türkiye İş Bankası A.Ş.

Benefits provided to key management during the period is as follows:

	31 December 2015	31 December 2014
Wage and other benefits	3,564,890	3,432,943
	3,564,890	3,432,943

Key management compensation includes wage, bonus, insurance and similar benefits.

The details of the transactions between the Company and other related parties are as follows:

Financial investments	31 December 2015	31 December 2014
Investment funds		
İş Portföy Second Stock Fund (1)	3,733,619	4,141,425
Azimut PYŞ First Hedge Fund (2)	3,642,276	3,185,700
Logos Portföy Private Sector Debt Fund (3)	3,155,360	3,065,969
İş Portföy Hedef Hedge Fund	3,119,641	-
Azimut PYŞ First Debt Securities Fund (4)	2,790,494	2,515,383
İstanbul Portföy Ark I Hedge Fund (5)	2,428,790	2,903,360
Azimut PYŞ Absolute Return Hedge Fund (6)	2,138,981	1,623,861
Logos Portföy Dynamic Hedge Fund (7)	1,340,308	1,274,498
Azimut PYŞ Fourth Variable Fund (8)	-	3,034,195
Taaleri Portföy Variable Fund (9)	368,206	351,823
	22,717,675	22,096,214

(1) Former title: İş Yatırım Menkul Değerler A.Ş. A Type Variable Fund

Related parties as of 31 December 2014:

- (2) Former title: İş Yatırım Menkul Değerler A.Ş. Bosphorus Capital Fixed Return Hedge Fund
- (3) Former title: İş Yatırım Menkul Değerler A.Ş. Logos B Type Fixed Return Bond Fund
- (4) Former title: İş Yatırım Menkul Değerler A.Ş. Notus Portföy B Type Variable Fund
- (5) Former title: İş Yatırım Menkul Değerler A.Ş. Ark Hedge Fund
- (6) Former title: İş Yatırım Menkul Değerler A.Ş. Bosphorus Capital Absolute Return Hedge Fund
- (7) Former title: İş Yatırım Menkul Değerler A.Ş. Logos Dynamic Hedge Fund
- (8) Former title: İş Yatırım Menkul Değerler A.Ş. Bosphorus Capital B Type Variable Fund
- (9) Former title: İş Yatırım Menkul Değerler A.Ş. Taaleri Portföy B Type Variable Fund

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

4. RELATED PARTIES (continued)

Financial investments	31 December 2015	31 December 2014
Private sector bonds		
İş Finansal Kiralama A.Ş.	12,103,517	13,427,990
İş Faktoring A.Ş.	3,436,178	978,670
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	2,604,160	2,593,111
İş Yatırım Menkul Değerler A.Ş.	973,770	2,634,520
	19,117,625	19,634,291

Financial investments	31 December 2015	31 December 2014
Shares quoted to stock exchange		
İş Yatırım Ortaklığı A.Ş.	4,723,711	5,398,527
	4,723,711	5,398,527

Cash and cash equivalents	31 December 2015	31 December 2014
Türkiye İş Bankası A.Ş. Time Deposit	10,299,700	20,381,564
Türkiye İş Bankası A.Ş. Demand Deposit	44	30
İş Yatırım Menkul Değerler A.Ş. Bosphorus Capital B Type Short Term Bond Fund	-	5,988,053
	10,299,744	26,369,647

(1) Former title: İş Yatırım Menkul Değerler A.Ş. Bosphorus Capital B Type Short Term Bond Fund

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

4. RELATED PARTIES (continued)

Balances with related parties	31 December 2015			
	Receivables		Payables	
	Current		Current	
	Trade	Other	Trade	Other
Anadolu Anonim Türk Sigorta Şirketi	-	-	(2,682)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(1,081)	-
	-	-	(3,763)	-

Balances with related parties	31 December 2014			
	Receivables		Payables	
	Current		Current	
	Trade	Other	Trade	Other
Mehmet Gürs (*)	-	-	(500,000)	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	(2,244)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(870)	-
	-	-	(503,114)	-

(*) The Company has acquired 59.459 shares with a nominal value of TL 59,459 from Mehmet Gürs representing 19.244 % of Num Num's pre- investment share capital amounting to TL 308,975 by making a total payment of TL 4,000,000, of which TL 3,000,000 is paid in cash and TL 1,000,000 in instalments. TL 500,000 of TL 1,000,000 is paid to Mehmet Gürs on 21 January 2014 and remaining TL 500,000 is paid on 21 January 2015.

Balances with related parties	31 December 2015			
	Receivables		Payables	
	Non-current		Non-current	
	Trade	Other	Trade	Other
Other	-	150	-	-
	-	150	-	-

Balances with related parties	31 December 2014			
	Receivables		Payables	
	Non-current		Non-current	
	Trade	Other	Trade	Other
Other	-	150	-	-
	-	150	-	-

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

4. RELATED PARTIES (continued)

<u>1 January – 31 December 2015</u>							
Transactions with related parties	Interest received	Service expenses	Insurance expenses	Transaction and advisory commission expenses	Rent expenses	Dividend income	Other expenses
Numnum Yiyecek ve İçecek A.Ş.	-	-	-	-	-	-	(13,563)
Türkiye İş Bankası A.Ş.	1,037,470	(44,855)	-	(2,234)	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	(481,173)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	(309,578)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	(147,841)
Anadolu Anonim Türk Sigorta Şirketi	-	-	(91,432)	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	(11,808)	-	-	-	-	-
İş Yatırım Ortaklığı A.Ş.	-	-	-	-	-	970,697	-
	1,037,470	(56,663)	(91,432)	(311,812)	(481,173)	970,697	(161,404)

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

4. RELATED PARTIES (continued)

<u>1 January – 31 December 2014</u>							
Transactions with related parties	Interest received	Service expenses	Insurance expenses	Transaction and advisory commission expenses	Rent expenses	Dividend income	Other expenses
Numnum Yiyecek ve İçecek A.Ş.	-	-	-	-	-	-	(5,552)
Türkiye İş Bankası A.Ş.	2,247,416	(62,185)	-	(2,714)	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	(439,442)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	(103,508)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	(134,085)
Anadolu Anonim Türk Sigorta Şirketi	-	-	(69,572)	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	(11,808)	-	-	-	-	-
İş Yatırım Ortaklığı A.Ş.	-	-	-	-	-	970,697	-
	2,247,416	(73,993)	(69,572)	(106,222)	(439,442)	970,697	(139,637)

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

5. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Cash on hand	352	158
Cash at banks	10,300,695	20,382,697
<i>Demand deposit</i>	995	1,133
<i>Time deposits with maturities less than 3 months</i>	10,299,700	20,381,564
B type liquid funds	-	6,742,837
Receivables from Takasbank money market transactions	1,300,543	-
	11,601,590	27,125,692

Reconciliation between the elements comprising cash and cash equivalents in the statement of financial position and statement of cash flows:

	31 December 2015	31 December 2014
Cash and cash equivalents	11,601,590	27,125,692
Less: Accrued interest	(15,343)	(241,858)
	11,586,247	26,883,834

As at 31 December 2015, the Company has no restricted deposits (31 December 2014: None).

As at 31 December 2015 and 31 December 2014 interest and maturity details of the bank deposits are as follows:

	31 December 2015			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time Deposit	13.50	29 January 2016	TL	10,024,774
TL Time Deposit	3.50	4 January 2016	TL	274,926
				10,299,700

	31 December 2014			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time Deposit	10.30	12 January 2015	TL	20,134,840
TL Time Deposit	3.50	2 January 2015	TL	246,724
				20,381,564

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

5. CASH AND CASH EQUIVALENTS (continued)

The details of B type liquid funds that are classified as cash and cash equivalent assets are as follows:

As at 31 December 2015, the Company has no B type liquid funds.

	31 December 2014	
	Nominal (*)	Fair value
B type liquid funds	566,307,428	6,742,837
		6,742,837

(*) Investment funds are shown in units.

Foreign currency risks, interest rate risks and sensitivity analysis for Company's financial asset and liabilities are explained in Note 25.

As at 31 December 2015, gross interest rate on Takasbank money market transactions is 15.25% (31 December 2014: None).

6. FINANCIAL INVESTMENTS

6.1 Current financial investments

	31 December 2015	31 December 2014
Financial assets designated at fair value through profit or loss	104,500,617	127,764,150
	104,500,617	127,764,150

	31 December 2015	
	Nominal (*)	Fair value
Private sector bonds	49,070,000	49,457,905
Government bonds	18,200,000	27,601,326
Investment funds	1,071,835,029	22,717,675
Shares quoted to stock exchange	5,190,891	4,723,711
		104,500,617

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

6. FINANCIAL INVESTMENTS (continued)

6.1 Current financial investments (continued)

	31 December 2014	
	Nominal (*)	Fair value
Private sector bonds	63,270,000	64,111,074
Government bonds	24,300,000	36,158,336
Investment funds	1,391,259,710	22,096,213
Shares quoted to stock exchange	5,190,891	5,398,527
		127,764,150

(*) Nominal values of investment funds and securities quoted in an active market are presented in units, government bonds and private sector bonds are presented in TL.

As at 31 December 2015, interest rates of private sector bonds and government bonds held for trading are between the rates 9.49% and 15.01% per annum (31 December 2014: between 3.23% and 12.87% per annum).

6.2 Non-current financial investments

As at 31 December 2015 and 31 December 2014, details of private equity investments are as follows:

	31 December 2015	31 December 2014
Investments held-to-maturity	10,011,350	10,006,300
Financial investments designated at fair value through profit or loss	131,859,770	103,065,809
	141,871,120	113,072,109

Investments held-to-maturity

As at 31 December 2015 and 31 December 2014, details of investments held-to-maturity are as follows:

<u>Company name</u>	<u>Nominal</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. Bond	10,000,000	10,011,350	10,006,300
	10,000,000	10,011,350	10,006,300

As disposal of these investments are not planned in the short term, they are classified as non-current investments.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

6. FINANCIAL INVESTMENTS (continued)

6.2 Non-current financial investments (continued)

Financial investments designated at fair value through profit or loss

As at 31 December 2015 and 31 December 2014, fair value details of the subsidiaries and the associate are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
<u>Name of subsidiary/associate</u>		
Toksöz Spor	35,542,100	35,714,250
Ortopro	33,457,905	9,498,125
Numnum	23,447,736	22,993,272
Radore	15,960,450	17,578,800
Nevotek	13,101,579	17,281,362
Tatil Budur	10,350,000	-
	<u>131,859,770</u>	<u>103,065,809</u>

As at 31 December 2015 and 31 December 2014, details of the Company's subsidiaries and associates are as follows:

Subsidiaries and associate	Acquisition date	Place of establishment and operation	Share of capital (%)		Voting power
			31 December 2015	31 December 2014	
Nevotek	30 September 2003	Turkey	81.24	81.24	81.24
Ortopro (*)	10 December 2007	Turkey	83.64	32.50	83.64
Toksöz Spor	13 November 2012	Turkey	55.00	55.00	55.00
NumNum	5 December 2012	Turkey	61.66	61.66	61.66
Radore (**)	1 December 2014	Turkey	25.50	28.50	25.50
Tatil Budur (***)	6 November 2015	Turkey	20.00	-	20.00

(*) The Company has participated in the paid-in capital increase of its subsidiary Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro") whose paid-in capital was TL 5,319,150 formerly, by the rate of 312.50% and by the nominal amount of TL 16,622,344 on 11 December 2015. Paid-in capital increase has been conducted through rights issue. With the transactions on 11 December 2015, 17 December 2015 and 29 December 2015, a total of TL 25,000,000 has been paid to Ortopro.

(**) The Company has disposed part of its shares in Radore Veri Merkezi Hizmetleri A.Ş. which is 3% of Radore's share capital to Mustafa Selçuk Saraç in return for USD 946,000 (TL 2,606,325) on 29 July 2015, based on the Board of Directors resolution dated 19 June 2015.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

6. FINANCIAL INVESTMENTS (continued)

6.2 Long term financial investments (continued)

Financial investments designated at fair value through profit or loss (continued)

(***) The Company has acquired the shares representing 20% of the paid-in capital of Tatil Budur from its shareholders Ahmet Kara, Beşir Kara, Çetin Yılmaz, Timuçin Kuş, Gencer Öztürk and Derya Bülent Kuş on 6 November 2015 in return for a purchase price which is to be determined by share price adjustment mechanisms stated on the purchase contract. The Company has acquired 20% shareholding in Tatil Budur in return for TL 11.5 million, with a reservation for adjustment in the purchase price depending on the actual net financial liability at the closing date, the level of the net working capital and the level of the total gross profit in the last 12 months ended on 30 September 2015. TL 10.35 million of the final purchase price to be determined through above parameters has been paid to the above shareholders at the closing date in cash and the remaining balance which is to be determined based on the 12-month financial statements of Tatil Budur as at 30 September 2015 will be paid later.

Discounted cash flow method is used to determine fair values. Valuation model considers the present value of the expected payment, discounted using a risk adjusted discounted rate. The expected payment is determined by considering the possible scenarios of forecast earnings before interest tax depreciation and amortization (“EBITDA”), the amount to be paid under each scenario and the probability of each scenario. Subsidiaries’ estimated annual revenue growth rate is between 1.6% with 9.50% estimated EBITDA ratio is between 10.5% with 40.50%, estimated risk adjusted discount rates are between 11.6% and 22.00%.

Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin and net profit.

For the fair values of subsidiaries and associate of the Company, reasonably possible changes at 31 December 2015 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Sensitivity analysis

31 December 2015

	Profit or (loss)	
	Increase	Decrease
Annual revenue growth rate (0.5% change)	3,973,649	(3,640,469)
EBITDA growth rate (0.5% change)	4,785,450	(4,785,450)
Risk adjusted discount rate (0.5% change)	7,745,841	(7,092,441)

There is no contractual restriction on the ability of the subsidiaries and the associates to transfer funds to the Company in the form of dividends or repayment of loans and advances given.

The Company does not have any commitments or intentions to provide financial support to the subsidiaries and the associates, including those that aims to assist the subsidiaries and the associates to obtain financial support.

The Company does not have any contractual agreements which may require it, its subsidiaries and associates to provide financial support to a non-consolidated, controlled, restructured entity, including events and conditions that may expose it to losses.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

7. TRADE PAYABLES

As at 31 December 2015 and 31 December 2014, the details of the Company's trade payables are as follows:

	31 December 2015	31 December 2014
Short term trade payables		
Due to related parties	3,763	503,114
	3,763	503,114

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

As at 31 December 2015 and 31 December 2014, the details of the Company's other receivables are as follows:

	31 December 2015	31 December 2014
Other Short Term Receivables		
Other receivables	1,180	1,180
	1,180	1,180

	31 December 2015	31 December 2014
Other Long Term Receivables		
Deposits and guarantees given	150	150
	150	150

b) Other Payables:

As at 31 December 2015 and 31 December 2014, the details of the Company's other payables are as follows:

	31 December 2015	31 December 2014
Other Short Term Payables		
Other miscellaneous payables	750	230
	750	230

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

9. TANGIBLE ASSETS

For the years ended 31 December 2015 and 31 December 2014, the details of the Company's tangible assets are as follows:

	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>			
Opening balances at 1 January 2015	430,062	1,056,400	1,486,462
Acquisitions	29,022	-	29,022
Closing balances at 31 December 2015	459,084	1,056,400	1,515,484
<u>Accumulated depreciation</u>			
Opening balances at 1 January 2015	(315,865)	(781,061)	(1,096,926)
Charge for the year	(54,205)	(128,218)	(182,423)
Closing balances at 31 December 2015	(370,070)	(909,279)	(1,279,349)
Net carrying amount at 31 December 2015	89,014	147,121	236,135
Net carrying amount at 1 January 2014	114,197	275,339	389,536
Total current year depreciation expenses amounting to TL 182,423 is included in administrative expenses (31 December 2014: TL 175,971).			
	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>			
Opening balances at 1 January 2014	381,841	1,052,047	1,433,888
Acquisitions	48,221	4,353	52,574
Closing balances at 31 December 2014	430,062	1,056,400	1,486,462
<u>Accumulated depreciation</u>			
Opening balances at 1 January 2014	(267,560)	(653,395)	(920,955)
Charge for the year	(48,305)	(127,666)	(175,971)
Closing balances at 31 December 2014	(315,865)	(781,061)	(1,096,926)
Net carrying amount at 31 December 2014	114,197	275,339	389,536
Net carrying amount at 1 January 2014	114,281	398,652	512,933

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

10. INTANGIBLE ASSETS

For the years ended 31 December 2015 and 31 December 2014, the details of the Company's intangible assets are as follows:

Cost	Computer software	Total
Opening balance at 1 January 2015	63,844	63,844
Acquisitions	11,210	11,210
Closing balances at 31 December 2015	75,054	75,054
Accumulated amortization		
Opening balance at 1 January 2015	(21,577)	(21,577)
Charge for the year	(23,445)	(23,445)
Closing balances at 31 December 2015	(45,022)	(45,022)
Net carrying amount at 31 December 2015	30,032	30,032
Net carrying amount at 1 January 2015	42,267	42,267

Total current year amortization expenses amounting to TL 23,445 is included in administrative expenses (31 December 2014: TL 21,577).

Cost	Computer software	Total
Opening balances at 1 January 2014	63,844	63,844
Acquisitions	-	-
Closing balances at 31 December 2014	63,844	63,844
Accumulated amortization		
Opening balances at 1 January 2014	-	-
Charge for the year	(21,577)	(21,577)
Closing balances at 31 December 2014	(21,577)	(21,577)
Net carrying amount at 31 December 2014	42,267	42,267
Net carrying amount at 1 January 2014	63,844	63,844

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The Company has obtained the shares representing 20% of Tatil Budur completely on 6 November 2015 in return for an upfront fee of TL 10,350,000. The remaining balance of the final purchase consideration, which is to be determined based on the share price adjustment mechanisms stated on the purchase contract, less the upfront payment will be paid later on (31 December 2014: None).

12. COMMITMENTS

None (31 December 2014: None).

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015 (Amounts are expressed in Turkish Lira (“TL”))

13. EMPLOYEE BENEFITS

As at 31 December 2015 and 31 December 2014, the details of the Company’s employee benefits are as follows:

	31 December 2015	31 December 2014
Short Term		
Provision for employee bonuses	1,375,899	1,515,861
Vacation pay liability	502,915	473,092
	1,878,814	1,988,953
Long Term		
Provision for employee bonuses	586,179	1,652,078
Reserve for employee severance payments	133,848	106,477
	720,027	1,758,555

Under Turkish Labour Law, the Company is required to pay employment termination benefits to each employee whose employment is terminated by gaining the right to receive the termination benefits. In addition, based on the amended 60th article of the current Social Insurance Law’s numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, the Company is obliged to pay termination benefits to the employees who are quitted by gaining right to receive their termination benefits. Some provisions for the pre-retirement service conditions are abolished from the law with amendment on 23 May 2002.

The reserve for severance pay liability as at 31 December 2015 is based on the monthly ceiling amounting to TL 3,828.37 (31 December 2014: TL 3,438.22).

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the actuarial assumptions explained in the following paragraph were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying statement of financial position as at 31 December 2015, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provision at the end of the reporting period has been calculated assuming an annual inflation rate of 6.15% (31 December 2014: 6%) and a discount rate of 10.80% (31 December 2014: 9.25%) resulting in a net discount rate of approximately 4.38% (31 December 2014: 3.07 %) The anticipated rate of forfeitures is also considered.

The movement of reserve for employee severance payments:

	1 January- 31 December 2015	1 January- 31 December 2014
Provision as at 1 January	106,477	82,609
Cost of services	35,137	25,290
Interest cost	9,849	6,629
Severance indemnity paid	(17,615)	(8,051)
Provision as at 31 December	133,848	106,477

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015 (Amounts are expressed in Turkish Lira ("TL"))

13. EMPLOYEE BENEFITS (continued)

The movement of provision for employee bonuses:

	1 January- 31 December 2015	1 January - 31 December 2014
Provision as at 1 January	3,167,939	5,062,222
Charge for the year	299,850	257,000
Employee bonuses paid	(1,505,711)	(2,151,283)
Provision as at 31 December	1,962,078	3,167,939

The movement of vacation pay liability:

	1 January- 31 December 2015	1 January- 31 December 2014
Provision as at 1 January	473,092	277,642
Vacation liability paid	(30,570)	-
Charge for the year	60,393	195,450
Provision as at 31 December	502,915	473,092

14. PREPAID EXPENSES

As at 31 December 2015 and 31 December 2014, the details of the Company's prepaid expenses are as follows:

Current	31 December 2015	31 December 2014
Prepaid expenses	234,835	40,926
Job advances	12,091	11,060
	246,926	51,986

There is not any long term prepaid expense (31 December 2014: None).

15. OTHER ASSETS AND LIABILITIES

As at 31 December 2015 and 31 December 2014, the details of the Company's other assets and liabilities are as follows:

Other Current Assets	31 December 2015	31 December 2014
Prepaid taxes and funds	446,497	677,407
	446,497	677,407

Other Short-Term Liabilities	31 December 2015	31 December 2014
Accrued expenses	504,810	178,241
Taxes and funds payable	682,830	250,962
	1,187,640	429,203

There is not any long term liability (31 December 2014: None).

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015 (Amounts are expressed in Turkish Lira ("TL"))

16. EMPLOYEE BENEFIT PAYABLES

As at 31 December 2015 and 31 December 2014, the details of the Company's liabilities related to employee benefits are as follows:

	31 December 2015	31 December 2014
Social security contributions payable	36,912	32,645
	36,912	32,645

17. CAPITAL AND RESERVES

a) Share Capital

As at 31 December 2015 and 31 December 2014, the capital structure of the Company is as follows:

Shareholder	Company	%	31 December 2015	%	31 December 2014
İş Yatırım Menkul Değerler A.Ş.	A	8.9	6,635,776	8.9	6,635,776
İş Yatırım Menkul Değerler A.Ş.	B	20.1	15,018,515	20.1	15,018,515
Türkiye Sınai Kalkınma Bankası A.Ş.	B	16.7	12,442,079	16.7	12,442,079
Türkiye Teknoloji Geliştirme Vakfı	B	11.1	8,294,719	11.1	8,294,719
Other	B	12.0	8,958,298	12.0	8,958,298
Publicly held	B	31.2	23,303,093	31.2	23,303,093
Nominal capital			74,652,480		74,652,480

As at 31 December 2015 the Company's share capital consists of 7,465,248,000 unit shares (31 December 2014: 7,465,248,000 shares). The par value of each share is TL 0.01 (31 December 2014: TL 0.01 per share).

The nominal share capital of the Company amounting to TL 74,652,480 comprised of Group A and Group B shares, amounting to TL 6,635,776 and TL 68,016,704, respectively. Group A shareholders have the privilege during the BOD election to nominate four members of the total seven members. In addition, one of the members of the Board representing Group B, is elected among the candidates nominated by Türkiye Teknoloji Geliştirme Vakfı unless their share in issued capital is below TL 2,000,000.

During the capital increase, in exchange for Group A shares Group A, in exchange for Group B shares Group B shares is issued. During the capital increase through the restriction of pre-emption rights, only the Group B shares can be issued.

No preferred shares can be issued, except for the preferred shares giving the right to suggest candidate while electing the two thirds of the BOD members or giving dividend right. The fractional number is rounded when calculating the two thirds of the BOD members. After going to public, no preferences can be created including the preference to suggest candidate to the BOD membership and preference for taking dividend.

b) Inflation Adjustment to Share Capital

As at 31 December 2015, the Company has inflation adjustment to share capital amounting TL 21,606,400 arising from the inflation accounting application until 31 December 2004 (31 December 2014: TL 21,606,400).

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

17. CAPITAL AND RESERVES (continued)

c) Share Premium

Excess amount between selling price and nominal value for each share was recorded as share premium in equity.

d) Legal reserves

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. First legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company’s statutory accounts until it reaches 20% of historical based paid-in share capital (not adjusted for the effects of inflation). Second legal reserve is generated by 10% over the total of cash dividend distribution after the first legal reserves and dividend distributions. The Company has performed transfer to legal reserves amounting to TL 1,303,027 in year 2015 (31 December 2014: TL 4,782,442). As at 31 December 2015, the Company has legal reserves amounting to TL 20,488,276 (31 December 2014: TL 19,185,249)

e) Retained Earnings

As at 31 December 2015, the Company has retained earnings amounting to TL 130,586,536 (31 December 2014: TL 127,370,080).

Dividend distribution:

Publicly held companies distribute dividends based on the Capital Market Board (“CMB”) regulations explained below:

According to CMB’s decision on 27 January 2010 numbered 02/51, corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends derived from the profits of 2009. For corporations that will distribute dividends, in relation to the resolutions in their general assembly meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, corporations that increased capital before distributing the previous year’s dividends and as a result their shares are separated as “old” and “new” are obliged to distribute 1st party dividends in cash.

The Company distributes dividend in accordance with requirements in Turkish Commercial Code and Capital Market Regulations.

In accordance with the resolutions dated 18 March 2015 in General Assembly of the Company, total TL 10,078,085 have been decided to be distributed in cash (31 December 2014: TL 11,997,720 dividend in cash and TL 7,998,480 bonus share issue).

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

18. REVENUE AND COST OF SALES

For the years ended 31 December 2015 and 31 December 2014 the details of the Company's revenue and cost of sales are as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
a) Revenue		
Interest income from treasury bonds and private sector bonds	9,156,880	9,333,271
Investment security fair value gains (net)	1,525,680	7,628,205
Interest income on bank deposits	2,559,564	3,982,529
Investment security trading income (net)	7,532	1,209,273
Dividend income	970,697	970,697
Reverse repo and Takasbank interest income	286,446	355,387
Decrease in fair value of subsidiaries and associates (net)	(4,705,640)	(722,108)
Domestic sales (*)	2,606,325	-
<i>Disposal of associate</i>	2,606,325	-
	12,407,484	22,757,254
b) Cost of sales		
Disposal of associate (*)	(1,850,400)	-
	(1,850,400)	-

(*) The Company has disposed its 3% shareholding in Radore which has a carrying amount of TL 1,850,400 on 29 July 2015 in return for TL 2,606,325. A gain of TL 755,925 has been recognized as a result this transaction.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015 (Amounts are expressed in Turkish Lira ("TL"))

19. ADMINISTRATIVE EXPENSES

For the years ended 31 December 2015 and 31 December 2014, the details of the Company's administrative expenses are as follows:

	1 January- 31.Dec.15	1 January- 31.Dec.14
Personnel expenses	(4,813,221)	(4,310,061)
Audit and consultancy expenses	(1,142,443)	(886,469)
Taxes and dues	(1,064,271)	(552,549)
Outsourcing expenses	(571,024)	(379,111)
Rent expenses	(562,040)	(510,898)
Salaries of board of directors	(546,000)	(546,150)
Depreciation and amortization expenses	(205,868)	(197,548)
Communication, electricity and stationary expenses	(170,047)	(153,388)
Representation expenses	(113,507)	(80,064)
Increase in provision for employee termination benefits	(44,986)	(31,919)
Other expenses	(224,706)	(216,342)
	(9,740,823)	(8,054,465)

20. OTHER OPERATING INCOME AND EXPENSES

For the years ended 31 December 2015 and 31 December 2014, the details of the Company's other operating income and expenses are as follows:

	1 January-31 December 2015	1 January-31 December 2014
Other operating income		
Foreign exchange gains	32,168	9
Other income and profits	1,491	3,232
	33,659	3,241

	1 January- 31 December 2015	1 January-31 December 2014
Other operating expenses		
Commissions paid	(77,232)	(108,462)
Foreign exchange losses	(39)	-
	(77,271)	(108,462)

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

21. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

İş Girişim Sermayesi Yatırım Ortaklığı AŞ is exempt from corporate taxes in accordance with 5th/d-3 article of Corporate Tax Law. In addition, income from venture capital activities is not subject to advance corporate tax.

With 3 sub paragraph of 15th article of Corporate Tax Law and with the decree of the Council of Ministers, the income arises from venture capital investment company will be subject to 0% withholding tax.

There are not any deferred tax assets or liabilities (31 December 2014: None).

22. EARNINGS PER SHARE

	1 January- 31 December 2015	1 January- 31 December 2014
Earnings per share		
Weighted average number of shares available during the period (full amount)	74,652,480	74,652,480
Total	74,652,480	74,652,480
Net profit for the year	772,649	14,597,568
Basic and diluted earnings per share (TL 1 nominal value)	0.01035	0.19554

23. EFFECTS OF EXCHANGE RATE CHANGES

The analysis of the effects of changes in foreign exchange in 31 December 2015 and 31 December 2014 is disclosed in Note 25.

24. REPORTING IN HYPERINFLATIONARY ECONOMIES

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

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira (“TL”))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the operations will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

99% of total liabilities of the Company are comprised of shareholders equity. There is not any other significant financing resources other than share capital.

Financial risk factors

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk. The Company’s risk management program generally focuses on minimizing the effects of uncertainty in financial market on financial performance of the Company.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira (“TL”))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

	Receivables					
	<u>Trade Receivables</u>		<u>Other Receivables</u>			
	<u>Related Parties</u>	<u>Third Parties</u>	<u>Related Parties</u>	<u>Third Parties</u>	<u>Cash and Cash Equivalents (**)</u>	<u>Financial Investments (***)</u>
31 December 2015						
Maximum credit risk exposure as at report date (*)	-	-	150	1,180	11,601,238	109,788,256
-The part of maximum risk under guarantee with collateral etc.						
A. Net book value of financial assets that are neither past due nor impaired	-	-	150	1,180	11,601,238	109,788,256
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
-the part under guarantee with collateral etc.						
D. Net book value of impaired assets						
- Past due (gross carrying amount)						
- Impairment (-)						
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Elements including credit risk on off statement of financial position						

(*) Deposits and guarantees and collaterals are excluded since they are not financial assets.

(**) Cash on hand is excluded.

(***) Shares quoted to stock exchange are excluded.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira (“TL”))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

31 December 2014	Receivables					
	<u>Trade Receivables</u>		<u>Other Receivables</u>		<u>Cash and Cash Equivalents (**)</u>	<u>Financial Investments (***)</u>
	<u>Related Parties</u>	<u>Third Parties</u>	<u>Related Parties</u>	<u>Third Parties</u>		
Maximum credit risk exposure as at report date (*)	-	-	150	1,180	27,125,534	132,371,923
-The part of maximum risk under guarantee with collateral etc.						
A. Net book value of financial assets that are neither past due nor impaired	-	-	150	1,180	27,125,534	132,371,923
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
-the part under guarantee with collateral etc.						
D. Net book value of impaired assets						
- Past due (gross carrying amount)						
- Impairment (-)						
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Elements including credit risk on off statement of financial position						

(*) Deposits and guarantees and collaterals are excluded since they are not financial assets.

(**) Cash on hand is excluded.

(***) Shares quoted to stock exchange are excluded.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Liquidity risk management responsibility mainly belongs to the top management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The Company does not have any loans and uses only its shareholders equity. Investments in equity companies are financed through security portfolio or funds in time deposit. Securities in portfolio have secondary market and have high liquidity and maturity is arranged according to liquidity requirements.

The table below shows the maturity profile of Company's non-derivative financial liabilities. The non-derivative financial instruments is presented on an undiscounted cash flow basis and according to the earliest date of the payments required to be done.

31 December 2015

Contractual maturity	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Trade payables	3,763	3,763	3,763	-	-	-
Other payables (*)	505,560	505,560	505,560	-	-	-
Total Liabilities	509,323	509,323	509,323	-	-	-

(*)Taxes and other duties payables are excluded from other short term payables.

31 December 2014

Contractual maturities	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Trade payables	503,114	503,114	503,114	-	-	-
Other payables (*)	178,471	178,471	178,471	-	-	-
Total Liabilities	681,585	681,585	681,585	-	-	-

(*)Taxes and other duties payables are excluded from other short term payables.

Market risk management

The Company is exposed to financial risks related to foreign currency changes based on its operations.

The Company's exposure to market risks is measured in accordance with sensitivity analysis.

There has been no change in the Company's exposure to market risks or the manner which it manages and measures the risk compared to previous year.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

Transactions denominated in foreign currencies cause foreign currency fluctuations to arise.

The foreign currency denominated assets and liabilities of monetary and non-monetary items as at 31 December 2015 and 31 December 2014 are as follows:

	TL (Functional currency)	US Dollar	Euro	Other
31 December 2015				
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	-	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	-	-	-	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	-	-	-	-
10. Trade Payables	-	-	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	(495,098)	(126,095)	(40,425)	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	(495,098)	(126,095)	(40,425)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	(495,098)	(126,095)	(40,425)	-
19. Off balance sheet derivatives net asset/liability position (19a-19b)	-	-	-	-
19a. Active off balance sheet derivative(foreign currency)	-	-	-	-
19b. Passive off balance sheet derivative(foreign currency)	-	-	-	-
20. Net foreign currency asset liability position	(495,098)	(126,095)	(40,425)	-
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(495,098)	(126,095)	(40,425)	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-
24. Hedged portion of foreign currency liabilities	-	-	-	-
23. Export	-	-	-	-
24. Import	-	-	-	-

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

31 December 2014	TL (Functional currency)	US Dollar	Euro	Other
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	-	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	-	-	-	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	-	-	-	-
10. Trade Payables	-	-	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	(119,433)	(49,265)	(1,838)	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	(119,433)	(49,265)	(1,838)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	(119,433)	(49,265)	(1,838)	-
19. Off balance sheet derivatives net asset/liability position (19a-19b)	-	-	-	-
19a. Active off balance sheet derivative(foreign currency)	-	-	-	-
19b. Passive off balance sheet derivative(foreign currency)	-	-	-	-
20. Net foreign currency asset liability position	(119,433)	(49,265)	(1,838)	-
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a))	(119,433)	(49,265)	(1,838)	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-
24. Hedged portion of foreign currency liabilities	-	-	-	-
23. Export	-	-	-	-
24. Import	-	-	-	-

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira ("TL"))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis

The Company is mainly exposed to foreign currency risks in US Dollar and Euro.

The following table shows the Company's sensitivity to a 10% increase and decrease in US Dollar and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

31 December 2015				
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the U.S. Dollar				
1 - US Dollar net asset / liability	(36,665)	36,665	-	-
2- Portion secured from US Dollar (-)	-	-	-	-
3- US Dollar net effect (1 +2)	(36,665)	36,665	-	-
10% appreciation / depreciation of TL against Euro				
4 - Euro net asset / liability	(12,845)	12,845	-	-
5 - Portion secured from Euro (-)	-	-	-	-
6 - Euro net effect (4+5)	(12,845)	12,845	-	-
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset / liability	-	-	-	-
8- Portion secured from other currency (-)	-	-	-	-
9- Other currency net effect (7+8)			-	-
TOTAL (3 + 6 +9)	(49,510)	49,510	-	-

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis

31 December 2014				
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the U.S. Dollar				
1 - US Dollar net asset / liability	(11,424)	11,424	-	-
2- Portion secured from US Dollar (-)	-	-	-	-
3- US Dollar net effect (1 +2)	(11,424)	11,424	-	-
10% appreciation / depreciation of TL against Euro				
4 - Euro net asset / liability	(519)	519	-	-
5 - Portion secured from Euro (-)	-	-	-	-
6 - Euro net effect (4+5)	(519)	519	-	-
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset / liability	-	-	-	-
8- Portion secured from other currency (-)	-	-	-	-
9- Other currency net effect (7+8)	(11,943)	11,943	-	-
TOTAL (3 + 6 +9)	(11,943)	11,943	-	-

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.**NOTES TO THE FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts are expressed in Turkish Lira ("TL"))

25. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)***Interest rate risk***

Changes in market interest rates causing fluctuations in the prices of financial instruments of the Company's interest rate risk leads to the necessity to deal with.

Interest positions at the end of the reporting period are as follows:

Interest Position Table

	31 December 2015	31 December 2014
Fixed interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	47,479,668	56,411,137
Time deposits	10,299,700	20,381,564
Takasbank money market receivables	1,300,543	-
	59,079,911	76,792,701
Floating interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	29,579,563	43,858,273
Financial assets held to maturity	10,011,350	10,006,300
	39,590,913	53,864,573

Fixed and variable income securities that are classified as designated at fair value through profit and loss in the Company's statement of financial position are exposed to price risk depending on interest rate changes. As at 31 December 2015 and 31 December 2014 according to the analysis that the Company calculated, effect on fixed and variable income securities' market value and the Company's net profit/loss, under the assumption that all other variables remain constant, in the case of 1% interest rate increase or decrease of TL denominated securities and Eurobonds, presented below:

31 December 2015

Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	% 1	Increase	(1,506,251)
		Decrease	1,710,992

31 December 2014

Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	% 1	Increase	(1,947,205)
		Decrease	2,047,805

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira (“TL”))

25. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Other price risks

The Company’s portfolio in equities and mutual funds, which are publicly traded, is exposed to price risk.

According to the statement of financial position as at 31 December 2015, in case of 10% increase/decrease, if all the other variables remain constant, in the value of stock investment that are in the Company's portfolio, with the effect of equity investment designated at fair value through profit or loss and stock-indexed investment fund, net profit would be TL 472,371 (31 December 2014: TL 539,853) lower/higher.

According to the statement of financial position as at 31 December 2015, in case of 1% increase/decrease, if all the other variables remain constant, in the value of investment fund that are in the Company's portfolio, with the effect of investment funds designated at fair value through profit or loss, net profit would be TL 227,177 (31 December 2014: TL 288,391) lower/higher.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in Turkish Lira (“TL”))

26. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

31 December 2015	Financial assets measured with effective interest method	Loans and receivables	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying Amount	Fair Value	Note
<u>Financial assets</u>							
Cash and cash equivalents	11,601,590	-	-	-	11,601,590	11,601,590	5
Financial investments	10,011,350	-	236,360,387	-	246,371,737	246,371,737	6
<u>Financial liabilities</u>							
Trade payables	-	-	-	3,763	3,763	3,763	7
Other financial liabilities (*)	-	-	-	505,560	505,560	505,560	8-15
31 December 2014	Financial assets measured with effective interest method	Loans and receivables	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying Amount	Fair Value	Note
<u>Financial assets</u>							
Cash and cash equivalents	20,382,855	-	6,742,837	-	27,125,692	27,125,692	5
Financial investments	10,006,300	-	230,829,959	-	240,836,259	240,836,259	6
<u>Financial liabilities</u>							
Trade payables	-	-	-	503,114	503,114	503,114	7
Other financial liabilities (*)	-	-	-	178,471	178,471	178,471	8-15

(*)Taxes and other duties payables are excluded from other liabilities.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015 (Amounts are expressed in Turkish Lira ("TL"))

26. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (continued)

Fair value of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Classification of fair values of financial assets and liabilities are as follows:

Financial assets	31 December 2015	Fair value hierarchy at the end of the reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial asset at fair value through profit or loss	236,360,387	104,500,617	-	131,859,770
Cash and cash equivalents				
Takasbank money market	1,300,543	1,300,543	-	-
Total	237,660,930	105,801,160	-	131,859,770

Financial assets	31 December 2014	Fair value hierarchy at the end of the reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial asset at fair value through profit or loss	230,829,959	127,764,150	-	103,065,809
Cash and cash equivalents				
(B type liquid funds)	6,742,837	6,742,837	-	-
Total	237,572,796	134,506,987	-	103,065,809

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL"))

26. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (continued)

The movement of fair values in Level 3 are as follows:

	Subsidiaries and associates
Balance as of 1 January 2015	103,065,809
Acquisitions	10,350,000
Disposals	(1,850,400)
Capital increase	25,000,000
Gain/(loss) included in revenue	
- Changes in the fair value	(4,705,639)
Balance as of 31 December 2015	131,859,770

Valuation methods of the fair values for Level 3 are presented in the Note 2.5 and 6.

27. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED TO BE EXPLAINED FOR CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

The Company has disposed part of its shares in Radore Veri Merkezi Hizmetleri A.Ş. which is 3% of Radore's share capital, to Mustafa Selçuk Saraç in return for USD 946,000 (TL 2,606,325) on 29 July 2015.

The Company has acquired the shares representing 20% of the paid-in capital of Tatil Budur from its shareholders Ahmet Kara, Beşir Kara, Çetin Yılmaz, Timuçin Kuş, Gencer Öztürk and Derya Bülent Kuş on 6 November 2015 in return for a purchase price which is to be determined by share price adjustment mechanisms stated on the purchase contract. The Company has acquired 20% shareholding in Tatil Budur in return for TL 11.5 million, with a reservation for adjustment in the purchase price depending on the actual net financial liability at the closing date, the level of the net working capital and the level of the total gross profit in the last 12 months ended on 30 September 2015. TL 10.35 million of the final purchase price to be determined through above parameters has been paid to the above shareholders at the closing date in cash and the remaining balance which is to be determined based on the 12-month financial statements of Tatil Budur as at 30 September 2015 will be paid later.

The Company has participated in the paid-in capital increase of its subsidiary Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro") whose paid-in capital was TL 5,319,150 formerly, by the rate of 312.50% and by the nominal amount of TL 16,622,344 on 11 December 2015. Paid-in capital increase has been conducted through rights issue. With the transactions on 11 December 2015, 17 December 2015 and 29 December 2015, a total of TL 25,000,000 has been paid to Ortopro.

28. EVENTS AFTER THE REPORTING PERIOD

There are no events after reporting period.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO BORROWINGS AND TOTAL EXPENSE

	Financial Statement Captions	Regulations	31.12.2015 (TL)	31.12.2014 (TL)
A	Monetary and Capital Market Instruments	Article 20/1-(b)	116,102,207	154,889,842
B	Private Equity Investments	Article 20/1-(a)	141,871,120	113,072,109
C	Subsidiaries in Portfolio Management and Advisory Companies	Article 20/1-(d) and (e)	-	--
D	Other Assets		960,920	1,162,526
E	Total Assets	Article 3/1-(a)	258,934,247	269,124,477
F	Financial Borrowings	Article 29	-	--
G	Provisions, Contingent Assets and Liabilities	Article 20/2-(a)	-	--
H	Equity		255,106,341	264,411,777
I	Other Liabilities		3,827,906	4,712,700
E	Total Liabilities and Equity	Article 3/1-(a)	258,934,247	269,124,477
	Other Financial Information	Regulations	31.12.2015 (TL)	31.12.2014 (TL)
	Investments in Financial Market Instruments	Article 20/1-(b)		
	1. Financial Market Instruments			
	A- Government Bonds		105,801,160	134,506,987
	TRT010420T19		1,622,790	1,607,310
	TRT060121T16		25,978,536	26,723,880
	TRT110215T16		-	7,827,146
	B- Private Sector Bonds		49,457,905	64,111,074
	Akbank T.A.Ş.		-	3,618,000
	Akfen Holding A.Ş.		675,987	672,035
	Aksa Holding A.Ş.		2,549,200	-
	Bank Pozitif Kredi ve Kalkınma Bankası A.Ş.		2,000,000	4,461,621
	Creditwest Faktoring A.Ş.		8,464,018	7,612,940
	Ereğli Demir Çelik Fab. A.Ş.		-	3,092,310
	İş Faktoring A.Ş.		3,436,178	978,670
	İş Finansal Kiralama A.Ş.		12,103,517	13,427,990
	İş Gayrimenkul Yatırım Ortaklığı A.Ş.		2,604,160	2,593,111
	İş Yatırım Menkul Değerler A.Ş.		973,770	2,634,520
	Karsan Otomotiv San. ve Tic A.Ş.		509,860	512,875
	Koç Fiat Finansman A.Ş.		-	3,114,990
	Mercedes-Benz Finansman Türk A.Ş.		-	3,582,653
	Orfin Finansman A.Ş.		9,009,000	9,063,000
	Rönesans Holding A.Ş.		2,560,700	8,746,359
	Tiryaki Agro Gıda Sanayi ve Tic. A.Ş.		2,532,475	--
	Timur Gayrimenkul A.Ş.		2,039,040	--
	C- Reverse Repo		1,300,543	--
	D- Investment Funds		22,717,675	28,839,050
	Kare Yatırım B Type Short Term Bond and Bills Fund		-	754,783
	İş Yatırım Bosphorus Capital B Type Short Term. Bond and Bills Fund		-	5,988,053
	İş Portföy Second Share Fund		3,733,619	4,141,425
	İş Yatırım Ark Hedge Fund		2,428,790	2,903,360
	İş Yatırım Bosphorus Capital Fixed Return Hedge Fund		3,642,276	3,185,700
	İş Yatırım Bosphorus Capital B Type Variable Fund		-	3,034,195
	İş Yatırım Bosphorus Capital Absolute Return Hedge Fund		2,138,981	1,623,861
	İş Yatırım Logos B Type Fixed Income Bond and Bills Fund		3,155,360	3,065,969
	İş Yatırım Logos Dynamic Hedge Fund		1,340,307	1,274,498
	Azimet PYS the Second Debt Securities Fund		2,790,494	2,515,383
	İş Yatırım Taaleri B Type Variable Fund		368,205	351,823
	İş Portföy Hedef Fund		3,119,641	--
	E- Stocks		4,723,711	5,398,527
	İş Yatırım Ortaklığı A.Ş.		4,723,711	5,398,527
A1				
A2	TL and FX Denominated Term-Demand Deposits / Private Current - Sharing Account	Article 20/1-(b)	10,301,047	20,382,856
B1	Collective Investment Institutions Established Abroad	Article 21/3-(c)	-	--
B2	Combination of Debt and Equity Financing	Article 21/3-(f)	-	--
B3	Non-Listed Shares of Publicly Traded Private Equity Companies	Article 21/3-(e)	-	--
B4	Special Purpose Company	Article 21/3-(g)	-	--
C1	Participation in Portfolio Management Company	Article 20/1-(e)	-	--
C2	Participation in Consulting Company	Article 20/1-(d)	-	--
F1	Short-Term Loans	Article 29/1	-	--
F2	Long-Term Loans	Article 29/1	-	--
F3	Short-Term Borrowing Instruments	Article 29/1	-	--
F4	Long-Term Borrowing Instruments	Article 29/1	-	--
F5	Other Short-Term Financial Borrowings	Article 29/1	-	--
F6	Other Long-Term Financial Borrowings	Article 29/1	-	--
G1	Pledged	Article 20/2-(a)	-	--
G2	Collateral	Article 20/2-(a)	-	--
G3	Mortgages	Article 20/1-(a)	-	--
I	Outsourced Services Expenses	Article 26/1	2,878,630	2,284,813

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira (“TL”))

	Portfolio Restrictions (*)	Regulations	31.12.2015	31.12.2014	Min. /Max. Rate
1	Monetary and Capital Market Instruments	Article 22/1- (b)	44.84	57.55	≤%65
2	Financial Market Instruments	Article 22/1- (c)	40.86	49.98	
	A- Government Bonds		10.66	13.44	
	TRT010420T19		0.63	0.60	≤ %10
	TRT060121T16		10.03	9.93	≤ %10
	TRT110215T16		-	2.91	≤ %10
	B- Private Sector Bonds		19.10	23.82	
	Akbank		-	1.34	≤ %10
	Akfen Holding A.Ş.		0.26	0.25	≤ %10
	Aksa Holding A.Ş.		0.98	-	
	Bank Pozitif Kredi ve Kalkınma Bankası A.Ş.		0.77	1.66	≤ %10
	Creditwest Faktoring A.Ş.		3.27	2.83	≤ %10
	Ereğli Demir Çelik Fab. A.Ş.		-	1.15	≤ %10
	İş Faktoring A.Ş.		1.33	0.36	≤ %10
	İş Finansal Kiralama A.Ş.		4.67	4.99	≤ %10
	İş Gayrimenkul Yatırım Ortaklığı A.Ş.		1.01	0.96	≤ %10
	İş Yatırım Menkul Değerler A.Ş.		0.38	0.98	≤ %10
	Karsan Otomotiv San. ve Tic A.Ş.		0.20	0.19	≤ %10
	Koç Fiat Finansman A.Ş.		-	1.16	≤ %10
	Mercedes-Benz Finansman Türk A.Ş.		-	1.33	≤ %10
	Orfin Finansman A.Ş.		3.48	3.37	≤ %10
	Rönesans Holding A.Ş.		0.99	3.25	≤ %10
	Tiryaki Agro Gıda Sanayi ve Tic. A.Ş.		0.98	--	≤ %10
	Timur Gayrimenkul A.Ş.		0.79	--	≤ %10
	C- Reverse Repo		0.50	--	≤ %10
	D- Investment Funds		8.77	10.72	
	Kare Yatırım B Type Short Term Bond and Bills Fund		-	0.28	≤ %10
	İş Yatırım Bosphorus Capital B Type Short Term. Bond Bills Fund		-	2.23	≤ %10
	Azimet PYŞ Short-Term Debt Securities Fund		1.44	1.54	≤ %10
	İstanbul Portföy Ark Hedge Fund		0.94	1.08	≤ %10
	Azimet PYŞ First Hedge Fund		1.41	1.18	≤ %10
	Azimet PYŞ Fourth Variable Fund		-	1.13	≤ %10
	Azimet PYŞ Targeted Absolute Return Hedge Fund		0.83	0.60	≤ %10
	Logos B Type Fixed Income Bond and Bills Fund		1.22	1.14	≤ %10
	Logos Dynamic Hedge Fund		0.52	0.47	≤ %10
	Azimet PYŞ the Second Debt Securities Fund		1.08	0.93	≤ %10
	Taaleri B Type Variable Fund		0.14	0.13	≤ %10
	İş Portföy Hedef Fund		1.20	--	≤ %10
	E- Stocks		1.82	2.01	≤ %10
	İş Yatırım Ortaklığı A.Ş.		1.82	2.01	≤ %10
3	Private Equity Investments	Article 22/1- (b)/(ğ)	54.79	42.01	≥%35
4	Participation in Portfolio Management Company	Article 22/1- (ç)	-	--	≤ %10
5	Collective Investment Institutions Established Abroad	Article 22/1- (e)	-	--	≤ % 49
6	Combination of Debt and Equity Financing	Article 22/1- (h)	-	--	≤ %25
7	Non-Listed Shares of Publicly Traded Private Equity Companies	Article 22/1- (f)	-	--	≤ %25
8	TL and FX Denominated Term-Demand Deposits / Private Current - Sharing Account (*)	Article 22/1- (ı)	3.98	7.57	≤ %20
9	Face Values Of Short-Term Borrowings and Debt Instruments (*)	Article 29	-	--	≤ %50
10	Face Values Of Long-Term Borrowings and Debt Instruments	Article 29	-	--	≤ %200
11	Pledged, Collateral and Mortgages	Article 22/1- (d)	-	--	≤ %10
12	Outsourced Services Expenses	Article 26/1	1.11	0.85	≤ %2,5

*According to 22(g). Clause of the Venture Capital Investment Trusts Basis Communiqué, since the amount of investments made to the venture companies that are suitable for small and medium size enterprises requirements exceeds the 5% of the total assets, 51% rated portfolio limitation is applied as 35% instead.