

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

Financial Statements and
Independent Auditor's Report
as of 31 December 2014

*(Translated into English from the
Original Turkish Report)*

(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Garanti Yatırım Ortaklığı A.Ş.**

Report on the Financial Statements

We have audited the accompanying financial statements of Garanti Yatırım Ortaklığı A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by Public Oversight Accounting and Auditing Standards Authority ("POA"). 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 the auditor's 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, the auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Opinion

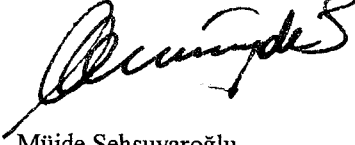
In our opinion, the financial statements present fairly, in all material respects, the financial position of Garanti Yatırım Ortaklığı A.Ş. as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2014 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting. In accordance with paragraph four of Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 2 February 2015.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Müjde Şehsuvaroğlu
Partner

İstanbul, 2 February 2015

CONTENTS	SAYFA
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF PROFIT AND LOSS.....	2
OTHER COMPREHENSIVE INCOME.....	3
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.....	4
STATEMENT OF CASH FLOWS	5
EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS	6-36
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS.....	6
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	6-18
NOTE 3 CASH AND CASH EQUIVALENTS	19
NOTE 4 FINANCIAL ASSETS.....	19-20
NOTE 5 TRADE RECEIVABLES AND PAYABLES	20
NOTE 6 OTHER RECEIVABLES AND PAYABLES	20
NOTE 7 OTHER CURRENT ASSETS	20
NOTE 8 PROPERTY, PLANT AND EQUIPMENT	21
NOTE 9 INTANGIBLE ASSETS.....	22
NOTE 10 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	22
NOTE 11 PROVISIONS FOR EMPLOYEE BENEFITS	23-24
NOTE 12 SHAREHOLDERS' EQUITY	25
NOTE 13 REVENUE	26
NOTE 14 MARKETING AND GENERAL ADMINISTRATIVE EXPENSES	26
NOTE 15 EXPENSES BY NATURE.....	27
NOTE 16 OTHER INCOME.....	28
NOTE 17 OTHER EXPENSE.....	28
NOTE 18 EARNINGS PER SHARE	28
NOTE 19 BALANCES AND TRANSACTIONS WITH RELATED PARTIES.....	29-30
NOTE 20 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	31-35
NOTE 21 FINANCIAL INSTRUMENTS	35-36
NOTE 22 SUBSEQUENT EVENTS	36
NOTE 23 DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE.....	36

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Current Period 31 December 2014	Prior Period 31 December 2013
ASSETS			
Current Assets		36.194.357	34.431.211
Cash and cash equivalents	3	4.711.226	3.744.037
Financial assets	4	31.109.426	28.590.277
Trade receivables	5	182.209	2.973
Due from related parties	19	396	671
Other		181.813	2.302
Other Receivables	6	183.397	1.915.947
Due from related parties			
Other		183.397	1.915.947
Derivatives		-	174.625
Prepaid expenses		8.075	3.328
Other current assets	7	24	24
Non-Current Assets		102.220	160.767
Property, plant and equipment	8	89.038	146.214
Intangible assets	9	13.182	14.553
TOTAL ASSETS		36.296.577	34.591.978
LIABILITIES			
Current Liabilities		202.064	259.739
Trade payables	5	45.103	60.072
Trade payables to related parties	19	26.925	38.994
Other trade payables		18.178	21.078
Other Payables	6	109.833	86.664
Other payables to non-related payables		101.192	86.664
Other payables to related payables		8.641	-
Derivatives		15.750	-
Allowances		31.378	113.003
Current provisions for employee benefits	11	16.797	15.688
Other short term provisions	10	14.581	97.315
Non-Current Liabilities		129.165	119.000
Long term provisions			
Non-current provisions for employee benefits	11	129.165	119.000
SHAREHOLDERS' EQUITY		35.965.348	34.213.239
Paid-in capital	12	32.000.000	32.000.000
Premiums / Discounts related with shares		-	14.791
Other comprehensive income not to reclassified to profit or loss	11	(30.317)	(21.582)
Other gain/losses		(30.317)	(21.582)
Restricted reserves appropriated from profit	12	382.399	926.217
Retained earnings	12	1.652.422	352.517
Net income/(loss) for the period		1.960.844	941.296
TOTAL LIABILITIES		36.296.577	34.591.978

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

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF PROFIT OR LOSS	Note	Current Period 1 January - 31 December 2014	Prior Period 1 January - 31 December 2013
Revenue	13	78.634.354	112.308.024
Cost of sales (-)	13	(74.409.378)	(108.999.556)
GROSS PROFIT		4.224.976	3.308.468
General Administrative Expenses (-)	14	(1.967.716)	(1.919.027)
Marketing Expenses (-)	14	(385.926)	(452.351)
Other Incomes From Main Operations	16	98.674	15.813
Other Expenses From Main Operations (-)	17	(9.164)	(11.607)
OPERATING INCOME/(LOSS)		1.960.844	941.296
Income From Investing Activities		-	-
Expense From Investment Activities (-)		-	-
OPERATING INCOME / (LOSS) BEFORE FINANCE EXPENSES		1.960.844	941.296
Finance Expenses (-)		-	-
INCOME/(LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS		1.960.844	941.296
Current Tax Benefit / (Charge)		-	-
Deferred Tax Benefit / (Charge)		-	-
INCOME/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS		1.960.844	941.296
INCOME/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
NET INCOME/LOSS FOR THE YEAR		1.960.844	941.296
Earnings per share	18	0,061276	0,029416

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

GARANTİ YATIRIM ORTAKLIĞI A.Ş.**AUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2014**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Current Period	Prior Period
	1 January -	1 January -
	31 December	31 December
Note	2014	2013
Other comprehensive income/(loss)	1.960.844	941.296
Other comprehensive income:		
Other comprehensive income not to reclassified to profit or loss	(8.735)	(21.582)
Other gain/losses	11 (8.735)	(21.582)
Other comprehensive income will be reclassified to profit or loss	-	-
OTHER COMPREHENSIVE INCOME/(LOSS)	(8.735)	(21.582)
TOTAL COMPREHENSIVE INCOME	1.952.109	919.714

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

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Paid-in Capital	Premiums / Discounts related with shares	Other Gain/Losses	Restricted Reserves Appropriated from Profit	Net Profit/Loss For The Year	Retained Earnings/(Loss)	Total	Accumulated Profit	
									Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	
Balances as of 1 January 2013		30.000.000	14.791	-	753.008	4.101.730	(501.004)	34.368.525		
Transfers to retained earnings/(losses)		-	-	-	-	(4.101.730)	4.101.730	-		
Capital increase		2.000.000	-	-	-	-	(2.000.000)	-		
Transfers to legal reserves		-	-	-	173.209	-	(173.209)	-		
Total comprehensive profit/(loss)		-	-	(21.582)	-	941.296	-	919.714		
Dividend payment	12	-	-	-	-	-	(1.075.000)	(1.075.000)		
Balances as of 31 December 2013		32.000.000	14.791	(21.582)	926.217	941.296	352.517	34.213.239		
Balances as of 1 January 2014		32.000.000	14.791	(21.582)	926.217	941.296	352.517	34.213.239		
Transfers to retained earnings/(losses)		-	-	-	-	(941.296)	941.296	-		
Transfers to legal reserves		-	-	-	78.942	-	(78.942)	-		
Transfers from legal reserves to retained earnings		-	(14.791)	-	(622.760)	-	637.551	-		
Total comprehensive profit/(loss)	12	-	-	(8.735)	-	1.960.844	-	1.952.109		
Dividend payment	12	-	-	-	-	-	(200.000)	(200.000)		
Balances as of 31 December 2014		32.000.000	-	(30.317)	382.399	1.960.844	1.652.422	35.965.348		

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

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	<u>Note</u>	<u>Current Period</u> <u>1 January-</u> <u>31 December 2014</u>	<u>Prior Period</u> <u>1 January -</u> <u>31 December 2013</u>
A. Cash flows from operating activities			
Net profit/(loss) for the period		1.960.844	941.296
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities:			
Depreciation and amortization charges	8-9	60.831	61.573
Fair Value Gain / Loss		(542.856)	(34.105)
Interest income/loss		(1.681.302)	(1.049.100)
Dividend income		(222.234)	(403.842)
Provisions	10,11	(66.389)	20.289
Change in working capital:			
Change in trade receivables		(179.236)	(296)
Change in financial assets		(1.976.293)	2.678.969
Change in other receivables		1.732.550	97.535
Change in trade payables		(14.969)	19.437
Change in other payables		23.169	47.640
Other changes in working capital		185.629	(14.947)
Net cash flows (used in)/provided from operating activities			
Dividend received		222.234	403.842
Employee benefits paid	11	(13.806)	-
Interest received		1.680.728	1.048.527
Net cash (used in) / provided from operating activities			
		<u>1.168.900</u>	<u>3.816.818</u>
B. Cash flows from investing activities:			
Purchases of property, plant ,equipment and intangible assets	8-9	(2.284)	(14.767)
Net cash (used in)/provided from investing activities			
		<u>(2.284)</u>	<u>(14.767)</u>
C. Cash flows from financing activities:			
Dividend payment	12	(200.000)	(1.075.000)
Net cash provided from/(used in) financing activities			
		<u>(200.000)</u>	<u>(1.075.000)</u>
Net increase/(decrease) in cash and cash equivalents A+B+C)			
		966.616	2.727.051
D. Cash and cash equivalents at the beginning of the period			
		3.743.320	1.016.269
Cash and cash equivalents at the end of the period (A+B+C+D)			
	3	<u>4.709.936</u>	<u>3.743.320</u>

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

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

1. ORGANIZATION AND NATURE OF OPERATIONS

Garanti Yatırım Ortaklığı A.Ş. (The "Company") was registered on 9 July 1996 with a capital of TL 250.000 in Istanbul. The purpose of the Company is to operate of portfolio with the relevant legislation within the framework of the principles and rules defined in the partnership purchased securities of capital and management but not of capital market instruments with national and international stock exchanges or traded off-exchange markets organized by gold and other precious metals.

Within in the purpose of the Company;

- a) Creates partnership portfolio, manages and makes changes in portfolio as needed,
- b) With in the variation of the portfolio, it distributes investment risk in a manner that minimizes the release, according to the business segment and partnership status,
- c) Continuously monitors developments in the securities, financial markets, institutions and partnership,
- d) Makes researches to protect and increase the value of the portfolio.

The Company operates its activities in a single geographical division (Turkey) and one industrial sector (creating partnership portfolio). Company's shares are offered to the public (80%) in November 1996, and 96,697% of the shares are traded in Borsa Istanbul (BIST) as of December, 2014.

The Company is registered in İstanbul and the total number of personnel employed in the Company as of 30 December 2014 is 7 (31 December 2013: 7). The head Office of Company is registered in "Doğuş Grubu Merkez Binası, Huzur Mahallesi Maslak Ayazağa Cad. No:2 34396 – Sarıyer, İstanbul, Türkiye".

The financial statements for the period ended 31 December 2014 have been approved by the Board of Directors on 2 February 2015. General Assembly and specific regulatory institutions have the power to amend the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of Presentation

Statement of Compliance:

The Company and its subsidiaries maintain and prepare their books of account and prepare their Statutory Financial Statements based on the Turkish Commercial Code (the "TCC"), tax legislation.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No: 28676 on June 13, 2013. The accompanying financial statements are prepared on the Turkish Accounting Standards / Turkish Financial Reporting and interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements and its notes are presented in accordance with the format requirements as announced by the CMB's statement on June 7, 2013.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.1. Basis of Presentation (cont’d)

Statement of Compliance: (cont’d)

Financial statements are prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Determining the historical value is based on the fair value of the amount that is paid for assets.

Functional Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in TL, which is the functional and presentation currency of the Company.

Financial reporting in hyperinflationary periods

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

Comparative Figures and the reclassification to the financial statements of the prior period

Financial statements have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

2.2. Changes in Accounting Policies

There are no significant changes in accounting policies during current period.

2.3. Changes in Accounting Estimates and Errors

There are no significant estimates in accounting policies during current period.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.4. New and Revised Turkish Accounting Standards

The following amendments to TFRSs have been applied in current year and have affected the amounts reported in these financial statements.

a) Amendments in TASs affecting the notes and amounts in the financial statements

None.

b) 2014 New and Revised TASs applied with no material effect on the financial statements

Amendments to TFRS 10, 11, TAS 27	<i>Investment Entities¹</i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
TFRS Interpretation 21	<i>Levies¹</i>
TAS 21 (Amendments)	<i>The Effects of Changes in Foreign Exchange Rates²</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective beginning on or after 12 November 2014.

Amendments to TFRS 10, 11, TAS 27 *Investment Entities*

This amendment with the additional provisions of TFRS 10 provide ‘investment entities’ (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

Amendments to TAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of TFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.4. New and Revised Turkish Accounting Standards(cont’d)

b) 2014 New and Revised TASs applied with no material effect on the financial statements (cont’d)

Amendments to TAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

IFRS Interpretation 21 *Levies*

IFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

TAS 21 (Amendments) *The Effects of Changes in Foreign Exchange Rates*

Clause (b) of Paragraph 39 of TAS 21 *Effects of Changes in Foreign Exchange Rates* has been amended as below:

“(b) Income and expenses for each statement of comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions.”

c) New and revised TASs in issue but not yet effective

The Company has not applied the following new and revised that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions¹</i>
Annual Improvements to 2010-2012 Cycle	<i>IFRS 2, IFRS 3, IFRS 8, IFRS 13, TAS 16 ve TAS 38, TAS 24, IFRS 9, TAS 37, TAS 39¹</i>
Annual Improvements to 2011-2013 Cycle	<i>IFRS 3, IFRS 13, TAS 40¹</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation²</i>
TAS 16 and TAS 41 (Amendments) and TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (Amendments)	<i>Agriculture: Bearer Plants²</i>
IFRS 11 and IFRS 1 (Amendments)	<i>Accounting for Acquisition of Interests in Joint operations²</i>

¹ Effective for annual periods beginning on or after 30 June 2014.

² Effective for annual periods beginning on or after 31 December 2015

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4. New and Revised Turkish Accounting Standards(cont'd)

c) New and revised TASs in issue but not yet effective

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018. The amendment has not been published by POA, yet.

Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.

TMS 16 ve TMS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TMS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.4. New and Revised Turkish Accounting Standards(cont’d)

c) New and revised TASs in issue but not yet effective

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property..

Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41, TAS 1, TAS 17 , TAS 23, TAS 36, TAS 40 Agriculture: Bearer Plants

This amendment include “bearer plants” within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

These amendments on TAS 16 and TAS 41 caused revisions on related parts of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TFRSs, except for those principles that conflict with the guidance in TFRS 11
- disclose the information required by TFRS 3 and other TFRSs for business combinations.

This amendment on TFRS 11 caused revisions on related parts of TFRS 1.

The Company evaluates the effects of these standards on the financial statements.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5. Summary Of Significant Accounting Policies

Revenue recognition

The Company records income from sales of securities in its portfolio when the sales are conducted and the dividends and other incomes are recognized, when it can be collected at at maturity

Interest income and expenses are recognised in the income statement of the period to which they relate on an accrual basis. Interest income includes coupons interests earned on fixed income securities, interest arising on reverse repo transaction and interests of futures collaterals. Fee and commission expense are recorded at the time of service rendered or the payment made.

Tangible assets

Tangible assets are carried at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalised. Other subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in the income statement as an expense as incurred.

Depreciation

Estimated useful lives of property, plant and equipment are as follows:

Furniture and fixtures	3-5 year
Vehicle	5 year

Tangible assets are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

Intangible assets

Intangible assets comprise the website rights, The website rights are carried at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 15 years from the date of acquisition.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4. Summary Of Significant Accounting Policies (cont'd)

Financial Instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. 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 held for trading unless they are designated as hedges.

Held-to-maturity investments

The company does not have held to maturity investment

Available-for-sale financial assets

The company does not have available for sale financial assets.

Satım ve geri alım anlaşmaları

Geri satmak kaydıyla alınan menkul kıymetler ("ters repo"), satış ve geri alış fiyatı arasındaki farkın iç iskonto oranı yöntemine göre döneme isabet eden kısmının ters repoların maliyetine eklenmesi suretiyle nakit ve nakit benzerleri hesabına ters repo işlemlerinden alacakları olarak kaydedilir.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary Of Significant Accounting Policies (cont'd)

Financial Instruments(cont'd)

Financial assets(cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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 affected. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's 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. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are 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.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.5. Summary Of Significant Accounting Policies (cont’d)

Financial Instruments(cont’d)

Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

The Company does not have financial liabilities at FVTPL

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

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

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 through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Business Combinations

None.

Effects of Changes in Exchange Rates

The individual financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in profit or loss in the period.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.5. Summary Of Significant Accounting Policies (cont’d)

Earnings per share

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (6).

Subsequent Events

Events after balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after balance sheet date occurred subsequent to an announcement on the profit or following any financial information disclosed to public.

If there is evidence of such events as at the statement of financial position or if such events occur after the statement of financial position date and if adjustments are necessary, Company’s financial statements are adjusted according to the new situation.

Provisions, Contingent Assets and Liabilities

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

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

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

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

Segment Reporting

The Company does not have various operations or geographical regions requiring segment reporting.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.5. Summary Of Significant Accounting Policies (cont’d)

Construction contracts

None.

Discontinued operations

None.

Government Grants and Incentives

None.

Investment property

None.

Income Taxes

Portfolio management earnings of securities investment trusts and funds are exempt from corporate tax under Paragraph 1(d) of Article 5 Corporate Tax Law No: 5520, which was issued on 21 June 2006 as effective from 1 January 2006. The exemption also applies for pre-paid corporate tax.

In accordance with Paragraph (3) of Article 15 of the Law, irrespective of subject to any distribution, 15% of tax deduction is applied to the related portfolio management earnings of securities investment funds. The deduction rate is applied as nil upon the Council of Ministers’ resolution no: 2009/14594.

Paragraph (8) of Article 34 of Corporate Tax Law allows securities investment funds to offset their tax amounts deducted in the process of portfolio management transactions as required in Article 15 against the corporate tax deduction to be applied within their own entities as required in Paragraph (3) of Article 15 of the Law, to the extent that taxes are paid to their respective tax administration by the tax authorities, and to refund their non-deductible taxes upon the application to be filed to the related tax authorities.

In accordance with the appended Law No: 5527 to Income Tax Law No: 193, which is applicable in between 1 January 2006 and 31 December 2015 as per Law No: 5281, and Paragraph1 of the Amended Provisional Article, proceeds and earnings of securities investment funds obtained from the trading of securities and other capital market instruments through banks and brokerage houses are not subject to any corporate tax as of 1 October 2006.

In accordance with Paragraphs (2) and (4) of the Provisional Article 67, no corporate tax or income tax is applied to the securities investment trusts and funds’ earnings that are subject to deduction in accordance with this Article.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont’d)

2.5. Summary Of Significant Accounting Policies (cont’d)

Employee Benefits / Retirement Pay Provision

Under the 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 International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The provision for employment termination benefits is calculated as the present value of future probable obligation arising from the retirement of the employees using actuarial assumptions.

The Company calculated employment benefit in accordance with the report prepared by the actuarial firm and recognized all actuarial loss and gains in the other comprehensive statement of profit or loss as of balance sheet date.

Statement of Cash Flows

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

Cash flows from operating activities reflect cash flows mainly resulting from financing loan granting activities of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Derivative Market (“VIOP”) Transaction

Pecuniary guarantee given to making transactions in VIOP are classified as other receivables.

Share Capital and Dividends

Ordinary shares are classified as capital. Dividends distributed over ordinary shares are recorded by deducting from retained earnings within the period in which they are declared.

2.6. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

None.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Demand deposits	7.883	3.195
Reverse repo receivables	4.686.290	3.730.717
Other cash equivalents	17.053	10.125
	4.711.226	3.744.037
Interest accruals on cash and cash equivalents	(1.290)	(717)
Total	4.709.936	3.743.320

As of 31 December 2014 average interest rate applied to the reverse repos are between 8,5%-10,16% and their maturities are 2 January 2014 (31 December 2013: 5,00% - 7,07% , and their maturities are 2 January 2014).

4. FINANCIAL ASSETS

	31 December 2014		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
<i>Trading securities</i>			
<i>Debt Securities</i>			
Government Bonds	18.663.929	18.899.805	18.899.805
Private Sector Bonds	9.549.644	9.771.686	9.771.686
<i>Stocks</i>			
Stocks traded on the Istanbul Stock Exchange	2.255.980	2.437.935	2.437.935
Total	30.469.553	31.109.426	31.109.426

	31 December 2013		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
<i>Trading securities</i>			
<i>Debt Securities</i>			
Government Bonds	10.803.175	10.789.292	10.789.292
Private Sector Bonds	5.819.450	5.827.323	5.827.323
<i>Stocks</i>			
Stocks traded on the Istanbul Stock Exchange	11.870.634	11.973.662	11.973.662
Total	28.493.259	28.590.277	28.590.277

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

4. FINANCIAL ASSETS (cont'd)

The Company do not hold any shares of its related parties. (31 December 2013 : The carrying value of the shares of Doğu Otomotiv A.Ş. ,s TL 365.150).

5. TRADE RECEIVABLES AND PAYABLES

	<u>31 December 2014</u>	<u>31 December 2013</u>
Trade Receivables		
Due from related parties (Note 19)	396	671
Due from sales of marketable securities	181.813	2.302
	<u>182.209</u>	<u>2.973</u>

	<u>31 December 2014</u>	<u>31 December 2013</u>
Trade Payables		
Due from related parties (Note 19)	26.925	38.994
Other	18.178	21.078
	<u>45.103</u>	<u>60.072</u>

6. OTHER RECEIVABLES AND PAYABLES

	<u>31 December 2014</u>	<u>31 December 2013</u>
Other Receivables		
Derivative market ("VIOP") guarantees	183.196	1.913.745
Due from personnel	201	2.202
	<u>183.397</u>	<u>1.915.947</u>

	<u>31 December 2014</u>	<u>31 December 2013</u>
Other Payables		
Taxes, duties and other liabilities	95.062	86.578
Other duties	14.711	86
	<u>109.833</u>	<u>86.664</u>

7. OTHER CURRENT ASSETS

	<u>31 December 2014</u>	<u>31 December 2013</u>
Other Current Assets		
Other	24	24
	<u>24</u>	<u>24</u>

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

8. PROPERTY, PLANT AND EQUIPMENT

Cost	1 January 2014	Additions	Disposals	31 December 2014
Vehicle	274.078	-	-	274.078
Furniture and fixtures	95.199	2.284	-	97.483
	369.277	2.284	-	371.561

Accumulated Depreciation	1 January 2014	Current period depreciation	Disposals	31 December 2014
Vehicle	(140.374)	(54.816)	-	(195.190)
Furniture and fixtures	(82.689)	(4.644)	-	(87.333)
	(223.063)	(59.460)	-	(282.523)
Net book value	146.214			89.038

Cost	1 January 2013	Additions	Disposals	31 December 2013
Vehicle	274.078	-	-	274.078
Furniture and fixtures	89.872	5.327	-	95.199
	363.950	5.327	-	369.277

Accumulated Depreciation	1 January 2013	Current period depreciation	Disposals	31 December 2013
Vehicle	(85.558)	(54.816)	-	(140.374)
Furniture and fixtures	(77.106)	(5.583)	-	(82.689)
	(162.664)	(60.399)	-	(223.063)
Net book value	201.286			146.214

(*) Depreciation expense is recognized in general and administrative expenses.

There are no mortgages and pledges on property, plant and equipments as of 31 December 2014 (31 Aralık 2013: None).

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

9. INTANGIBLE ASSETS

<u>Cost</u>	<u>1 January 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2014</u>
Rights	20.521	-	-	20.521
	20.521	-	-	20.521

<u>Accumulated amortization</u>	<u>1 January 2014</u>	<u>Current period amortization</u>	<u>Disposals</u>	<u>31 December 2014</u>
Rights	(5.968)	(1.371)	-	(7.339)
	(5.968)	(1.371)	-	(7.339)
Net book value	14.553			13.182

<u>Cost</u>	<u>1 January 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2013</u>
Rights	11.081	9.440	-	20.521
	11.081	9.440	-	20.521

<u>Accumulated amortization</u>	<u>1 January 2013</u>	<u>Current period amortization</u>	<u>Disposals</u>	<u>31 December 2013</u>
Rights	(4.794)	(1.174)	-	(5.968)
	(4.794)	(1.174)	-	(5.968)
Net book value	6.287			14.553

(*)Amortisation is recognized in general and administrative expenses.

10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

All companies operating in investment trust sector were investigated covering the 2003,2004,2005,2006 and 2007 account periods in terms of Banking and Insurance Transactions Tax ("BITT") by the Ministry of Finance Revenue Administration of Turkish Republic. The reports issued in accordance with results of the review of the tax assessed and penalty notices has been notified to the Company on 18 June 2008. The Company asked for a consensus. After the negotiations, a tax charge amounting to TL 173.540 and its interest amounting to TL 112.691, adding up to total TL 286.231 was paid to the Tax Office, Maslak on 17 December 2008. According to the published article 32-8 of the Law no.5838, "Retirement Investment Funds" phrase situated in the article 29/1-(t) of the Expenditure Tax Law no:6802 is changed to "Retirement Investment Funds, Securities Investment Funds Securities and Investment Trust Paragraph 8 of Article 32 of this law, following the declaration of the first day of the month, that is to say entered into force on 1 March 2009. Therefore, the Company also levied covering the years 2003-2007, taking into account based on the best estimates, January 2008 - February 2009 period, the tax provision is provided in relation to the principal and interest. For Article 114 of the Tax Law in 2008, "Birthplace of tax receivables from the beginning of the year following the calendar year within 5 years of the notification to the taxpayer of taxes levied and time-barred." in accordance with provision TL 83.875 provision, the subject of unnecessary provisions credited by tax provisions account have been deducted. Comes to tax in January and February of 2009 with the principal and interest as of 31 December 2014 , the provision amounted to TL 14.581 (31 December 2013: TL 97.315).

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

11. EMPLOYEE BENEFITS

	31 December 2014	31 December 2013
<u>Provisions for current liabilities</u>		
Unused vacation provision	16.797	15.688
<u>Provisions for non-current liabilities</u>		
Provision for employee termination benefits	129.165	119.000
	145.962	134.688

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

The amount payable consists of one month's salary limited to a maximum of TL 3,438 for each period of service at 31 December 2014 (31 December 2013: TL 3,254).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

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 financial statements as at 31 December 2014, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 2.36% real discount rate by using 6.10% annual inflation rate and 9.21% discount rate (31 December 2013: 2.86% calculated by using 6.35% annual inflation rate and 10% discount rate). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 3,541 which is in effect since 1 January 2015 is used in the calculation of Companies' provision for retirement pay liability (1 January 2014: TL 3,438).

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

11. EMPLOYEE BENEFITS (cont'd)

The movements for the provision for employment termination benefits and unused vacation provision for the periods ended 31 December 2014 and 31 December 2013, is as follows :

<i>Provision for employment termination benefits</i>	1 January- 31 December 2014	1 January- 31 December 2013
Balance at 1 January	119.000	85.190
Service cost	7.209	6.777
Interest cost	8.027	5.451
Payments made during the period (-)	(13.806)	-
Actuarial loss / (Gain)	8.735	21.582
Dönem sonu	129.165	119.000

Total cost of employee termination benefits except actuarial losses are accounted in statement of profit and loss for the period ended 31 December 2014.

<i>Unused vacation provision::</i>	1 January- 31 December 2014	1 January- 31 December 2013
Balance at 1 January	15.688	15.238
Increase(decrease) during the period	40.736	28.982
Current year provision reversals (-)	(39.627)	(28.532)
Balance at the end of the period	16.797	15.688

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

12. SHAREHOLDERS' EQUITY

Paid-in capital

The Company is subject to the registered capital system, amount of registered capital is TL 100.000.000 (31 December 2013: TL 100.000.000) and issued capital is TL 32.000.000 (31 December 2013: TL 32.000.000).

At 31 December 2014 and 31 December 2013 the issued and fully paid-in share capital held is as follows:

<u>Shareholders</u>	<u>Pay Oranı (%)</u>	<u>31 December 2014</u>	<u>Pay Oranı (%)</u>	<u>31 December 2013</u>
Garanti Yatırım Menkul Kıymetler A.Ş.	3,304	1.057.205	3,243	1.037.764
Doğuş Holding A.Ş.	-	-	0,030	9.721
Doğuş Otomotiv Servis ve Ticaret A.Ş.	-	-	0,030	9.721
Diğer Ortaklar (Halka Arz Olunan)	96,696	30.942.795	99,697	30.942.794
	100	32.000.000	100	32.000.000

Restricted reserves appropriated from profit and retained earnings:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Restricted reserves appropriated from profit	382.399	926.217
- Legal Reserves	382.399	926.217
Retained earnings	1.652.422	352.517
Total	2.034.821	1.278.734

All accumulated earnings, except for the net income for the period, are presented in retained earnings. Extraordinary reserves which are presented under retained earnings are TL 1.652.422 as of 30 December 2014 (31 December 2013: TL 352.517). There are no share premiums that will be subjected to dividend distribution (31 December 2013: TL 14.791).

In accordance with the decision taken at the ordinary general assembly on 30 April 2014; after deducting the reserves in accordance to the laws; the taxes, funds, financial payments and any prior year losses from the profit for the year of TL 941.294,21 ; the net distributable profit with the amount of TL 200.000 cash dividends to shareholders and the remaining amount transferred to extraordinary reserves in order to protect the Company's strength. Cash dividend distribution was completed on 22 May 2014. Dividend paid per share is TL 0,00625 in 2014(2013: TL 0,0313).

According to the Capital Markets Board's 12233903-320-04-01-717/7236 letter dated on July 5, 2013; there have been missing legal reserves identified with the amount of TL 31.877,57 as a result of comparison of the Statement of Profit Distribution of the year 2012 that is in accordance with the approved Statement of Profit Distribution in general meeting dated April 26, 2013. The Company transferred TL 605,673.83 to the extraordinary reserves. The board decided to fulfill the extraordinary reserves of missing amount of first legal reserve from the profit of the year 2012 and accepted at the annual general meeting as of 30 April 2014.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

13. REVENUE

Sales:

	1 January – 31 December 2014	1 January – 31 December 2013
Stock certificates sales	56.312.679	88.322.268
Government bond sales	21.474.249	14.686.994
Private sector bond sales	300.598	5.809.781
	78.087.526	108.819.043

Other Sales

Dividend income	222.234	403.842
Interest income	1.282.474	850.566
Reverse repo interest income	398.828	197.961
VIOP transaction spotters expense	(1.899.565)	2.002.507
Stock certificates valuation unrealized gain/(loss),net	78.928	65.342
Government bond unrealized gain/(loss),net	249.764	(18.125)
Private sector bond unrealized gain/(loss),net	214.165	(13.112)
	546.828	3.488.981

Total Revenue

78.634.354	112.308.024
-------------------	--------------------

Cost of sales:

Cost of stock certificate sales	(53.279.994)	(88.742.835)
Cost of government bond sales	(20.829.384)	(14.570.666)
Cost of private sector bond sales	(300.000)	(5.686.055)
	(74.409.378)	(108.999.556)

Gross Profit

4.224.976	3.308.468
------------------	------------------

14. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January – 31 December 2014	1 January – 31 December 2013
Marketing expenses(-)	(385.926)	(452.351)
General administrative expenses (-)	(1.967.716)	(1.919.027)
Total	(2.353.642)	(2.371.378)

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

15. EXPENSES BY NATURE

	1 January – 31 December 2014	1 January – 31 December 2013
<i>General administrative expense:</i>		
Personnel expenses	(1.349.993)	(1.315.198)
Maintenance and repair expenses	(25.193)	(29.403)
Rent expenses	(123.174)	(105.857)
Depreciation and amortization expense (Note 8,9)	(60.831)	(61.573)
Unused vacation provision expenses	(1.109)	(450)
Employee termination benefits provision expense (Note 11)	(15.236)	(12.228)
Common expenses	(87.267)	(64.949)
Consulting expenses	(44.497)	(42.126)
Travel expenses	(70.997)	(71.227)
Representation expenses	(3.367)	(16.453)
General assembly expenses	(48.129)	(52.559)
Other expenses	(137.923)	(147.004)
Total	(1.967.716)	(1.919.027)

	1 January – 31 December 2014	1 January – 31 December 2013
<i>Marketing expenses:</i>		
Portfolio management fees (*)	(296.132)	(291.782)
Commissions paid	(85.594)	(153.069)
Other	(4.200)	(7.500)
Total	(385.926)	(452.351)

(*)Includes BIT.

Detail of personnel expense in general administrative expense for the years ended 31 December 2014 and 31 December 2013 are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
<i>Personnel Expense</i>		
Salary expense	1.128.221	1.021.650
Premium expense	199.287	276.336
Other	22.485	17.212
Total personnel expense	(1.349.993)	(1.315.198)

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

16. OTHER OPERATING INCOME

Detail of other operating income for the years ended 31 December 2014 and 31 December 2013 are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
<i>Other Operating Income</i>		
Provisions no longer required	84.305	2.275
Other	14.369	13.538
Total	98.674	15.813

17. OTHER OPERATING EXPENSE

Detail of other operating expense for the years ended 31 December 2014 and 31 December 2013 are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
<i>Other Operating Expense</i>		
Non-deductible expense	(9.164)	(11.607)
Total	(9.164)	(11.607)

18. EARNINGS PER SHARE

Earnings per share that is stated in Statement of Profit of Loss have been calculated by dividing net profit the year by the number of weighted average shares in the period.

Companies in Turkey increases their capital by distributing bonus shares to shareholders from the retained earnings and revaluation of the funds. This kind of bonus share distributions are assessed as issued shares in the calculation of the earnings per share.

<u><i>Earnings Per Share:</i></u>	1 January – 31 December 2014	1 January – 31 December 2013
Average number of shares for the period	32.000.000	30.000.000
Transfer from retained earnings	-	2.000.000
Total	32.000.000	32.000.000
Net income/(loss) for the period	1.960.844	941.296
Earnings Per Share	0,061276	0,029416

The Company has 97,206 privileged shares with the amount of TL 1 nominal value. Each of these stocks have one million votes in the election of Board Members and does not have any privilege on profit distribution. Earnings per share for the ordinary shares and privileged shares are the same.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

19. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Detail of receivables and payables from related parties as at 31 December 2014 and 31 December 2013 are as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
<i>Cash and cash equivalents</i>		
<i>Current Account</i>		
Garanti Yatırım Menkul Kıymetler A.Ş.	17.053	10.125
<i>Demand deposit</i>		
Garanti Bankası A.Ş.	6.925	2.622
<i>Reverse repo</i>		
Garanti Bankası A.Ş.	4.686.290	3.730.717
Total	<u>4.710.268</u>	<u>3.743.464</u>
<i>Receivables from related parties (Net)</i>		
Doğuş Holding A.Ş.	396	671
Total	<u>396</u>	<u>671</u>
	<u>31 December 2014</u>	<u>31 December 2013</u>
Short term payables to related parties		
Garanti Portföy Yönetimi A.Ş.	25.176	23.956
Doğuş Holding A.Ş.	-	6.586
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	-	803
Garanti Yatırım Menkul Kıymetler A.Ş.	109	5.952
T.Garanti Bankası A.Ş.	1.640	1.697
Total	<u>26.925</u>	<u>38.994</u>

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

19. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

Transaction with related parties for the years ended 31 December 2014 and 31 December 2013 are as follows:

	<u>1 January – 31 December 2014</u>	<u>1 January – 31 December 2013</u>
Portfolio Management Fee:		
Garanti Portföy Yönetimi A.Ş.	(282.028)	(277.887)
Commission Fee:		
Garanti Yatırım Menkul Kıymetler AŞ	(68.383)	(134.969)
Garanti Bankası A.Ş.	(13.815)	(11.351)
Insurance Expense:		
Garanti Emeklilik ve Hayat A.Ş.	(7.833)	(5.938)
Rent Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(123.174)	(105.857)
Maintenance Expense:		
Doğuş Holding A.Ş.	(3.465)	(5.744)
Common Expense:		
Doğuş Holding A.Ş.	(87.267)	(64.949)
Risk Hizmet Gideri:		
Garanti Hizmet Yönetimi A.Ş.	(4.425)	-
Electricity Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(6.645)	(6.965)
Water Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(657)	(604)
Natural Gas Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(285)	(273)
Extraordinary Expense:		
Doğuş Holding A.Ş.	(776)	(2.939)
Travel Expense:		
Antur Turizm	-	(5.194)
General Assembly Expense:		
Antur Turizm A.Ş.	(8.111)	(10.142)
Total	<u>(606.864)</u>	<u>(632.812)</u>

Board of Directors and key management personnel are benefited with the amount of TL 884.144 in the period that ended in 31 December 2014, (31 December 2013: TL 865.911).

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

The Company's activities are exposed to market risk (fair value interest rate risk, price risk and currency risk) and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

20.1 Market risk

Interest rate risk

The Company invest with cash to bank deposit or securities on the day of conditions.

Interest Position Table

	<u>31 December 2014</u>	<u>31 December 2013</u>
Fixed interest rate instruments		
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	22.339.038	10.789.292
Variable interest rate instruments		
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	6.332.453	5.827.323
	28.671.491	16.616.615

If TL interest rates had been 1% basis points higher/lower and all other variables were held constant, the profit before tax and non-controlling interests for the year ended 31 December 2014 would increase/decrease by TL 132.696 / TL 109.246(2013: TL 36.467 / TL 35.995)

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

20.1 Market risk (continued)

Equity price sensitivity

The Company's stocks classified as financial assets at fair value through profit/loss are traded at BIST. Assuming that all variables remain constant. The following table shows the sensitivity of the Company shares and VIOP contracts to a 10% change in the BIST index.

31 December 2014	Effect on Profit / Loss	Effect on Profit / Loss
Stock certificates	(243.793)	243.793
VIOP contracts	106.950	(106.950)

31 December 2013	Effect on Profit / Loss	Effect on Profit / Loss
Stock certificates	(1.197.366)	1.197.366
VIOP contracts	1.154.621	(1.154.621)

Transaction with futures contracts:

Detail of the Company's open future contracts are as follows:

31 December 2014

Description	Maturity	Position	Quantity	Settlement Price	Contract Value
F_XU0300215S0	28 February 2015	Short	100-	106,950	1.069.500
Net Position					1.069.500

31 December 2013

Description	Maturity	Position	Number	Settlement Price	Contract Value
F_XU0300214S0	28 February 2014	Short	1.397-	82,650	11.546.205
Net Position					11.546.205

Short positions are received based on BIST 30 index held for hedging stock risk in the portfolio.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

20.1 Market risk (continued)

Currency risk:

None.

20.2 Liquidity risk

Non-derivative financial liabilities based on the expected maturity for the years ended 31 December 2014 are as follows:

Expected Terms	Carrying Value	Total				
		Contracted Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years	5 years+
Non-derivative financial liabilities	59.874	59.874	59.874	-	-	-
Trade payables	45.103	45.103	45.103	-	-	-
Other payables (*)	14.771	14.771	14.771	-	-	-

Non-derivative financial liabilities based on the expected maturity for the years ended 31 December 2013 are as follows:

Expected Terms	Carrying Value	Total				
		Contracted Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years	5 years+
Non-derivative financial liabilities	60.158	60.158	60.158	-	-	-
Trade payables	60.072	60.072	60.072	-	-	-
Other payables (*)	86	86	86	-	-	-

(*)Tax, duties and charges is excluded.

The Company are not exposed to liquidity risk due to short term debts are lower than short term assets.

20.3 Credit risk

The Company's portfolio includes stock certificates, government bond and treasury bonds. The company's receivables are collected on time.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

20.3 Credit risk (continued)

By types of financial instruments exposed to credit risks:

Financial investments are recognized in the balance sheet at fair value. Other financial instruments due to no longer maturity than three months as of the balance sheet value has been recognized at fair value.

21. FINANCIAL INSTRUMENTS

<u>31 December 2014</u>	<u>Carrying value</u>	<u>Fair Value</u>
Financial assets		
Cash and cash equivalents	4.711.226	4.711.226
Financial assets at fair value through profit or loss	31.109.426	31.109.426
Trade receivables	182.209	182.209
Financial liabilities		
Trade payables	45.103	45.103
Other payables (*)	14.771	14.771
Derivatives	15.750	15.750
<u>31 December 2013</u>	<u>Carrying value</u>	<u>Fair Value</u>
Financial assets		
Cash and cash equivalents	3.744.037	3.744.037
Financial assets at fair value through profit or loss	28.590.277	28.590.277
Trade receivables	2.973	2.973
Derivatives	174.625	174.625
Other receivables (**)	1.913.745	1.913.745
Financial liabilities		
Trade payables	60.072	60.072
Other payables (*)	86	86

(*)Tax, duties and charges is excluded.

(**)Derivative market guarantees is included.

Fair values of financial instruments

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods.

Balance sheet value of monetary items denominated in foreign currencies due to its close to the fair value are translated to Turkish Lira at the foreign exchange rates ruling at period-end. Due to financial assets and liabilities are short term is consider to be close the carrying amount to fair value.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

21. FINANCIAL INSTRUMENTS (continued)

The classification of fair value measurements

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined

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 are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial Assets / Financial Liabilities	Fair Value		Level of Fair Value	Valuation Method	Valuation Method	Valuation Method
	31 December 2014	31 December 2013				
Stocks (trading)	2.437.935	11.973.662	Level 1	Marker Price	-	-
Private Sector Bonds	9.771.686	5.827.323	Level 1	Marker Price	-	-
Government Bonds	18.899.805	10.789.292	Level 1	Marker Price	-	-
Derivatives	(15.750)	174.625	Level 1	Marker Price	-	-

22. SUBSEQUENT EVENTS

None.

23. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

None