

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

Financial Statements and
Independent Auditor's Report
as of 31 December 2015

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

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

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INDEPENDENT AUDITOR'S REPORT

Mersis No: 0291001097600016
Ticari Sicil No : 304099

**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 2015, 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 the 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

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 2015, and of its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

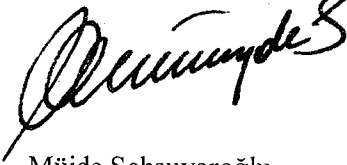
Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of 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 2015 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 the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

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 29 January 2016.

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



Müjde Şehsuvaroğlu
Partner

İstanbul, 1 February 2016

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GARANTİ YATIRIM ORTAKLIĞI A.Ş.**AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

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

	Note	Current Period 31 December 2015	Prior Period 31 December 2014
ASSETS			
Current Assets			
Cash and cash equivalents	3	4.715.068	4.711.226
Financial assets	4	29.015.957	31.109.426
Trade receivables	5	193	182.209
Due from related parties	19	193	396
Other		-	181.813
Other Receivables	6	1.270.863	183.397
Due from related parties			
Other		1.270.863	183.397
Derivatives	20	125.375	-
Prepaid expenses	7	12.411	8.075
Other current assets	7	24	24
Non-Current Assets		32.332	102.220
Property, plant and equipment	8	24.583	89.038
Intangible assets	9	7.749	13.182
TOTAL ASSETS		35.172.223	36.296.577
LIABILITIES			
Current Liabilities			
Trade payables	5	176.663	202.064
Trade payables to related parties	19	25.032	45.103
Other trade payables		25.032	26.925
Other trade payables		-	18.178
Other Payables	6	120.809	109.833
Other payables to non-related payables		110.859	101.192
Other payables to related payables		9.950	8.641
Derivatives	20	-	15.750
Allowances		30.822	31.378
Current provisions for employee benefits	11	30.822	16.797
Other short term provisions	10	-	14.581
Non-Current Liabilities		172.384	129.165
Long term provisions			
Non-current provisions for employee benefits	11	172.384	129.165
SHAREHOLDERS' EQUITY			
Paid-in capital	12	34.823.176	35.965.348
Paid-in capital	12	32.000.000	32.000.000
Other comprehensive income not to reclassified to profit or loss	11	(54.751)	(30.317)
Other gain/losses		(54.751)	(30.317)
Restricted reserves appropriated from profit	12	480.441	382.399
Retained earnings	12	2.115.224	1.652.422
Net income/(loss) for the period		282.262	1.960.844
TOTAL LIABILITIES		35.172.223	36.296.577

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 2015

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

STATEMENT OF PROFIT OR LOSS	Note	Current Period 1 January - 31 December 2015	Prior Period 1 January - 31 December 2014
Revenue	13	61.249.924	78.634.354
Cost of sales (-)	13	(58.353.751)	(74.409.378)
GROSS PROFIT		2.896.173	4.224.976
General Administrative Expenses (-)	14	(2.284.638)	(1.967.716)
Marketing Expenses (-)	14	(352.207)	(385.926)
Other Incomes From Main Operations	16	30.695	98.674
Other Expenses From Main Operations (-)	17	(7.761)	(9.164)
OPERATING INCOME/(LOSS)		282.262	1.960.844
Income From Investing Activities		-	-
Expense From Investment Activities (-)		-	-
OPERATING INCOME / (LOSS) BEFORE FINANCE EXPENSES		282.262	1.960.844
Finance Expenses (-)		-	-
INCOME/(LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS		282.262	1.960.844
Current Tax Benefit / (Charge)		-	-
Deferred Tax Benefit / (Charge)		-	-
INCOME/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS		282.262	1.960.844
INCOME/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
NET INCOME/LOSS FOR THE YEAR		282.262	1.960.844
Earnings per share	18	0,008821	0,061276

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 2015

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

	Current Period 1 January - 31 December	Prior Period 1 January - 31 December
Note	2015	2014
Other comprehensive income/(loss)	282.262	1.960.844
Other comprehensive income:		
Other comprehensive income not to reclassified to profit or loss	(24.434)	(8.735)
Other gain/losses	(24.434)	(8.735)
Other comprehensive income will be reclassified to profit or loss	-	-
OTHER COMPREHENSIVE INCOME/(LOSS)	(24.434)	(8.735)
TOTAL COMPREHENSIVE INCOME	257.828	1.952.109

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 2015

(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)	Shareholders' Equity	Accumulated Profit	
									Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	
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	12	-	(14.791)	-	(622.760)	-	637.551	-		
Total comprehensive profit/(loss)		-	-	(8.735)	-	1.960.844	(200.000)	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		
Balances as of 1 January 2015		32.000.000	-	(30.317)	382.399	1.960.844	1.652.422	35.965.348		
Transfers to retained earnings/(losses)		-	-	-	-	(1.960.844)	1.960.844	-		
Transfers to legal reserves		-	-	-	98.042	-	(98.042)	-		
Total comprehensive profit/(loss)		-	-	(24.434)	-	282.262	-	257.828		
Dividend payment	12	-	-	-	-	-	(1.400.000)	(1.400.000)		
Balances as of 31 December 2015		32.000.000	-	(54.751)	480.441	282.262	2.115.224	34.823.176		

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 2015

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

	Note	Current Period 1 January - 31 December 2015	Prior Period 1 January - 31 December 2014
A. Cash flows from operating activities			
Net profit/(loss) for the period		282.262	1.960.844
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities:			
Depreciation and amortization charges	8-9	92.150	60.831
Fair Value Gain / Loss	13	533.565	(542.856)
Interest income/loss	13	(1.984.888)	(1.681.302)
Dividend income	13	(60.376)	(222.234)
Provisions	10,11	18.229	(66.389)
Change in working capital:			
Change in trade receivables		182.016	(179.236)
Change in financial assets		1.559.905	(1.976.293)
Change in other receivables		(1.087.466)	1.732.550
Change in trade payables		(20.071)	(14.969)
Change in other payables		10.975	23.169
Other changes in working capital		(145.461)	185.629
Net cash flows (used in)/provided from operating activities			
Dividend received	13	60.376	222.234
Employee benefits paid	11	-	(13.806)
Interest received		1.984.850	1.680.728
Net cash (used in) / provided from operating activities		1.426.066	1.168.900
B. Cash flows from investing activities:			
Purchases of property, plant, equipment and intangible assets	8-9	(22.262)	(2.284)
Net cash (used in)/provided from investing activities		(22.262)	(2.284)
C. Cash flows from financing activities:			
Dividend payment	12	(1.400.000)	(200.000)
Net cash provided from/(used in) financing activities		(1.400.000)	(200.000)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		3.804	966.616
D. Cash and cash equivalents at the beginning of the period	3	4.709.936	3.743.320
Cash and cash equivalents at the end of the period (A+B+C+D)	3	4.713.740	4.709.936

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 2015

(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 96,696% of the shares are traded in Borsa Istanbul (BIST) as of December, 2015.

The Company is registered in İstanbul and the total number of personnel employed in the Company as of 30 December 2015 is 7 (31 December 2014: 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 2015 have been approved by the Board of Directors on 1 February 2016. 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 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 2015

(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, TAS 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.

The Company did not make any adjustments to the prior period financial statements in the current period.

2.2. Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and previous period financial statements are restated accordingly. There are no significant changes in accounting policies during current period.

2.3. Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively. There are no significant changes in accounting estimates and errors during current period.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 TASs 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) 2015 New and Revised TASs applied with no material effect on the financial statements

Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions¹</i>
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TMS 27, TMS 39¹</i>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 3, TFRS 13, TAS 40¹</i>

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

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 judgments 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.

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

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

Annual improvements to 2010-2012 cycle caused revisions on related parts of TFRS 9, TAS 37 and TAS 39, respectively.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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) 2015 New and Revised TASs applied with no material effect on the financial statements (cont'd)

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.

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.

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:

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation¹</i>
Amendments to TAS 16 and TAS 41 with amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants¹</i>
Amendments to TFRS 1 and TFRS 11	<i>Accounting for Acquisition of Interests in Joint Operations¹</i>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1²</i>
Amendments to TAS 1	<i>Disclosure Initiative²</i>
Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 19, TAS 34²</i>
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements²</i>
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception²</i>
TFRS 14	<i>Regulatory Deferral Accounts²</i>

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

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.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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

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

The mandatory effective date of TFRS 9 postponed not earlier than 1 January 2018.

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 TAS 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 TASs, except for those principles that conflict with the guidance in TFRS 11
- disclose the information required by TFRS 3 and other TASs for business combinations.

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

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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

Annual Improvements to 2011-2013 Cycle

TFRS 1: Clarify which versions of TFRSs can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 *Disclosure Initiative*

This amendments includes narrowly focused improvements for preparers of financial statements awering of the areas their of responsibility regarding the financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual improvements to 2012-2014 cycle caused revisions on related parts of TAS 19.

Amendments to TAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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(cont'd)

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

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 *Regulatory Deferral Accounts*

TFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRSs and in subsequent financial statements.

This amendment on TFRS 14 caused revisions on related parts of TFRS 1.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

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 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.

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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)

Property, Plant And Equipment

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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

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’ (HTM), ‘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.

Sales and repurchase agreements

Marketable securities held as part of resale agreement commitments (“reverse repo”) are accounted for under cash and cash equivalents as reverse repo receivables in the financial statements. The difference between purchase and resale prices is accounted for as effective interest rate method and amortized during the period of agreement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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.

Financial assets are classified as either trade receivables arising from operations or other receivables.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 are classified as either trade payables arising from operations or other payables.

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 2015

(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.

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 2015

(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 Paragraph 1 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 2015

(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 Turkish Accounting Standard No. 19 (revised) "Employee Benefits" ("TAS 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

3. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Demand deposits	3.740	7.883
Reverse repo receivables	4.711.328	4.686.290
Other cash equivalents	-	17.053
	4.715.068	4.711.226
Interest accruals on cash and cash equivalents	(1.328)	(1.290)
Total	4.713.740	4.709.936

As of 31 December 2015 average interest rate applied to the reverse repos are between 9,30%-10,25% and their maturities are 4 days (31 December 2014: 8,5% - 10,06% , and their maturities are 2 days).

4. FINANCIAL ASSETS

	31 December 2015		
	Cost	Fair Value	Carrying Value
<i>Trading securities</i>			
<i>Debt Securities</i>			
Government Bonds	14.265.050	14.740.264	14.740.264
Private Sector Bonds	6.038.368	6.190.499	6.190.499
<i>Stocks</i>			
Stocks traded on the Istanbul Stock Exchange	8.606.230	8.085.194	8.085.194
Total	28.909.648	29.015.957	29.015.957

	31 December 2014		
	Cost	Fair Value	Carrying Value
<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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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5. TRADE RECEIVABLES AND PAYABLES

	<u>31 December 2015</u>	<u>31 December 2014</u>
Trade Receivables		
Due from related parties (Note 19)	193	396
Due from sales of marketable securities	-	181.813
	<u>193</u>	<u>182.209</u>

	<u>31 December 2015</u>	<u>31 December 2014</u>
Trade Payables		
Due from related parties (Note 19)	25.032	26.925
Other	-	18.178
	<u>25.032</u>	<u>45.103</u>

6. OTHER RECEIVABLES AND PAYABLES

	<u>31 December 2015</u>	<u>31 December 2014</u>
Other Receivables		
Derivative market ("VIOP") guarantees	1.270.722	183.196
Due from personnel	141	201
	<u>1.270.863</u>	<u>183.397</u>

	<u>31 December 2015</u>	<u>31 December 2014</u>
Other Payables		
Taxes, duties and other liabilities	106.057	95.062
Other duties	14.752	14.771
	<u>120.809</u>	<u>109.833</u>

There are no non-current other payables as of 31 December 2015. (31 December 2014: None).

7. OTHER CURRENT ASSETS

	<u>31 December 2015</u>	<u>31 December 2014</u>
Other Current Assets		
Other	24	24
	<u>24</u>	<u>24</u>

Prepaid expenses amounting to TL 12,411 that paid to the suppliers as of 31 December 2015, will be transferred to expense accounts at future periods (31 December 2014: TL 8,075).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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8. PROPERTY, PLANT AND EQUIPMENT

Cost	1 January 2015	Additions	Disposals	31 December 2015
Vehicle	274.078	-	-	274.078
Furniture and fixtures	97.483	22.262	-	119.745
	371.561	22.262	-	393.823

Accumulated Depreciation	1 January 2015	Current period depreciation(*)	Disposals	31 December 2015
Vehicle	(195.190)	(78.891)	-	(274.081)
Furniture and fixtures	(87.333)	(7.826)	-	(95.159)
	(282.523)	(86.717)	-	(369.240)
Net book value	89.038			24.583

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	Prior 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

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

There are no mortgages and pledges on property, plant and equipments as of 31 December 2015 (31 Aralık 2014: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

9. INTANGIBLE ASSETS

<u>Cost</u>	<u>1 January 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2015</u>
Rights	20.521	-	-	20.521
	20.521	-	-	20.521

<u>Accumulated amortization</u>	<u>1 January 2015</u>	<u>Current period amortization</u>	<u>Disposals</u>	<u>31 December 2015</u>
Rights	(7.339)	(5.433)	-	(12.772)
	(7.339)	(5.433)	-	(12.772)
Net book value	13.182			7.749

<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>Prior 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

(*)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, by also taking into account the levy for the years between 2003 and 2007 and based on the best estimates for the period between January 2008 and February 2009, has made a tax provision related to the principal and interest of the aforementioned tax penalty in its past financial statements. Related to the Article 114 of the Tax Law in 2008 which states that "Starting from beginning of the fiscal year of the tax receivables generated, the tax that is not levied and notice not given to taxpayer within the following 5 years of the year of the tax receivable generated will be dropped due to prescription.", the provision of TL 14.581 (31 December 2014: TL 83.875) has been recorded in unnecessary provisions after its deduction from the tax provisions account.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

11. EMPLOYEE BENEFITS

	<u>31 December 2015</u>	<u>31 December 2014</u>
<u>Provisions for current liabilities</u>		
Unused vacation provision	30.822	16.797
<u>Provisions for non-current liabilities</u>		
Provision for employee termination benefits	172.384	129.165
	<u>203.206</u>	<u>145.962</u>

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 3,828 for each period of service at 31 December 2015 (31 December 2014: TL 3,438).

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 2015, 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 2.99% real discount rate by using 7.10% annual inflation rate and 10.30% discount rate (31 December 2014: 2.36% calculated by using 6.10% annual inflation rate and 8.60% 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 4,093 which is in effect since 1 January 2016 is used in the calculation of Companies' provision for retirement pay liability (1 January 2015: TL 3,541).

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2015 and 31 December 2014, is as follows :

<i>Provision for employment termination benefits</i>	1 January- 31 December 2015	1 January- 31 December 2014
Balance at 1 January	129.165	119.000
Service cost	9.297	7.209
Interest cost	9.488	8.027
Payments made during the period (-)	-	(13.806)
Actuarial loss / (gain)	24.434	8.735
Balance at the end of the period	172.384	129.165

Total cost of employee termination benefits except actuarial losses are accounted in statement of profit and loss for the period ended 31 December 2015.

<i>Unused vacation provision:</i>	1 January- 31 December 2015	1 January- 31 December 2014
Balance at 1 January	16.797	15.688
Increase(decrease) during the period	43.031	40.736
Current year provision reversals (-)	(29.006)	(39.627)
Balance at the end of the period	30.822	16.797

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2014: TL 100.000.000) and issued capital is TL 32.000.000 (31 December 2014: TL 32.000.000).

At 31 December 2015 and 31 December 2014 the issued and fully paid-in share capital held is as follows:

<u>Shareholders</u>	<u>Share (%)</u>	<u>31 December 2015</u>	<u>Share (%)</u>	<u>31 December 2014</u>
Garanti Yatırım Menkul Kıymetler A.Ş.	3,304	1.057.205	3,304	1.057.205
Other (Issued in stock exchange)	96,696	30.942.795	99,696	30.942.795
	100	32.000.000	100	32.000.000

Restricted reserves appropriated from profit and retained earnings:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Restricted reserves appropriated from profit	480.441	382.399
- Legal Reserves	480.441	382.399
Retained earnings	2.115.224	1.652.422
Total	2.595.665	2.034.821

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 2.115.224 as of 31 December 2015 (31 December 2014: TL 1.652.422). There are no share premiums that will be subjected to dividend distribution (31 December 2014: TL None).

In accordance with the decision of the ordinary general assembly on 30 April 2015; 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 1.960.843,59; the net distributable profit with the amount of TL 1.400.000 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 26 May 2015. Dividend paid per share is TL 0,04375 in 2015 (2014: TL 0,00625).

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

13. REVENUE

Sales:

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
Stock certificates sales	25.286.406	56.312.679
Government bond sales	33.602.763	21.474.249
Private sector bond sales	-	300.598
	<u>58.889.169</u>	<u>78.087.526</u>

Other Sales

Dividend income	60.376	222.234
Interest income	1.501.283	1.282.474
Reverse repo interest income	483.605	398.828
VIOP transaction spotters expense	873.187	(1.899.565)
Stock certificates valuation unrealized gain/(loss),net	(702.990)	78.928
Government bond unrealized gain/(loss),net	239.338	249.764
Bank bond unrealized gain/(loss), net	26.538	-
Private sector bond unrealized gain/(loss),net	(96.451)	214.165
Loss from coupons	(24.131)	-
	<u>2.360.755</u>	<u>546.828</u>

Total Revenue

<u>61.249.924</u>	<u>78.634.354</u>
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Cost of sales:

Cost of stock certificate sales	(25.246.107)	(53.279.994)
Cost of government bond sales	(33.107.644)	(20.829.384)
Cost of private sector bond sales	-	(300.000)
	<u>(58.353.751)</u>	<u>(74.409.378)</u>

Gross Profit

<u>2.896.173</u>	<u>4.224.976</u>
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14. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
Marketing expenses(-)	(352.207)	(385.926)
General administrative expenses (-)	(2.284.638)	(1.967.716)
Total	<u>(2.636.845)</u>	<u>(2.353.642)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

15. EXPENSES BY NATURE

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
<i><u>General administrative expense:</u></i>		
Personnel expenses	(1.527.406)	(1.349.993)
Maintenance and repair expenses	(33.350)	(25.193)
Rent expenses	(129.008)	(123.174)
Depreciation and amortization expense (Note 8,9)	(92.150)	(60.831)
Unused vacation provision expenses	(14.025)	(1.109)
Employee termination benefits provision expense (Note 11)	(18.785)	(15.236)
Common expenses	(97.642)	(87.267)
Consulting expenses	(48.036)	(44.497)
Travel expenses	(74.792)	(70.997)
Representation expenses	(4.852)	(3.367)
General assembly expenses	(46.852)	(48.129)
Other expenses	(197.740)	(137.923)
Total	(2.284.638)	(1.967.716)

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
<i><u>Marketing expenses:</u></i>		
Portfolio management fees (*)	(293.931)	(296.132)
Commissions paid	(53.026)	(85.594)
Other	(5.250)	(4.200)
Total	(352.207)	(385.926)

(*)Includes BIT.

Detail of personnel expense in general administrative expense for the years ended 31 December 2015 and 31 December 2014 are as follows:

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
<i><u>Personnel Expense</u></i>		
Salary expense	1.279.267	1.128.221
Premium expense	225.615	199.287
Other	22.524	22.485
Total personnel expense	(1.527.406)	(1.349.993)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2015 and 31 December 2014 are as follows

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
<i>Other Operating Income</i>		
Provisions no longer required	14.581	84.305
Other	16.114	14.369
Total	30.695	98.674

17. OTHER OPERATING EXPENSE

Detail of other operating expense for the years ended 31 December 2015 and 31 December 2014 are as follows:

	<u>1 January– 31 December 2015</u>	<u>1 January– 31 December 2014</u>
<i>Other Operating Expense</i>		
Non-deductible expense	(6.853)	(9.164)
Other	(908)	-
Total	(7.761)	(9.164)

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>Earnings Per Share:</u>	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
Average number of shares for the period	32.000.000	32.000.000
Transfer from retained earnings	-	-
Total	32.000.000	32.000.000
Net income/(loss) for the period	282.262	1.960.844
Earnings Per Share	0,008821	0,061276

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2015 and 31 December 2014 are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
<i>Cash and cash equivalents</i>		
<i>Current Account</i>		
Garanti Yatırım Menkul Kıymetler A.Ş.	-	17.053
<i>Demand deposit</i>		
Garanti Bankası A.Ş.	-	6.925
Total	-	23.978

<i>Receivables from related parties (Net)</i>		
Doğuş Holding A.Ş.	193	396
Total	193	396

	<u>31 December 2015</u>	<u>31 December 2014</u>
Short term payables to related parties		
Garanti Portföy Yönetimi A.Ş.	24.377	25.176
Garanti Yatırım Menkul Kıymetler A.Ş.	-	109
T.Garanti Bankası A.Ş.	655	1.640
Total	25.032	26.925

	<u>31 December 2015</u>	<u>31 December 2014</u>
Other payables to related parties		
Doğuş Holding A.Ş.	8.255	7.756
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	450	-
Garanti Hizmet Yönetimi A.Ş.	885	885
Soya Restoran İşletmeleri ve Ticaret A.Ş.	360	-
Total	9.950	8.641

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2015 and 31 December 2014 are as follows:

	<u>1 January – 31 December 2015</u>	<u>1 January – 31 December 2014</u>
Portfolio Management Fee:		
Garanti Portföy Yönetimi A.Ş.	(279.934)	(282.028)
Commission Fee:		
Garanti Yatırım Menkul Kıymetler AŞ	(40.511)	(68.383)
Garanti Bankası A.Ş.	(10.486)	(13.815)
EFT Fee:		
T.Garanti Bankası A.Ş.	(16.779)	-
Insurance Expense:		
Garanti Emeklilik ve Hayat A.Ş.	(9.142)	(7.833)
Rent Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(129.008)	(123.174)
Maintenance Expense:		
Doğuş Holding A.Ş.	(2.772)	(3.465)
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş.	(6.373)	-
Common Expense:		
Doğuş Holding A.Ş.	(96.698)	(87.267)
Risk Consulting Expense:		
Garanti Hizmet Yönetimi A.Ş.	(10.620)	(4.425)
Electricity Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(5.663)	(6.645)
Water Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(657)	(657)
Natural Gas Expense:		
Doğuş Gayrimenkul Yatırım ve İşletme A.Ş.	(323)	(285)
Extraordinary Expense:		
Doğuş Holding A.Ş.	-	(776)
General Assembly Expense:		
Antur Turizm A.Ş.	(9.825)	(8.111)
Vehicle Rent Expense:		
Garanti Filo Yönetim Hizmetleri A.Ş.	(8.555)	-
Vehicle Maintenance Expense:		
Doğuş Oto Pazarlama ve Ticaret A.Ş.	(2.352)	(5.084)
Total	<u>(629.698)</u>	<u>(611.948)</u>

Board of Directors and key management personnel are benefited with the amount of TL 954.079 in the period that ended in 31 December 2015, (31 December 2014: TL 884.144).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(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 2015</u>	<u>31 December 2014</u>
Fixed interest rate instruments		
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	16.291.893	22.339.038
Variable interest rate instruments		
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	4.638.870	6.332.453
	20.930.763	28.671.491

The Company is exposed to interest rate risk due to changes interest rate through the debt securities that classified financial assets held for trading. 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 2015 would increase/decrease by TL 28,414 / TL 27,982 (31 December 2014: 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)

GARANTİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

20.1 Market risk (cont'd)

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 2015	Effect on Profit / Loss	Effect on Profit / Loss
Stock certificates	(808.519)	808.519
VIOP contracts	757.138	(757.138)

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

Transaction with futures contracts:

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

31 December 2015					
Description	Maturity	Position	Quantity	Settlement Price	Contract Value
F XU0300216S0	29 February 2016	Short	850-	89,075	7.571.375
Net Position					7.571.375

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

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

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20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

20.1 Market risk (cont'd)

Currency risk:

None.

20.2 Liquidity risk

Non-derivative financial liabilities based on the expected maturity for the years ended 31 December 2015 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	39.784	39.784	39.784	-	-	-
Trade payables	25.032	25.032	25.032	-	-	-
Other payables (*)	14.752	14.752	14.752	-	-	-

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	-	-	-

(*)Tax, duties and charges is excluded.

The Company is not exposed to liquidity risk due to short term debts being 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015**

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

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

20.3 Credit risk (cont'd)

By types of financial instruments exposed to credit risks

	Receivables							Derivatives	
	Trade Receivables			Other Receivables		Bank Deposit	Reverse Repo Receivables		Financial Assets
	Related Parties	Other Parties	Other Related Parties	Other Parties					
31 December 2015									
Gross maximum exposure to credit risk as of the reporting period (A+B+C+D+E)	193	-	-	1.270.863	3.740	4.711.328	29.015.957	125.375	
A. Net book value of financial assets that are neither past due nor impaired	193	-	-	1.270.863	3.740	4.711.328	29.015.957	125.375	
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	-	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	
E. Elements including credit risk on off balance sheet	-	-	-	-	-	-	-	-	
	Receivables							Derivatives	
	Trade Receivables			Other Receivables		Bank Deposit	Reverse Repo Receivables		Financial Assets
	Related Parties	Other Parties	Other Related Parties	Other Parties					
31 December 2014									
Gross maximum exposure to credit risk as of the reporting period (A+B+C+D+E)	396	181.813	-	183.397	7.883	4.686.290	31.109.426	(15.750)	
A. Net book value of financial assets that are neither past due nor impaired	396	181.813	-	183.397	7.883	4.686.290	31.109.426	(15.750)	
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	-	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	
E. Elements including credit risk on off balance sheet	-	-	-	-	-	-	-	-	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

20. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

20.3 Credit risk (cont'd)

By types of financial instruments exposed to credit risks (cont'd)

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 2015</u>	<u>Carrying value</u>	<u>Fair Value</u>
Financial assets		
Cash and cash equivalents	4.715.068	4.715.068
Financial assets at fair value through profit or loss	29.015.957	29.015.957
Trade receivables	193	193
Derivatives	125.375	125.375
Other receivables (**)	1.270.722	1.270.722
Financial liabilities		
Trade payables	25.032	25.032
Other payables (*)	14.752	14.752
<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
Other receivables (**)	183.196	183.196
Financial liabilities		
Trade payables	45.103	45.103
Other payables (*)	14.771	14.771
Derivatives	15.750	15.750

(*)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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

21. FINANCIAL INSTRUMENTS (cont'd)

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
	31 December 2015	31 December 2014		
Stocks (trading)	8.085.194	2.437.935	Level 1	Market Price
Private Sector Bonds	6.190.499	9.771.686	Level 1	Market Price
Government Bonds	14.740.264	18.899.805	Level 1	Market Price
Derivatives	125.375	(15.750)	Level 1	Market Price

The price in the stock exchange of Istanbul ("Borsa Istanbul") is considered for the calculation of market prices of financial assets

22. EVENTS AFTER THE REPORTING PERIOD

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