

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2013**

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

Convenience Translation of the Independent Auditor's  
Review Report Originally Prepared and Issued in Turkish

Garanti Faktoring Hizmetleri A.Ş.  
To the Board of Directors  
İstanbul

## INDEPENDENT AUDITORS' REVIEW REPORT

We have reviewed the balance sheet of Garanti Faktoring Hizmetleri A.Ş. ("the Company") as of 30 June 2013 and the related statements of income, changes in shareholders' equity and cash flows for the six month period then ended. These financial statements are the responsibility of the Company's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out by the Banking Regulation and Supervision Board. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flow, of Garanti Faktoring Hizmetleri A.Ş. for the period ended 30 June 2013 in accordance with the regulations, communiqués and circulars announced by the Banking Regulation and Supervision Board in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

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

Hasan Kılıç  
Partner

İstanbul, 26 July 2013

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**BALANCE SHEET AS OF 30 JUNE 2013**

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

ASSETS	Notes	Reviewed 30 June 2013			Audited 31 December 2012		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND CASH EQUIVALENTS	3	1	-	1	1	-	1
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	4	73	44	117	226	2,035	2,261
2.1 Financial Assets Held for Trading	4.1	-	-	-	-	1,984	1,984
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.3 Derivative Financial Assets Held for Trading	4.2	73	44	117	226	51	277
III. BANKS	5	256	1,895	2,151	102,977	5,348	108,325
IV. AGREEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	-	2	2	-	2	2
VI. FACTORING RECEIVABLES	7	1,375,642	277,870	1,653,512	1,539,173	288,537	1,827,710
6.1 Discount Factoring Receivables		530,443	9,721	540,164	477,302	6,690	483,992
6.1.1 Domestic		540,918	5,773	546,691	488,479	4,074	492,553
6.1.2 Foreign		-	4,021	4,021	-	2,689	2,689
6.1.3 Unearned Income (-)		(10,475)	(73)	(10,548)	(11,177)	(73)	(11,250)
6.2 Other Factoring Receivables		845,199	268,149	1,113,348	1,061,871	281,847	1,343,718
6.2.1 Domestic		845,199	225,724	1,070,923	1,061,871	246,677	1,308,548
6.2.2 Foreign		-	42,425	42,425	-	35,170	35,170
VII. NON-PERFORMING RECEIVABLES	8	9,559	-	9,559	6,774	-	6,774
7.1 Non-Performing Factoring Receivables		34,633	-	34,633	26,583	-	26,583
7.2 Specific Provisions (-)		(25,074)	-	(25,074)	(19,809)	-	(19,809)
VIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES		-	-	-	-	-	-
8.1 Fair Value Hedging		-	-	-	-	-	-
8.2 Cash Flow Hedging		-	-	-	-	-	-
8.3 Net Foreign Investment Hedging		-	-	-	-	-	-
IX. INVESTMENTS HELD TO MATURITY (Net)		-	-	-	-	-	-
X. SUBSIDIARIES (Net)		-	-	-	-	-	-
XI. ASSOCIATES (Net)		-	-	-	-	-	-
XII. JOINT VENTURES (Net)		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	9	802	-	802	872	-	872
XIV. INTANGIBLE ASSETS (Net)	10	1,821	-	1,821	1,542	-	1,542
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		1,821	-	1,821	1,542	-	1,542
XV. DEFERRED TAX ASSETS	11	7,952	-	7,952	6,544	-	6,544
XVI. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
16.1 Held For Sale		-	-	-	-	-	-
16.2 Discontinued Operations		-	-	-	-	-	-
XVII. OTHER ASSETS	12	1,607	178	1,785	1,032	164	1,196
<b>TOTAL ASSETS</b>		<b>1,397,713</b>	<b>279,989</b>	<b>1,677,702</b>	<b>1,659,141</b>	<b>296,086</b>	<b>1,955,227</b>

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

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**  
**BALANCE SHEET AS OF 30 JUNE 2013**

(Amounts expressed in thousands of Turkish lira (“Thousands of TL”) unless otherwise indicated.)

LIABILITIES	Notes	Reviewed 30 June 2013			Audited 31 December 2012		
		TL	FC	Total	TL	FC	Total
<b>I. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>4,3</b>	<b>2,527</b>	<b>29</b>	<b>2,556</b>	<b>2</b>	<b>38</b>	<b>40</b>
HELD FOR TRADING							
<b>II. FUNDS BORROWED</b>	<b>13</b>	<b>1,227,819</b>	<b>319,482</b>	<b>1,547,301</b>	<b>1,418,443</b>	<b>419,015</b>	<b>1,837,458</b>
<b>III. FACTORING PAYABLES</b>	<b>7</b>	<b>716</b>	<b>1,932</b>	<b>2,648</b>	<b>404</b>	<b>2,493</b>	<b>2,897</b>
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>							
4.1 Bills							
4.2 Asset-backed Securities							
4.3 Bonds							
<b>V. SUNDRY CREDITORS</b>	<b>14</b>	<b>3,626</b>	<b>288</b>	<b>3,914</b>	<b>3,895</b>	<b>398</b>	<b>4,293</b>
<b>VI. OTHER LIABILITIES</b>	<b>14</b>					<b>113</b>	<b>113</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>							
7.1 Fair Value Hedging							
7.2 Cash Flow Hedging							
7.3 Net Foreign Investment Hedging							
<b>VIII. TAXES PAYABLE</b>	<b>15</b>	<b>3,570</b>		<b>3,570</b>	<b>3,335</b>		<b>3,335</b>
<b>IX. PROVISIONS</b>	<b>16</b>	<b>1,923</b>		<b>1,923</b>	<b>2,080</b>		<b>2,080</b>
9.1 Reserves for Restructuring							
9.2 Reserves For Employee Benefits		<b>1,619</b>		<b>1,619</b>	<b>1,715</b>		<b>1,715</b>
9.3 Other Provisions		<b>304</b>		<b>304</b>	<b>365</b>		<b>365</b>
<b>X. DEFERRED TAX LIABILITY</b>							
<b>XI. PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS</b>							
11.1 Held for Sale							
11.2 Discontinued Operations							
<b>XII. SUBORDINATED LOANS</b>							
<b>XIII. SHAREHOLDERS' EQUITY</b>	<b>17</b>	<b>115,790</b>		<b>115,790</b>	<b>105,011</b>		<b>105,011</b>
13.1 Paid-in Capital		<b>21,000</b>		<b>21,000</b>	<b>21,000</b>		<b>21,000</b>
13.2 Capital Reserves		<b>24,844</b>		<b>24,844</b>	<b>24,844</b>		<b>24,844</b>
13.2.1 Share Premium							
13.2.2 Share Cancellation Profits							
13.2.3 Marketable Securities Revaluation Reserve							
13.2.4 Tangible and Intangible Assets Revaluation Reserve		<b>22,722</b>		<b>22,722</b>	<b>22,722</b>		<b>22,722</b>
13.2.5 Bonus Shares Obtained From Associates Subsidiaries and Joint Ventures							
13.2.6 Hedging Funds (Effective Portion)							
13.2.7 Accumulated Revaluation Reserves on Assets Held For Sale and Discontinued Operations							
13.2.8 Other Capital Reserves		<b>2,122</b>		<b>2,122</b>	<b>2,122</b>		<b>2,122</b>
13.3 Profit Reserves		<b>59,167</b>		<b>59,167</b>	<b>38,707</b>		<b>38,707</b>
13.3.1 Legal Reserves		<b>4,198</b>		<b>4,198</b>	<b>3,286</b>		<b>3,286</b>
13.3.2 Statutory Reserves							
13.3.3 Extraordinary Reserves		<b>54,969</b>		<b>54,969</b>	<b>35,421</b>		<b>35,421</b>
13.3.4 Other Profit Reserves							
13.4 Profit or Loss		<b>10,779</b>		<b>10,779</b>	<b>20,460</b>		<b>20,460</b>
13.4.1 Retained Earnings / (Accumulated Losses)							
13.4.2 Current Year Profit/Loss		<b>10,779</b>		<b>10,779</b>	<b>20,460</b>		<b>20,460</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,355,971</b>	<b>321,731</b>	<b>1,677,702</b>	<b>1,533,170</b>	<b>422,057</b>	<b>1,955,227</b>

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**STATEMENT OF OFF - BALANCE SHEET ITEMS AS OF 30 JUNE 2013**

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

OFF-BALANCE SHEET ITEMS	Notes	Reviewed 30 June 2013			Audited 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. IRREVOCABLE FACTORING OPERATIONS		367,790	93,011	460,801	151,261	11,572	162,833
II. REVOCABLE FACTORING OPERATIONS		541,373	111,118	652,491	651,774	62,483	714,257
III. GUARANTEES TAKEN	26.1	37,425	1,658,282	1,695,707	33,910	1,130,524	1,164,434
IV. GUARANTEES GIVEN	26.2	2,279	-	2,279	1,148	-	1,148
V. COMMITMENTS	26.3	4,983	5,043	10,026	3,415	5,567	8,982
5.1 Irrevocable Commitments		4,983	5,043	10,026	3,415	5,567	8,982
5.2 Revocable Commitments		-	-	-	-	-	-
5.2.1 Lease Commitments		-	-	-	-	-	-
5.2.1.1 Finance Lease Commitments		-	-	-	-	-	-
5.2.1.2 Operational Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL INSTRUMENTS	26.4	128,155	196,108	324,263	90,845	240,086	330,931
6.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.1.1 Fair Value Hedges		-	-	-	-	-	-
6.1.2 Cash Flow Hedges		-	-	-	-	-	-
6.1.3 Net Investment Hedges		-	-	-	-	-	-
6.2 Derivative Financial Instruments Held For Trading		128,155	196,108	324,263	90,845	240,086	330,931
6.2.1 Forward Buy/Sell Transactions		-	-	-	-	-	-
6.2.2 Swap Buy/Sell Transactions		128,155	196,108	324,263	90,845	240,086	330,931
6.2.3 Options Buy/Sell Transactions		-	-	-	-	-	-
6.2.4 Futures Buy/Sell Transactions		-	-	-	-	-	-
6.2.5 Other		-	-	-	-	-	-
VII. ITEMS HELD IN CUSTODY		521,044	85,829	606,873	452,149	76,864	529,013
<b>TOTAL OFF BALANCE SHEET ITEMS</b>		<b>1,603,049</b>	<b>2,149,391</b>	<b>3,752,440</b>	<b>1,384,502</b>	<b>1,527,096</b>	<b>2,911,598</b>

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

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**  
**INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013**

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

INCOME STATEMENT	Notes	Revised	Audited	Revised	Audited
		1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
<b>I. OPERATING INCOME</b>	<b>18</b>	<b>68,353</b>	<b>33,783</b>	<b>70,531</b>	<b>32,169</b>
<b>FACTORING INCOME</b>		<b>68,353</b>	<b>33,783</b>	<b>70,531</b>	<b>32,169</b>
1.1 Factoring Interest Income		56,039	27,440	60,451	27,767
1.1.1 Discount		27,469	14,046	32,279	16,982
1.1.2 Other		28,570	13,394	28,172	10,785
1.2 Factoring Commission Income		12,314	6,343	10,080	4,402
1.2.1 Discount		7,766	3,916	7,019	2,640
1.2.2 Other		4,548	2,427	3,061	1,762
<b>OPERATING EXPENSES (-)</b>	<b>19</b>	<b>(16,945)</b>	<b>(8,293)</b>	<b>(15,798)</b>	<b>(8,280)</b>
2.1 Personnel Expenses		(10,447)	(5,141)	(8,782)	(5,316)
2.2 Retirement Pay Provision Expenses		(73)	(37)	(30)	(15)
2.3 Research and Development Expenses		-	-	-	-
2.4 General Administrative Expenses		(6,416)	(3,114)	(6,711)	(3,684)
2.5 Other		(10)	(1)	(275)	(265)
<b>III. OTHER OPERATING INCOME</b>	<b>20</b>	<b>37,696</b>	<b>20,548</b>	<b>44,463</b>	<b>16,881</b>
3.1 Interest income from Deposits		2,632	1,628	121	63
3.2 Interest income from Reverse Repurchase Agreements		-	-	-	-
3.3 Interest income from Marketable Securities		-	-	201	104
3.3.1 Interest Income from Financial Assets Held for Trading		-	-	48	24
3.3.2 Interest Income from Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
3.3.3 Interest Income from Financial Assets Available For Sale		-	-	153	80
3.3.4 Interest Income from Financial Assets Held to Maturity		-	-	-	-
3.4 Dividend Income		-	-	-	-
3.5 Interest Received from Money Market Placements		603	-	23,840	8,884
3.5.1 Derivative Financial Transactions		603	-	23,840	8,884
3.5.2 Other		-	-	-	-
3.6 Foreign Exchange Gains		33,904	18,813	19,825	7,687
3.7 Other		557	107	476	143
<b>IV. FINANCIAL EXPENSES (-)</b>	<b>21</b>	<b>(37,059)</b>	<b>(18,224)</b>	<b>(40,428)</b>	<b>(19,527)</b>
4.1 Interest Expense on Funds Borrowed		(36,704)	(18,035)	(39,939)	(19,254)
4.2 Interest Expense on Factoring Payables		-	-	-	-
4.3 Finance Lease Expense		-	-	-	-
4.4 Interest Expense on Securities Issued		-	-	-	-
4.5 Other Interest Expenses		(4)	-	(1)	-
4.6 Other Fees and Commissions		(351)	(189)	(488)	(273)
<b>V. SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)</b>	<b>22</b>	<b>(5,577)</b>	<b>(3,083)</b>	<b>(1,507)</b>	<b>(219)</b>
<b>VI. OTHER OPERATING EXPENSES (-)</b>	<b>23</b>	<b>(32,989)</b>	<b>(18,186)</b>	<b>(43,476)</b>	<b>(15,987)</b>
6.1 Impairment on Marketable Securities (-)		-	-	-	-
6.1.1 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
6.1.2 Financial Assets Available For Sale		-	-	-	-
6.1.3 Financial Assets Held to Maturity		-	-	-	-
6.2 Expense from Impairment on Tangible and Intangible Assets		-	-	-	-
6.2.1 Impairment on Tangible Assets		-	-	-	-
6.2.2 Impairment on Assets Held for Sale and Discontinued Operations		-	-	-	-
6.2.3 Impairment on Goodwill		-	-	-	-
6.2.4 Impairment on Intangible Assets		-	-	-	-
6.2.5 Impairment on Subsidiaries, Associates and Joint Ventures		-	-	-	-
6.3 Losses from Derivative Financial Transactions		(6,494)	(4,487)	(23,923)	(8,071)
6.4 Foreign Exchange Losses		(26,422)	(13,747)	(19,459)	(7,822)
6.5 Other		(73)	48	(94)	(94)
<b>VII. NET OPERATING INCOME</b>		<b>13,478</b>	<b>6,545</b>	<b>13,785</b>	<b>5,037</b>
<b>VIII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>IX. NET MONETARY GAIN/LOSS</b>		-	-	-	-
<b>X. PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX</b>		<b>13,478</b>	<b>6,545</b>	<b>13,785</b>	<b>5,037</b>
<b>XI. TAX PROVISION FOR CONTINUING OPERATIONS (+)</b>	<b>11</b>	<b>(2,699)</b>	<b>(1,312)</b>	<b>(2,770)</b>	<b>(1,016)</b>
11.1 Current Tax Charge		(4,107)	(1,810)	(4,532)	(2,253)
11.2 Deferred Tax Charge (-)		-	-	-	-
11.3 Deferred Tax Benefit (+)		1,408	498	1,762	1,237
<b>XII. NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS</b>		<b>10,779</b>	<b>5,233</b>	<b>11,015</b>	<b>4,021</b>
<b>XIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
13.1 Income on Assets Held for Sale		-	-	-	-
13.2 Gain on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
13.3 Other Income on Discontinued Operations		-	-	-	-
<b>XIV. EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
14.1 Expenses on Assets Held for Sale		-	-	-	-
14.2 Losses on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
14.3 Other Expenses on Discontinued Operations		-	-	-	-
<b>XV. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX</b>		-	-	-	-
<b>XVI. TAX PROVISION FOR DISCONTINUED OPERATIONS (+)</b>		-	-	-	-
16.1 Current Tax Charge		-	-	-	-
16.2 Deferred Tax Charge (+)		-	-	-	-
16.3 Deferred Tax Benefit (-)		-	-	-	-
<b>XVII. NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
<b>XVIII. NET PERIOD PROFIT/LOSS</b>		<b>10,779</b>	<b>5,233</b>	<b>11,015</b>	<b>4,021</b>
Earnings/Loss Per Share (Kuruş (0.01 TL) per thousand shares)	<b>24</b>	513.29	249.19	524.52	191.48

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

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**  
**STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2013**

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER EQUITY	Notes	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS</b>			41
1.1 Net change in fair value of available for sale investments			41
1.2 Net change in fair value of available for sale investments (Transfer to Profit/Loss)			-
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>			-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>			-
<b>IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS</b>			-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES</b>			-
5.1 Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)			-
5.2 The portion reclassified and presented in the income statement			-
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS</b>			-
6.1 Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)			-
6.2 The portion reclassified and presented in the income statement			-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>			-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS</b>			-
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>			-
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>			(7)
<b>XI. PROFIT/LOSS FOR THE PERIOD</b>			34
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X+XI)</b>			34

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

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2013**

(Amounts expressed in thousands of Turkish Lira ("Thousands of TL") unless otherwise indicated)

	Notes	Paid-in Capital	Inflation Adjustment to Paid-in Capital	Share Premium	Contribution Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Profit/Loss	Earnings/ (Accumulated)	Securities Revaluation	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained From Investments	Hedging Funds	Reserves on Assets Held for Sale	Shareholders' Equity
<b>PRIOR PERIOD</b>																	
<b>1 January - 30 June 2012</b>																	
	Revised																
I.	Balances at the beginning of the period (Previously reported)	21,000	2,122	-	-	-	-	-	-	-	-	(29)	-	-	-	-	84,522
II.	Corrections made as per IAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections (Note 2.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances	21,000	2,122	-	-	-	-	-	-	-	-	(29)	-	-	-	-	84,522
IV.	Changes during the period																
V.	Mergers																
5.1	Helping Reserves																
5.2	Cash flow hedge																
5.3	Hedge of net investment in foreign operations																
VI.	Revaluation reserve on marketable securities																
VII.	Tangible assets revaluation reserve																
VIII.	Bonus shares of associates, subsidiaries and joint-ventures												22,722				
IX.	Revaluation reserve on marketable securities																
X.	Translation differences																
XI.	Changes resulted from disposal of assets																
XII.	Changes resulted from reclassification of assets																
XIII.	Capital increase																
XIV.	Share issuance																
XV.	Inflation adjustments to paid-in capital																
XVI.	Convertible bonds																
XVII.	Subordinated loans																
XVIII.	Current period net profit/loss																
XIX.	Profit distribution																
19.1	Dividends																
19.2	Transfers to reserves																
19.3	Other																
	Other																
		21,000	2,122	-	-	3,286	3,286	35,421	-	11,015	-	5	22,722	-	-	-	95,571
	Balances at the end of the period (01-Jan-2013) (I+II+III+...+XVIII+XIX+XIV)																
<b>CURRENT PERIOD</b>																	
<b>1 January - 30 June 2013</b>																	
	Revised																
I.	Balances at the beginning of the prior period (30 June 2011)	21,000	2,122	-	-	-	-	-	-	-	-	-	-	-	-	-	105,011
II.	Changes during the period																
III.	Mergers																
3.1	Cash flow hedge																
3.2	Hedge of net investment in foreign operations																
IV.	Revaluation reserve on marketable securities																
V.	Revaluation surplus on intangible assets																
VI.	Bonus shares of associates, subsidiaries and joint-ventures																
VII.	Revaluation reserve on marketable securities																
VIII.	Translation differences																
IX.	Changes resulted from disposal of assets																
X.	Changes resulted from reclassification of assets																
XI.	Capital increase																
XII.	Share issuance																
XIII.	Inflation adjustments to paid-in capital																
XIV.	Convertible bonds																
XV.	Subordinated loans																
XVI.	Current period net profit/loss																
XVII.	Profit distribution																
17.1	Dividends																
17.2	Transfers to reserves																
17.3	Other																
	Other																
		21,000	2,122	-	-	4,198	912	19,548	-	10,779	(20,460)	-	22,722	-	-	-	115,790
	Balances at the end of the period (30 June 2013) (I+II+III+...+XVII+XVIII+XIV)																

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



**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2013**

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

STATEMENT OF CASH FLOWS	Notes	Reviewed	Reviewed
		1 January - 30 June 2013	1 January - 30 June 2012
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1 Operating profit before changes in operating assets and liabilities		15,316	20,780
1.1.1 Interest/leasing income received		58,995	66,900
1.1.2 Leasing expenses		692	633
1.1.3 Dividends received		-	-
1.1.4 Fees and commissions received	18	11,868	9,879
1.1.5 Other income		-	-
1.1.6 Collections from previously written off receivables	8	312	179
1.1.7 Payments to personnel and service suppliers		(16,072)	(15,538)
1.1.8 Taxes paid	11	(2,297)	(2,263)
1.1.9 Other		(38,182)	(39,010)
1.2 Changes in operating assets and liabilities		(123,172)	(26,862)
1.2.1 Net (increase) decrease in factoring receivables		163,326	(311,847)
1.2.2 Net (increase) decrease in other assets		(589)	(374)
1.2.3 Net increase (decrease) in factoring payables		(249)	(653)
1.2.4 Net increase (decrease) in funds borrowed		(282,661)	285,423
1.2.5 Net increase (decrease) in due payables		-	-
1.2.6 Net increase (decrease) in other liabilities		(2,999)	589
I. Net cash provided from operating activities		(107,856)	(6,082)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		-	-
2.2 Cash obtained from sale of joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases	9,10	(855)	(63)
2.4 Fixed assets sales		-	-
2.5 Cash paid for purchase of financial assets available for sale		-	(3,500)
2.6 Cash obtained from sale of financial assets available for sale		-	3,712
2.7 Cash paid for purchase of financial assets held to maturity		-	-
2.8 Cash obtained from sale of financial assets held to maturity		-	-
2.9 Other		2,778	1,137
II. Net cash provided from investing activities		1,923	1,286
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
III. Net cash provided from financing activities		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		230	(179)
V. Net increase/decrease in cash and cash equivalents		(105,703)	(4,975)
VI. Cash and cash equivalents at the beginning of the period		107,855	7,092
VII. Cash and cash equivalents at the end of the period		2,152	2,117

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

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Aktif Finans Faktoring Hizmetleri A.Ş. was incorporated on 4 September 1990 in Turkey to provide factoring services to industrial and commercial firms. The commercial title of Aktif Finans Faktoring Hizmetleri A.Ş. was changed to Garanti Faktoring Hizmetleri A.Ş. ("the Company") with the approval of the General Assembly held on 27 March 2002. The Company offered its shares to public in 1993 with the authorization of the Capital Markets Board ("CMB"). The Company operates in accordance with the Capital Markets Law and the Communiqué on the "The Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies" issued by the Banking Regulation and Supervision Agency ("BRSA").

Information about the Company's shareholders and respective shares are as follows:

	30 June 2013	Shareholding (%)	31 December 2012	Shareholding (%)
Türkiye Garanti Bankası AŞ	17.187	81,84	17.187	81,84
Türkiye İhracat Kredi Bankası AŞ	2.053	9,78	2.053	9,78
Publicly Trading	1.760	8,38	1.760	8,38
<b>Capital</b>	<b>21.000</b>	<b>100,00</b>	<b>21.000</b>	<b>100,00</b>

(\*) The company applied to Capital Markets Board on 21 May 2013 to increase issued capital of the Company from TL 21.000 to TL 79.500 by adding positive differences of capital inflation adjustment, special funds arising from the sales gain of participation and extraordinary reserves, by the decision of the Board of Directors dated May 3, 2013 with the 2013/035, with the consent of the Company's articles of association 6 Article. As of the report date, the permitting process continues.

The shareholding of Türkiye Garanti Bankası A.Ş. as of 30 June 2013 is 55,40% and Türkiye Garanti Bankası A.Ş. has obtained the remaining 26,44% shares from public shares via Istanbul Stock Exchange. There is no change since 31 December 2012.

The Company has 199 employees as of 30 June 2013 (31 December 2012: 179)

The Company is registered in Turkey and operates at the following address:

Eski Büyükdere Caddesi

Ayazağa Köy Yolu No:23 Kat:2 34396 Maslak / İstanbul

The Company provides factoring services with 11 branches substantially in one geographical segment (Turkey).

Dividends Payable:

At the General Assembly Meeting of the company held on 29 March 2013, it has been decided unanimously to appropriate the profit after tax in the financial statements prepared based on the International Financial Reporting Standards in accordance with the Capital Markets Board Regulation Serial:XI No:29 to legal and extraordinary reserves, in line with the profit distribution principles stated in the Company's articles of association.

Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors based on the Board of Directors decision dated 26 July 2013. The General Assembly has the authority to change the financial statements.

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of “TL”) unless otherwise indicated.)

## **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

### **2.1 Basis of Presentation**

#### *2.1.1 Accounting Standards Applied*

The Company maintains its books of account in accordance with the Turkish Accounting Standards applying the Communiqué on “The Application of Uniform Charts of Accounts and its Guide Book In Connection to the Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies and The Format of the Financial Statements for Public Presentation” published in the Official Gazette No: 26525 on 17 May 2007.

The Company also applies the requirements of the Communiqué on the “Principles and Procedures of Receivable Allowances to be Provided by Finance Leasing, Factoring and Financing Companies”; which is prepared based on the Communiqué on “The Application of Uniform Charts of Accounts and its Guide Book in Connection to the Establishment and Main Activities of Financial Leasing, Factoring and Financing Companies” published in the Official Gazette No:28627 on 24 April 2013; published in the Official Gazette No: 26588 on 20 July 2007.

As per the Decree Law no. 660 published in the Official Gazette and become effective on 2 November 2011, the Additional Clause 1 of the Law no. 2499 was abolished and the Public Oversight, Accounting and Auditing Standards Authority was established. The financial statements are prepared based on the TAS/IFRS and the related statements and guidances announced by the Public Oversight, Accounting and Auditing Standards Authority.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### *2.1.2 Preparation of Financial Statements in Hyperinflationary Periods*

Restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, in accordance with Turkish Accounting Standards on “Preparation of Financial Statements in Hyperinflationary Periods” (“TAS 29”) for the financial statements prepared until 31 December 2004. BRSA issued a circular on 28 April 2005 stating that the indicators requiring the application of inflation accounting ceased to exist; consequently inflation accounting was not applied in the financial statements after 1 January 2005.

#### *2.1.3 Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **2.2 Changes in Accounting Policies**

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly. The Company has applied the accounting policies in line with the prior financial year.

### **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. Material prior period errors are corrected retrospectively and prior period financial statements are restated.

The management is required to apply accounting policies and make decisions, estimations and assumptions that affect the reported assets, liabilities, income and expenses, in order to prepare the financial statements in accordance with the Reporting Standards. Actual results may differ from those estimates.

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

## **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)**

### **2.3 Changes in Accounting Estimates and Errors (Cont'd)**

Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods. The main notes for the items including estimates are as follows:

Note 4 – Financial Assets at fair value through profit and loss

Note 7 – Factoring receivables

Note 9 – Tangible Assets

Note 10 – Intangible Assets

Note 11 – Tax Assets and Liabilities

Note 16 – Provisions

### **2.4 Adoption of New and Revised International Financial Reporting Standards**

#### **(a) New and Revised IFRSs affecting the reported financial performance and / or financial position**

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

#### ***IFRS 13 Fair Value Measurement***

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* are extended by IFRS 13 to cover all assets and liabilities within its scope.

#### ***Amendments to IAS 1 Presentation of Financial Statements***

**(as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012)**

The amendments to IAS 1 as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

#### ***IAS 19 Employee Benefits***

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs.

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

## **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)**

### **2.4 Adoption of New and Revised International Financial Reporting Standards**

#### **(a) New and Revised IFRSs affecting the reported financial performance and / or financial position**

##### ***IAS 19 Employee Benefits***

The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to IAS 19 require retrospective application.

##### ***Amendments to IAS 1 Presentation of Items of Other Comprehensive Income***

The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments should be applied retrospectively. Presentation of the other comprehensive income has not been changed due to the reporting requirements of BRSA.

##### ***Amendments to IFRS 7 Offsetting Financial Assets and Financial Liabilities and the related disclosures***

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

##### ***Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012***

- Amendments to IAS 16 *Property, Plant and Equipment*,
- Amendments to IAS 32 *Financial Instruments: Presentation*; and
- Amendments to IAS 34 *Interim Financial Reporting*.

##### **Amendments to IAS 16**

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The amendments to IAS 16 did not have a significant effect on the Company's financial statements.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.4 Adoption of New and Revised International Financial Reporting Standards

#### (b) New and Revised IFRSs applied with no material effect on the financial statements

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The amendments to IAS 32 did not have a significant effect on the Company's financial statements.

Amendments to IAS 34

The amendments to IAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to IAS 34 did not have an effect on the Company's financial statements.

#### (c) New and Revised IFRSs affecting presentation and disclosure

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

IFRS 9	<i>Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

### 2.5 Summary of Significant Accounting Policies

#### (a) Revenue

Factoring service income is composed of collected and accrued interest income and commission income earned from advance payments made to customers.

A proportion of factoring invoice total obtained constitutes commission income.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Other interest income is accrued based on the effective interest rate which equals the estimated cash flows to net book value of the related asset.

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

## **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)**

### **2.5 Summary of Significant Accounting Policies (Cont'd)**

#### **(b) *Financial Instruments***

##### Financial Assets

All financial assets 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 and recognized or 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.

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'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts 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 financial assets other than those financial assets designated as at fair value through profit or loss.

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

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges.

Credit linked notes are classified as financial assets held for trading and measured at fair value, with changes in fair value recognised in profit or loss. They are measured at amortized cost when their fair value cannot be reliably measured. Amortized cost is calculated using effective interest rate method.

##### Held to maturity investments

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

##### Available- for- sale financial assets

Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. Investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can not be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

#### 2.5 Summary of Significant Accounting Policies (Cont'd)

##### (b) *Financial Instruments (Cont'd)*

###### Financial Assets (Cont'd)

###### Available-for-sale financial assets (Cont'd)

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the prevailing rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

###### Factoring receivables and other receivables

Factoring receivables and other receivables are stated at fair value at initial recognition. Subsequent to initial recognition, all receivables except for factoring receivables are carried at amortized cost using the effective interest method. Factoring transactions are accounted for at carrying amounts in subsequent reporting periods. The Company management believes that carrying amounts of factoring receivables approximate to their fair values since amortization is taken into account at initial recognition.

Effective from 1 January 2008, in accordance with the Communiqué (No: 26588) on the "Principles and Procedures of Receivable Allowances To Be Provided By Financial Leasing, Factoring and Financing Companies" issued on 20 July 2007, special provision rate allocated for the factoring receivables considering their guarantees are as follows: 20%, at a minimum, for factoring receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for factoring receivables overdue more than 180 days not exceeding 360 days; and 100% for factoring receivables overdue more than 1 year. While the Company previously allocated 100% provision for all doubtful factoring receivables which had no significant collaterals without considering the time intervals above, the Company started to allocate special provision in accordance with the Communiqué after 24 February 2012. For the postdated factoring receivables of the clients for which special provision for their overdue receivables had been allocated, free provision is provided based on the rates specified in the Communiqué.



## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

##### 2.5 Summary of Significant Accounting Policies (Cont'd)

###### (b) *Financial Instruments (Cont'd)*

###### Financial Assets (Cont'd)

###### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For loans and receivables, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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

Specific provision is allocated for factoring receivables in accordance with the Communiqué (No: 26588) on the "Principles and Procedures of Receivable Allowances To Be Provided By Financial Leasing, Factoring and Financing Companies" issued by the BRSA on 20 July 2007.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent 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.

###### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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. The carrying value of these assets approximates their fair value.

###### Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are designated as held for trading and resulting gain or loss is recognized in profit or loss immediately as the derivatives do not meet the criteria for hedge accounting despite they provide economic hedge.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

#### 2.5 Summary of Significant Accounting Policies (Cont'd)

##### (b) *Financial Instruments (Cont'd)*

###### Financial Liabilities

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

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

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value at initial recognition, and remeasured at fair value as of the balance sheet date at each reporting period.

The changes in fair value are recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

###### Other financial liabilities

Other financial liabilities, including borrowings, 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 financial liability, or, where appropriate, a shorter period.

##### (c) *Tangible Assets and Amortization*

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

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement. Gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.5 Summary of Significant Accounting Policies (Cont'd)

#### (d) *Intangible Assets*

##### Intangible Fixed Assets Acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

##### Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible fixed assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives.

#### (e) *Impairment of Assets*

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (f) *Capital Increase*

Capital increases by the existing shareholders are decided in the General Assembly Meetings and accounted for over the registered nominal values.

#### (g) *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").

As per the revised TAS19, the actuarial gains/losses will be recognized under shareholder's equity starting from 1 January 2013.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

### 2.5 Summary of Significant Accounting Policies (Cont'd)

#### (h) *Provisions, Contingent Liabilities and Contingent Assets*

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.

#### (i) *Borrowing Costs*

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### (j) *Effects of Changes in Exchange Rates:*

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of the Company is expressed in thousands of TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as of 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>	<u>31 December 2012</u>
USD	1,9248	1,7826
EURO	2,5137	2,3517
GBP	2,9292	2,8708

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

##### 2.5 Summary of Significant Accounting Policies (Cont'd)

###### (k) *Earnings per Share:*

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

###### (l) *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 Company's profit or following any financial information disclosed to public.

The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date if such subsequent events arise.

###### (m) *Finance Lease:*

Lease- The Company as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lesser is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged to the profit or loss in accordance with the Company's general policy on borrowing costs as detailed above.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant leases.

###### (n) *Segmental Information:*

No segmental information is disclosed as the Company operates in Turkey and provides only factoring services.

###### (o) *Taxation on Income:*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)**

##### **2.5 Summary of Significant Accounting Policies (Cont'd)**

###### **(o) Taxation on Income (Cont'd):**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

##### 2.5 Summary of Significant Accounting Policies (Cont'd)

###### (p) *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 generated from factoring operations 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.

	<u>30 June 2013</u>	<u>30 June 2012</u>
Cash and Cash equivalents	1	-
Banks	2.151	2.117
-	<u>2.152</u>	<u>2.117</u>

#### 3 CASH AND CASH EQUIVALENTS

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Cash and Cash equivalents	1	-	1	-
	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)

##### 4.1 Financial Assets Held for Trading

Details of the Company's credit linked notes that are classified as financial assets held for trading as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Turkish Corporate Bonds	-	-	-	1.984
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.984</u>

	<u>30 June 2013</u>			
	<u>Carrying Amount</u>	<u>Nominal</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>
<i>Turkish Corporate Bonds</i>				
USD	-	-		
	<u>-</u>	<u>-</u>		

	<u>31 December 2012</u>			
	<u>Carrying Amount</u>	<u>Nominal</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>
<i>Turkish Corporate Bonds</i>				
USD	1.984	1.981	2,32	4 January 2013
	<u>6.334</u>	<u>6.296</u>		

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net) (Cont'd)

##### 4.2 Derivative Financial Assets Held for Trading

Derivative financial instruments are stated at fair value. Increase in fair value is classified as derivative financial assets held for trading while decrease in fair value is classified as derivative financial liabilities held for trading.

Details of derivative financial assets held for trading that arise from currency swap buy-sell agreements as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Derivative financial assets held for trading	73	44	226	51
	<u>73</u>	<u>44</u>	<u>226</u>	<u>51</u>

##### 4.3 Derivative Financial Liabilities Held for Trading

Details of derivative financial liabilities held for trading that arise from currency swap buy-sell agreements as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Derivative financial liabilities held for trading	2.527	29	2	38
	<u>2.527</u>	<u>29</u>	<u>2</u>	<u>38</u>

#### 5 BANKS

Details of banks as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Demand deposits	256	1.895	2.506	2.996
Time deposits	-	-	100.471	2.352
	<u>256</u>	<u>1.895</u>	<u>102.977</u>	<u>5.348</u>

There is no restriction on bank deposits as at 30 June 2013 and 31 December 2012.

The bank balances, excluding income accruals, with original maturities shorter than 3 months which form the basis of cash flows statement amount TL 2.151 as of 30 June 2013 (30 June 2012: TL 2.117).



## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 6 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are composed of unquoted equity share investments and public debt securities held as collateral as at 30 June 2013 and 31 December 2012. These investments are stated at their acquisition cost in the accompanying financial statements as the fair values of these investments cannot be reliably measured.

	30 June 2013			31 December 2012		
	Carrying Value		Share Percentage % (*)	Carrying Value		Share Percentage % (*)
	TL	FC		TL	FC	
<i>Investments in shares</i>						
International Factors Group SC	-	2	1,49	-	2	1,42
	-	2		-	2	

(\*) IFG ortak sayısı değiştikçe hisse oranı değişmektedir.

#### 7 FACTORING RECEIVABLES AND PAYABLES

##### *Factoring Receivables*

Details of factoring receivables as at 30 June 2013, 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Domestic and import factoring receivables	1.386.117	231.497	1.550.350	250.751
Export factoring receivables	-	46.446	-	37.859
Unearned interest income	(10.475)	(73)	(11.177)	(73)
<b>Factoring receivables, net</b>	<b>1.375.642</b>	<b>277.870</b>	<b>1.539.173</b>	<b>288.537</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 7 FACTORING RECEIVABLES AND PAYABLES (Cont'd)

##### *Factoring Receivables (Cont'd)*

The amount of past due but not impaired receivables of the Company is TL 2.792 Thousand (31 December 2012: 9.610 Thousand):

	<u>30 June 2013</u>	<u>31 December 2012</u>
Overdue for 1 month	1.939	8.993
Overdue for 1-3 months	853	617
	<u>2.792</u>	<u>9.610</u>

##### *Factoring Payables*

Details of short term factoring payables as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Factoring payables	716	1.932	404	2.493
	<u>716</u>	<u>1.932</u>	<u>404</u>	<u>2.493</u>

Factoring payables represent the amounts of collections on behalf of factoring customers but have not transferred to the factoring customer accounts yet.

#### 8 NON-PERFORMING RECEIVABLES

Details of the Company's non-performing factoring receivables and the provisions allocated for them as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Non-performing factoring receivables	34.633	-	26.583	-
Specific provisions	(25.074)	-	(19.809)	-
<b>Non-performing receivables, net</b>	<b>9.559</b>	<b>-</b>	<b>6.774</b>	<b>-</b>

Aging of non-performing factoring receivables and specific provision allocated for them as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	<u>Total non-performing factoring receivables</u>	<u>Provision</u>	<u>Total non-performing factoring receivables</u>	<u>Provision</u>
Overdue for 1-3 months	4.863	973	1.063	213
Overdue for 3-6 months	2.232	446	3.175	635
Overdue for 6-12 months	5.416	2.708	4.447	2.238
Overdue for 1 year and over	22.122	20.947	17.898	16.723
<b>Total</b>	<b>34.633</b>	<b>25.074</b>	<b>26.583</b>	<b>19.809</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 8 NON-PERFORMING RECEIVABLES (cont'd)

Amount of collaterals received for non-performing factoring receivables capped with the exposure is TL 1.567 thousand (31 December 2012: TL 1.567 thousand).

The movement of provision for non-performing factoring receivables is as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
Balance as at 1 January	19.809	13.287
Provision provided for the period (*)	5.577	1.507
Collections during the period (**)	(312)	(179)
<b>Balance at the end of the year</b>	<b>25.074</b>	<b>14.615</b>

(\*) The provisions provided during the period and the cancellation of the same provisions due to collections during the period are presented as a net value.

(\*\*) Refers to the the cancelled amount of a special provision, provided in prior periods, due to collections made in the current period.

#### 9 TANGIBLE ASSETS

The movement of tangible assets for the period ended as at 30 June 2013 is as follows:

	<u>1 January 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>30 June 2013</u>
<b>Acquisition Cost</b>				
Furniture and fixtures	2.656	86	-	2.742
Vehicles	19	-	-	19
Leasehold improvements	1.119	15	-	1.134
	<b>3.794</b>	<b>101</b>	<b>-</b>	<b>3.895</b>
<b>Accumulated Depreciation</b>		<b>Charge for the</b>		
	<u>1 January 2013</u>	<u>period</u>	<u>Disposals</u>	<u>30 June 2013</u>
Furniture and fixture	1.926	155	-	2.081
Vehicles	13	2	-	15
Leasehold improvements	983	14	-	997
	<b>2.922</b>	<b>171</b>	<b>-</b>	<b>3.093</b>
<b>Net book value</b>	<b>872</b>			<b>802</b>

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**9 TANGIBLE ASSETS (cont'd)**

The movement of tangible assets for the period ended as at 30 June 2012 is as follows:

	1 January 2012	Additions	Transfers (*)	30 June 2012
<b>Acquisition Cost</b>				
Furniture and fixtures	3.618	61	(1.110)	2.569
Vehicles	19	-	-	19
Leasehold improvements	1.108	2	(1)	1.109
	<b>4.745</b>	<b>63</b>	<b>(1.111)</b>	<b>3.697</b>
<b>Accumulated Depreciation</b>		<b>Charge for the period</b>	<b>Transfers</b>	<b>30 June 2012</b>
Furniture and fixture	2.650	192	(1.084)	1.758
Vehicles	8	2	1	11
Leasehold improvements	943	16	8	967
	<b>3.601</b>	<b>210</b>	<b>(1.075)</b>	<b>2.736</b>
<b>Net book value</b>	<b>1.144</b>			<b>961</b>

(\*) Transfers refer to the reclassifications and corrections made by the Company, after revisiting its tangible assets and the relevant accounting records during the period. As the net effect of these corrections on income / expenses accounts is TL 262 thousand loss and therefore is not material on the overall financial statements, it is presented in the current period income statement.

As of 30 June 2013 the insurance on tangible assets amounts to TL 1.490 thousand (31 December 2012: TL 1.390 thousand) and the insurance premium amounts to TL 3 thousand (31 December 2012: TL 3 thousand).

	Useful lives
Vehicles	5
Furniture and fixture	3-15
Leasehold improvements	3-10

**10 INTANGIBLE ASSETS**

The movement of intangible assets for the period ended as of 30 June 2013 is as follows:

	1 January 2013	Additions	Transfers (*)	Disposals	30 June 2013
<b>Acquisition Cost</b>					
Rights	3.076	-	-	-	3.076
Other (Software)	2.471	754	-	-	3.225
	<b>4.359</b>	<b>754</b>	<b>-</b>	<b>-</b>	<b>6.301</b>
<b>Accumulated Amortization</b>		<b>Charge for the period</b>	<b>Transfers</b>	<b>Disposals</b>	<b>30 June 2013</b>
Rights	2.793	123	-	-	2.916
Other ( Software)	1.212	352	-	-	1.564
	<b>4.005</b>	<b>475</b>	<b>-</b>	<b>-</b>	<b>4.480</b>
<b>Net book value</b>	<b>354</b>				<b>1.821</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 10 INTANGIBLE ASSETS (cont'd)

The movement of intangible assets for the period ended as of 30 June 2012 is as follows:

	<u>1 January 2012</u>	<u>Additions</u>	<u>Transfers (*)</u>	<u>30 June 2012</u>
<b>Acquisition Cost</b>				
Rights	3.072	-	4	3.076
Other (Software)	1.287	544	8	1.839
	<b>4.359</b>	<b>544</b>	<b>12</b>	<b>4.915</b>
<b>Accumulated Amortization</b>		<b>Charge for the period</b>	<b>Transfers</b>	<b>30 June 2012</b>
Rights	1.673	237	709	2.619
Other ( Software)	1.276	158	(471)	963
	<b>2.949</b>	<b>395</b>	<b>238</b>	<b>3.582</b>
<b>Net book value</b>	<b>1.410</b>			<b>1.333</b>

(\*) Please refer to Note 9

The Company does not have internally generated intangible asset as at 30 June 2013 and 31 December 2012.

	<u>Useful lives</u>
Rights	3-5
Other	3-5

#### 11 TAX ASSETS AND LIABILITIES

##### Corporate Tax

The Company is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting exempt income and other non-taxable income (carried forward losses if available and investment incentives if preferred).

The effective tax rate in 2013 is 20% (2012: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax is calculated as 20% of the income in the year 2013 (2012: 20%)

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following 4. month of the tax year for the tax responsables who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**11 TAX ASSETS AND LIABILITIES (Cont'd)**

*Income Withholding Tax*

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. Income tax withholding 24 April 2003 - 22 July 2006 is 10% among all companies. This rate since 22 July 2006, by the Council of Ministers No. 2006/10731 of 15% is applied. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Reconciliation of tax charge

	<u>30 June 2013</u>	<u>30 June 2012</u>
Reported profit before taxation	13.478	13.785
Calculated taxation on reported profit	(2.696)	(2.757)
Permanent differences:		
Non-deductible expenses	9	(100)
Other non-taxable income	(4)	37
Reversal of overaccrual of prior year tax provision	(8)	(4)
Other	-	54
<b>Tax Charge</b>	<b>(2.699)</b>	<b>(2.770)</b>

The corporate tax payable as at 30 June 2013 and 31 December 2012 is as follows:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Corporate tax provision	4.147	7.359
Advance taxes	(2.297)	(5.399)
Withholding income taxes	-	(13)
<b>Corporate Tax Payable (Note 15)</b>	<b>1.850</b>	<b>1.947</b>

The tax charge in the income statement for the period ended as at 30 June 2013 and 30 June 2012 is as summarized below:

	<u>1 January- 30 June 2013</u>	<u>1 April- 30 June 2013</u>	<u>1 January- 30 June 2012</u>	<u>1 April- 30 June 2012</u>
Current tax charge	(4.147)	(1.850)	(4.553)	(2.274)
Reversal of overaccrual of prior year tax provision	40	40	21	21
Deferred tax charge/(benefit)	1.408	498	1.762	1.237
	<b>(2.699)</b>	<b>(1.312)</b>	<b>(2.770)</b>	<b>(1.016)</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 11 TAX ASSETS AND LIABILITIES (Cont'd)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The effective corporate tax rate is 20% as at 30 June 2013 (31 December 2012: 20%). The Company calculates deferred tax assets and liabilities according to the balance sheet liability method on the temporary differences that will be utilized using the rate 20%.

Breakdown of temporary differences and deferred tax assets and liabilities that are calculated by using current tax rates as at 30 June 2013, 31 December 2012 are as follows:

	<u>30 June 2013</u>	<u>31 December 2012</u>
<b><u>Temporary Differences</u></b>		
Unearned factoring interest income	10.548	11.250
Factoring receivable provisions and adjustments	22.661	17.457
Deffered commisions	3.069	3.213
Retirement pay provision	236	210
Unused vacation accrual	662	615
Valuation differences of derivative financial assets	2.556	40
Premium pay provision	721	890
Valuation differences of time deposits	-	1
Valuation differences of factoring receivables	68	28
<b><i>Temporary differences related to deferred tax assets</i></b>	<b>40.521</b>	<b>33.704</b>
Temporary differences of derivative financial assets	117	277
Temporary differences on tangible and intangible assets	625	662
Valuation differences of funds borrowed	28	50
<b><i>Temporary differences related to deferred tax liabilities</i></b>	<b>770</b>	<b>989</b>
<b><u>Deferred tax assets / (liabilities)</u></b>		
Unearned factoring interest income	2.111	2.250
Factoring receivable provisions and adjustments	4.533	3.491
Deffered commisions	614	643
Retirement pay provision	47	42
Unused vacation accrual	132	123
Valuation differences of derivative financial assets	511	8
Premium pay provision	144	178
Valuation differences of factoring receivables	-	6
<b><i>Deferred tax assets</i></b>	<b>8.106</b>	<b>6.741</b>
Temporary differences of derivative financial assets	(23)	(55)
Temporary differences on tangible and intangible assets	(125)	(132)
Valuation differences of funds borrowed	(6)	(10)
<b><i>Deferred tax liabilities</i></b>	<b>(154)</b>	<b>(197)</b>
<b><u>Deferred tax assets (net)</u></b>	<b>7.952</b>	<b>6.544</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 11 TAX ASSETS AND LIABILITIES (Cont'd)

Movement of deferred tax assets in the period is as follows:

	<u>1 January - 30 June 2013</u>	<u>1 January - 30 June 2012</u>
1 January	6.544	4.328
Deferred tax income/ (expense)	1.408	1.762
<b>Balance at the end of the period</b>	<b>7.952</b>	<b>6.090</b>

#### 12 OTHER ASSETS

Details of other assets as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	TL	FC	TL	FC
Prepaid expenses	425	-	447	-
Receivables related with court expenses	921	-	501	-
Other	261	178	84	164
	<b>1.607</b>	<b>178</b>	<b>1.032</b>	<b>164</b>

#### 13 FUNDS BORROWED

Details of funds borrowed as at 30 June 2013 and 31 December 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	TL	FC	TL	FC
Funds Borrowed	1.227.819	319.482	1.418.443	419.015
	<b>1.227.819</b>	<b>319.482</b>	<b>1.418.443</b>	<b>419.015</b>

	<u>30 June 2013</u>				<u>31 December 2012</u>			
	Original Amount	Interest Rate (%)*	TL Equivalent		Original Amount	Interest Rate (%)	TL Equivalent	
			Up to 1 Year	1 Year and over			Up to 1 Year	1 Year and over
TL	1.227.819	5,77-	1.227.819	-	1.418.443	6,44-	1.418.443	-
USD	91.151	1,70-4,99	175.447	-	133.624	3,07-5,90	238.197	-
EURO	57.300	4,20-4,50	144.035	-	76.888	4,20-5,51	180.818	-
<b>Total</b>			<b>1.547.301</b>	<b>-</b>			<b>1.837.458</b>	<b>-</b>

\* These rates represent the interest rate range of outstanding funds borrowed with fixed and floating rates as at 30 June 2013 and 31 December 2012.

There is no guarantee given for the funds borrowed as at 30 June 2013 and 31 December 2012.



## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 14 SUNDRY CREDITORS AND OTHER LIABILITIES

Details of sundry creditors as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Deferred commissions	3.069	-	3.213	-
Sundry creditors	118	1	304	15
Transitory liability accounts	439	287	378	383
	<b>3.626</b>	<b>288</b>	<b>682</b>	<b>398</b>
Guarantee payments to customers	-	-	-	113
<b>Other Liabilities</b>	-	-	-	<b>306</b>

#### 15 TAXES PAYABLE

Details of taxes payable and liabilities as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Corporate tax payable (*) (Note 11)	1.850	-	1.947	-
Income tax payable	295	-	450	-
Social security premiums payable	565	-	269	-
Stamp tax payable	10	-	11	-
V.A.T payable	20	-	20	-
Banking and Insurance Transactions Tax (BITT) payable	830	-	638	-
	<b>3.570</b>	<b>-</b>	<b>3.335</b>	<b>-</b>

\* Income tax provision amounting to TL 4.417 thousand presented by netting the advance corporate tax amounting to TL 2.297 thousand, as at 30 June 2013.

\* Income tax provision amounting to TL 7.359 thousand presented by netting the advance corporate tax amounting to TL 5.399 thousand and income withholding taxes amounting to TL 13 thousand, as at 31 December 2012.

#### 16 PROVISIONS

Details of provisions as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Provision for employee benefits	1619	-	1.715	-
Provision provided for postdated cheques	88	-	149	-
Other provisions	216	-	216	-
	<b>1.923</b>	<b>-</b>	<b>2.080</b>	<b>-</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 16 PROVISIONS (Cont'd)

##### 16.1 Provision for Employee Benefits

Provision for employee benefits as of 30 June 2013, include retirement pay provision amounting to TL 236 thousand (31 December 2012: TL 210 thousand), unused vacation accrual amounting to TL 662 thousand (31 December 2012: TL 615 thousand) and personnel bonus accrual amounting to TL 721 thousand (31 December 2012: TL 890 thousand).

##### *Retirement Pay Provision*

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee whose contract is terminated after one service year or who is entitled to a retirement at the age of 60 (58 for women) after 25 service years (20 for women) or who is called for military service or who is dead. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended as of 23 May 2002. The amount payable consists of one month's salary limited to a maximum of TL 3.129,25 (full) for each period of service as at 30 June 2013 (31 December 2012: TL 3.033,98 (full)).

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 30 June 2013, 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 assuming an annual inflation rate of between 4,90%-5,00% and a discount rate of between 7,07%-7,38%, resulting in a real discount rate of approximately 1,975%. (31 December 2012: inflation rate of between 4,90%-5,00% , discount rate of between 7,07%-7,38%, real discount rate of 1,975%). Estimated ratio for retirement pay amounts that would not be paid because of voluntary leave is 90,91%. The company, effective from 1 July 2013 the calculation of retirement pay provision for the TL 3.254,44 (full) ceiling amount has taken into consideration (31 December 2012: TL 3.129,25 (full) ceiling amount has taken into consideration announced on 1 January 2013).

Movement of retirement pay provision in the period is as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
<b>Balance at 1 January</b>	<b>210</b>	<b>145</b>
Interes cost	2	3
Service cost	71	27
Payments during the period	(47)	(15)
<b>Balance at the end of the period</b>	<b>236</b>	<b>160</b>

##### *Personnel Bonus Accrual*

Movement of the personnel bonus provision in the period is as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
<b>Balance at 1 January</b>	<b>890</b>	-
Paid in the period	(789)	-
Reversal	(101)	-
Accrual for the period	721	-
<b>Balance at the end of the period</b>	<b>721</b>	-

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**16 PROVISIONS (Cont'd)**

**16.1 Provision for Employee Benefits (Cont'd)**

*Unused Vacation Accrual*

Movement of the unused vacation accrual during the period is as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
<b>Balance at 1 January</b>	<b>615</b>	<b>583</b>
Paid in the period	(23)	(34)
Reversal	-	(45)
Accrual for the period	70	198
<b>Balance at the end of the period</b>	<b>662</b>	<b>702</b>

**16.2. Other Provisions**

*Provisions provided for postdate cheques*

Movement of provision provided for post date cheques during the period is as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
<b>Balance at 1 January</b>	<b>149</b>	-
Reversal	(134)	-
Provision provided for the period (*)	73	94
<b>Balance at the end of the period</b>	<b>88</b>	<b>94</b>

(\*) The provisions provided during the period and the cancellation of the same provisions due to collections during the period are presented as a net value.

*Other Provisions*

As of 30 June 2013, other provisions amounting to TL 216 thousand is provided for ongoing lawsuits and fines (31 December 2012: TL 316 thousand). The movement of other provisions during the period is as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
<b>Balance at 1 January</b>	<b>216</b>	<b>500</b>
Paid in the period	-	(184)
<b>Balance at the end of the period</b>	<b>216</b>	<b>316</b>

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### **17 SHAREHOLDERS' EQUITY**

##### **17.1 Paid-in Capital**

As at 30 June 2013, the Company's share capital amounts to TL 21.000 thousand (31 December 2012: TL 21.000 thousand). As at 30 June 2013 the Company has 2.100.000.000 (31 December 2012: 2.100.000.000) total registered shares consisting of 1.057.724.557 preferred shares and 1.042.275.443 ordinary shares with a par value of Kuruş (KR=0,01 TL) 1 each (31 December 2012: Kr 1).

The Company applied to Capital Markets Board on 21 May 2013 to increase its issued capital from TL 21.000 to TL 79.500 by adding positive differences of capital inflation adjustment, special funds arising from the gain on sale of equity participations and extraordinary reserves, by the decision of the Board of Directors dated May 3, 2013 and the decision no:2013/035, as per the article 6 of the Company's articles of association. As of the date of this report, this permission process is ongoing.

The inflation adjustments to all shareholders' equity items can be only available for and used in the bonus share issue or loss offsetting, while carrying amount of extraordinary reserves can only be used in the bonus share issue, profit distribution in cash or loss offsetting.

##### **17.2 Capital Reserves**

As of 30 June 2013, capital reserves of TL 24.844 thousand (31 December 2012: TL 24.844) includes capital reserves from inflation adjustments to paid-in capital amounting to TL 2.122 thousand (31 December 2012: TL 2.122 thousand), TL 22.722 thousand tangible and intangible assets revaluation differences (31 December 2012: TL 22.722 thousand).

##### **17.3 Profit Reserves**

The Company's profit reserves comprise of the first legal reserves amounting to TL 4.198 thousand (31 December 2012: TL 3.286 thousand) and extraordinary reserves amounting to TL 54.969 thousand (31 December 2011: TL 35.421) as at 30 June 2013.

##### **17.4 Profit Distribution**

Retained earnings on statutory books can be distributed except for the legal reserves that is specified below.

The legal reserves consist of the first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. As per Turkish Commercial Code, the first legal reserve can only be offset against losses to the point that the legal reserves exceed 50% of the paid-in capital.

The capital increase to be made through the internal resources should be based on the lower of the amounts calculated using the CMB's accounting standards and the figures recorded in the legal books.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 17 SHAREHOLDERS' EQUITY (Cont'd)

##### 17.4 Profit Distribution (Cont'd)

In addition, in accordance with the requirements of the Turkish Commercial Code, the Company is primarily required to appropriate legal reserves from the statutory records. If net distributable profit in legal books is greater than the CMB net distributable profit, all of the CMB net distributable profit should be distributed, if not, all of the net distributable profit in the legal books should be distributed. If loss is incurred as per the Company's CMB financial statements or in the legal books, no profit distribution is made.

2012 PROFIT DISTRIBUTION TABLE	
2012 Profit	20.460
A- 1. Legal reserves (Turkish Commercial Code 466/1) at 5 % (*)	912
<i>Special Reserves (Article 5 of the 5520 Act KV 1 / e subparagraph, sales gains are exempt from tax and other funds that is compulsory to leave in company.)</i>	-
B- First dividend at 5% of the paid-in-capital	-
Extraordinary reserves at 5% after above deductions	-
D- Second dividend to shareholders	-
E- Extraordinary reserves	19.548

(\*) Deferred tax benefit of TL 2.215 in year 2012, has not been included in the profit distribution.

#### 18 OPERATING INCOME

The details of operating income for the periods ended as of 30 June 2013 and 30 June 2012 are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Factoring interest income	56.039	27.440	60.451	27.767
Factoring commission income (net)	12.314	6.343	10.080	4.402
	<b>68.353</b>	<b>33.783</b>	<b>70.531</b>	<b>32.169</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 19 OPERATING EXPENSES

The details of operating expenses for the periods ended as of 30 June 2013 and 30 June 2012 are as follows:

	<u>1 January - 30 June 2013</u>	<u>1 April - 30 June 2013</u>	<u>1 January - 30 June 2012</u>	<u>1 April - 30 June 2012</u>
Personnel expenses	10.447	5.141	8.782	4.316
Customer referral commission expenses	1.936	851	1.693	932
Vehicle expenses	1.001	510	885	462
Taxes and duties	604	231	943	357
Rent expenses	731	371	645	387
Depreciation and amortization charges	646	338	605	372
Data processing maintenance and contract expenses	-	-	454	454
Communication expenses	444	235	441	211
Consultancy expenses	310	196	243	124
Subscription expenses	155	79	159	84
Maintenance and repair expenses	84	28	66	26
Retirement pay provision	73	37	30	15
Travel expenses	65	40	71	54
Representation expenses	45	26	119	96
Case expenses	11	1	4	2
Non-deductible expenses	12	7	-	-
Other	382	202	658	388
	<b>16.946</b>	<b>8.293</b>	<b>15.798</b>	<b>8.280</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 19 OPERATING EXPENSES (Cont'd)

The details of personnel expenses classified under operating expenses for the years end as at 30 June 2013 and 2012 are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Salaries	7.409	3.730	6.464	3.306
Bonuses	721	343	317	13
Social security premium employer's share	829	399	717	364
Personnel food expenses	338	171	367	176
Personnel transportation expenses	273	137	250	125
Insurance expenses	212	109	183	90
Unemployment insurance employer's share	109	53	77	31
Other	556	199	407	211
	<b>10.447</b>	<b>5.141</b>	<b>8.782</b>	<b>4.316</b>

#### 20 OTHER OPERATING INCOME

The details of other operating income for the periods ended as at 30 June 2013 and 30 June 2012 are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
Foreign exchange gains	33.904	18.813	19.825	7.687
Interest income on bank deposits	2.632	1.628	121	63
Income on derivative financial transactions	603	-	23.840	8.884
Interest income on marketable securities	-	-	201	104
Other	557	107	476	143
	<b>37.696</b>	<b>20.548</b>	<b>44.463</b>	<b>16.881</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 21 FINANCE EXPENSES

The details of finance expenses for the periods ended as at 30 June 2013 and 30 June 2012 are as follows:

	<b>1 January - 30 June 2013</b>	<b>1 April - 30 June 2013</b>	<b>1 January - 30 June 2012</b>	<b>1 April - 30 June 2012</b>
Interest expenses on funds borrowed	36.704	18.035	39.939	19.254
Fees and commissions paid	351	189	488	273
Other interest expenses	4	-	1	-
	<b>37.059</b>	<b>18.224</b>	<b>40.428</b>	<b>19.527</b>

#### 22 SPECIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES

The details of provision for non-performing receivables for the periods ended as at 30 June 2013 and 30 June 2012 are as follows:

	<b>1 January - 30 June 2013</b>	<b>1 April - 30 June 2013</b>	<b>1 January - 30 June 2012</b>	<b>1 April - 30 June 2012</b>
Specific provision expenses	5.577	3.083	1.507	219
	<b>5.577</b>	<b>3.083</b>	<b>1.507</b>	<b>219</b>

#### 23 OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended as at 30 June 2013 and 30 June 2012 are as follows:

	<b>1 January - 30 June 2013</b>	<b>1 April - 30 June 2013</b>	<b>1 January - 30 June 2012</b>	<b>1 April - 30 June 2012</b>
Foreign exchange losses	26.422	13.747	19.459	7.822
Losses on derivative financial transactions	6.494	4.487	23.923	8.071
Other	73	(48)	94	94
	<b>32.989</b>	<b>18.686</b>	<b>43.476</b>	<b>15.987</b>



**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**24 EARNINGS PER SHARE**

Calculation of earnings per share for the periods ended as at 30 June 2013 and 30 June 2012 are as follows:

	<u>1 January - 30 June 2013</u>	<u>1 April - 30 June 2013</u>	<u>1 January - 30 June 2012</u>	<u>1 April - 30 June 2012</u>
Net profit/(loss) for the period	10.779	5.233	11.015	4.021
Weighted average number of shares with 1 KR of nominal value (thousand)	2.100.000	2.100.000	2.100.000	2.100.000
<b><u>Earnings per thousand shares (KR)</u></b>	<b>513,29</b>	<b>249,19</b>	<b>524,52</b>	<b>191,48</b>

**25 EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS**

The details of receivables and payables due from related parties as of 30 June 2013 and 30 June 2012 are as follows:

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	TL	FC	TL	FC
<b>Bank balances</b>				
Türkiye Garanti Bankası A.Ş.	1	623	2.252	356
<i>Demand deposits</i>	<i>1</i>	<i>623</i>	<i>2.252</i>	<i>356</i>
Garantibank International NV	2	9	2	9
<i>Demand deposits</i>	<i>2</i>	<i>9</i>	<i>2</i>	<i>9</i>
	<b>3</b>	<b>632</b>	<b>503</b>	<b>3.120</b>

The amount of cheques and notes at custody of Türkiye Garanti Bankası A.Ş. related with factoring receivables as at 30 June 2013 is TL 568.235 thousand (31 December 2012: TL 502.257 thousand).

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	TL	FC	TL	FC
<b>Factoring receivables</b>				
Doğuş Yayın Grubu AŞ	-	-	1	-
Arena Giyim Sanayi ve Ticaret A.Ş.	-	-	1.372	-
	-	-	<b>1.373</b>	-

	<u>30 June 2013</u>		<u>31 December 2012</u>	
	TL	FC	TL	FC
<b>Loans received</b>				
Türkiye Garanti Bankası AŞ	151.095	-	69.025	-
Garantibank International NV	103.072	19.501	100.361	51.572
	<b>254.167</b>	<b>19.501</b>	<b>169.386</b>	<b>51.572</b>

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.****NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**25 EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS (Cont'd)**

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
<b>Sundry creditors</b>				
Garanti Finansal Kiralama AŞ	17	-	31	0
Türkiye Garanti Bankası AŞ	-	-	15	0
Garanti Emeklilik AŞ	-	1	0	8
Garanti Filo Yönetimi AŞ	35	-	41	0
Antur Turizm AŞ	-	-	19	0
	<b>52</b>	<b>1</b>	<b>106</b>	<b>8</b>

The Company has made purchases amounting to TL 754 thousand from Garanti Bilişim Teknolojisi ve Ticaret A.Ş for the period ended 30 June 2013 (30 June 2012: TL 359 thousand).

Income and expenses from related parties for the periods ended as at 30 June 2013 and 30 June 2012 are as follows:

	1 January - 30 June 2013	1 April - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2012
<b>Interest income from factoring receivables</b>				
Doğuş Yayın Grubu AŞ	-	-	2.764	1.812
Arena Giyim Sanayi ve Ticaret A.Ş.	26	4	-	-
	<b>26</b>	<b>4</b>	<b>2.764</b>	<b>1.812</b>
<b>Interest income on bank deposits</b>				
Türkiye Garanti Bankası AŞ	1.820	1.479	4	2
	<b>1.820</b>	<b>1.479</b>	<b>4</b>	<b>2</b>
<b>Commission income from factoring receivables</b>				
Doğuş Yayın Grubu AŞ	46	2	981	535
Doğuş Grubu İletişim Yayın AŞ	6	1	21	12
Işıl Televizyon Yayıncılık AŞ	-	-	21	-
Arena Giyim Sanayi ve Ticaret A.Ş.	1	-	0	-
	<b>53</b>	<b>3</b>	<b>1.023</b>	<b>547</b>
<b>Interest expenses on funds borrowed</b>				
Türkiye Garanti Bankası AŞ	188	141	254	149
Garanti Bank International NV	2.910	754	7.979	3.524
	<b>3.098</b>	<b>895</b>	<b>8.233</b>	<b>3.673</b>
<b>Fees and commissions given</b>				
Türkiye Garanti Bankası AŞ	149	87	132	80
	<b>149</b>	<b>87</b>	<b>132</b>	<b>80</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 25 EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS (Cont'd)

<i>General Administrative Expenses</i>	<b>1 January - 30 June 2013</b>	<b>1 April - 30 June 2013</b>	<b>1 January - 30 June 2012</b>	<b>1 April - 30 June 2012</b>
Türkiye Garanti Bankası AŞ ( <i>Customer referral commission expenses and rent expenses</i> )	2.116	947	1825	985
Garanti Filo Yönetim Hizmetler AŞ ( <i>Car rental expenses</i> )	591	305	536	268
Garanti Bilişim Teknolojisi ve Ticaret AŞ ( <i>Data processing expenses</i> )	-	-	385	385
Antur Turizm AŞ ( <i>Traveling expenses</i> )	92	41	31	31
Doğuş Oto Pazarlama ve Ticaret AŞ ( <i>Car expenses</i> )	-	-	1	1
Garanti Finansal Kiralama AŞ ( <i>Office rent expenses, medical expenses</i> )	282	128	219	117
	<b>3.081</b>	<b>1.421</b>	<b>2.997</b>	<b>1.787</b>

#### Salary and other benefits provided to top management:

The amount of salary and other benefits provided to the key management by the Company for the period ended as at 30 June 2013 is TL 1.351 thousand (30 June 2012: TL 1.014 thousand).

#### 26 CONTINGENT ASSETS AND LIABILITIES

##### 26.1 Guarantees Received

Guarantees received for the Company's factoring receivables as at 30 June 2013 and 31 December 2012 is as follows:

	<b>30 June 2013</b>		<b>31 December 2012</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Customer notes	-	1.634.778	-	1.098.508
Mortgage	33.850	-	33.850	-
Chattel mortgage	3.515	-	-	-
Letters of guarantee	60	23.504	60	32.016
	<b>37.425</b>	<b>1.658.282</b>	<b>33.910</b>	<b>1.130.524</b>

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 26 CONTINGENT ASSETS AND LIABILITIES (Cont'd)

##### 26.2 Guarantees Given

Guarantees given as at 30 June 2013 and 31 December 2012 consist of letters of guarantee given to the institutions below:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Law courts	2.272	-	1.141	-
Other	7	-	7	-
	<b>2.279</b>	<b>-</b>	<b>1.148</b>	<b>-</b>

##### 26.3 Investments in Debt Securities

TL equivalent of nominal values of commitments given related to credit linked notes (Please refer to Note 4) as at 30 June 2013 is as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Commitments given related to the Credit Linked Notes	-	-	-	1.981
Foreign exchange buy-sell commitments	4.983	5.043	3.415	3.586
	<b>4.983</b>	<b>5.043</b>	<b>3.415</b>	<b>5.567</b>

##### 26.4 Currency Swap Buy-Sell Agreements

The details of currency swap buy and sell agreements as at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Currency swap buy transactions	126.419	16.908	90.845	43.036
Currency swap sell transactions	1.736	141.494	-	133.554
Interest swap buy transactions	-	18.853	-	31.748
Interest swap sell transactions	-	18.853	-	31.748
	<b>128.155</b>	<b>196.108</b>	<b>90.845</b>	<b>240.086</b>

##### 26.5 Safety Securities

The details of cheques and notes in collection as at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Cheque receivable in collection	508.444	78.572	446.762	67.141
Notes receivable in collection	12.600	7.257	5.387	9.723
	<b>521.044</b>	<b>85.829</b>	<b>452.149</b>	<b>76.864</b>

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### **27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**

##### **27.1 Financial Risk Management Purposes and Policies**

The Company is exposed to various risks during its operations:

Credit Risk

Liquidity Risk

Market Risk

The purpose of this note is to give information about the Company's objectives, policies and processes for the management of above risks when exposed to these risks.

The Company's Board of Directors is broadly responsible for the determination of the risk management framework and supervision activities.

The Company's risk management policies are constituted for identifying and analyzing the risks that the Company can be exposed to. Risk management policies' objective is to comprise suitable risk limit controls, monitoring the risks and keeping to the limits for the Company's risks. The Company helps its personnel to understand their roles and responsibilities by providing disciplined and positive control environment with various training and management standards and processes.

##### *27.1.1 Credit Risk*

The Company is subject to credit risk through its factoring operations. The Risk Management and Analysis Department of the Company is responsible to manage the credit risk. The Company requires a certain amount of collateral in respect of its financial assets. The Company management developed controls for early phases of credit approval and credit risk monitoring and management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not enter into factoring transaction with the firms which do not meet the predetermined criteria for credit approval. Credit evaluations are performed on all customers by Credit Risk Committee based on their authorization limits. Credit Risk Committee meets every week regularly and performs credit evaluations. As at the balance sheet date, there were no significant industry or geographical concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

##### *27.1.2 Liquidity Risk*

Liquidity risk arises in the general funding of the Company's activities. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Company has access to funding sources from banks. The Company continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Company strategy.

##### *27.1.3 Market Risk*

All held for trading financial instruments are exposed to market risk. Market risk is the risk that changes in market prices will decrease the value of a financial asset. All financial instruments are stated at fair value and the changes in market prices affect operating income of the Company.

The Company hedges itself for the changing market conditions through held for trading financial instruments. Market risk is managed through derivatives within the limits approved by management and risk preventive positions are held.

## **GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### **27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)**

##### **27.1 Financial Risk Management Purposes and Policies (Cont'd)**

###### *27.1.3 Market Risk (Cont'd)*

###### *(i) Foreign Currency Risk*

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL. The Company uses derivative instruments to manage its exposure to foreign currency risk.

###### *(ii) Interest Rate Risk*

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. The Company is also exposed to interest rate risk due to its assets and liabilities with floating rates such as Euribor and repricing of them. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)**

**27.2 Explanations on Risk Management (cont'd)**

**27.2.1 Credit Risk**

30 June 2013	Factoring Receivables		Non-performing receivables		Other Assets			Derivative Financial Assets Held for Trading	Financial Assets Available for Sale	
	Related Party	Others	Related Party	Others	Related Party	Others	Banks			
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	-	1.653.512	-	9.559	-	1.360	2.151	-	117	2
A. Carrying value of financial assets that are not past due nor impaired	-	1.650.720	-	-	-	1.360	2.151	-	117	2
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-	-	-
C. Financial assets that are past due but not impaired	-	2.792	-	-	-	-	-	-	-	-
-carrying value	-	2.792	-	-	-	-	-	-	-	-
- the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	9.559	-	-	-	-	-	-
- Past due (gross carrying value)	-	-	-	34.633	-	-	-	-	-	-
- Impairment (-)	-	-	-	(25.074)	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	1.175	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-	-	-

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)**

**27.2 Explanations on Risk Management (cont'd)**

**27.2.1 Credit Risk (Cont'd)**

31 December 2012	Factoring Receivables			Non-performing receivables			Other Assets			Derivative Financial Assets Held for Trading	Financial Assets Available for Sale
	Related Party	Others	Related Party	Others	Related Party	Others	Banks	Financial Assets Held for Trading	Financial Assets Available for Sale		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	1.373	1.826.337	-	6.774	-	749	108.325	1.984	277	2	
A. Carrying value of financial assets that are not past due nor impaired	1.373	1.816.727	-	-	-	749	108.325	1.984	277	2	
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-	-	-	
C. Financial assets that are past due but not impaired	-	9.610	-	-	-	-	-	-	-	-	
-carrying value	-	9.610	-	-	-	-	-	-	-	-	
- the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	6.774	-	-	-	-	-	-	
- Past due (gross carrying value)	-	-	-	26.583	-	-	-	-	-	-	
- Impairment (-)	-	-	-	(19.809)	-	-	-	-	-	-	
-The part of net value under guarantee with collateral etc.	-	-	-	1.175	-	-	-	-	-	-	
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	-	-	-	-	
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-	
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-	-	-	



**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)**

**27.2 Explanations on Risk Management (cont'd)**

**27.2.2 Liquidity Risk**

The following table provides an analysis for the Company's financial liabilities by grouping the contractual maturities as of the balance sheet date. Amounts in the following table are the undiscounted contractual cash flows:

**30 June 2013**

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>1.553.863</b>	<b>1.557.595</b>	<b>1.482.415</b>	<b>75.180</b>	-	-
Funds borrowed	1.547.301	1.551.033	1.475.853	75.180	-	-
Factoring payables	2.648	2.648	2.648	-	-	-
Sundry creditors	3.914	3.914	3.914	-	-	-

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
<b>Derivative financial liabilities and foreign exchange buy-sell commitments</b>	<b>103</b>	<b>103</b>	<b>103</b>	-	-	-
Derivative cash inflows	167.195	167.195	167.195	-	-	-
Derivative cash outflows	(167.092)	(167.092)	(167.092)	-	-	-

**31 December 2012**

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>1.844.648</b>	<b>1.855.011</b>	<b>1.520.142</b>	<b>320.205</b>	<b>14.664</b>	-
Funds borrowed	1.837.458	1.847.821	1.512.952	320.205	14.664	-
Factoring payables	2.897	2.897	2.897	-	-	-
Sundry creditors	4.293	4.293	4.293	-	-	-

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
<b>Derivative financial liabilities and foreign exchange buy-sell commitments</b>	<b>333</b>	<b>333</b>	<b>333</b>	-	-	-
Derivative cash inflows	169.132	169.132	169.132	-	-	-
Derivative cash outflows	(168.799)	(168.799)	(168.799)	-	-	-

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

##### 27.2 Explanations on Risk Management (cont'd)

##### 27.2.3 Market Risk

###### *Foreign currency risk*

Foreign currency risk is the risk arising from the value changes on financial instruments related with the change in exchange rates. The Company is exposed to currency risk due to its foreign currency borrowings. The currencies that the foreign currency risk of the Company mainly arises from are USD, Euro and GBP. As the financial statements of the Company are presented in TL, the financial statements are affected by fluctuations in these exchange rates against TL. The Company's net short/(long) position arises from the assets, liabilities and derivative financial instruments in foreign currencies as at 30 June 2013 and 31 December 2012.

Foreign currency assets and liabilities as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013 (TL equivalent in thousands)	31 December 2012 (TL equivalent in thousands)
A. Foreign currency monetary assets	450.924	512.126
B. Foreign currency monetary liabilities	(321.731)	(422.057)
C. Derivative financial instruments	(128.616)	(92.719)
<b>Net foreign currency position (A+B+C)</b>	<b>577</b>	<b>(2.650)</b>

**GARANTİ FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)**

**27.2 Explanations on Risk Management (cont'd)**

**27.2.3 Market Risk (Cont'd)**

*Foreign Currency Risk (Cont'd)*

The table below summarizes the Company's foreign currency position in detail as of 30 June 2013 and 31 December 2012. Carrying amounts of the Company's foreign currency monetary assets and liabilities are presented with their original currencies:

<b>30 June 2013</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Financial assets held for trading	44	-	-	-	44
Banks	622	1.115	158	-	1.895
Financial assets available for sale	-	2	-	-	2
Factoring receivables (*)	309.937	136.632	2.236	-	448.805
Other assets	52	109	17	-	178
<b>Total Assets</b>	<b>310.655</b>	<b>137.858</b>	<b>2.411</b>	<b>-</b>	<b>450.924</b>
<b>Liabilities</b>					
Funds borrowed	175.447	144.035	-	-	319.482
Factoring payables	489	1.317	126	-	1.932
Sundry creditors and other liabilities	55	217	16	-	288
Financial liabilities available for sale	-	29	-	-	29
<b>Total liabilities</b>	<b>175.991</b>	<b>145.598</b>	<b>142</b>	<b>-</b>	<b>321.731</b>
<b>Net foreign currency position</b>	<b>134.664</b>	<b>(7.740)</b>	<b>2.269</b>	<b>-</b>	<b>129.193</b>
Derivative financial instruments	(137.558)	10.289	(1.347)	-	(128.616)
<b>Net position</b>	<b>(2.894)</b>	<b>2.549</b>	<b>922</b>	<b>-</b>	<b>577</b>

(\*) Includes the foreign currency indexed factoring receivables amounting to TL 170.935 thousand that are presented in TL column on the balance sheet.

**GARANTI FAKTORİNG HİZMETLERİ A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013**

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

**27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)**

**27.2 Explanations on Risk Management (cont'd)**

**27.2.3 Market Risk (Cont'd)**

*Foreign Currency Risk (Cont'd)*

<b>31 December 2012</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Financial assets held for trading	1.984	51	-	-	2.035
Banks	663	3.940	745	-	5.348
Financial assets available for sale	-	2	-	-	2
Factoring receivables (*)	370.708	133.188	681	-	504.577
Other assets	48	99	17	-	164
<b>Total Assets</b>	<b>373.403</b>	<b>137.280</b>	<b>1.443</b>	<b>-</b>	<b>512.126</b>
<b>Liabilities</b>					
Funds borrowed	238.197	180.818	-	-	419.015
Factoring payables	624	986	883	-	2.493
Sundry creditors and other liabilities	42	458	11	-	511
Financial liabilities available for sale	-	38	-	-	38
<b>Total liabilities</b>	<b>238.863</b>	<b>182.300</b>	<b>894</b>	<b>-</b>	<b>422.057</b>
<b>Net foreign currency position</b>	<b>134.540</b>	<b>(45.020)</b>	<b>549</b>	<b>-</b>	<b>90.069</b>
Derivative financial instruments	(135.688)	42.969	-	-	(92.719)
<b>Net position</b>	<b>(1.148)</b>	<b>(2.051)</b>	<b>549</b>	<b>-</b>	<b>(2.650)</b>

(\*) Includes the foreign currency indexed factoring receivables amounting to TL 216.040 thousand that are presented in TL column on the balance sheet.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

##### 27.2 Explanations on Risk Management (cont'd)

##### 27.2.3 Market Risk (Cont'd)

###### *Foreign currency sensitivity risk*

10% decrease in the TL against the relevant foreign currencies as of 30 June 2013 results with a decrease in profit before tax for the period amounting to TL 58 thousand (30 June 2012: TL 129 thousand decrease). This analysis is made with the assumption that the other variables were held constant as of 30 June 2013 and 30 June 2012.

<b>TL</b>	
<b>30 June 2013</b>	<b>Profit/(Loss)</b>
USD	(289)
EURO	255
GBP	92
<b>Total</b>	<b>58</b>

<b>TL</b>	
<b>30 June 2012</b>	<b>Profit/(Loss)</b>
USD	(25)
EURO	91
GBP	63
<b>Total</b>	<b>129</b>

###### *Interest Rate Risk*

Weighted average effective interest rates applied to financial instruments as at 30 June 2013 and 31 December 2012 are as follows:

	<b>30 June 2013</b>				<b>31 December 2012</b>			
	<b>USD</b>	<b>EURO</b>	<b>GBP</b>	<b>TL</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>	<b>TL</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Assets</b>								
Banks								
Time Deposit	-	-	-	-	-	-	-	-
Financial instruments held for trading	-	-	-	-	2,32	-	-	-
Financial instruments available for sale	-	-	-	-	-	-	-	-
Factoring receivables	4,63	4,92	5,37	9,43	5,71	5,64	6,21	9,19
<b>Liabilities</b>								
Funds borrowed	4,13	4,27	-	7,22	4,52	4,51	-	7,28

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

##### 27.2 Explanations on Risk Management (cont'd)

##### 27.2.3 Market Risk (Cont'd)

###### *Interest Rate Sensitivity Analysis*

The Company's financial instruments that have interest rate sensitivity as at 30 June 2013 and 31 December 2012 are as follows:

	Carrying Value	
	30 June 2013	31 December 2012
<b>Fixed Rate</b>		
Factoring receivables	1.456.580	1.505.352
Time deposits	-	102.823
Funds borrowed	1.528.242	1.805.458
<b>Floating Rate</b>		
Factoring receivables	196.932	322.358
Financial investments	-	1.984
Funds borrowed	19.059	32.000

If interest rates of the floating rate instruments denominated in USD and EURO were 100 basis points higher/lower at the date of reissue and all other variables were constant as of 30 June 2013, net income for the period would decrease/increase by TL 1.179 thousand TL (31 December 2012: TL 2.923 thousand) as a result of higher/lower interest expense from floating interest rate financial instruments.

###### **Capital Risk Management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the profit through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings disclosed in Note 17.

The Company management reviews the cost of capital and the risks associated with each class of capital. As part of this review, the management considers the cost of capital and the risks associated with each class of capital and presents to the Board of Directors for approval.

The overall strategy of the Company did not differ materially from the prior period.

#### 28 FINANCIAL INSTRUMENTS

##### *Fair Value of Financial Instruments*

The Company has calculated fair values of financial instruments using available market information and appropriate valuation methodologies. However, as the judgment is necessary to interpret market data to determine the estimated fair value, the calculated fair values may not be fully reflective of the value that could be realized in the current circumstances. Management assumes that the fair value of funds borrowed and marketable securities approximate their carrying value as they were repriced just before the balance sheet date due to their floating interest rates like Euribor and etc. Management also assumes that the fair values of other financial assets and liabilities at amortized cost including cash and banks, other financial assets and short term bank loans denominated in TL approximate their carrying values due to their short term nature.

## GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2013

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

#### 28 FINANCIAL INSTRUMENTS (Cont'd)

##### *Fair Value of Financial Instruments Classification*

The table below presents the fair value determination method of the financial instruments at fair value. The method for each level is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

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

<b>30 June 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets available for sale	-	-	2	2
Financial assets held for trading	-	-	-	-
Derivative financial assets held for trading	-	117	-	117
	-	117	2	119
Derivative financial liabilities held for trading	-	2.556	-	2.556
	-	2.556	-	2.556

<b>31 December 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets available for sale	-	-	2	2
Financial assets held for trading	-	-	1.984	1.984
Derivative financial assets held for trading	-	277	-	277
	-	277	1.986	2.263
Derivative financial liabilities held for trading	-	40	-	40
	-	40	-	40

#### 29 SUBSEQUENT EVENTS

None.