

**EKSPO FAKTORİNG A.Ş.**

**FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2013**

## Independent Auditors' Report

To the Board of Directors of  
Ekspo Faktoring Anonim Şirketi  
İstanbul

We have audited the accompanying financial statements of Ekspo Faktoring Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2013, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Other matter*

The financial statements of the Company for the year ended 31 December 2012 were audited by another auditor. The preceding independent auditor expressed an unqualified opinion in connection with the their audit report for the year ended 31 December 2012 dated 20 February 2013.

DRT Bağımsız Denetim ve SMMM A.Ş.

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

İstanbul, 21 February 2014

# Ekspo Faktoring Anonim Şirketi

## Statement of Financial Position

As at 31 December 2013

(Currency: Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Assets</b>			
Cash and cash equivalents	10	326.684	122.466
Derivative financial assets	4,21	382.667	77.889
Factoring receivables	11	289.514.399	233.544.382
Other assets	12	656.803	268.105
Assets held for sale	13	486.703	486.703
Investment properties	14	1.166.007	1.192.170
Tangible assets	15	1.167.358	1.313.529
Intangible assets	16	13.821	24.475
Deferred tax assets	9	883.391	692.855
<b>Total assets</b>		<b>294.597.833</b>	<b>237.722.574</b>
<b>Liabilities</b>			
Loans and borrowings	17	153.891.031	105.914.780
Debt securities issued	18	52.654.003	52.419.024
Derivative financial liabilities	4,21	371.634	82.747
Factoring payables	19	2.671.290	990.294
Other liabilities	20	1.835.618	723.014
Income taxes payable	9	719.338	1.032.301
Reserve for employee severance payments	22	387.783	354.893
<b>Total liabilities</b>		<b>212.530.697</b>	<b>161.517.053</b>
<b>Equity</b>			
Share capital	23	50.000.000	50.000.000
Adjustment to share capital	23	279.326	279.326
Legal reserves	23	9.978.347	9.174.381
Retained earnings	23	21.809.463	16.751.814
<b>Total shareholders' equity</b>		<b>82.067.136</b>	<b>76.205.521</b>
<b>Total shareholders' equity and liabilities</b>		<b>294.597.833</b>	<b>237.722.574</b>
Commitments and contingencies	25		

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

## **Ekspo Faktoring Anonim Şirketi**

### **Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2013**

(Currency: Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	<i>1 January- 31 December 2013</i>	<i>1 January- 31 December 2012</i>
Factoring interest income		30.170.523	36.004.148
Factoring commission income, net		2.517.333	5.044.424
<b>Income from factoring operations</b>		<b>32.687.856</b>	<b>41.048.572</b>
Interest expense on bank borrowings		(7.635.429)	(11.780.026)
Interest expense on debt securities issued		(5.472.775)	(4.297.861)
Derivative trading losses, net		15.891	(6.848)
Foreign exchange gains (losses), net	5	359.731	137.881
Interest income other than on factoring interest income		-	485
<b>Interest, commission and foreign exchange income, net</b>		<b>19.955.274</b>	<b>25.102.203</b>
Personnel expenses	7	(6.376.742)	(5.694.913)
Administrative expenses	8	(2.154.832)	(2.200.931)
Provision for impaired factoring receivables, net	11	(2.474.493)	(2.583.759)
Depreciation and amortisation expenses	14,15,16	(199.289)	(229.831)
Other income	6	784.540	14.459
<b>Profit before income taxes</b>		<b>9.534.458</b>	<b>14.407.228</b>
Income tax expense	9	(1.672.843)	(2.902.206)
<b>Profit for the year</b>		<b>7.861.615</b>	<b>11.505.022</b>
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>7.861.615</b>	<b>11.505.022</b>

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

**Ekspo Faktoring Anonim Şirketi**  
**Statement of Changes in Equity**  
**For the Year Ended 31 December 2013**  
*(Currency: Turkish Lira ("TL") unless otherwise stated)*

	<i>Notes</i>	Share Capital	Adjustment to Share Capital	Legal Reserves	Retained Earnings	Total Equity
<b>Balances at 1 January 2012</b>		40.000.000	279.326	8.424.204	17.996.969	66.700.499
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	11.505.022	11.505.022
<b>Total comprehensive income for the year</b>					<b>11.505.022</b>	<b>11.505.022</b>
Capital increase		10.000.000	-	-	(10.000.000)	-
Transfer to legal reserves		-	-	750.177	(750.177)	-
Dividend paid		-	-	-	(2.000.000)	(2.000.000)
<b>Total</b>		<b>10.000.000</b>	<b>-</b>	<b>750.177</b>	<b>(12.750.177)</b>	<b>(2.000.000)</b>
<b>Balances at 31 December 2012</b>	<b>23</b>	<b>50.000.000</b>	<b>279.326</b>	<b>9.174.381</b>	<b>16.751.814</b>	<b>76.205.521</b>
<b>Balances at 1 January 2013</b>		<b>50.000.000</b>	<b>279.326</b>	<b>9.174.381</b>	<b>16.751.814</b>	<b>76.205.521</b>
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	7.861.615	7.861.615
<b>Total comprehensive income for the year</b>					<b>7.861.615</b>	<b>7.861.615</b>
Transfer to legal reserves		-	-	803.966	(803.966)	-
Dividend paid		-	-	-	(2.000.000)	(2.000.000)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>803.966</b>	<b>(2.803.966)</b>	<b>(2.000.000)</b>
<b>Balances at 31 December 2013</b>	<b>23</b>	<b>50.000.000</b>	<b>279.326</b>	<b>9.978.347</b>	<b>21.809.463</b>	<b>82.067.136</b>

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

**Ekspo Faktoring Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Year Ended 31 December 2013**

(Currency: Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	<i>1 January- 31 December 2013</i>	<i>1 January- 31 December 2012</i>
<b>Cash Flows From Operating Activities:</b>			
Profit for the year		7.861.615	11.505.022
<i>Adjustments for:</i>			
Depreciation and amortisation expense	<i>14, 15, 16</i>	199.289	229.831
Provision for employee severance payments	<i>22</i>	88.051	155.111
Other expense (income) accruals		(3.554.227)	(779.049)
Provision for deferred and income taxes	<i>9</i>	1.672.843	2.902.206
Interest income		(30.170.523)	(36.004.633)
Interest expenses		13.108.204	16.077.887
Provision for impaired factoring receivables	<i>11</i>	3.085.747	3.041.621
Changes in fair value of derivative financial instruments	<i>21</i>	(15.891)	6.848
		<b>(7.724.892)</b>	<b>(2.865.156)</b>
Changes in factoring receivables and payables		(56.112.791)	(33.401)
Changes in other assets		(388.699)	(61.339)
Changes in other liabilities		2.793.600	593.173
Employee severance paid	<i>22</i>	(55.161)	(33.265)
Taxes paid	<i>9</i>	(2.176.342)	(2.700.043)
Interest paid		(12.673.792)	(12.818.143)
Interest received		30.170.523	36.198.486
Proceeds from recoveries of impaired factoring receivables	<i>11</i>	611.254	457.862
<b>Net cash provided by / (used in) operating activities</b>		<b>(45.556.300)</b>	<b>18.738.174</b>
<b>Cash Flows From Investing Activities:</b>			
Acquisition of investment property	<i>14</i>	-	-
Acquisition of property and equipment	<i>15</i>	(16.300)	(75.084)
Acquisition of intangible assets	<i>16</i>	-	(14.116)
<b>Net cash used in investing activities</b>		<b>(16.300)</b>	<b>(89.200)</b>
<b>Cash Flows From Financing Activities:</b>			
Changes in loans and borrowings		47.776.818	(46.753.840)
Debt securities issued paid		-	(20.000.000)
Proceeds from debt securities issued		-	50.000.000
Dividends paid		(2.000.000)	(2.000.000)
<b>Net cash (used in) / provided from financing activities</b>		<b>45.776.818</b>	<b>(18.753.840)</b>
Effect of changes in foreign exchange rate on cash and cash equivalents		-	4.663
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>204.218</b>	<b>(100.203)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>122.466</b>	<b>222.669</b>
<b>Cash and cash equivalents at 31 December</b>	<i>10</i>	<b>326.684</b>	<b>122.466</b>

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

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

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## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **1 Reporting entity**

Ekspo Faktoring Anonim Şirketi ("the Company") was incorporated in Turkey to provide factoring services to industrial and commercial firms and registered to Turkish Trade Registry Gazette on 2 June 2000.

The Company operates in both domestic and international markets and factors its without recourse type transactions via its correspondent factoring companies abroad. The Company provides domestic, import and export factoring services to industrial and commercial enterprises in Turkey.

The Company also applies the requirements of the Communiqué on the "Principles and Procedures of Receivables 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 Guides Book in Connection to the Establishment and Main Activities of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No: 28267 on 24 April 2013; published in the Official Gazette No: 26588 on 20 July 2007.

The Company operates mainly factoring transactions in one geographical area (Turkey).

The Company's head office is located at Ayazağa Mahallesi Meydan Sokak Büyükdere Asfaltı Mevkii Spring Giz Plaza B Blok Maslak-İstanbul/Türkiye.

### **2 Basis of preparation of financial statements**

#### **(a) Statement of compliance**

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Accounting Standards as promulgated by the Banking Regulation and Supervision Agency ("BRSA") and also the Turkish Commercial Code.

The statement of balance sheet and comprehensive income of the Company as at and for the year ended 31 December 2013 were authorized for issue by the Board of Directors on 21 February 2014. The General Assembly and certain regulatory bodies have power to amend the statutory financial statements after issue.

#### **(b) Basis of measurement**

The financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. They are prepared on the historical cost basis, except for derivatives which are measured at fair value, adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005.

#### **(c) Functional and presentation currency**

The financial statements are presented in TL, which is the Company's functional currency. All financial information presented in TL is rounded to the nearest digit.

#### **(d) Use of estimates and judgements**

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

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

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements*

*as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **2 Basis of preparation (Continued)**

#### **(d) Use of estimates and judgements (Continued)**

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4 Determination of fair values
- Note 9 Taxation
- Note 11 Factoring receivables, provision for impairment of doubtful receivables
- Note 14 Investment property
- Note 15 Tangible assets
- Note 16 Intangible assets

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Accounting in hyperinflationary economies**

International Accounting Standard ("IAS") 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the reporting date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey has been 35.61% at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute. This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilisation, decrease in the interest rates and the appreciation of TL against the US Dollars ("USD"), have been taken into consideration to categorize Turkey as a non-hyperinflationary economy under IAS 29 effective from 1 January 2006. Therefore, IAS 29 has not been applied to the financial statements of the Company as at and for the year ended 31 December 2006 and thereafter.

#### **(b) Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to TL at the exchange rates ruling at reporting date with the resulting exchange differences recognized in the profit or loss as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the comprehensive profit or loss as realized during the course of the year.

Foreign exchange rates used by the Company as at 31 December are as follows:

	<u>2013</u>	<u>2012</u>
USD	2.1343	1.7826
EURO	2.9365	2.3517
GBP	3.5114	2.8708
CHF	2.3899	1.9430

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(c) Financial Instruments**

##### *(i) Non-derivative financial instruments*

Non-derivative financial instruments comprise factoring receivables, other assets, cash and cash equivalents, bank borrowings, debt securities, factoring payables and other liabilities.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, time and demand deposits at banks having original maturity less than 3 months and readily to be used by the Company or not blocked for any other purpose.

Time deposits are measured at amortised cost using the effective interest method, less any impairment losses.

Accounting for financial income and expense is discussed in note 3(m).

##### *Factoring receivables*

Factoring receivables are measured at amortised cost less specific allowances for uncollectibility and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately.

##### *Borrowings and debt securities*

Bank borrowings and debt securities are recognized initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, bank borrowings are stated at amortised cost with any difference between cost and redemption value being recognized in the statement of comprehensive income over the period of the borrowings.

##### *Other*

Other assets and liabilities are measured at cost due to their short term nature.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements*

*as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(c) Financial Instruments (Continued)**

##### *(ii) Derivative financial instruments*

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Fair values are based on available quoted market prices and discounted cash flow model if needed. Fair value of unquoted foreign exchange contracts are presented by the rate of the first term of the contract compared by the rest of the relevant currency market interest rates calculated on the table, minus the maturity rate as determined by comparing the statement of financial position. If fair value of derivative financial instruments is positive, it is accounted as assets; if the fair value is negative, it is accounted as liabilities.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates, as estimated based on the available quoted market rates prevailing at the reporting date.

##### *(iii) Share capital*

###### *Ordinary shares*

Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

Share capital increases pro-rata to existing shareholders is accounted for at par value as approved at the annual meeting of shareholders.

#### **(d) Investment property**

Investment property is accounted using the cost model, less accumulated depreciation, and impairment losses. Depreciation is recognized in the statement of comprehensive income on a straight-line basis over 50 years.

#### **(e) Assets held for sale**

Assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(f) Tangible assets**

##### *(i) Recognition and measurement*

Items of tangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29 less accumulated depreciation and impairment losses, if any. Tangible assets acquired after 31 December 2005 are measured at cost, less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of tangible assets have different useful lives, they are accounted for as separate items (major components) of tangible assets.

Any gain and loss on disposal of an item of tangible assets (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net in other income and other expenses in profit or loss.

##### *(ii) Subsequent costs*

The cost of replacing part of an item of tangible assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the statement of comprehensive income as incurred.

##### *(iii) Depreciation*

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets.

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

Furniture and fixtures	5 years
Motor vehicles	5 years

Leasehold improvements are amortised over the periods of the respective leases on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **(g) Intangible assets**

Intangible assets represent computer software licenses and rights. Intangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29, less accumulated amortisation, and impairment losses, if any. Intangible assets acquired after 31 December 2005 are measured at cost, less accumulated amortisation, and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are 5 years.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(h) Impairment**

##### *(i) Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All financial assets are tested for impairment on an individual basis. Rest of financial assets are evaluated according to same properties of loan risk in group.

Geride kalan finansal varlıklar, benzer kredi riski özelliklerine göre gruplanarak değerlendirilmektedir.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost, the reversal is recognized in the profit or loss to the extent that the impairment loss in respect of a financial asset was not recognized in the previous year.

##### *(ii) Non-financial assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment except deferred tax asset (accounting policy n). If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the statements of profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements*

*as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(i) Employee benefits**

##### **(i) Reserve for employee severance payments**

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued in accordance with IAS 39. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees through statistical methodology.

The assumptions used in the calculation are as follows:

	<b>31 December 2013</b>	<b>31 December 2012</b>
Net discount rate	3.75%	2.60%
Expected salary / limit increase	6.21%	5.00%

##### **(ii) Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(j) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **(k) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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 to realize the asset and settle the liability simultaneously.

#### **(l) Related parties**

The shareholders of the Company and other companies that are controlled by them or related with them and key management personnel of the Company are considered and referred to as the related parties.

**Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
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*(Currency: Turkish Lira ("TL") unless otherwise stated)*

**3 Significant accounting policies (Continued)**

**(m) Revenue and cost recognition**

*(i) Factoring interest and commission income*

Factoring interest and commission income are recognized in profit or loss on an accrual basis using the effective interest method. Commission income is a certain percentage of the total amount of invoices subject to factoring.

*(ii) Factoring commission expense*

Factoring commission charges are recognised as expense in profit or loss on accrual basis.

*(iii) Other income and expenses*

Other income and expenses are recognized in profit or loss on the accrual basis.

*(iv) Financial income / expenses*

Financial income includes foreign exchange gains and interest income from time deposits calculated using the effective interest method.

Financial expenses include interest expense on borrowings and debt securities calculated using the effective interest method, foreign exchange losses and other financial expenses.

**(n) Income tax**

Taxes on income comprise current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred taxes on income.



## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements*

*as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(o) Application of new and revised international financial reporting standards (IFRSs)**

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

##### ***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 have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

##### ***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. The application of this new standard does not result in any impact on financial statements.

##### ***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. 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. The Company management has estimated the changes of the accounting policy and the impact on prior year financial statements and has decided not restate of prior year financial statement because of the impact of after tax is not material. The Company management has estimated the changes of the accounting policy and the impact on current year financial statements and has decided not restate of current year financial statement because of the impact of after tax is not material, either.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
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*(Currency: Turkish Lira ("TL") unless otherwise stated)*

### **3 Significant accounting policies (Continued)**

#### **(o) Application of new and revised international financial reporting standards (IFRSs) (Continued)**

**New and Revised IFRSs applied with no material effect on the financial statements**

**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.

**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.

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.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements*

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### **3 Significant accounting policies (Continued)**

#### **(o) Application of new and revised international financial reporting standards (IFRSs) (Continued)**

##### **New and revised IFRSs in issue but not yet effective**

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

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
Amendments to IFRS 10, 11, IAS 27	<i>Investment Entities<sup>1</sup></i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities<sup>1</sup></i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets<sup>1</sup></i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting<sup>1</sup></i>
IFRIC 21	<i>Levies<sup>1</sup></i>

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

#### **(p) Events after the reporting period**

Events after the reporting period include all events up to the date when the financial statements are authorized for issue. In accordance with IAS 10, "Events After the Reporting Period", the Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the financial statements.

#### **(q) Statement of cash flows**

The Company prepares cash flow statements to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions.

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from activities within the scope of business. Cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Cash flows relating to financing activities represent the sources of financing the Company used and the repayments of these sources.

#### **(r) Segment reporting of financial information**

Since the Company does not have segments whose financial performances are reviewed by operating decision makers, no segment reporting information is provided in the notes.

## Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2013

(Currency: Turkish Lira ("TL") unless otherwise stated)

### 4 Determination of fair values

#### Fair value hierarchy

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

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

Level 2: Inputs other than quoted prices included within Level 1 that 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).

31 December 2013	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	382,667	-	382,667
	-	<b>382,667</b>	-	<b>382,667</b>
Derivative financial liabilities	-	371,634	-	371,634
	-	<b>371,634</b>	-	<b>371,634</b>
31 December 2012	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	77,889	-	77,889
	-	<b>77,889</b>	-	<b>77,889</b>
Derivative financial liabilities	-	82,747	-	82,747
	-	<b>82,747</b>	-	<b>82,747</b>

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realised in the current circumstances. Management has estimated that the fair value of certain financial position instruments is not materially different than their recorded values due to their short nature. These statement of financial position instruments include cash and cash equivalents, factoring receivables, factoring payables, loans and borrowings, other assets and other liabilities. Fair value of debt securities is determined with reference to their quoted bid price at the reporting date.

**Ekspo Faktoring Anonim Şirketi***Notes to the Financial Statements**as at and for the Year Ended 31 December 2013**(Currency: Turkish Lira ("TL") unless otherwise stated)***4 Determination of fair values (Continued)**

As at 31 December, the carrying amounts and fair values of financial instruments are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets</b>				
Cash and cash equivalents	326,684	326,684	122,466	122,466
Factoring receivables	289,514,399	289,514,399	233,544,382	233,544,382
<b>Financial liabilities</b>				
Bank borrowings	153,891,031	153,891,031	105,914,780	105,914,780
Debt securities issued	52,654,003	52,654,003	52,419,024	52,403,319
Factoring payables	2,671,290	2,671,290	990,294	990,294
Other liabilities	1,835,621	1,835,621	723,014	723,014

**5 Interest income other than factoring operations**

As at and for the years ended 31 December, interest income other than factoring operations are as follows:

	<u>2013</u>	<u>2012</u>
Interest income on bank deposits	-	485
	-	<b>485</b>

**6 Other income**

For the year ended 31 December 2013, other income comprised of brokerage income amounting to TL 784,540 (2012: TL 14,459).

**7 Personnel expenses**

For the years ended 31 December, personnel expenses comprised the following:

	<u>2013</u>	<u>2012</u>
Salary expenses	4,930,139	4,483,482
Social security premium employer's share	380,304	346,843
Bonus expenses	490,627	230,493
Insurance expenses	154,742	159,698
Provision for employee severance payments	88,051	155,111
Meal expenses	110,407	117,397
Transportation expenses	137,898	93,184
Unemployment security employer's share	35,842	30,926
Others	48,732	77,779
	<b>6,376,742</b>	<b>5,694,913</b>

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
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### **8 Administrative expenses**

For the years ended 31 December, administrative expenses comprised the following:

	<u>2013</u>	<u>2012</u>
Rent expenses	539,886	451,811
Audit and consultancy expenses	312,702	292,222
Legal expenses	271,310	218,595
IT related expenses	165,806	185,779
Vehicle expenses	143,720	135,996
Communication expenses	98,924	98,818
Office expenses	90,312	80,406
Taxes and duties other than on income	82,194	89,716
Accommodation expenses	76,691	56,726
Subscription fees	61,457	63,306
Travel expenses	61,404	195,148
Stationery Expenses	17,151	34,366
Advertising expenses	3,968	8,206
Donations expenses	300	2,250
Others	229,007	287,586
	<u>2,154,832</u>	<u>2,200,931</u>

### **9 Taxation**

As at 31 December 2013, corporate income tax is levied at the rate of 20% (2012: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, was redefined according to the Cabinet Decision numbered 2006/10731, which was announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those which are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within fourth months fifteen days following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

**Ekspo Faktoring Anonim Şirketi***Notes to the Financial Statements**as at and for the Year Ended 31 December 2013**(Currency: Turkish Lira ("TL") unless otherwise stated)***9 Taxation (Continued)**

The statement of profit or loss and comprehensive income for the years ended 31 December is different than the amounts computed by applying the statutory tax rate to profits before income taxes.

	<u>2013</u>		<u>2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Reported profit before income taxes	9,534,458		14,407,228	
Taxes on reported profit per statutory tax rate	(1,906,892)	(20)	(2,881,446)	(20)
<i>Permanent differences:</i>				
Non-taxable expenses	(25,333)	(0.03)	(59,360)	(1)
Non-taxable income	259,382	-	38,600	-
<b>Income tax expense</b>	<b>(1,672,843)</b>	<b>(20,03)</b>	<b>(2,902,206)</b>	<b>(21)</b>

The income tax expense for the years ended 31 December comprised the following items:

	<u>2013</u>	<u>2012</u>
Current tax expense	1,863,379	3,037,935
Deferred tax expense	(190,536)	(135,729)
<b>Income tax expense</b>	<b>1,672,843</b>	<b>2,902,206</b>

In accordance with the related regulation for prepaid taxes on income, advance payments during the year are being deducted from the final tax liability computed over current year operations. Accordingly, the income tax expense is not equal to the final tax liability appearing on the statement of financial position.

The taxes payable on income at 31 December comprised the following:

	<u>2013</u>	<u>2012</u>
Taxes on income	1,863,379	3,037,935
Less: Corporation taxes paid in advance	(1,144,041)	(2,005,634)
<b>Income taxes payable</b>	<b>719,338</b>	<b>1,032,301</b>

For the years ended 31 December 2013 and 2012, movement of the Company's net deferred tax assets and liabilities is as follows:

	<u>2013</u>	<u>2012</u>
Opening balance	692,855	557,126
Deferred tax income recognized in profit or loss	190,536	135,729
<b>Closing balance</b>	<b>883,391</b>	<b>692,855</b>

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
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**9 Taxation (Continued)**

Deferred income tax is provided, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the initial recognition of assets and liabilities which effect neither accounting nor taxable profit.

As at 31 December 2013, details of deferred tax assets and deferred tax liabilities calculated by the prevailing tax rate are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Unearned interest income	4,294,184	3,176,778	858,837	635,355
Reserve for employee severance payments	387,783	354,893	77,557	70,979
Allowance for impaired factoring receivables	107,274	316,473	21,454	63,295
Derivative financial instruments	-	4,858	-	972
<b>Deferred tax assets</b>	<b>4,789,241</b>	<b>3,853,002</b>	<b>957,848</b>	<b>786,178</b>
Derivative financial instruments	11,033	-	(2,207)	(15,578)
Tangible assets, and intangible assets	361,252	388,728	(72,250)	(77,746)
<b>Deferred tax liabilities</b>	<b>(372,285)</b>	<b>388,728</b>	<b>(74,457)</b>	<b>(93,323)</b>
<b>Deferred tax assets / (liabilities), net</b>			<b>883,391</b>	<b>692,855</b>

Deferred income 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 the deferred income taxes relate to the same fiscal authority. The following amounts at 31 December, determined after appropriate offsetting, are shown in the statement of financial position.

	2013			2012		
	Gross	Offsetting	Net	Gross	Offsetting	Net
DTA	957,848	(74,457)	883,391	770,601	(77,746)	692,855
DTL	(74,457)	(74,457)	-	(77,746)	77,746	-
<b>DTA, net</b>	<b>883,391</b>	<b>-</b>	<b>883,391</b>	<b>692,855</b>	<b>-</b>	<b>692,855</b>

For the years ended 31 December 2013 and 2012, all movements in the deferred tax assets and liabilities have been recognised in profit or loss. As at 31 December 2013 and 2012, there are no unrecognised deferred tax assets and liabilities. Future profit projections and potential tax planning strategies have been taken into consideration during assessment of recoverability of deferred tax assets.

**10 Cash and cash equivalents**

As at 31 December, cash and cash equivalents are as follows:

	2013	2012
Demand deposits at banks	326,684	122,466
Cash on hand	-	-
<b>Total cash and cash equivalents</b>	<b>326,684</b>	<b>122,466</b>

As at 31 December 2013, there is not any blockage on bank deposits (31 December 2012: None).



## Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements  
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### 11 Factoring receivables

At 31 December, factoring receivables comprised the following:

	<u>2013</u>	<u>2012</u>
Domestic factoring receivables	278,485,730	234,265,797
Export and import factoring receivables	15,322,853	3,752,273
Impaired factoring receivables	9,168,297	6,693,804
Factoring receivables, gross	302,976,880	244,711,874
Unearned factoring interest income	(4,294,184)	(4,473,688)
Allowance for impaired factoring receivables	(9,168,297)	(6,693,804)
<b>Factoring receivables</b>	<b>289,514,399</b>	<b>233,544,382</b>

The Company has obtained the following collaterals for its receivables at 31 December:

	<u>2013</u>	<u>2012</u>
Customer notes and cheques	485,028,088	445,057,311
Mortgages	3,961,900	5,611,020
Letters of guarantee	-	739,631
<b>Total</b>	<b>488,989,988</b>	<b>451,407,962</b>

Movements in the allowance for impaired factoring receivables during the years ended 31 December are as follows:

	<u>2013</u>	<u>2012</u>
Balance at the beginning of the year	6,693,804	4,110,045
Provision for the year	3,085,747	3,041,621
Recoveries during the year	(611,254)	(457,862)
<b>Balance at the end of the year</b>	<b>9,168,297</b>	<b>6,693,804</b>

As at 31 December, the ageing analysis of the impaired factoring receivables are as follows:

	<u>2013</u>	<u>2012</u>
Overdue 1 to 3 months	-	805,352
Overdue 3 to 6 months	2,032,871	1,641,218
Overdue 6 to 12 months	-	788,051
Overdue over 1 year	7,135,426	3,459,183
	<b>9,168,297</b>	<b>6,693,804</b>

### 12 Other assets

As at 31 December, other assets are as follows:

	<u>2013</u>	<u>2012</u>
Prepaid expenses (*)	227,916	227,135
Others	428,887	40,970
	<b>656,803</b>	<b>268,105</b>

(\*) Prepaid expenses include participation fee paid to the Banking Regulatory Supervisory Agency amounting to TL 35,700 and TL 36,200 as at 31 December 2013 and 2012, respectively, and insurance expenses that will be utilized in the subsequent months.

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
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**13 Assets held for sale**

As at 31 December 2013, assets classified as held for sale consists of two flats obtained in lieu of impaired factoring receivables, amounting to TL 486,703 (2012: TL 486,703).

**14 Investment properties**

Movement of investment properties and related accumulated depreciation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Cost</b>				
Buildings	1,344,107	-	-	1,344,107
	<u>1 January</u> <u>2013</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	151,937	26,163	-	178,100
<b>Net carrying value</b>	<b>1,192,170</b>			<b>1,166,007</b>

Movement of investment properties and related accumulated depreciation during the year ended 31 December 2012 is as follows:

	<u>1 January</u> <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2012</u>
<b>Cost</b>				
Buildings	1,344,107	-	-	1,344,107
	<u>1 January</u> <u>2012</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2012</u>
<b>Less: Accumulated Depreciation</b>				
Buildings	125,054	26,883	-	151,937
<b>Net carrying value</b>	<b>1,219,053</b>			<b>1,192,170</b>

Investment properties include a flat owned by the Company which is property held either to earn rental income or for capital appreciation or for both. The investment properties are amortized with straight-line method over its estimated useful life of 50 years.

**Fair value measurement of the Company's investment properties**

The fair value of the investment property of the Company is determined by an independent real estate appraisal company as of 31 December 2013 and 2012. The appraisal company has the appropriate qualification and experience for the valuation of property. The expertise report was prepared in accordance with International Valuation Standards and by considering the market prices of the similar properties around the same locations with the related properties.

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
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**14 Investment property (Continued)****Fair value measurement of the Company's investment properties (Continued)**

Details of the Company's investment properties and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Carrying value 31 December 2013	Fair value as at 31 December 2013		
		Level 1 TL	Level 3 TL	Level 3 TL
Commercial property	1,166,007	-	-	2,000,000

  

	Carrying value 31 December 2013	Fair value as at 31 December 2012		
		Level 1 TL	Level 3 TL	Level 3 TL
Commercial property	1,162,000	-	-	1,900,000

**15 Tangible Assets**

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Cost</b>				
Motor vehicles	1,247,735	-	-	1,247,735
Furniture and fixtures	580,839	16,300	-	597,139
Leasehold improvements	345,355	-	-	345,355
Others (*)	830,397	-	-	830,397
<b>Total cost</b>	<b>3,004,326</b>	<b>16,300</b>	<b>-</b>	<b>3,020,626</b>

	<u>1 January</u> <u>2013</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Less: Accumulated depreciation</b>				
Motor vehicles	851,840	135,487	-	987,327
Furniture and fixtures	517,022	22,264	-	539,286
Leasehold improvements	321,935	4,720	-	326,655
<b>Total accumulated depreciation</b>	<b>1,690,797</b>	<b>162,471</b>	<b>-</b>	<b>1,853,268</b>
<b>Net carrying value</b>	<b>1,313,529</b>			<b>1,167,358</b>

**Ekspo Faktoring Anonim Şirketi**

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**15 Tangible assets (Continued)**

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Cost</b>				
Motor vehicles	1,247,735	-	-	1,247,735
Furniture and fixtures	580,839	16,300	-	597,139
Leasehold improvements	345,355	-	-	345,355
Others (*)	830,397	-	-	830,397
<b>Total cost</b>	<b>3,004,326</b>	<b>16,300</b>	<b>-</b>	<b>3,020,626</b>
	<u>1 January</u> <u>2013</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Less: Accumulated depreciation</b>				
Motor vehicles	851,840	135,487	-	987,327
Furniture and fixtures	517,022	22,264	-	539,286
Leasehold improvements	321,935	4,720	-	326,655
<b>Total accumulated depreciation</b>	<b>1,690,797</b>	<b>162,471</b>	<b>-</b>	<b>1,853,268</b>
<b>Net carrying value</b>	<b>1,313,529</b>			<b>1,167,358</b>

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2012 is as follows:

	<u>1 January</u> <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2012</u>
<b>Cost</b>				
Motor vehicles	1,247,735	-	-	1,247,735
Furniture and fixtures	536,930	43,909	-	580,839
Leasehold improvements	321,755	23,600	-	345,355
Others (*)	822,822	7,575	-	830,397
<b>Total cost</b>	<b>2,929,242</b>	<b>75,084</b>	<b>-</b>	<b>3,004,326</b>
	<u>1 January</u> <u>2012</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2012</u>
<b>Less: Accumulated depreciation</b>				
Motor vehicles	697,191	154,649	-	851,840
Furniture and fixtures	489,320	27,702	-	517,022
Leasehold improvements	310,353	11,582	-	321,935
<b>Total accumulated depreciation</b>	<b>1,496,864</b>	<b>193,933</b>	<b>-</b>	<b>1,690,797</b>
<b>Net carrying value</b>	<b>1,432,378</b>			<b>1,313,529</b>

(\*) Others comprise paintings and other decorative items which are not depreciated.

As at 31 December 2013, total amount of insurance on tangible assets is TL 2,453,326 (31 December 2012: TL 2,592,141) and total amount of insurance premium on tangible assets is TL 22,625 (31 December 2012: TL 27,545). As at 31 December 2013 and 2012, there is no pledge on tangible assets.

**Ekspo Faktoring Anonim Şirketi***Notes to the Financial Statements**as at and for the Year Ended 31 December 2013**(Currency: Turkish Lira ("TL") unless otherwise stated)***16 Intangible assets**

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Cost</b>				
Rights	154,362	-	-	154,362
	<u>1 January</u> <u>2013</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
<b>Less: Accumulated amortisation</b>				
Rights	129,887	10,655	-	140,542
<b>Net carrying value</b>	<b>24,475</b>			<b>13,821</b>

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2012 is as follows:

	<u>1 January</u> <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2012</u>
<b>Cost</b>				
Rights	140,246	14,116	-	154,362
	<u>1 January</u> <u>2012</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2012</u>
<b>Less: Accumulated amortisation</b>				
Rights	120,872	9,015	-	129,887
<b>Net carrying value</b>	<b>19,374</b>			<b>24,475</b>

As at 31 December 2013 and 2012, the Company does not have any internally generated intangible assets.

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
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(Currency: Turkish Lira ("TL") unless otherwise stated)

**17 Loans and borrowings**

As at 31 December, secured bank borrowings are as follows:

2013				
	Original Amount	Nominal Interest Rate (%) (*)	TL amount Up to 1 year	1 year and over
TL	127,028,087	8,10-10	127,028,087	-
TL (**)	11,863,935	4	11,863,935	-
USD	5,054,845	3,83-4,73	10,788,556	-
EUR	1,433,834	3,44-4,04	4,210,453	-
<b>Total</b>			<b>153,891,031</b>	<b>-</b>

  

2012				
	Original Amount	Nominal Interest Rate (%) (*)	TL amount Up to 1 year	1 year and over
TL	94,426,018	6.00-7.50	94,426,018	-
TL (**)	8,020,342	3.75	8,020,342	-
USD	1,680	Libor + 3.8	2,995	-
EUR	1,374,251	3.37-3.92	3,231,826	-
GBP	68,054	4.32	195,370	-
CHF	19,675	Libor +3.8	38,229	-
<b>Total</b>			<b>105,914,780</b>	<b>-</b>

(\*) These rates represent the average nominal interest rate range of outstanding borrowings with fixed and floating rates as at 31 December 2013 and 2012.

(\*\*) Includes the balances with reference to foreign currency indexed bank borrowings.

As at 31 December 2013, the Company has cheques and promissory notes amounting to TL 199,521,978 (31 December 2012: TL 152,104,188 ) given as collateral against its outstanding bank borrowings.

**18 Debt securities issued**

The Company has issued floating rate debt securities amounting to TL 50,000,000 at 31 July 2012 with 2 years maturity and six-months period interest payment. As at 31 December 2013, debt securities are as follows:

2013						
	Currency	Maturity	Interest type	Interest rate (*)	Nominal value	Carrying value
Debt Securities	TL	2014	Floating (**)	6.27%	50,000,000	52,654,003
						<b>52,654,003</b>

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
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**18 Debt securities issued (continued)**

2012						
	Currency	Maturity	Interest type	Interest rate (*)	Nominal value	Carrying value
Debt Securities	TL	2014	Floating (**)	5.72%	50,000,000	52,419,024
						<b>52,419,024</b>

(\*) Represents the semi-annual interest rate applicable for the first coupon payment term.

(\*\*)The third coupon payment interest rate for the next six-month is 6.2731%. The "Benchmark Interest" that will constitute the base of the interest rate of the Security will be the last 5 business days weighted arithmetic mean of the zero coupon government bond with the longest term at Istanbul Stock Exchange Bills Market Outright Purchases and Sales Market issued by the Treasury. The same procedure will be repeated to present the "Benchmark Interest" on each coupon payment day and the valid Coupon Interest Rate will constitute the base of the next coupon payment. The Coupon Interest Rate will be calculated by adding 3.75% (2012: 3.75%) additional rate of return per annum to the "Benchmark Interest Rate".

**19 Factoring payables**

As at 31 December, factoring payables comprised the following:

	<u>2013</u>	<u>2012</u>
Domestic factoring payables	2,671,290	990,294
<b>Total</b>	<b>2,671,290</b>	<b>990,294</b>

Factoring payables represent the amounts collected on behalf of but not yet paid to the factoring customers at the reporting date.

**20 Other liabilities**

As at 31 December, other liabilities comprised the following:

	<u>2013</u>	<u>2012</u>
Taxes and duties other than on income tax	346,484	525,917
Trade payables to vendors	1,318,597	133,374
Unearned income	107,833	-
Social security payables	62,704	63,723
<b>Total</b>	<b>1,835,618</b>	<b>723,014</b>

**Ekspo Faktoring Anonim Şirketi**

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**21 Derivative financial assets and derivative financial liabilities**

The Company uses currency swap derivative instruments. "Currency swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. The Company uses these derivative financial instruments, not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risk.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Company's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values of derivative instruments held as at 31 December, which represent the carrying values are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Currency swap purchases and sales	382,667	(371,634)	77,889	(82,747)
	<b>382,667</b>	<b>(371,634)</b>	<b>77,889</b>	<b>(82,747)</b>

As at 31 December 2013 and 2012, the details of derivative transactions is presented in Note 25.



**Ekspo Faktoring Anonim Şirketi**

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**22 Reserve for employee severance payments**

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 3,254.44 at 31 December 2013 (2012: TL 3,033.98) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

For the years ended 31 December, movements in the provision for employee severance indemnity were as follows:

	<u>2013</u>	<u>2012</u>
Balance at the beginning of the year	354,893	233,047
Interest cost	37,512	20,788
Service cost	54,077	60,009
Paid during the year	(55,161)	(33,265)
Actuarial difference	(3,538)	74,314
<b>Balance at the end of the year</b>	<b>387,783</b>	<b>354,893</b>

The Company recognises the actuarial gains/losses in profit or loss.

## Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements  
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### 23 Capital and reserves

#### 23.1 Paid-in capital

At 31 December 2013, the Company's nominal value of authorized and paid-in share capital amounts to TL 50,000,000 (2012: TL 40,000,000) comprising 50,000,000 (2012: 40,000,000) registered shares of par value of TL 1 each. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TL as of 31 December 2005.

As at 31 December, the composition of the authorized and paid-in share capital are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Share (%)</u>	<u>TL</u>	<u>Share (%)</u>	<u>TL</u>
M. Semra Tümay	49.00%	24,500,000	49.00%	24,500,000
Murat Tümay	25.50%	12,749,999	25.50%	12,749,999
Zeynep Ş. Akçakayalıoğlu	25.50%	12,749,999	25.50%	12,749,999
Others	0.00%	2	0.00%	2
Share capital	100%	50,000,000	100.00%	50,000,000
Adjustment to share capital		279,326		279,326
<b>Total share capital</b>		<b>50,279,326</b>		<b>50,279,326</b>

#### 23.2 Legal Reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the legal reserves is TL 9,978,343 (historical) at 31 December 2013 (2012: TL 9,174,381 (historical)).

According to the decisions based on the General Assembly Meeting held on 25 February 2013, the Company has decided to distribute dividend. The Company has distributed amounting TL 1,000,000 based on Board of Decision dated 3 May 2013 and amounting TL 1,000,000 based on Board of Decision dated 17 September 2013.

## **Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements  
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### **24 Risk management disclosures**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

#### ***Credit risk***

The Company is subject to credit risk through its factoring operations. The Company requires a certain amount of collateral in respect of its financial assets. 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 transactions with the firms which do not meet the predetermined criteria for credit approval. Credit evaluations are performed on all customers by the Credit Risk Committee based on their authorisation limits. The Credit Risk Committee meets every week regularly and performs credit evaluations. The Company has early warning controls with respect to the monitoring of on-going credit risks and the Company regularly performs scoring of the creditworthiness of the customers. A special software program has been developed to monitor the credit risk of the Company.

At 31 December 2013, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

As at 31 December, the breakdown of the factoring receivables by industrial groups is as follows:

	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>
Textiles	51,996,786	17.96	26,997,731	11.56
Construction	37,028,892	12.79	25,830,009	11.06
Financial Services	28,777,731	9.94	25,222,793	10.80
Agriculture and ranching	25,622,024	8.85	10,789,750	4.62
Researching, consulting and advertising	24,637,675	8.51	15,951,081	6.83
Non-metal industry	15,662,729	5.41	12,681,460	5.43
Retail and wholesale trade	11,262,110	3.89	7,146,458	3.06
Tourism	10,248,810	3.54	13,125,194	5.62
Automotive	9,785,587	3.38	3,643,292	1.56
Leather industry	9,409,218	3.25	9,738,801	4.17
Food, beverages and tobacco	9,235,509	3.19	31,154,821	13.34
Rubber and plastic goods	8,859,141	3.06	8,781,269	3.76
Machinery and equipment	8,685,432	3.00	2,755,824	1.18
Iron, steel, coal, petroleum, other mines	6,282,462	2.17	2,779,178	1.19
Chemicals and pharmaceuticals	5,790,288	2.00	3,222,912	1.38
Electrical equipment	5,732,385	1.98	10,509,497	4.50
Transportation, storage and communication	5,413,919	1.87	9,505,256	4.07
Wood and Wooden Products	3,358,367	1.16	6,702,724	2.87
Computer and computer equipment	3,300,464	1.14	887,469	0.38
Cultural, recreational and sports activities	1,708,135	0.59	3,503,166	1.50
Others	6,716,735	2.32	2,615,697	1.12
	<b>289,514,399</b>	<b>100.00</b>	<b>233,544,382</b>	<b>100.00</b>

## Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements  
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### 24 Risk management disclosures (Continued)

#### Credit risk (Continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

As at 31 December 2013 and 2012, details of the financial assets exposed to credit risk are as follows:

	<u>2013</u>	<u>2012</u>
Cash at banks	326,684	122,466
Factoring receivables, net	289,514,399	233,544,382
Derivative financial assets	382,667	77,889

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### 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. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

The table below summarize average effective interest rates by major currencies for monetary financial instruments at 31 December:

	<u>2013</u>				<u>2012</u>			
	<u>USD (%)</u>	<u>EUR (%)</u>	<u>GBP (%)</u>	<u>TL (%)</u>	<u>USD (%)</u>	<u>EUR (%)</u>	<u>GBP (%)</u>	<u>TL (%)</u>
<b>Assets</b>								
Factoring receivables	7.03	6.37	-	12.76	6.36	6.85	7.95	14.38
<b>Liabilities</b>								
Loans and borrowings	3.8	3.81	-	8.47	3.74	3.81	4.32	6.73
Debt securities issued	-	-	-	12.58	-	-	-	11.47

**Ekspo Faktoring Anonim Şirketi**

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**24 Risk management disclosures (Continued)****Market risk (Continued)***Interest rate profile*

At 31 December, the interest rate profile of the interest-bearing financial instruments is as follows:

	<u>Carrying Amount</u>	
	<u>2013</u>	<u>2012</u>
<b>Fixed rate instruments</b>		
Factoring receivables	175,921,241	150,624,373
Loans and borrowings	113,061,454	31,538,220
<b>Floating rate instruments</b>		
Factoring receivables	113,593,158	82,920,009
Loans and borrowings	40,829,577	74,376,560
Debt securities	52,654,003	52,419,024

*Cash flow sensitivity analysis for variable rate instrument*

A change of 100 basis points in interest rates at 31 December would have increased profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Profit or (loss)</u>	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
<b><u>2013</u></b>		
Floating rate instruments	374,322	(374,322)
<b><u>2012</u></b>		
Floating rate instruments	383,514	(383,514)

*Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Company does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore a change in interest rates at the reporting date would not directly affect equity.

*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 currency swap contracts to manage its exposure to foreign currency risk, which will be realized in a short period of time.

As at 31 December, the foreign currency position of the Company is as follows (TL equivalents):

	<u>31 December 2013</u>	<u>31 December 2012</u>
A. Foreign currency monetary assets	28,247,460	12,027,486
B. Foreign currency monetary liabilities	28,477,633	(11,790,305)
C. Derivative financial instruments	306,864	346,287
<b>Net foreign currency position (A+B+C)</b>	<b>76,671</b>	<b>583,468</b>

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
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(Currency: Turkish Lira ("TL") unless otherwise stated)

**24 Risk management disclosures (Continued)****Market risk (Continued)****Foreign currency risk (Continued)**

As at 31 December, TL equivalents of the currency risk exposures of the Company are as follows:

	<b>2013</b>				
	<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
<b>Foreign currency monetary assets</b>					
Cash and cash equivalents	268,813	143	3,585	-	272,541
Factoring receivables	22,920,686	5,051,570	529	-	27,972,785
Other assets	2,134	-	-	-	2,134
<b>Total foreign currency monetary assets</b>	<b>23,191,633</b>	<b>5,051,713</b>	<b>4,114</b>	<b>-</b>	<b>28,247,460</b>
<b>Foreign currency monetary liabilities</b>					
Loans and borrowings	21,512,078	5,350,867	-	-	26,862,945
Factoring payables	432,021	-	-	-	432,021
Other payables	1,173,850	8,364	453	-	1,182,667
<b>Total foreign currency monetary liabilities</b>	<b>23,117,949</b>	<b>5,359,231</b>	<b>453</b>	<b>-</b>	<b>28,477,633</b>
<b>Net on balance sheet position</b>	<b>73,684</b>	<b>(307,518)</b>	<b>3,661</b>	<b>-</b>	<b>(230,173)</b>
Off balance sheet net notional position	-	306,864	-	-	306,864
<b>Net position</b>	<b>73,684</b>	<b>(654)</b>	<b>3,661</b>	<b>-</b>	<b>76,691</b>
<b>2012</b>					
	<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
<b>Foreign currency monetary assets</b>					
Cash and cash equivalents	57,503	115	894	-	58,512
Factoring receivables	6,734,496	4,994,138	195,912	42,645	11,967,191
Other assets	1,783	-	-	-	1,783
<b>Total foreign currency monetary assets</b>	<b>6,793,782</b>	<b>4,994,253</b>	<b>196,806</b>	<b>42,645</b>	<b>12,027,486</b>
<b>Foreign currency monetary liabilities</b>					
Loans and borrowings	5,760,386	5,494,774	195,372	38,229	11,488,761
Factoring payables	252,407	38,395	-	-	290,802
Other payables	5,540	4,993	-	209	10,742
<b>Total foreign currency monetary liabilities</b>	<b>6,018,333</b>	<b>5,538,162</b>	<b>195,372</b>	<b>38,438</b>	<b>11,790,305</b>
<b>Net on balance sheet position</b>	<b>775,449</b>	<b>(543,909)</b>	<b>1,434</b>	<b>4,207</b>	<b>237,181</b>
Off balance sheet net notional position	-	346,287	-	-	346,287
<b>Net position</b>	<b>775,449</b>	<b>(197,622)</b>	<b>1,434</b>	<b>4,207</b>	<b>583,468</b>

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013

(Currency: Turkish Lira ("TL") unless otherwise stated)

**24 Risk management disclosures (Continued)****Market risk (Continued)***Foreign currency sensitivity analysis*

Depreciation of TL by 10% against the other currencies as at 31 December 2013 and 2012 would have decreased profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, as at 31 December 2013 and 2012 remain constant.

TL	Profit/(Loss)	Profit/(Loss)	Equity (*)	Equity (*)
	2013	2012	2013	2012
USD	7,368	77,545	7,368	77,545
EUR	(65)	(19,762)	(65)	(19,762)
GBP	366	143	366	143
Other	-	421	-	421
<b>Total</b>	<b>7,669</b>	<b>58,347</b>	<b>7,669</b>	<b>58,347</b>

(\*) Equity effect includes profit or loss effect.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities of the Company:

	Carrying amount	Contractual cash flows	31 December 2013			
			3 months or less	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>211,051,942</b>	<b>215,288,126</b>	<b>143,411,264</b>	<b>71,876,862</b>	-	-
Loans and borrowings	153,891,031	154,508,218	138,904,356	15,603,862	-	-
Debt securities	52,654,003	56,273,000	-	56,273,000	-	-
Factoring payables	2,671,290	2,671,290	2,671,290	-	-	-
Other liabilities	1,835,618	1,835,618	1,835,618	-	-	-
<b>Derivative financial liabilities</b>	<b>11,033</b>	<b>11,380</b>	<b>962</b>	<b>10,418</b>	-	-
Inflow	382,667	240,283	83,136	157,147	-	-
Outflow	(371,634)	(228,903)	(82,174)	(146,729)	-	-

**Ekspo Faktoring Anonim Şirketi**

Notes to the Financial Statements  
as at and for the Year Ended 31 December 2013

(Currency: Turkish Lira ("TL") unless otherwise stated)

**24 Risk management disclosures (Continued)***Liquidity risk (Continued)*

	Carrying amount	Contractual cash flows	31 December 2012			
			3 months or less	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>159,457,472</b>	<b>169,285,310</b>	<b>99,940,010</b>	<b>16,486,450</b>	<b>52,858,850</b>	-
Loans and borrowings	105,914,780	106,726,242	95,957,492	10,768,750	-	-
Debt securities	52,419,024	61,435,400	2,858,850	5,717,700	52,858,850	-
Factoring payables	990,294	990,294	990,294	-	-	-
Other liabilities	133,374	133,374	133,374	-	-	-
<b>Derivative financial liabilities</b>	<b>(4,858)</b>	<b>(4,869)</b>	<b>(2,128)</b>	<b>(2,741)</b>	-	-
Inflow	77,889	91,779	40,706	51,073	-	-
Outflow	(82,747)	(96,648)	(42,834)	(53,814)	-	-

**Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements. The Board of Directors monitors the return on capital, which includes the capital and reserves explained in note 23. The management has evaluated the risk of relatable capital associated with capital cost during these review. There is no change in the capital management policy of the Company in the current year.

**25 Commitments and contingencies**

Commitments and contingent liabilities arising in the ordinary course of business comprised the following items at 31 December:

Letters of guarantee	<u>2013</u>	<u>2012</u>
Given to legal courts	-	739,631
Given to Guarantees for the benefit of customer	15.101.976	-
<b>Total</b>	<b>15.101.976</b>	<b>739,631</b>

As at 31 December 2013, the Company has given cheques and notes amounting to TL 199,521,978 (2012: TL 152,104,188) as collateral against its outstanding bank borrowings.



**Ekspo Faktoring Anonim Şirketi***Notes to the Financial Statements**as at and for the Year Ended 31 December 2013**(Currency: Turkish Lira ("TL") unless otherwise stated)***25 Commitments and contingencies (Continued)**

As at 31 December, commitments for purchase and sale of currencies under swap contracts are as follows:

		<u>2013</u>		<u>2012</u>	
		<u>Foreign currency</u>	<u>TL</u>	<u>Foreign currency</u>	<u>TL</u>
Forward purchases					
	USD	2,454,269	5,238,146	1,399,879	2,495,424
	TL	5,542,431	5,542,431	6,350,309	6,350,309
	EUR	181,573	533,189	1,601,306	3,765,791
<b>Total purchases</b>			<b>11,313,766</b>		<b>12,611,524</b>

		<u>2013</u>		<u>2012</u>	
		<u>Foreign currency</u>	<u>TL</u>	<u>Foreign currency</u>	<u>TL</u>
Forward sales					
	USD	2,454,269	5,238,146	1,399,879	2,495,424
	TL	5,531,055	5,531,055	6,355,180	6,355,180
	EUR	181,573	533,189	1,601,306	3,765,791
<b>Total sales</b>			<b>11,302,390</b>		<b>12,616,395</b>

As at 31 December 2013 and 2012, the details of the Company's items held in custody is as follows:

	<u>2013</u>	<u>2012</u>
Customers' Cheques	276,307,691	236,950,306
Customers' Notes	25,200,028	35,009,115
Mortgages	3,961,900	5,611,020
	<b>305,469,619</b>	<b>277,570,441</b>

**Ekspo Faktoring Anonim Şirketi**

*Notes to the Financial Statements*

*as at and for the Year Ended 31 December 2013*

*(Currency: Turkish Lira ("TL") unless otherwise stated)*

**26 Related party disclosures**

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and their investments are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business. These transactions were carried out on an arms-length basis during the normal course of business.

	<u>2013</u>	<u>2012</u>
<b>General administrative expenses</b>		
M. Semra Tümay - rental expense	515,043	428,936
	<b>515,043</b>	<b>428,936</b>

Total benefit of key management for the years ended 31 December 2013 and 2012 amounted to TL 3,648,415 and TL 2,827,894, respectively.

**27 Events after the reporting period**

The Company has decided to increase its capital from TL 50,000,000 to TL 60,000,000 and the increase is made from retained earning accordance with decision of board of minutes dated 19 February 2014.