

**CITI MENKUL DEĞERLER  
ANONİM ŞİRKETİ**

**AUDITED FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2013**

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

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

**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors of  
Citi Menkul Değerler A.Ş.**

**Report on Financial Statements**

We have audited the accompanying statement of financial position of Citi Menkul Değerler A.Ş. ("the Company") as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Citi Menkul Değerler A.Ş. as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with TAS.

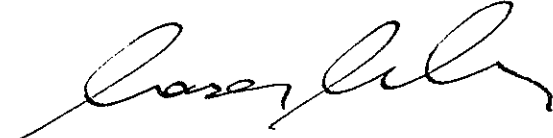
## *Other Matter*

The financial statements of the Company as of and for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 14 March 2013.

## **Report on Other Legal and Regulatory Requirements**

In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Company's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

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



Hasan Kılıç  
Partner

İstanbul, 28 March 2014

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# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## AUDITED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

		<i>Current Period</i>	<i>Restated (Refer to. Note 2.1.4) Prior Period</i>
	<i>Notes</i>	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	81,735,227	77,198,395
Trade receivables	10	34,475,214	29,304,931
- Due from related parties	35	44,081,696	46,617,244
- Trade receivables from third parties		1,980,558	4,232,637
Other receivables	11	42,101,138	42,384,607
- Due from related parties		3,144,736	1,253,308
- Other receivables from third parties		--	--
Prepaid expenses	22	3,144,736	1,253,308
Other current assets		33,319	22,381
		262	531
<b>Non-Current Assets</b>			
Financial investments	7	465,982	1,277,184
Trade receivables	10	159,711	--
- Due from related parties	35	--	1,018,654
- Trade receivables from third parties		--	1,018,654
Other receivables	11	391	392
- Due from related parties		--	--
- Other receivables from third parties		391	392
Tangible assets	18	24,128	32,806
Intangible assets	19	127,236	177,024
Deferred tax assets	33	154,516	48,308
<b>TOTAL ASSETS</b>		<b>82,201,209</b>	<b>78,475,579</b>

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

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## AUDITED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

		<i>Current Period</i>	<i>Restated</i>
	<i>Notes</i>	<i>31 December</i>	<i>(Refer to. Note</i>
		<i>2013</i>	<i>2.1.4)</i>
			<i>Prior Period</i>
			<i>31 December</i>
			<i>2012</i>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Trade payables	10	44,992,125	45,957,285
-Due to related parties	35	43,738,826	43,598,202
-Trade payables to third parties		42,949,916	43,488,926
		788,910	109,276
Payables related to employee benefits	24	152,543	148,281
Income taxes payable	33	227,858	472,248
Provisions		699,854	1,424,480
-Short-term provisions for employment benefits	24	699,854	1,424,480
Other current liabilities	22	173,044	314,074
<b>NON CURRENT LIABILITIES</b>			
Provisions		128,958	114,175
- Long-term provisions for employment benefits	24	128,958	114,175
<b><u>EQUITY</u></b>			
Share capital	27	37,080,126	32,404,119
Restricted reserves appropriated from profits	27	2,000,000	2,000,000
Other comprehensive income / expenses that will not be reclassified subsequently to profit or loss		400,000	400,000
- Gains/(losses) on revaluation	24	14,782	--
Prior years' profits	27	30,004,119	22,898,279
Net profit for the period		4,661,225	7,105,840
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>82,201,209</b>	<b>78,475,579</b>

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

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

	<i>Notes</i>	<i>Restated (Refer to Note 2.1.4)</i>	
		<i>Current Period</i>	<i>Prior Period</i>
<b><u>PROFIT OR LOSS</u></b>		<b>1 January – 31 December 2013</b>	<b>1 January – 31 December 2012</b>
<b>Revenue</b>			
Service revenue (net)	28	15,137,061	16,947,120
<b>GROSS PROFIT</b>		<b>15,137,061</b>	<b>16,947,120</b>
Marketing expenses (-)	29-30	(1,361,048)	(1,115,182)
General administrative expenses (-)	29-30	(9,118,793)	(8,127,272)
Other income from operating activities	31	1,788,652	1,572,273
Other expenses from operating activities (-)	31	(273,777)	(380,463)
<b>OPERATING PROFIT</b>		<b>6,172,095</b>	<b>8,896,476</b>
<b>PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS</b>		<b>6,172,095</b>	<b>8,896,476</b>
Tax charge on continuing operations		(1,510,870)	(1,790,636)
- Current tax charge	33	(1,620,774)	(1,783,226)
- Deferred tax benefit	33	109,904	(7,410)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>4,661,225</b>	<b>7,105,840</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		<b>14,782</b>	<b>--</b>
Items that will not be reclassified subsequently to profit or loss		14,782	--
-Actuarial gains/(losses) in defined benefit plans		18,478	--
-Deferred tax related to other comprehensive income		(3,696)	--
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,676,007</b>	<b>7,105,840</b>

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

**CITI MENKUL DEĞERLER ANONİM ŞİRKETİ**

**AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013**

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

<i>Notes</i>	Share capital	Restricted reserves appropriated from profits	Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	Prior years' profits/(losses)	Net profit/(loss) for the period	Total
<b>1 January 2012</b>	2,000,000	400,000	--	16,670,802	6,227,477	25,298,279
Transfers	--	--	--	6,227,477	(6,227,477)	--
<i>Profit for the period</i>	--	--	--	--	7,105,840	7,105,840
Total comprehensive income	--	--	--	--	7,105,840	7,105,840
<b>Balance at 31 December 2012</b>	<b>2,000,000</b>	<b>400,000</b>	<b>--</b>	<b>22,898,279</b>	<b>7,105,840</b>	<b>32,404,119</b>
<b>1 January 2013</b>	2,000,000	400,000	--	22,898,279	7,105,840	32,404,119
Transfers	--	--	--	7,105,840	(7,105,840)	--
<i>Profit for the period</i>	--	--	--	--	4,661,225	4,661,225
<i>Actuarial gains/(losses) in defined benefit plans</i>	--	--	14,782	--	--	14,782
Total comprehensive income	--	--	14,782	--	4,661,225	4,676,007
<b>Balance at 31 December 2013</b>	<b>2,000,000</b>	<b>400,000</b>	<b>14,782</b>	<b>30,004,119</b>	<b>4,661,225</b>	<b>37,080,126</b>
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The accompanying notes form an integral part of these financial statements.



# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

	<i>Notes</i>	<i>Current Period</i> <b>1 January – 31 December 2013</b>	<i>Prior Period</i> <b>1 January – 31 December 2012</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		4,661,225	7,105,840
<b>Adjustments to reconcile profit for the period:</b>			
Depreciation and amortisation	18-19	138,546	154,690
Provisions for employee termination benefits	24	33,261	57,230
Provisions for unsued vacation	24	90,354	116,987
Provisions for employee bonuses/premiums	24	457,191	1,221,087
Tax charge	33	1,510,870	1,790,636
Provisions/ (releases of provisions) for other liabilities and expenses		(134,255)	432,209
Interest income	31	(1,289,401)	(1,534,729)
Bonus shares	31	(159,711)	-
<b>Cash Flows from Operating Activities before Changes in Working Capital</b>		<b>5,308,080</b>	<b>9,343,950</b>
<b>Changes in working capital:</b>			
Changes in trade and other receivables		1,662,775	(6,688,016)
Changes in other current assets		(6,340)	(9,120)
Changes in trade payables		249,112	2,734,686
Changes in other current liabilities		(111,001)	116,149
Taxes paid	33	(1,865,164)	(1,323,100)
Unusued vacation payments to employees	24	(51,084)	--
Bonuses/premiums paid to employees	24	(1,221,087)	(721,860)
<b>Net cash flows from operating activities</b>		<b>3,965,291</b>	<b>3,452,689</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of tangible assets	18	(4,345)	--
Acquisition of intangible assets	19	(75,735)	(71,576)
<b>Net cash used in investment activities</b>		<b>(80,080)</b>	<b>(71,576)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest received		1,285,652	1,539,992
<b>Net cash from financing activities</b>		<b>1,285,652</b>	<b>1,539,992</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,170,863</b>	<b>4,921,105</b>
Cash and cash equivalents at the beginning of the period	6	27,300,602	22,379,497
<b>Cash and cash equivalents at the end of the period</b>	6	<b>32,471,465</b>	<b>27,300,602</b>

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

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Citi Menkul Değerler Anonim Şirketi (“the Company”) was established in 1990 with the title of “Tezal Menkul Değerler Anonim Şirketi” in accordance with the Turkish Commercial Code. The Company’s registered office address is Eski Büyükdere Cad. Tekfen Tower No:209 Levent Şişli/Istanbul. The Company was acquired by Citigroup on 3 October 2007. The former trade name of the Company was changed as “Opus Menkul Değerler Anonim Şirketi” with the approval letter of Capital Markets Board (“CMB”) dated 3 January 2005 and numbered 2005/5, and changed as “Citi Menkul Değerler Anonim Şirketi” with the approval letter of the CMB dated 30 January 2008 and numbered B.02.1.SP.K.0.16-136. The Company’s trade name was registered on 29 April 2008. The Company does not have any branches.

The Company performs brokerage services in accordance with the CMB Law and the related regulations. The Company has obtained the following certificates of authorisation from the CMB:

- Certificate for brokerage services (for share certificates)
- Certificates for short selling, lending and borrowing of marketable securities
- Certificate for purchase and sales of derivative transactions in Turkish Derivatives Exchange Market
- Certificate for investment advisory services
- Certificate for repurchase and reverse repurchase transactions
- Certificate of intermediation for public offerings (obtained in 2011)

The shareholders of the Company and their ownership percentages are as follows:

	31 December 2013		31 December 2012	
	<i>Share %</i>	<i>Amount</i>	<i>Share %</i>	<i>Amount</i>
Citigroup Financial Products Inc.	99.99	1,999,990	99.99	1,999,990
Other	0.01	10	0.01	10
<b>Total</b>	<b>100.00</b>	<b>2,000,000</b>	<b>100.00</b>	<b>2,000,000</b>

As at 31 December 2013, the Company has 13 employees (31 December 2012: 17).

#### Approval of the Financial Statements:

The financial statements have been approved by the board of directors and authorized for issue on 28 March 2014. The General Assembly has the authority to modify the financial statements.

### 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 The Basis for Presentation

##### 2.1.1 Compliance with TAS

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

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

#### 2.1 The Basis for Presentation (cont'd)

##### 2.1.1 Compliance with TAS (cont'd)

The financial statements and notes have been prepared in accordance with the communique numbered II, 14.1 "Communique on the Principles of Financial Reporting in Capital Markets" ("the Communique") announced by Capital Market Boards ("CMB") on 13 June 2013, which is published in the Official Gazette numbered 28676. In accordance with article 5th of the communique, Turkish Accounting Standards and related interpretations ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") have been applied.

Financial statements are prepared according to historical cost basis. To determine historic cost fair value methodology is used.

Additionally, financial statements and notes to the financial statements have been prepared in accordance with formats issued by the CMB on 7 June 2013.

##### 2.1.2 Reporting and Functional Currency

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

##### 2.1.3 Preparation of Financial Statements in Hyperinflationary Periods

Based on the CMB's decision numbered 11/367 dated 17 March 2005, for the companies operating in Turkey and preparing financial statements in accordance with TAS, the inflation accounting application has been ceased beginning from 1 January 2005. Within this context, TAS 29 "Financial Reporting in Hyperinflationary Economies" has not been applied beginning from 1 January 2005.

##### 2.1.4 Comparative Information and Restatement of Prior Period Financial Statements

The Company's financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Company. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to maintain consistency and all significant changes are explained. In the current period, the Company made certain reclassifications in its prior year financial statements in order to comply with the formats issued by the CMB on 7 June 2013. Nature, reasons and amounts of such reclassifications have been explained below:

- In the year 2012, the Company presented accrued interests on deposits amounting to TL 4,329 within other current assets on the balance sheet. In the current period related amount was reclassified to "Cash and Cash Equivalents".
- In the year 2012, the Company presented "Prepaid Expenses" amounting to TL 22,381 within other current assets on the balance sheet. In the current period related amount was reclassified as "Prepaid Expenses" on the balance sheet.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

#### 2.1 The Basis for Presentation (cont'd)

##### 2.1.4 Comparative Information and Restatement of Prior Period (cont'd)

- In the year 2012, the Company presented "Taxes and Dues Payable" amounting to TL 462,355 within "Other Payables" on the balance sheet. In the current period, the Company management reclassified TL 148,281 of this amount; that is related to taxes and dues on personnel salaries; to "Payables Related to Employee Benefits" and the remaining TL 314,074; that is related to other taxes; to "Other Current Liabilities".
- In the year 2012, the Company presented "Other payables and expense accruals" amounting to TL 1,286,138 within "Expense Accruals" on its balance sheet. In the current period this amount was reclassified as "Trade Payables".
- In the year 2012, the Company presented expense accruals amounting to TL 10,631 within "Other Payables" on its balance sheet. In the current period, this amount was reclassified as "Trade Payables".
- In the year 2012, the Company presented the "Provision for Retirement Pay" amounting to TL 114,175 within "Provision for Employee Termination Benefits" on its balance sheet. In the current period the Company management reclassified this account to "Long-term provisions for employment benefits" within the "Long-term Provisions".
- In the year 2012, the Company presented "Interest income on bank deposits" amounting to TL 1,534,729 within "Finance Income" in its statement of profit or loss. In the current period, the Company management reclassified this amount within "Other income from operating activities".
- In the year 2012, the Company presented "Commission expenses on letters of guarantee" amounting to TL 217,371 within "Finance Expenses" in its statement of profit or loss. In the current period, the Company management reclassified this amount within "Other expenses from operating activities".

Those reclassifications do not have any effects on the statement of profit or loss.

#### 2.2 Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated accordingly. The Company changed its policy for the accounting of defined benefit obligations and planned assets in accordance with the amendments to TAS 19 and the related details are presented in Note 2.4 a). Except for this change, there are no significant changes in the Company's accounting policies in the current period.

#### 2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates related to one period only, they are applied in the period of change, but if changes in estimates are for the following periods, changes are applied both in the period of change and in following periods prospectively. The material accounting errors detected are applied retrospectively and prior period financial statements are restated. No significant changes occurred in the Company's accounting estimates in the current year.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

#### 2.4 Adoption of New and Revised Turkish Accounting Standards

##### a) New and revised standards affecting the reported financial performance and / or financial position

###### **TAS 1 (Amendments) *Presentation of Items of Other Comprehensive Income***

The amendments to TAS 1 "Presentation of Items of Other Comprehensive Income" are effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "statement of income" is renamed as the "statement of profit or loss". The amendments to TAS 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 TAS 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. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

###### **TAS 19 *Employee Benefits***

The amendments to TAS 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 TAS 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 TAS 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 TAS 19 require retrospective application. The Company management evaluated the effect of change on the prior year financial statements and decided not to restate the prior year financial statements as the calculated post tax effect was deemed to be immaterial.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

#### 2.4 Adoption of New and Revised Turkish Accounting Standards (cont'd)

##### b) New and revised standards applied with no material effect on the financial statements

TFRS 10	<i>Consolidated Financial Statements</i>
TFRS 11	<i>Joint Arrangements</i>
TFRS 12	<i>Disclosure of Interests in Other Entities</i>
TFRS 13	<i>Fair Value Measurement</i>
TFRS 7 (Amendments)	<i>Presentation - Offsetting Financial Assets and Financial Liabilities</i>
TFRS 10, TFRS 11 and TFRS 12 (Amendments)	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities</i>
TAS 27 (2011)	<i>Separate Financial Statements</i>
TAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
Amendments to TFRS	<i>Annual Improvements to TFRSs 2009-2011 Cycle except for the amendment to TAS 1</i>

##### c) **New and Revised TFRSs in issue but not yet effective**

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

TFRS 9	<i>Financial Instruments<sup>2</sup></i>
TFRS 9 and TFRS 7 (Amendments)	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
TMS 32 (Amendments)	<i>Offsetting Financial Assets and Financial Liabilities<sup>1</sup></i>
TFRS 21 (Interpretation)	<i>Levies<sup>1</sup></i>

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

<sup>2</sup> Effective date no earlier than annual periods beginning on or after 1 January 2017.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

#### 2.5 Summary of Significant Accounting Policies

##### a. Income/ Expenses:

*Capital markets brokerage commissions:* Fees for the capital market brokerage services provided to the customers are recognised in the statement of profit or loss at the time of the transaction. Such income is recognized daily in the period profit or loss on an accrual basis until there is an estimate of the Company's management related to the uncertainty of the collection.

*Other commission income:* Commission income is comprised of the commissions received from the financial services provided and recognized as income when the service is rendered.

Income on sale of marketable securities is recognized at the time of disposal and dividend and similar income is recognized when the rights to receive payment have been established.

Interest income and expenses are recognized in the income statement in the related period on an accrual basis. Interest income include interest on time deposits and coupons earned on fixed income investment securities.

##### b. Tangible Assets:

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

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. 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.

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

##### c. Intangible Assets:

###### Intangible assets acquired seperately

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 estimated useful lives.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

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

#### d. Impairment of Assets:

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to 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 and 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### e. Borrowing Costs:

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

#### f. Financial Instruments:

##### Financial assets:

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment 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", "held-to-maturity investments", "available-for-sale 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.

##### The 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.

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.



# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

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

##### f. Financial Instruments: (cont'd)

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

###### 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. The Company also has 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't 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.

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 spot 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.

###### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

###### Cash and cash equivalents

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

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

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

#### f. Financial Instruments (cont'd):

##### Financial liabilities

Financial liabilities and equity instruments issued by the Company is classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. 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 financial assets at fair value through profit and loss or other financial liabilities.

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

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement 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 are initially measured at fair value, net of transaction costs.

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

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

#### g. Business Combinations:

None.

#### h. Foreign Currency Transactions:

In the Company's statutory accounts, transactions denominated in foreign currencies (currencies other than TL) are translated into Turkish Lira using the exchange rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira using exchange rates prevailing on the balance sheet date and the translation gains / losses together with the foreign exchange gains/losses arising on payment or collections of such balances are included in the statement of profit or loss.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

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

#### i. Events After the Reporting Period:

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

The Company restates its financial statements if such subsequent events arise.

#### j. Provisions, Contingent Assets and Liabilities:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When 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.

#### k. Restatement and Errors in the Accounting Policies and Estimates:

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated accordingly. If changes in accounting estimates related to one period only, they are applied in the period of change, but if changes in estimates are for the following periods, changes are applied both in the period of change and in following periods prospectively.

#### l. Leasing Transactions:

There are no leased assets.

#### m. Government Incentives and Grants:

None.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

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

##### n. Income Taxes:

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

The financial statements include the necessary provisions for the corporate and income taxes and funds payable on the Company's operating results. The tax currently payable is based on taxable profit for the year; 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.

Deferred tax assets or liabilities are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method and measured based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets 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. Such deferred tax 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.

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. The carrying amount of such assets is reduced by allowance to the extent that it is no longer probable that the asset will be recovered.

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.

##### o. Employee Benefits / Employee Termination Benefits:

In accordance with current legislation and collective labour agreements, severance payment is made in cases of retirement or disemployment. As per the Revised TAS 19 Employee Benefits standard ("TAS 19"), such payments are specified as defined benefit pension plans. Retirement pay provision recognized in the statement of financial position is calculated as per the net present value of liabilities expected to result from the retirement of all employees and reflected in the financial statements. The amendments to TAS 19 change the accounting for defined benefit plans and termination 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 balance sheet to reflect the full value of the plan deficit or surplus. The amendments to TAS 19 require retrospective application. Accordingly the Company management has evaluated the effect of changes in accounting policies to prior period financial statements and decided not to restate the prior period financial statements as the calculated post tax effects are not material.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

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

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

#### p. Retirement Plans:

None.

#### r. Agricultural Activities:

None.

#### s. Statement of Cash Flows:

In statement of cash flow, cash flows are classified according to operating, investment and finance activities. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3 BUSINESS COMBINATIONS

None.

## 4 JOINT VENTURES

None.

## 5 SEGMENT REPORTING

There are no different segments of activities or geographic region of operations requiring disclosure of segmental information.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2013 and 31 December 2012 are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Cash at banks	34,475,214	29,304,931
<b>Total cash and cash equivalents</b>	<b>34,475,214</b>	<b>29,304,931</b>
Restricted bank deposits	(2,000,000)	(2,000,000)
<b>Unrestricted cash and cash equivalents</b>	<b>32,475,214</b>	<b>27,304,931</b>

As at 31 December 2013 and 31 December 2012, the details of cash at banks are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Time deposits (TL)	33,703,749	29,204,329
Demand deposits (TL) (*)	771,465	100,602
	<b>34,475,214</b>	<b>29,304,931</b>

(\*) There is TL 665,641 included in demand deposit balance held in custody on behalf of the customers. (31 December 2012: None). Corresponding liability for such balance is included in short-term trade payables within the liabilities.

As at 31 December 2013, the interest rate and the range of maturity of the time deposits at banks are 3.75% - 4.50% and 0-1 month, respectively (31 December 2012: 4.25% and 0-1 month).

As at 31 December 2013 and 31 December 2012, the details of restricted accounts at banks are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Time Deposits (TL)	2,000,000	2,000,000
	<b>2,000,000</b>	<b>2,000,000</b>

As at 31 December 2013, TL 2,000,000 of the bank deposits is pledged against the letter of guarantee taken from Citibank A.Ş. ("Citibank") (31 December 2012: TL 2,000,000).

As at 31 December 2013 and 31 December 2012 cash and cash equivalents are presented net off restricted deposits and interest accruals in the statement of cash flows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Cash and cash equivalents	34,475,214	29,304,931
Restricted bank deposits	(2,000,000)	(2,000,000)
Interest accruals	(3,749)	(4,329)
<b>Cash and cash equivalents at the statement of cash flows</b>	<b>32,471,465</b>	<b>27,300,602</b>

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 7 FINANCIAL INVESTMENTS

#### *Long-term Financial Investments*

	<u>31 December 2013</u>	<u>31 December 2012</u>
<i>Financial assets available for sale:</i>		
Borsa İstanbul A.Ş. ("BİAŞ")	159.711	-
<b>Total</b>	<b>159.711</b>	<b>-</b>

Group (C) shares of Borsa İstanbul A.Ş. amounting to TL 159,711; which is classified as financial assets available for sale; was granted as bonus share to the Company by Borsa İstanbul A.Ş.

### 8 FINANCIAL LIABILITIES

None.

### 9 OTHER FINANCIAL LIABILITIES

None.

### 10 TRADE RECEIVABLES AND PAYABLES

As at 31 December 2013 and 31 December 2012, short term trade receivables are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Receivables from Turkish Derivatives Exchange Market	41,826,755	42,237,864
Receivables from related parties (Note 35)	1,980,558	4,232,637
Brokerage commissions receivables on common stock transactions	274,383	146,743
	<b>44,081,696</b>	<b>46,617,244</b>

As at 31 December 2013 and 31 December 2012, long term trade receivables are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Receivables from related parties (Note 35)	--	1,018,654
	<b>--</b>	<b>1,018,654</b>

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 10 TRADE RECEIVABLES AND PAYABLES (cont'd)

As at 31 December 2013 and 31 December 2012, short term trade payables are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Trade payables to related parties	42,949,916	43,488,926
<i>Turkish Derivatives Exchange Market</i>		
<i>Payables (*) (Note 35)</i>	41,826,755	42,237,864
<i>Expense accruals of support services rendered</i>		
<i>by related parties</i>	1,039,641	1,187,824
<i>Other payables to related parties (Not 35)</i>	83,520	63,238
Payables to customers (**)	666,038	331
Expense accruals	122,872	108,945
	<u>43,738,826</u>	<u>43,598,202</u>

(\*) The amounts presented in trade receivables and trade payables are the cash collaterals held in Turkish Derivative Exchange Market on behalf of customers. Trade receivables represent receivables from clearing house and trade payables are the payables to the customers.

(\*\*) TL 665,641 of the payables to customers is due to the demand deposits kept in the bank on behalf of customers. (Note: 6) (31 December 2012: None).

### 11 OTHER RECEIVABLES

As at 31 December 2013 and 31 December 2012, the Company's other short-term receivables are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Collaterals given to Turkish Derivatives		
Exchange Market	3,144,736	1,253,308
	<u>3,144,736</u>	<u>1,253,308</u>

As at 31 December 2013, the Company's long term other receivables comprised of the guarantees given amounting to TL 391 (31 December 2012: TL 392).

### 12 RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR ACTIVITIES

"Receivables and payables from financial services" line item is not used since the Company operates in financial services industry.

### 13 INVENTORIES

None.

### 14 BIOLOGICAL ASSETS

None.

### 15 ASSETS CONCERNING ONGOING CONSTRUCTION CONTRACTS

None.



# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 16 INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

None.

### 17 INVESTMENT PROPERTIES

None.

### 18 TANGIBLE ASSETS

Movements of tangible assets for the years ended 31 December 2013 and 31 December 2012 are as follows:

	<b>Furniture and fixture</b>	<b>Total</b>
<b><u>Cost</u></b>		
1 January 2012	1,080,461	1,080,461
Additions	--	--
Disposals	--	--
31 December 2012	1,080,461	1,080,461
Additions	4,345	4,345
Disposals	(11,647)	(11,647)
31 December 2013	1,073,159	1,073,159
<b><u>Accumulated Depreciation</u></b>		
1 January 2012	988,699	988,699
Depreciation charge	58,956	58,956
Disposals	--	--
31 December 2012	1,047,655	1,047,655
Depreciation charge	13,023	13,023
Disposals	(11,647)	(11,647)
31 December 2013	1,049,031	1,049,031
<b><u>Net Carrying Value</u></b>		
31 December 2012	32,806	32,806
31 December 2013	24,128	24,128

As at 31 December 2013 and 31 December 2012, there is no pledge on tangible assets of the Company.

Estimated useful life of tangible assets are as below:

	<u>Useful Life</u>
Furniture and fixture	4-5 years

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 19 INTANGIBLE ASSETS

Movements of intangible assets for the years ended 31 December 2013 and 31 December 2012 are as follows:

	<b>Rights</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<b><u>Cost</u></b>			
1 January 2012	533,620	5,900	539,520
Additions	71,576	--	71,576
Disposals	--	--	--
31 December 2012	605,196	5,900	611,096
Additions	75,735	--	75,735
Disposals	--	--	--
31 December 2013	680,931	5,900	686,831
<b><u>Accumulated amortization</u></b>			
1 January 2012	332,438	5,900	338,338
Amortization charge	95,734	--	95,734
Disposals	--	--	--
31 December 2012	428,172	5,900	434,072
Amortization charge	125,523	--	125,523
Disposals	--	--	--
31 December 2013	553,695	5,900	559,595
<b><u>Net Carrying Value</u></b>			
31 December 2012	177,024	--	177,024
31 December 2013	127,236	--	127,236

Estimated useful life of intangible assets is as 3-5 years.

### 20 GOODWILL

None.

### 21 GOVERNMENT INCENTIVES AND GRANTS

None.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 22 OTHER ASSETS AND LIABILITIES

	<u>31 December</u> <u>2013</u>	<u>31 December</u> <u>2012</u>
<i><b>Prepaid Expenses</b></i>		
Prepaid expenses	33,319	22,381
	<b>33,319</b>	<b>22,381</b>
<i><b>Other Short-term Liabilities</b></i>		
	<u>31 December</u> <u>2013</u>	<u>31 December</u> <u>2012</u>
VAT payable	90,175	230,877
BSMV (Banking transaction taxes) payable	52,648	57,903
Withholding and other taxes	30,221	25,294
	<b>173,044</b>	<b>314,074</b>

### 23 COMMITMENTS

None.

### 24 EMPLOYEE BENEFITS

	<u>31 December 2013</u>	<u>31 December 2012</u>
<i><b>Payables related to employee benefits</b></i>		
Personnel taxes payable	128,281	92,992
Social security premiums payable	24,262	55,289
	<b>152,543</b>	<b>148,281</b>

#### *Short-term provisions for employment benefits*

Short-term provisions for employments benefits for the year ended 31 December 2013 ve 31 December 2012 as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Accruals for unused vacation	242,663	203,393
Accruals for employee bonuses and premiums	457,191	1,221,087
	<b>699,854</b>	<b>1,424,480</b>

Movements of the accruals for unused vacation in the current and prior year are as follows:

	<u>1 January-</u> <u>31 December 2013</u>	<u>1 January-</u> <u>31 December 2012</u>
Balance at the beginning of the year	203,393	86,406
Charge for the year	90,354	116,987
Amounts paid	(51,084)	--
<b>Balance at the end of the year</b>	<b>242,663</b>	<b>203,393</b>

Movements of the accruals for employee bonuses and premiums in the current and prior year are as follows:

	<u>1 January-</u> <u>31 December 2013</u>	<u>1 January-</u> <u>31 December 2012</u>
Balance at the beginning of the year	1,221,087	721,860
Charge for the year	457,191	1,221,087
Amounts paid	(1,221,087)	(721,860)
<b>Balance at the end of the year</b>	<b>457,191</b>	<b>1,221,087</b>

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 24 EMPLOYEE BENEFITS (cont'd)

#### *Long-term Provisions of Employee Benefits*

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who is entitled for such payment. Also, employees are required to be paid their retirement pay provisions who is entitled to receive retirement pay provisions in accordance with the provisions set out in law no: 2422 issued on 6 March 1981, law no: 4447 issued on 25 August 1999 and the amended Article 60 of the existing Social Insurance Law No: 506. Some transitional provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

The termination benefit to be paid is subject to an upper limit of TL 3,254.44 as of 31 December 2013 (31 December 2012: TL 3.129.25).

There are no legal requirements for funding of employment termination benefit. 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. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with the inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions as at 31 December 2013 is calculated assuming an annual inflation rate of 6.20% and a discount rate of 10.00%, resulting in a real discount rate of approximately 3.58% (31 December 2012: annual inflation rate of 5%, discount rate of 7.50%, real discount rate of 2,38%). As the maximum liability is revised semi annually, the maximum amount of 3.438,22 TL effective from 1 January 2014 is taken into consideration in the calculation of provision from employment termination benefits (31 December 2012: 3,179.25 TL).

Below is the movement of employment termination provision as of 31 December 2013 and 31 December 2012:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Balance at the beginning of the year	114,175	56,945
Interest cost	2,717	837
Service cost	30,544	24,300
Actuarial gains / (losses)	(18,478)	32,093
<b>Balance at the end of the year</b>	<b><u>128,958</u></b>	<b><u>114,175</u></b>

### 25 RETIREMENT PLANS

None. (31 December 2012: None).

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 December 2013 and 31 December 2012, off balance sheet commitments and contingencies are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>Items held in custody (nominal)</b>		
Common stocks	43,597,622	13,675,920
<b>Total</b>	<u>43,597,622</u>	<u>13,675,920</u>
<b>Letters of guarantee (given):</b>		
Borsa İstanbul	7,250,000	4,750,000
Turkish Derivatives Exchange Market	1,000,000	1,500,000
Capital Markets Board of Turkey	521,380	521,380
<b>Total letters of guarantee (given)</b>	<u>8,771,380</u>	<u>6,771,380</u>

As at 31 December 2013 and 31 December 2012, details of the outstanding transactions of the customers in Turkish derivatives exchange market are as follows:

	<u>31 December 2013</u>		<u>31 December 2012</u>	
	<u>Number of Agreements</u>	<u>Amount</u>	<u>Number of Agreements</u>	<u>Amount</u>
Outstanding transaction amount	213	158,440	12,885	12,688,504

### 27 EQUITY

#### *Issued Capital*

As at 31 December 2013, the Company's registered capital is TL 2,000,000 (31 December 2012: TL 2,000,000).

As at 31 December 2013, the issued capital of the Company is comprised of 4.000.000 unit shares, with a nominal value of TL 0.5 each. The Company's share capital does not include any class of preference shares.

#### *Restricted reserves appropriated from profits*

As per the Turkish Commercial Code, the legal reserves consist of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of 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. The first and second legal reserves are not available for distribution unless it exceeds 50% of share capital; however such reserves may be used to offset accumulated losses in the absence of other profit reserves.

As at 31 December 2013, the Company's restricted reserves appropriated from profits are TL 400,000 (31 December 2012: TL 400,000)

#### *Retained Earnings*

As at 31 December 2013, the Company's retained earnings are amounting to TL 30,004,119 (31 December 2012: TL 22,898,279).

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 28 REVEUE

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
<b>Service Income</b>		
Commission income from brokerage services	33,380,715	24,805,137
-Common stock brokerage commissions	30,750,333	23,092,065
- Turkish Derivatives Exchange Market brokerage commissions	2,630,382	1,713,072
Income from corporate finance services	1,421,333	3,082,250
Income from investment advisory services	992,674	977,689
Other commissions	135,118	18,051
	<u>35,929,840</u>	<u>28,883,127</u>
<b>Discounts</b>		
Commission returns to customers	(20,792,779)	(11,936,007)
	<u>(20,792,779)</u>	<u>(11,936,007)</u>
<b>Service income, net</b>	<u>15,137,061</u>	<u>16,947,120</u>

### 29 MARKETING EXPENSES / ADMINISTRATIVE EXPENSES

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
Administrative expenses (-)	9,118,793	8,127,272
Marketing expenses (-)	1,361,048	1,115,182
<b>Total</b>	<u>10,479,841</u>	<u>9,242,454</u>

### 30 EXPENSES BY NATURE

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
<i>Administrative expenses</i>		
Personnel salaries and expenses	3,903,426	5,533,196
Support service expenses	1,731,552	896,753
Citigroup expense recharges	1,456,936	-
Social security employer contributions	321,100	149,745
Rent and fees	312,570	281,708
Traveling and accommodation expenses	266,075	245,771
Car rental expenses	218,780	196,894
Consultancy and lawyer expenses	217,543	144,347
Taxes and duties	153,733	188,187
Software maintenance expense	144,556	213,192
Depreciation and amortization charges	138,546	154,690
Communication expenses	64,027	69,788
Other	189,949	53,001
<b>Total</b>	<u>9,118,793</u>	<u>8,127,272</u>

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 30 EXPENSES BY NATURE (cont'd)

#### *Marketing expenses*

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
Derivative exchange market share	504,686	347,408
Data expenses	258,416	336,096
Stock market share	452,936	275,840
Custody commissions	114,198	94,080
Commissions on securities lending transactions	19,561	54,401
Other	11,251	7,357
<b>Total</b>	<b><u>1,361,048</u></b>	<b><u>1,115,182</u></b>

### 31 OTHER OPERATING INCOME / EXPENSES

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
Interest income on deposits	1,289,401	1,534,729
Foreign exchange gains	265,279	37,346
Free/bonus BİAŞ shares	159,711	--
Other	74,261	198
<b>Other operating income</b>	<b><u>1,788,652</u></b>	<b><u>1,572,273</u></b>
Letter of guarantee commission expenses	(261,884)	(217,371)
Foreign exchange losses	(11,451)	(142,315)
Other	(442)	(20,777)
<b>Other operating expenses</b>	<b><u>(273,777)</u></b>	<b><u>(380,463)</u></b>

### 32 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

### 33 TAX ASSETS AND LIABILITIES

As at 31 December 2013 and 31 December 2012 the corporate taxes payable after deduction of advance taxes are presented in the "Income taxes payable".

	<u>31 December 2013</u>	<u>31 December 2012</u>
Balance at the beginning of the year	--	(12,122)
Current tax charge	1,620,774	1,795,348
Advance taxes	(1,210,269)	(1,089,975)
Prepaid withholding taxes	(182,647)	(221,003)
<b>Income tax payable</b>	<b><u>227,858</u></b>	<b><u>472,248</u></b>

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 33 TAX ASSETS AND LIABILITIES (cont'd)

Components of income tax expense in the statement of profit and loss for the periods ended 31 December 2013 and 31 December 2012 are as follows:

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
Current tax charge	(1,620,774)	(1,783,226)
Deferred tax benefit/(charge)	109,904	(7,410)
<b>Tax charge</b>	<b><u>(1,510,870)</u></b>	<b><u>(1,790,636)</u></b>

#### Corporate Tax

The Company is subject to corporate tax applicable in Turkey. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the current period.

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

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 rate is 20% in 2013 (2012: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retrospectively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and surcharges on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.



# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 33 TAX ASSETS AND LIABILITIES (cont'd)

#### Deferred Taxes

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax asset and liabilities is 20% (2012: 20%) is used. Details of deferred tax assets and liabilities are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
<i>Deferred tax assets:</i>		
Accruals for unused vacation	48,533	40,679
Provision for employee termination benefits	25,792	22,835
Accruals for employee bonuses and premiums	91,438	-
	<u>165,763</u>	<u>63,514</u>
<i>Deferred tax liability:</i>		
Effect of the depreciation and amortization method difference between tax regulations and financial reporting on tangible and intangible assets	(11,247)	(15,206)
	<u>(11,247)</u>	<u>(15,206)</u>
<b>Deferred tax asset, net</b>	<u><b>154,516</b></u>	<u><b>48,308</b></u>
	<b>1 January – 31 December 2013</b>	<b>1 January – 31 December 2012</b>
<u>Movement of deferred tax asset/ (liability):</u>		
Opening balance, 1 January	48,308	55,718
Deferred tax benefit/(charge) recognized in equity	(3,696)	--
Deferred tax benefit/(charge) recognized in the statement of profit or loss	109,904	(7,410)
<b>Ending balance, 31 December</b>	<u><b>154,516</b></u>	<u><b>48,308</b></u>

The table below presents the reconciliation of total tax charge to the accounting profit for the periods ended 31 December 2013 and 31 December 2012:

	<u>1 January – 31 December 2013</u>	<u>1 January – 31 December 2012</u>
Profit before income taxes	6,172,095	8,896,476
Domestic tax rate (%20)		
Tax at the domestic income tax rate	(1,234,419)	(1,779,295)
Prior year expenses deductible from current year profit	(291,387)	--
Deductions	17,310	40
Disallowable expenses	(2,374)	(11,381)
<b>Tax charge</b>	<u><b>(1,510,870)</b></u>	<u><b>(1,790,636)</b></u>

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 34 EARNINGS PER SHARE

According to TAS 33 "Earnings per Share", companies, whose equity shares are not traded on stock exchanges, are not required to disclose earnings per share. The Company did not calculate earning/loss per share in the accompanying financial statements, since the Company's shares are not traded on the stock exchange.

### 35 RELATED PARTY DISCLOSURES

#### Receivables and Payables from/to Related Parties

As at 31 December 2013 and 31 December 2012, balances with related parties are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
<i>Cash at Banks</i>		
Citibank A.Ş. time deposits	33,703,749	29,204,329
Citibank A.Ş. demand deposits	64,278	81,367
	<u>33,768,027</u>	<u>29,285,696</u>
<i>Trade receivables from related parties</i>		
Commissions and investment advisory fee receivables from Citigroup Global Markets Limited	168,989	609,672
Corporate finance fees receivable from Citigroup Global Markets Inc.	1,811,569	4,641,619
	<u>1,980,558</u>	<u>5,251,291</u>
<i>Trade payables to related parties</i>		
Citigroup Global Markets Limited- Derivatives exchange market guarantees payable	41,826,755	42,237,864
Citigroup Financial Products Inc.	83,520	57,213
Citibank A.Ş.	--	6,025
Accrued expenses for support services received from Citigroup Inc.	1,039,641	1,187,824
	<u>42,949,916</u>	<u>43,488,926</u>

#### Transactions with related parties

For the years ended 31 December 2013 and 31 December 2012, transactions with related parties are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Brokerage commission fees received from related parties	12,411,980	12,662,414
Corporate finance service income from Citigroup Global Markets Ltd.	1,421,333	3,082,250
Interest income from Citibank A.Ş.	1,217,062	1,468,419
Investment advisory service income from Citigroup Global Markets Ltd.	992,674	977,542
Citigroup Inc.expense recharges	(1,456,936)	--
Accrued expense for support services received from Citigroup Inc.	(1,039,641)	(1,187,824)
Commissions paid to Citibank A.Ş. for letters of guarantee	(189,840)	(189,840)
Payment of support services fees to Citibank A.Ş.	(301,419)	(280,077)
Rent expenses paid to Citibank A.Ş.	(266,075)	(281,708)

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 35 RELATED PARTY DISCLOSURES (cont'd)

#### Transactions with related parties (cont'd)

For the period ended 31 December 2013, the Company's key management and members of the Board of Directors received remuneration and fees amounting to TL 1,561,513 (31 December 2012: TL 1,071,476). Such remuneration consists of salaries, bonuses, meal, health and life insurances, severance and vacation pay and gasoline expenses.

#### Letters of guarantee received from related parties

As of 31 December 2013 and 31 December 2012, letters of guarantee received from related parties are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Citibank A.Ş.	4,520,000	4,520,000

### 36 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### Capital risk management and requirements of capital adequacy

The Company defines and manages its capital in accordance with The Capital Markets Board Communiqué Serial: V, No: 34 "Communiqué on Principles Regarding Capital and Capital Adequacy of Brokerage Companies" ("Communiqué Serial: V, No: 34"). Brokerage companies have to increase their initial capital in the following rates for each capital market activity.

- a) For intermediation in public offerings, 50% of the initial capital amount required for intermediation in trading,
- b) For the sale and purchase of securities through repurchase and reverse repurchase agreements, 50% of the initial capital amount required for intermediation in trading,
- c) For portfolio management activity, 40% of the initial capital amount required for intermediation in trading,
- d) For investment advisory activity, 10% of the initial capital amount required for intermediation in trading,

Within this scope, the minimum share capital amount requirement for the Company is TL 1,781,00 (31 December 2012: TL 1,753,000).

According to the Article 8 of the Communiqué Serial: V, No: 34, capital adequacy base of brokerage companies shall not be less than any of the following items; minimum initial capital corresponding to the certificates of authorization they have, risk provisions set out in the same communiqué, operating expenses of the last three months prior to the balance sheet date.

As of 31 December 2013, the Company is in compliance with the capital adequacy requirements.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

## 36 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Factors

#### Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk for the Company arises mainly from the bank deposits and the trade receivables. The Company places its deposits with banks for periods less than 3 months. The Company conducts brokerage services on behalf of corporates and corporate investors and provides advisory services. The Company's all services are provided to Citi Group companies.

As at 31 December 2013 the credit risk exposure in terms of financial instruments are as follows:

31 December 2013	Receivables				Cash at banks	Financial Investments
	Trade Receivables		Other Receivables			
	Related Party	Other	Related Party	Other		
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D+E)</b>	<b>1,980,558</b>	<b>42,101,138</b>	<b>--</b>	<b>3,144,736</b>	<b>34,475,214</b>	<b>--</b>
A. Net carrying value of financial assets which are neither impaired nor overdue	1,980,558	42,101,138	--	3,144,736	34,475,214	--
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--	--	--
E. Off balance sheet financial position items with credit risks	--	--	--	--	--	--

31 December 2012	Receivables				Cash at banks	Financial Investments
	Trade Receivables		Other Receivables			
	Related Party	Other	Related Party	Other		
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D+E)</b>	<b>5,251,291</b>	<b>42,384,607</b>	<b>--</b>	<b>1,253,308</b>	<b>29,304,931</b>	<b>--</b>
A. Net carrying value of financial assets which are neither impaired nor overdue	5,251,291	42,384,607	--	1,253,308	29,304,931	--
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	--	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired	--	--	--	--	--	--
D. Net carrying value of impaired assets	--	--	--	--	--	--
E. Off balance sheet financial position items with credit risks	--	--	--	--	--	--

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

## 36 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### Interest rate risk

Interest rate risk represents the risk of fair value decrease in the Company's interest rate sensitive assets due to market fluctuations. The Company does not have interest rate sensitive assets and liabilities as at 31 December 2013.

Interest Risk Position Table		31December 2013	31December 2012
<b>Fixed interest rate financial instruments</b>			
Financial assets	Time deposits at banks	33,703,749	29,204,329

### Foreign currency risk

Foreign currency risk represents the effects arising from the fluctuations in the foreign currency exchange rates in case of having assets, liabilities and off-balance liabilities denominated in foreign currencies. As at 31 December 2013 and 31 December 2012, foreign currency position of the Company is as follows:

	Foreign Currency Position Table			
	31 December 2013		31 December 2012	
	TL Equivalents	US Dollar	TL Equivalents	US Dollar
Trade receivables	2,118,395	992,548	4,973,865	2,798,079
<b>Total assets</b>	<b>2,118,395</b>	<b>992,548</b>	<b>4,973,865</b>	<b>2,798,079</b>
Trade payables	(1,039,641)	(487,111)	(1,187,824)	(668,218)
<b>Total liabilities</b>	<b>(1,039,641)</b>	<b>(487,111)</b>	<b>(1,187,824)</b>	<b>(668,218)</b>
Net foreign currency asset / (liability) position	<b>1,078,754</b>	<b>505,437</b>	<b>3,786,041</b>	<b>2,129,861</b>

The following table presents the Company's sensitivity to a 10% increase and decrease in the foreign currency exchange rates. 10% is the sensitivity rate used when reporting foreign currency risk internally. The amounts indicated below represent the effect that would arise in case of a 10% increase in exchange rates. In case of a decrease at the same percentage the statement of profit or loss would be affected at the same amounts in the opposite direction.

### Foreign Currency Sensitivity

	Currency Risk Sensitivity Analysis Table			
	31 December 2013			
	Profit / (Loss)		Equity (*)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
10% change in US Dollar against TL:				
US Dollar Net Asset /Liability	107,875	(107,875)	107,875	(107,875)
Hedged portion against US Dollar risk(-)	--	--	--	--
<b>Net Effect of US Dollar</b>	<b>107,875</b>	<b>(107,875)</b>	<b>107,875</b>	<b>(107,875)</b>

(\*) The effect on equity includes the effect on profit / (loss).

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

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## 36 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

### Foreign currency risk (cont'd)

Currency Risk Sensitivity Analysis Table  
31 December 2012

	Profit / (Loss)		Equity (*)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
10% change in US Dollar against TL:				
US Dollar Net Asset /Liability	378,604	(378,604)	378,604	(378,604)
Hedged portion against US Dollar risk(-)	--	--	--	--
<b>Net Effect of US Dollar</b>	<b>378,604</b>	<b>(378,604)</b>	<b>378,604</b>	<b>(378,604)</b>

(\*) The effect on equity includes the effect on profit / (loss).

### Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its funding needs. Cases such as disruptions in markets or incidents which result in decrease in fund resources generate liquidity risk. There is no exposure to liquidity risk since the current assets of the Company exceeds its current liabilities of the Company.

The following table presents the maturity of Company's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date of payment.

31 December 2013 Contractual maturities	Carrying value	Total contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>43,738,826</b>	<b>43,738,826</b>	<b>43,738,826</b>	--	--	--
Trade payables	43,738,826	43,738,826	43,738,826	--	--	--

31 December 2012 Contractual maturities	Carrying value	Total contractual cash outflows	3 months or less	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>43,598,202</b>	<b>43,598,202</b>	<b>43,598,202</b>	--	--	--
Trade payables	43,598,202	43,598,202	43,598,202	--	--	--

The Company does not have derivative assets or liabilities as of 31 December 2013 and 31 December 2012.

As the expected maturities of the non-derivative financial liabilities are not different from the contractual maturities, no additional table is presented.

# CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 37 FINANCIAL INSTRUMENTS

#### Fair Value of Financial Instruments

<u>Financial Instrument Categories</u>	31 December 2013	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial assets		
Cash and cash equivalents	34,475,214	34,475,214
Trade receivables	44,081,696	44,081,696
Other receivables	3,144,736	3,144,736
Financial assets available for sale (*)	159,711	159,711
Financial liabilities		
Trade payables	43,738,826	43,738,826

(\*) Shares of Borsa İstanbul A.Ş. amounting to TL 159,711; which is classified as financial assets available for sale; was granted as bonus share to the Company by Borsa İstanbul A.Ş. in the current period.

<u>Financial Instrument Categories</u>	31 December 2012	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	29,304,931	29,304,931
Trade receivables	47,635,898	47,635,898
Other receivables	1,253,308	1,253,308
Financial Liabilities		
Trade payables	43,598,202	43,598,202

The fair value of financial assets and financial liabilities are determined as follows:

- First Level: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.
- Second Level: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.
- Third Level: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

There are no financial assets or liabilities at fair value as of the balance sheet date.

The following methods and assumptions are used to estimate the fair values of financial instruments which are not at fair value in the financial statements:

## CITI MENKUL DEĞERLER ANONİM ŞİRKETİ

NOTES TO THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated)

### 37 FINANCIAL INSTRUMENTS (cont'd)

#### Financial assets:

Carrying amounts of cash and cash equivalents, trade receivables and other receivables approximate their fair values due to their short-term nature and the assumption of immaterial potential losses in exchange of these assets.

#### Financial liabilities:

The carrying amounts of monetary liabilities approximate their fair values due to their short-term nature.

### 38 EVENTS AFTER THE REPORTING PERIOD

None.