Türk Sanayicileri ve İşadamları Derneği and its subsidiary

Consolidated financial statements at December 31, 2013 together with independent auditors’ report

Türk Sanayicileri ve İşadamları Derneği and its subsidiary

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Independent auditors' report

To the Board of Directors of
Türk Sanayicileri ve İşadamları Derneği,

1. We have audited the accompanying financial statements of Türk Sanayicileri ve İşadamları Derneği ("TÜSİAD") and its subsidiary (together referred as "the Association"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statement of activities and consolidated statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated 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 whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Tolga Kırelli, SMMM
Engagement Partner

January 27, 2014
Istanbul, Turkey

Türk Sanayicileri ve İşadamları Derneği

Consolidated statement of financial position
at December 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	2013	2012
Assets			
Current assets			
Cash and cash equivalents	4	**147,784**	151,864
Membership fee receivables	5	**1,195,000**	462,000
Receivables related to activities	5	**478,048**	296,435
Inventories		**8,881**	8,637
Other current assets	6	**146,453**	171,210
Total current assets		**1,976,166**	1,090,146
Non-current assets			
Property and equipment	7	**12,482,179**	12,321,588
Intangible assets	7	**7,735**	30,065
Total non-current assets		**12,489,914**	12,351,653
Total assets		**14,466,080**	13,441,799
Liabilities and equity			
Current liabilities			
Short-term bank borrowings	8	**4,508,950**	2,147,985
Payables related to activities	9	**1,065,320**	1,045,826
Current tax liabilities		**488**	1,441
Other current liabilities	11	**356,615**	382,468
Provisions	12	**-**	122,127
Total current liabilities		**5,931,373**	3,699,847
Non-current liabilities			
Long-term bank borrowings	8	**1,126,301**	1,606,690
Provision for employment termination benefits	12	**250,639**	298,563
Total non-current liabilities		**1,376,940**	1,905,253
Total liabilities		**7,308,313**	5,605,100
Retained earnings		**7,157,767**	7,836,699
Total liabilities and equity		**14,466,080**	13,441,799

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

Consolidated statement of activities
for the year ended December 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	2013	2012
Revenues and gains	13		
Annual membership fees		**14,946,729**	13,241,936
Contributions for Foreign Communications Fund		**1,115,343**	1,582,929
Membership entrance fees		**774,000**	1,040,000
Income from sponsorship and donations		**601,595**	279,010
Book and magazine sales revenue		**64,046**	3,119
Magazine advertising income		**232,920**	130,203
Other income		**33,551**	147,891
Total revenues and gains		**17,768,184**	16,425,088
Expenses and losses			
Cost of goods sold		**(290,781)**	(279,090)
General and administrative expenses			
Personnel expense		**(7,427,126)**	(6,862,008)
Meeting and representative expense		**(2,518,806)**	(2,519,466)
Expenses for contributions in organizations joined		**(2,114,419)**	(1,977,314)
Expenses of Foreign Communication Commission		**(869,120)**	(743,363)
Utilities expense		**(1,054,723)**	(915,287)
Depreciation and amortization expense		**(601,620)**	(559,502)
Consultancy expense		**(682,322)**	(326,785)
Donation Expense		**(30,050)**	-
Sponsorship expense		**(997,587)**	(215,017)
Rent expense		**(305,812)**	(291,211)
Publishing expense		**(523,122)**	(376,569)
Communication expense		**(207,240)**	(156,078)
Travel expense		**(256,570)**	(311,075)
Translation expense		**(125,825)**	(173,960)
Maintenance expense		**(134,780)**	(99,816)
Transportation expense		**(108,940)**	(91,089)
Provision and other expense		**(66,035)**	(336,150)
Total general and administrative expenses		**(18,024,097)**	(15,954,690)
Other income(expense) net		**-**	(32,934)
Financial income, net		**(35,069)**	236,075
Foreign currency (loss)/gain, net		**(96,681)**	24,287
Increase / (decrease) in net assets before taxes		**(678,444)**	418,736
Taxes	10	**(488)**	(1,441)
Increase / (decrease) in net assets		**(678,932)**	417,295

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

Türk Sanayicileri ve İşadamları Derneği

Consolidated statement of changes in equity
for the year ended December 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Retained earnings	**Change in net assets**	**Total**
At December 31, 2011	8,518,972	(1,099,568)	7,419,404
Transfer to retained earnings	(1,099,568)	1,099,568	-
Increase in net assets	-	417,295	417,295
At December 31, 2012	7,419,404	417,295	7,836,699
Transfer to retained earnings	**417,295**	**(417,295)**	**-**
Decrease in net assets	**-**	**(678,932)**	**(678,932)**
At December 31, 2013	**7,836,699**	**(678,932)**	**7,157,767**

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

Consolidated statement of cash flows
for the year ended December 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	2013	2012
Increase / (decrease) in net assets, before income taxes		(678,444)	418,736
Adjustments to reconcile decrease in net assets to net cash provided by operating activities			
Depreciation and amortization	14, 15	604,140	559,502
Provision for employment termination benefits	12	64,379	127,406
Interest income		(67,196)	(163,045)
Interest expense		309,222	120,970
Provision for lawsuit and expenses		-	(102,065)
Cash inflows/(outflows) from operating activities before changes in operating assets and liabilities		232,101	961,504
Decrease/(increase) in membership fee receivables	5	(733,000)	157,063
Increase in receivables related to activities	5	(181,613)	105,450
Increase in inventories		(244)	1,374
Decrease/(increase) in other current assets	6	24,757	(73,490)
(Decrease)/increase in payables related to activities	9	19,495	(287,762)
(Decrease)/increase in other current liabilities	11	(25,853)	(48,000)
(Decrease)/increase in provisions		(122,127)	-
Employee termination benefits paid	12	(112,303)	(43,550)
Income taxes paid		(1,441)	(1,441)
Net cash provided by/(used in) operating activities		(900,228)	771,148
Investing activities			
Purchase of property and equipment and intangible assets, net	7	(742,401)	(1,352,773)
Interest received		67,195	163,045
Net cash used in investing activities		(675,206)	(1,189,728)
Financing activities			
Proceeds from bank borrowings		7,184,912	2,968,162
Repayment of bank borrowings		(5,308,110)	594,693
Interest paid		(305,448)	(159,680)
Net cash provided by financing activities		1,571,354	435,013
Net increase/(decrease) in cash and cash equivalents		(4,080)	16,433
Cash and cash equivalents at the beginning of the period	4	151,864	135,431
Cash and cash equivalents at the end of period	4	147,784	151,864

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

1. Organisation and nature of operations

General

Türk Sanayicileri ve İşadamları Derneği (TÜSİAD) was established in Turkey in 1971 as a non-profit organization. TÜSİAD's main activities include the arrangement of knowledge sharing organizations such as meetings, seminars and congresses for Turkish industrialists and businessmen, and as a non-governmental organization, TÜSİAD expresses the views and opinions of the Turkish private business sector to government, and local and international authorities.

TÜSİAD's head office is located at Meşrutiyet Cad. No: 46 Tepebaşı, Istanbul and five representative offices are located in Ankara, Brussels - Belgium, Paris - France, Berlin - Germany, Washington D.C. - United States of America and Beijing -China.

TÜSİAD employs 55 personnel at December 31, 2013 (December 31, 2012 - 54) including representative offices.

Subsidiary

TÜSİAD has the subsidiary Türk Sanayicileri ve İşadamları Derneği İktisadi İşletmesi ("the Subsidiary") (together referred as "the Association") that is located at Meşrutiyet Cad. No: 46 Tepebaşı, Istanbul, in the head office of TÜSİAD. The Subsidiary is a participation of TÜSİAD who owns 100% of its shares.

The Subsidiary was established on November 24, 2009 for the purpose of providing continuous income to the Association and taking advantage in order to realize the aims of the Association. The objective of the Subsidiary is to provide consultancy services to the Association members through operating in trade, industrial and consultancy areas; to market and sell publications of the Association; to assume intangible rights and invest, sale, export and import those rights; to make arrangements with real and legal person; to arrange national and international meetings, conferences and, exhibitions; to establish and join to partnerships; to hold economic, social, statistical research and publish, market and sell the research hold and to obtain short and long term loans.

2. Basis of presentation of financial statements

2.1 Basis of preparation

The consolidated statements of the Association are approved by the Board of Directors on January 22, 2014 and signed on its behalf by Secretary General. Since there is no specific deadline for the approval of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) in Turkey, the General Assembly and some regulatory authorities have power to amend the statutory financial statements after issuance, which is the basis for the preparation of the IFRS financial statements, even it is not intended.

TÜSİAD and its subsidiary are incorporated in Turkey, and maintain their books and records and prepare their statutory financial statements in Turkish Lira (TL) in accordance with the Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements of the Association have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention. The consolidated financial statements have been prepared from the statutory financial statements of the Association and presented in TL in accordance with IFRS with certain adjustments and reclassifications for the purpose of fair presentation.

2. Basis of presentation of financial statements (continued)

Basis of consolidation

The financial statements of the Subsidiary (Note 1) are consolidated on a line-by-line basis, and the carrying value of the “participation” held by TÜSİAD is eliminated against the related equity account of the Subsidiary.

All receivable and payable balances and transactions between TÜSİAD and the consolidated Subsidiary have been eliminated.

The accounting policies adopted in preparation of the *(consolidated)* financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Association’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2013 are as follows:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment).
The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements).

New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and,

ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to IAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to IAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the financial statements of the Association.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Association.

2. Basis of presentation of financial statements and summary of significant accounting policies (continued)

IAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.

The amendment of the standard with regards to the accounting of actuarial gain/loss did not have a material impact on the financial position or performance of the Association.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Association.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This amendment did not have an impact on the financial position or performance of the Association.

IFRS 10 Consolidated Financial Statements

IFRS10, IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have an impact on the financial position or performance of the Association.

IFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Association.

IFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard affects presentation only and did not have an impact on the disclosures given by the Association.

2. Basis of presentation of financial statements and summary of significant accounting policies (continued)

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after IFRS 13 is adopted.. This amendment did not have an impact on the interim financial statements of the Association.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Association and did not have any impact on the financial position or performance of the Association.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have an impact on the financial statements of the Association.

Improvements to IFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after January 1, 2013. This project did not have an impact on the financial position or performance of the Association.

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

2. Basis of presentation of financial statements and summary of significant accounting policies (continued)

IAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:

Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Association will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Association does not expect that these amendments will have significant impact on the financial position or performance of the Association.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Association is in the process of assessing the impact of the amendment on financial position or performance of the Association.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. This amendment has not yet been endorsed by the EU. The Association does not expect that this amendment will have any impact on the financial position or performance of the Association.

2. Basis of presentation of financial statements and summary of significant accounting policies (continued)

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after January 1, 2014, with early application permitted. Retrospective application of this interpretation is required. The Association does not expect that this amendment will have any impact on the financial position or performance of the Association.

Amendments to IAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Association does not expect that this amendment will have any impact on the financial position or performance of the Association.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. The Association does not expect that this amendment will have any impact on the financial position or performance of the Association.

2. Basis of presentation of financial statements and summary of significant accounting policies (continued)

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

Significant accounting judgments and estimates

The preparation of the Association's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3. Summary of significant accounting policies (continued)

In the process of applying the Association's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a. Reserve for retirement pay liability is determined by using actuarial assumptions such as discount rates, future salary increase and employee's turnover rates. The estimations include significant uncertainties due to their long-term nature. The details about reserve for employee benefits are provided in Note 12.
b. In determining the provision for litigations, the Association considers the probability of legal cases to be resulted against the Association and its consequences based on the assessments of legal advisors. Explanation of the provision based on the management's estimates using available data, is detailed in Note 12.
c. The Association had made certain important assumptions in determining useful economic life of the tangible assets, which are detailed in Note 7.
d. Membership fee receivables as of the balance sheet date related to the current year is recorded based on the assumption that all membership fees will be collected prior to the General Assembly in January of the subsequent year.

Property and equipment and related depreciation

(i) Recognition and measurement:

Items of property and equipment are measured at cost, less accumulated depreciation and impairment losses. Costs such as professional fees and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are recognized as elements of cost.

(ii) Subsequent costs:

The cost of replacing part of an item of property and equipment 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 Association and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation:

Depreciation on property and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of the related assets.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property and equipment items.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	50 years
Leasehold improvements	10 years
Motor vehicles	5 years
Furniture and fixtures	5-20 years
Software rights	3 years

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

3. Summary of significant accounting policies (continued)

(iv) Disposal:

Gains or losses on disposal of property and equipment with respect to their restated amounts are included in the related income and expense accounts as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposals or on impairments of equipment, furniture and fixtures with respect to their restated amounts are included in the related income and expense accounts, as appropriate (Note 7).

Foreign currency transactions and translation

The Association’s functional and presentation currency is TL. Transactions in currencies other than TL, foreign currencies, during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the consolidated statement of activities (Note 16).

Foreign currency translation rates used by the Association as of respective year-ends are as follows:

Dates	**USD / TL**	**EUR / TL**
December 31, 2013	**2,1343**	**2,9365**
December 31, 2012	1,7826	2,3517

Provision for employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Association arising from the retirement of the employees calculated in accordance with the Turkish Labor Law. In accordance with existing social legislation and Turkish Labor Law in Turkey, the Association is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement of for reasons other than resignation or misconduct and who has completed at least one year of service. Provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method. All actual gains and losses are recognized in the consolidated statement of activities in the period in which they occur (Note 12).

Revenue recognition

Annual membership fees

Annual membership fees are recognised on an accrual basis when General Assembly approves contribution per member proposed by the Board of Directors.

Contributions for Foreign Communications Fund

Revenues related to contributions for Foreign Communications Fund consist of the contributions received from participating firms for the publicity campaigns outside of Turkey. These revenues are recognised when received.

3. Summary of significant accounting policies (continued)

Membership entrance fees

Membership entrance fees are demanded from members once, as their application of membership is approved by the Board of Directors. Such fees are recognised on an accrual basis as the application of prospective member is approved.

Book and magazines sales

Revenues of the Subsidiary mainly consist of sales revenue from books and magazines as well as advertising income in the magazines. Revenues from sale of books and magazines are measured at the fair value of the consideration received or receivable. Revenues are recognised when the significant risks and rewards of ownership have been transferred to the buyer and when the recovery of the consideration is probable.

Income from sponsorships and donations

Income from sponsorships and donations consist of contributions obtained from members against operating expenditures arise in the normal course of the Association's activities. These revenues are recognised when received.

Magazine advertising income

Magazine advertising income is the related to the ads published in the magazines and is recognized at the date the magazine is published.

Interest income on annual membership fees

Annual membership fees are determined on an incremental basis as the duration of payments defer in the period applicable. Amount exceeding the initial recognized annual membership fee revenue are recognised as interest income on membership fees (Note 15).

Financial interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial assets to that asset's net carrying amount.

Membership fee receivables

Membership fee receivables that are created by the General Assembly of the Association as a contribution from members to the operating expenses of the Association are carried at amortized cost. Membership fee receivables are recognised on an incremental explicit interest basis as the collection defer over the period applicable (Note 5).

The Board of Directors has the power to cease the membership if there is objective evidence that the Association will not be able to collect all amounts due. Uncollectible amount is derecognised from the financial statements of respective period.

3. Summary of significant accounting policies (continued)

Borrowings

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost on an effective interest basis. Any proceeds and the redemption value are recognised in the statement of activities over the period of the borrowings. Borrowing costs incurred before January 1, 2009, if any, were not capitalised as part of qualifying assets, but expensed as incurred. Borrowing costs, attributable to qualifying assets for which the commencement date for capitalization on or after January 1, 2009 are capitalised.

Inventories

Inventories consist of items including books amounting to TL 8,637 (2012 – TL 10,011) purchased for commercial activities and are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost basis, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Provision for taxes

The Subsidiary, which is founded by TÜSİAD and located in Istanbul, is subject to corporate tax.

In Turkey, the corporation tax rate as of December 31, 2013 is 20%. Corporate tax declaration should be made until the 25^{th} of the fourth month after the related accounting period and should be paid in one installment till the end of the same month. The tax legislation requires for a temporary tax of 20% (2012 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax declarations and the related accounting records and can revise related tax accounts for a retrospective maximum period of five years. The Subsidiary has not had any tax inspection for the related years.

Provisions

Provisions are recognized when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements, but are disclosed. A contingent asset is not recognized in the consolidated financial statements, but disclosed when an inflow of economic benefits is probable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

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

3. Summary of significant accounting policies (continued)

Financial instruments and financial risk management

The Association's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Association.

Interest rate risk

The Association is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The Association mitigates such risk through obtaining fixed interest rate borrowings.

Liquidity risk

The ability to fund existing and prospective debt requirements in managed by maintaining the availability of adequate committed funding lines from high quality lenders. Furthermore the Association collects membership fees of the following year early in the beginning of the year to redeem borrowings.

As of December 31, 2013 and 2012, the maturity profiles of financial assets and financial liabilities based on contractual undiscounted payments are summarized as follows:

December 31, 2013

	Up to 3 months	3 – 12 months	More than 1 year	No definite maturity	Total
Cash and cash equivalents	147,784	-	-	-	147,784
Membership fee receivables	1,195,000	-	-	-	1,195,000
Receivables related to activities	478,048	-	-	-	478,048
Inventories	8,881	-	-	-	8,881
Other current assets	139,819	6,634	-	-	146,453
Property and equipment	-	-	-	12,482,179	12,482,179
Intangible assets	-	-	-	7,735	7,735
Total assets	1,969,532	6,634	-	12,489,914	14,466,080
Short-term bank borrowings	3,975,011	656,274	-	-	4,631,285
Payables related to activities	1,065,320	-	-	-	1,065,320
Other current liabilities and provisions	356,615	-	-	-	356,615
Long-term bank borrowings	-	-	1,281,340	-	1,281,340
Provision for employment termination benefits	-	-	-	250,639	250,639
Total liabilities	5,396,946	656,274	1,281,340	250,639	7,585,199
Net position	(3,427,414)	(649,640)	(1,281,340)	12,239,275	6,880,881

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

3. Summary of significant accounting policies (continued)

December 31, 2012

	Up to 3 months	3 – 12 months	More than 1 year	No definite maturity	Total
Cash and cash equivalents	151,864	-	-	-	151,864
Membership fee receivables	372,000	-	-	-	372,000
Receivables related to activities	296,435	-	-	-	296,435
Inventories	8,637	-	-	-	8,637
Other current assets	163,706	7,504			171,210
Property and equipment	-	-	-	12,321,588	12,321,588
Intangible assets	-	-	-	30,065	30,065
Total assets	992,642	7,504	-	12,351,653	13,351,799
Short-term bank borrowings	1,604,035	559,568	-	-	2,163,603
Payables related to activities	1,045,826	-	-	-	1,045,826
Other current liabilities and provisions	506,036	-	-	-	506,036
Long-term bank borrowings	-	-	2,175,712	-	2,175,712
Provision for employment termination benefits	-	-	-	298,563	298,563
Total liabilities	3,155,897	559,568	2,175,712	298,563	6,189,740
Net position	(2,073,256)	(552,063)	(2,175,712)	12,053,090	7,252,059

Credit risk

Ownership of financial assets involves the risk that counter-parties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counter-party, assessed by Association's executives.

Currency risk

Foreign currency transactions result with foreign currency risk. Distribution of the Association's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date is as follows:

	Currency	**2013 Original amount**	2012 Original amount	**2013 TL equivalent**	2012 TL equivalent
Cash and cash equivalents	USD	**3,557**	1,260	**7,593**	2,247
	EUR	**1,778**	29,600	**5,222**	69,611
	GBP	**325**		**1,141**	-
Trade receivables and other assets	USD	**-**	-	**-**	-
Trade receivables and other assets	EUR	**10,502**	10,502	**30,839**	24,698
Foreign currency denominated assets				**44,795**	96,555
Payables related to activities and other current liabilities	EUR	**47,353**	81,497	**139,053**	191,656
Payables related to activities and other current liabilities	USD	**158,335**	55,762	**337,934**	99,402
Bank borrowings	EUR	**254,929**	356,031	**748,599**	837,276
Foreign currency denominated liabilities				**1,225,586**	1,128,334
Net foreign currency liability position				**(1,180,791)**	(1,031,779)

3. Summary of significant accounting policies (continued)

The Association is mainly exposed to US Dollar and Euro currency risk.

The table below shows the sensibility of the effect of 10% increase in US Dollar and Euro currency rates. 10% is used in, the reporting currency risk to the key management and it represents the management's expectation on the potential exchange currency fluctuations. Sensitivity analysis can only made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency increase on the related items. Positive value represents an increase in profit/loss.

	US Dollar effect		Euro effect	
	2013	2012	**2013**	2012
TL gain / (loss)	**(33,034)**	(9,716)	**(85,159)**	(93,462)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and is best evidenced by a quoted market price, if one exists.

The following methods and assumptions are used to estimate the fair value of the financial instruments that are not carried at fair value on the balance sheet:

Financial assets

The fair values of cash and short term deposits and other short term financial assets in the consolidated financial statements are considered to approximate their respective carrying values due to their short-term nature. The fair values of trade receivables after the deduction of doubtful receivable provisions are considered to approximate their respective carrying values.

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values, due to their short-term nature and foreign currency originated balances. Bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings.

Subsequent events

Post period-end events that provide additional information about the Association's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

4. Cash and cash equivalents

	2013	2012
Cash on hand	**10,759**	2,892
Demand deposits	**137,025**	148,972
	147,784	151,864

At December 31, 2013, there are no blocked deposit balances in bank accounts (2012 – None).

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

5. Membership fee and other receivables

	2013	2012
Receivables from members	**1,195,000**	462,000
Receivables related to activities (*)	**478,048**	296,435
	1,673,048	758,435

(*) Receivable related to activities is related to donations, sponsorship receivables and also receivable for the advertisings published in the magazines of the Association.

6. Other current assets

	2013	2012
Prepaid expenses (*)	**74,392**	54,445
Order advances given (**)	**-**	45,063
VAT Transferred	**52,661**	49,602
Personnel job advances	**19,400**	22,100
	146,453	171,210

(*) Prepaid expenses related to health insurance
(**) Order advance given is related to audio-visual systems in the head office.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

7. Property and equipment

Tangible

	January 1, 2012	Additions	Disposals/ retirements	December 31, 2012	Additions	Disposals/ retirements	Transfer	December 31, 2013
Cost:								
Buildings	**20,656,728**	**1,339,648**	**-**	**21,996,376**	**669,375**	**-**	**-**	**22,665,751**
Motor vehicles	**252,210**	**-**	**-**	**252,210**	**-**	**-**		**252,210**
Furniture and fixtures	**1,322,896**	**13,125**	**-**	**1,336,021**	**73,026**		(33,604)	**1,375,443**
Leasehold improvements	**51,031**	**-**	**-**	**51,031**	**-**	**-**	**-**	**51,031**
	22,282,865	**1,352,773**	**-**	**23,635,638**	**742,401**	**-**	**(33,604)**	**24,344,435**
Accumulated depreciation:								
Buildings	**(9,486,164)**	**(426,590)**	**-**	**(9,912,754)**	**(484,036)**	**-**	**-**	**(10,396,790)**
Motor vehicles	**(149,758)**	**(24,615)**	**-**	**(174,373)**	**(26,800)**	**-**	**-**	**(201,173)**
Furniture and fixtures	**(1,089,192)**	**(86,700)**	**-**	**(1,175,892)**	**(69,229)**	**-**	**31,859**	**(1,213,262)**
Leasehold improvements	**(51,031)**	**-**	**-**	**(51,031)**	**-**	**-**		**(51,031)**
	(10,776,145)	**(537,905)**	**-**	**(11,314,050)**	**(580,065)**	**-**	**31,859**	**(11,862,256)**
Net book value	**11,506,720**	**814,868**	**-**	**12,321,588**	**162,336**	**-**	**(1,745)**	**12,482,179**

Buildings comprise Head Office building in Tepebaşı and Representative Office building in Brussels. The building in Brussels has been pledged as mortgage against borrowings from (Note 8).

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

7. Property and equipment (continued)

Intangible

	January 1, 2012	Additions	Disposals/ retirements	December 31, 2012	Additions	Disposals/ retirements	Transfer	**December 31, 2013**
Cost:								
Software rights	80,413	-	-	80,413	-	-	33,604	**114,017**
	80,413	-	-	80,413	-	-	33,604	**114,017**
Accumulated depreciation:								
Software rights	(28,751)	(21,597)	-	(50,348)	(24,075)	-	(31,859)	**(106,282)**
	(28,751)	(21,597)	-	(50,348)	(24,075)	-	(31,859)	**(106,282)**
Net book value	51,662	(21,597)	-	30,065	(24,075)	-	1,745	**7,735**

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

8. Bank borrowings

	Effective interest rate per annum (%)	Currency	Original amount	TL Equivalent	Maturity ranges
December 31, 2013					
Short-term borrowings	10.5%-11.85%	TL	3,706,513	3,706,513	January 2014 - February 2014
Short-term borrowings	6.07%	EUR	97,648	286,743	January 2014 - December 2014
Short-term portion of long-term borrowings	9.70%-12.65%	TL	451,679	451,679	January 2014 - October 2014
Short-term portion of long-term borrowings	6.78%	EUR	21,800	64,015	January 2014 - December 2014
Total short-term borrowings				**4,508,950**	
Long-term borrowings	6-7%	EUR	135,481	397,841	January 2015 - March 2025
Long-term borrowings	0,95%	TL	728,460	728,460	January 2015 - October 2017
Total long-term borrowings				**1,126,301**	
December 31, 2012					
Short-term borrowings	6.07%-8%	TL	1,438,017	1,438,017	January 2013 - February 2013
Short-term portion of long-term borrowings	9.70%-12.65%	TL	435,620	435,620	January 2013 - October 2013
Short-term portion of long-term borrowings	5.95%-6.84%	EUR	116,660	274,348	January 2013 - December 2013
Total short-term borrowings				2,147,985	
Long-term borrowings	5.95%-6.84%	EUR	239,371	562,929	
Long-term borrowings	9.70%-12.65%	TL	1,043,761	1,043,761	
Total long-term borrowings				1,606,690	

The redemption schedule of long-term borrowings in TL as of December 31, 2013 and 2012 are as follows:

	2013	2012
2014	**-**	638,310
2015	**447,427**	393,995
2016-2025	**678,874**	574,385
	1,126,301	1,606,690

The Association has obtained four long-term loans from Fortis Banque SA. The first loan, with an amount totaling EUR 189,424 and an effective interest rate of 5.95% per annum ("p.a.") applicable at December 31, 2013 (2012 – 5.95%), is obtained in November 1999 for the long-term financing needs of the Association. The second loan is obtained at November 2004, for the renovation of the Brussels office. The loan amounts to EUR 166,607 and an effective interest rate of 6.84% p.a. applicable at December 31, 2013 (2012 – 6.84% p.a.). Such loans are collateralized with mortgage of representative office building in Brussels with an amount of EUR 1,090,732.51. Interest payments on both loans are paid on a monthly basis. The third loan, with an amount totaling TL 979,887 and an effective interest rate of 12.65% per annum ("p.a.") applicable at December 31, 2013, is obtained in October 2013 for the long-term financing needs of the Association. The fourth loan, with an amount totaling TL 499,493 and an effective interest rate of 9.70% per annum ("p.a.") applicable at December 31, 2013, is obtained in December 2013 for the long-term financing needs of the Association.

9. Payables related to activities

	2013	2012
Supplier current accounts – domestic	**727,387**	946,424
Supplier current accounts – foreign	**337,933**	99,402
	1,065,320	1,045,826

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

10. Taxation

According to the first article of Corporate Tax Law associations and foundations are not subject to corporation tax, since the definition of associations in Associations’ Law implies that, an association is a legal entity which is established towards an aim which cannot be gaining profit from or sharing profit among members.

According to Value Added Tax Law, associations are not subject to calculate and pay Value Added Tax (“VAT”) on services delivered, however purchases and services obtained are taxable. Accordingly TÜSİAD cannot deduct such VAT from its obligations to the government authorities, instead, recognize as expense in profit and loss accounts. However, as a legal entity, TÜSİAD is obliged to withholding tax on benefits provided to its employees and external consultants.

The Association is exempted from corporate tax according to Law No. 903 and the decision 90/84 of the Council of Ministers dated January 16, 1990. The Subsidiary, which is founded by TÜSİAD and located in Istanbul, is subject to corporate tax.

The tax charge for the year ended December 31, 2013 is different than the amount computed by applying the statutory tax rate to loss before taxation as shown in the following reconciliation:

Reconciliation of tax provision	**December 31, 2013**	December 31, 2012
Loss before taxes	**(678,444)**	418,736
Corporate tax at 20%	**135,689**	(83,747)
Tax effect:		
- Tax exempt income / (loss)	**(135,023)**	82,306
- Other	**(1,154)**	-
Tax provision expense in statement of activities	**(488)**	(1,441)

11. Other current liabilities

	2013	2012
Taxes and funds payable	**196,319**	161,713
Social security premiums payable	**119,403**	108,534
Deferred income	**306**	24,000
Payable to personnel	**6,887**	46,744
Audit fee accrual	**33,700**	31,200
Advances taken	**-**	10,277
	356,615	362,468

Deferred income arises from early membership fee payments for 2014 amounting to TL 306 as of December 31, 2013 (2012 - Early membership fees amounting to TL 24,000).

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

12. Provisions

a) Provisions for employment termination benefits

In accordance with the existing social legislation in Turkey, the Association is required to make lump-sum payments to employees whose employment is terminated due to retirement or for other reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 3,033.98 (2012 – TL 2,731.85) per year of employment at the rate of pay applicable at the date of retirement or termination.

The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Association arising from the retirement of employees.

International Accounting Standards No. 19 'Employee Benefits' requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

Actuarial assumptions used in the calculation of the total liability are as follows:

	2013	2012
Discount rate	**3.49%**	3.00%
Retention rate to estimate to probability of retirement	**90.5%**	91.5%

Movements of the provision for employment termination benefits during the years were as follows:

	2013	2012
Balance January 1,	**298,563**	214,707
Service cost	**67,196**	119,590
Paid during the year	**(121,153)**	(43,550)
Interest cost	**4,479**	5,003
Actuarial gain/(loss)	**1,554**	2,813
Balance at December 31,	**250,639**	298,563

b) Provisions related to lawsuits and others

TÜSİAD and Türkiye Kalkınma Bankası ("TKB") have signed a protocol with respect to the preparation of a feasibility report for the "Regional Development Projects" held by TÜSİAD in 2001. After the preparation of the report by TKB, there has been a conflict between the parties in the loan arrangement phase of the project. Subsequently, TKB have filed a suit against TÜSİAD. Although, the lawsuit has been resolved for TÜSİAD's advantage in 2005; TKB has filed a new suit amounting to TL 73,001 (Original amount: USD 42,219) against TUSİAD in 2009 (2012 - TL 89,192 and 2013 – TL 82,127). The litigation has resulted against TUSİAD and a penalty of TL 82,127 was paid on January 14, 2013.

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

13. Fees and contributions

According to the Board of Directors decision dated January 13, 2006 the Association has established the "Foreign Communications Commission" for the purpose of improving the positive recognition of Turkey in European countries and creating public awareness during the course of European Union accession talks. In order to support above mentioned activities financially, special contributions are demanded from members of the Association, accumulated under Foreign Communication Fund. Although the contributions are unrestricted, Board of Directors has set certain rules for financial management of expenditures. According to these rules, the contributions and expenses are followed separately from other contributions and expenses. In 2013, the Subsidiary's revenues consist of book and magazine sales and magazine advertising income.

14. General and administrative expenses

			2013			2012
	Domestic offices	**Foreign offices**	**Total**	Domestic offices	Foreign offices	Total
Personnel expense	**5,771,215**	**1,655,910**	**7,427,125**	5,293,668	1,568,339	6,862,008
Meeting and representation expense	**2,024,779**	**494,027**	**2,518,806**	2,236,091	283,375	2,519,466
Expenses for contribution in organizations joined	**1,360,419**	**754,000**	**2,114,419**	1,725,194	252,121	1,977,314
Expenses of Foreign Communication Commission	**-**	**869,120**	**869,120**	-	743,363	743,363
Utilities expense	**698,214**	**356,510**	**1,054,724**	610,954	304,333	915,287
Depreciation and amortization expense	**601,620**	**-**	**601,620**	559,502	-	559,502
Consultancy expense	**597,432**	**84,890**	**682,322**	326,785	-	326,785
Donation Expense	**30,050**	**-**	**30,050**	-	-	-
Sponsorship expense	**198,884**	**798,704**	**997,588**	215,017	-	215,017
Rent expense	**43,200**	**262,611**	**305,811**	39,600	251,611	291,211
Publishing expense	**523,122**	**-**	**523,122**	376,569	-	376,569
Communication expense	**207,240**	**-**	**207,240**	156,078	-	156,078
Travel expense	**256,570**	**-**	**256,570**	311,075	-	311,075
Translation and copyright expenses	**125,825**	**-**	**125,825**	173,960	-	173,960
Maintenance expense	**134,780**	**-**	**134,780**	99,816	-	99,816
Transportation expense	**108,940**	**-**	**108,940**	91,089	-	91,089
Provision and other expense	**52,790**	**13,245**	**66,035**	322,166	13,984	336,150
	12,735,079	**5,289,017**	**18,024,097**	12,537,564	3,417,126	15,954,690

As mentioned in Note 13, the contributions and expenditures of Foreign Communication Commission are followed separately from other contributions and expenses. Expenses of Foreign Communication Commission incurred in the year ended December 31, 2013 consist of personnel cost, certain meeting and seminar costs, publicity costs and costs of external consultancy obtained.

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

15. Financial income, net

	2013	2012
Financial income:		
Interest income on membership fees	**191,500**	194,000
Interest income	**67,196**	163,045
Short-Term Debt Expense	**16,616**	-
	275,312	357,045
Financial expenses:		
Interest expenses	**(310,381)**	(120,970)
	(310,381)	(120,970)
Financial (expense)/income, net	**(35,069)**	236,075

16. Foreign currency gains and losses

	2013	2012
Foreign currency gains	**155,493**	151,547
Foreign currency losses	**(252,174)**	(127,260)
	(96,681)	24,287