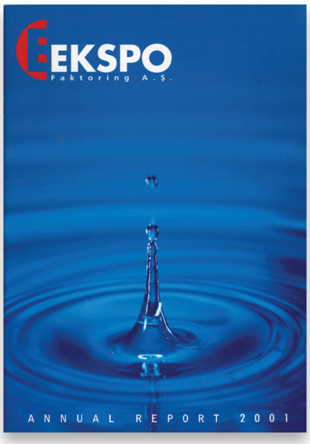
ANNUAL REPORT 2009

EKSPO Faktoring A.Ş.

10th year



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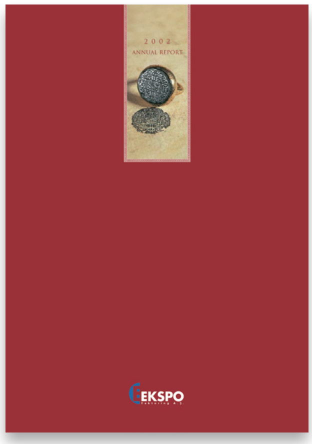

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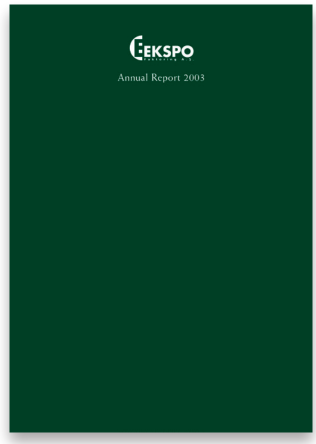

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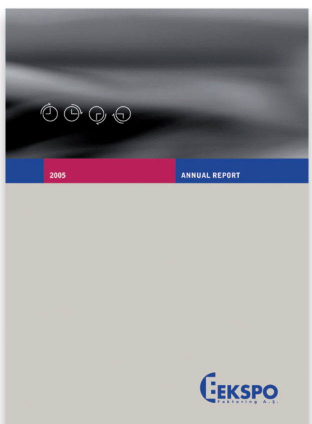

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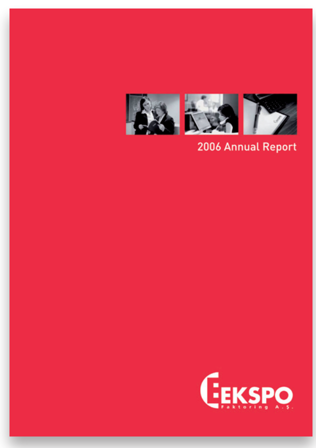

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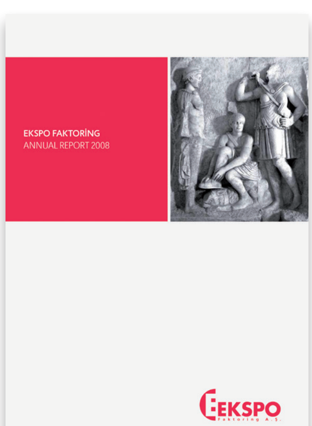


2008

2009

40-fold Growth in 10 Years

Ekspo Faktoring was founded in 2000 with its main field of activity comprising domestic and overseas factoring services. Playing a crucial role in the development of the Turkish factoring sector for 10 years, Ekspo Faktoring achieved an almost 40-fold increase in its shareholders' equity. The Company will continue to grow and to shape the sector, with its customer oriented products and services.

Message from the Chairman of the Board and General Manager

Murat Tümay
Chairman of the Board and General Manager

The main objective of 2009 was to overcome the damage inflicted by the global financial crisis. That crisis had worsened in the final quarter of 2008 to rapidly engulf the real economy on a world wide scale. Today, the worst part of the crisis seems to be over, owing to the coordinated preventive fiscal and monetary policies implemented by governments across the world. Nevertheless, although the initial data from confidence indexes indicates positive developments, the world economy still faces daunting challenges on its way to healthy and lasting growth.

Recovery signals across the world in the second half

Following a contraction in the first half of 2009, recovery signals in the global economy surfaced in the second half of the year. However, developed countries do not seem to have completely overcome fundamental problems such as soaring unemployment, high household debt and housing stock.

The timing of when expansionary monetary and fiscal policies will be abandoned is very critical because it will shape the dynamics and developments of the year 2010 and the following period. If the process takes longer than necessary, an inflationary period could be triggered. If, however, it is abandoned too early, the result may be a suppression of the present tendency toward growth, which is still precarious.

Looking at the 2009 performance of the world economy, it is understood that emerging markets, rather than those that are developed, will be the driving force behind global growth. That is especially true for the BRIC countries (Brazil, Russia, India and China) which displayed a remarkable performance in this regard.

On the other hand, the impacts of the crisis are still profound in the EU. The already problem-ridden economies of Spain and Portugal, coupled with the more recent event of Greece, unable to meet its liabilities due to its rapidly rising debt stock superseding its GDP, the number of problems awaiting solutions grows each day.

Turkey’s remarkable performance

Although Turkey was among the most rapidly contracting countries with a 4.7% decline in 2009, it displayed a robust performance owing to sound crisis management. Turkey took its place among a handful of countries whose credit ratings were upgraded by international rating agencies. The recession in Europe, the primary foreign trade partner of Turkey and the main destination of its goods, as well as the decline in incoming foreign direct investments were the main factors triggering an economic slump in Turkey.

In parallel with economic recovery and growing international risk appetite for our country as well as the upgraded international credit ratings owing to successful crisis management and strength of the economy, Turkey will once again enjoy positive growth albeit at a slower pace in 2010. Even taking into account the banking sector’s prudent approach in extending new loans, we estimate that the growth for the year 2010 will attain 4 - 4.5%, exceeding the government’s target of 3.5%.

The world’s most prestigious international credit rating agencies, Moody’s, Fitch Ratings and JCR, raised Turkey’s credit ratings one after the other, and declared that this trend will continue. Thus, Turkey’s decision to continue on its path without the support of IMF was further reinforced. Nevertheless, the current rise in commodity prices as well as an expected increase in public spending prior to the 2011 general elections, create an environment that carries a risk of high inflation. Considering these factors, there is a strong possibility that the Central Bank will increase policy interest rates by 200 basis points in the final quarter of 2010 and by 100 basis points in the first quarter of 2011, in order to fight inflation.

Factoring sector: 7% annual growth with a total turnover of US$ 26.5 billion

As of the end of 2009, the total turnover of the 55 member companies of the Turkish Factoring Association grew 7% over the previous year to reach US$ 26.5 billion. Out of this total, US$ 23.6 billion came from domestic operations and US$ 2.7 billion from export factoring; with the turnover of import factoring standing at US$ 197 million. Member companies of the Turkish Factoring Association had a consolidated balance sheet size of US$ 6.2 billion as of the end of 2009 and posted US$ 181 million of consolidated net profits.

As for overseas transaction volume, data from the world’s largest factoring chain FCI reveals that Turkey ranks among the top countries. FCI data reveals that the Turkish factoring sector held the second position behind China in 2008 and the third position right after Taiwan in 2009.

Ekspo Faktoring performed well above the sector average in 2009, boosting its assets by 28% over the previous year, from TL 120 million to TL 153 million. Consequently, the Company’s sector share in terms of total asset size approached 2%.

Ekspo Faktoring, a leader in the sector in terms of shareholders’ equity

Ekspo Faktoring is among the leaders of its sector in terms of shareholders’ equity. In 2008, Ekspo Faktoring increased its shareholders’ equity by 6%, from TL 59.2 million to TL 62.6 million. This sum corresponds to 3% of total shareholders’ equity in the sector. In 2010, Ekspo Faktoring will maintain its prudent approach and continue to strengthen its capital structure as in the previous years.

Ekspo Faktoring was also an outstanding player in the sector in terms of the capital adequacy ratio. In 2009, the capital adequacy ratio of Ekspo Faktoring was 42%, whereas the sector average stood at 27%. This ratio shows that nearly one half of every unit of financing provided by Ekspo Faktoring throughout the year was met by its shareholders’ equity. Thereby, the Company has further reinforced its justified reputation as a reliable business partner and a successful risk manager for the correspondent companies, financial institutions and credit rating agencies with which it collaborates.

Message from the Chairman of the Board and General Manager

Ekspo Faktoring pays maximum attention to liquidity and maintains the highest level of the sector in this regard. Our Company avoids keeping fixed assets among its total assets and makes the utmost effort to preserve a lean and liquid balance sheet structure.

NPL stands at 2%, way below the sector average

Thanks to its robust capital structure and prudent risk management policies, our Company attained to demonstrate fierce resistance to the severest economic crisis that the world has faced since the beginning of the century. As of the end of 2009, owing to the Company's conservative approach and reliable rating system, the ratio of NPL stands at 2%, whereas the sector wide average is 6%. As a result of the large scale collections that materialized in the first months of 2010, this ratio has further dropped down to below 1.5%.

6% of the sector's total profit

In 2009, our Company realized 6% of the sector's total profit, 20% of which has been paid as taxes. Taking into account the banking and insurance transaction tax accrued from the credits extended by the Company, the total amount of taxes paid reaches TL 5.7 million.

Target of over 70% growth until the end of 2010

Our Company occupies seventh place in its sector in terms of transaction volume, owing to its successful performance in 2009 and it has set itself ambitious goals for the period ahead. The target is to achieve over 70% growth until end 2010 to reach TL 250 million net placements. In line with this target, we started our search for new branch locations and new recruits.

In the year 2010, Ekspo Faktoring will invest in new technology. In the first place, to facilitate customers' operations and ensure that they can safely carry out their online transactions, we have added an e-signature project to our agenda. This Project will allow customers to send instructions via Ekspo online and to receive advances via this system.

Celebrating its 10th anniversary

The year 2010 is important for us in one more sense. Launched in June 2000, the Company celebrates its 10th anniversary in the sector this year.

In the ten years since its establishment, Ekspo Faktoring gave a direction to the Turkish factoring sector and played a pioneering role in deepening and enrichment of the sector, owing its success first of all to the sector experience, innovative approach and know-how, as well as its highly qualified, competent and fully trained human assets and visionary management philosophy. I would like to congratulate all my colleagues who made a contribution to this achievement.

Further consolidating its position in the sector every year, Ekspo Faktoring shall continue on its path towards sustainable growth targets, in a consistent and decisive manner. Finally, I would like to express my gratitude to all business partners, especially employees and customers, who have accompanied the Company's successful journey up to now.

Best regards,

Murat Tümay
Chairman of the Board and General Manager

2001

Celebrating its 10th anniversary in 2010, Ekspo Faktoring is determined to maintain its consistent growth and to lead the sector with its innovative products and services, competent human resources and visionary management philosophy.

2000

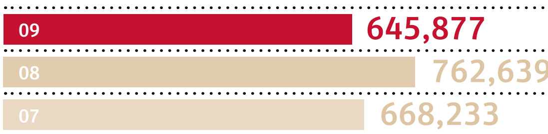
1.6*

* SHAREHOLDERS' EQUITY
TL 1.6 MILLION

Financial Highlights

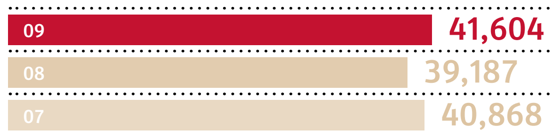
US$ 646 million

Total turnover (US$ thousand)



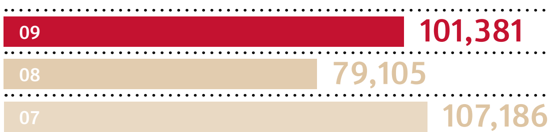
US$ 42 million

Shareholders' Equity (US$ thousand)



US$ 101 million

Asset Size (US$ thousand)



US$ 11 million

Net Profit (US$ thousand)

Financial Highlights

	2007 (US$ thousand)	2008 (US$ thousand)	2009 (US$ thousand)
Total Assets	107,186	79,105	101,381
Total Shareholders' Equity	40,868	39,187	41,604
Paid-in Capital	28,144	26,634	26,751
Net Working Capital	39,143	37,623	40,150
Factoring Receivables	105,053	72,834	99,173
Factoring Payables	0	255	532
Net Advances to Clients	105,053	72,579	98,640
Bank Loans	65,225	38,628	54,754
Total Income	26,073	32,487	22,127
Factoring Income	25,636	31,612	21,098
Net Profit	9,438	10,233	11,097

Financial Ratios (%)

	2007	2008	2009
Current Ratio	1.59	1.94	1.67
Liquidity Ratio	1.59	1.94	1.67
Net Working Capital / Total Assets	37	48	40
Liquid Assets / Total Assets	98	98	98
Debt / Assets (Financial Leverage)	62	50	59
Equity / Debt (Financial Ratio)	62	98	70
Financial Liabilities/Total Assets	61	49	54
Interest Coverage Ratio (Times)	2.34	2.37	3.24
Average Collection Period (Days)	80	75	100
Total Expenses / Turnover	2	2	1
Gross Profit Margin	27	37	22
Net Profit Margin	12	18	14
Return on Equity	32	33	33

Factoring Turnover (US$ million)

	2007	2008	2009
Total Turnover	668	763	646
Domestic	551	612	524
International	117	151	122
Export	113	149	122

Mission, Vision and Strategic Targets

Mission

- To play a pioneering role to ensure that factoring achieves a larger share in the financing of domestic and international trade, thereby contributing to the development of the factoring sector.
- To reach out to more customers in more sectors and ensure that more companies benefit from the advantages of factoring.
- To maximize customer satisfaction.

Vision

- To achieve a 10-fold growth in five years, in order to attain an asset size of US$ 1 billion by the year 2015.

Strategic targets

- To be innovative.
- To deliver high quality, rapid and consistent services.
- To boost our competitive edge.
- To achieve consistent and profitable growth.
- To become a company whose employees are proud of and happy to belong to.

2002

Growth despite the crisis
Despite the crisis, 20% of total transactions are comprised of export factoring.

2001

2.8*

* SHAREHOLDERS' EQUITY
TL 2.8 MILLION

2000

1.6

Board of Directors

Zeynep Akçakayalıoğlu Deputy Chairman
Murat Tümay Chairman
Betül Akan Board Member
Erhan Meral Board Member

Managers

Banu Hayta Manager, Internal Audit and Financial Control

Hale Yıldırım Manager, Marketing

Siyami Serdar Noyan Manager, Risk Assessment

Duygu Taşkınsu Manager, Marketing

Funda Kösedağı Manager, Accounting

Filiz Berikman Manager, Marketing

Ekspo Faktoring in Brief

Celebrating its 10th year in 2010, Ekspo Faktoring has been a company that has differentiated itself in the sector with its wide spectrum of products and services and particularly with its expertise in foreign trade transactions.

Wide, innovative and original product spectrum

With an extensive network of products and services in its area, Ekspo Faktoring has differentiated itself in the sector, especially owing to its expertise in foreign trade transactions. Aside from its innovative and original products in foreign trade, its extensive and strong international correspondents have created a considerable competitive edge in export and import transactions. Despite the contraction of the Turkish foreign trade volume due to changing global economic circumstances, Ekspo Faktoring expands its correspondent network every single day, by adding new banks and financial corporations.

Ekspo Faktoring is a member of the Turkish Factoring Association, which played a key role in the development of factoring in Turkey since 2004. The Company is also a member of FCI (Factors Chain International), the world's largest factoring services chain.

Experienced, well trained and competent human resources

Comprised of only the best in the sector, Ekspo Faktoring's human resources, its innovative and creative business approach and robust institutional structure are the most important elements of the Company's sustainable growth target. Ekspo Faktoring meets all of its clients' domestic and overseas factoring demands through a proactive approach largely thanks to its highly qualified, competent and well trained employees, each one with long years of experience in banking sector. The Company emphasizes the personal and professional development of its employees and maintains regular investments in technological infrastructure. This approach further consolidates Ekspo Faktoring's strong standing in the sector.

Customer oriented service philosophy

Considering customer oriented services as an indispensable part of its activities, Ekspo Faktoring closely monitors local and global dynamics and plays a pioneering and leading role in the introduction of new products to the factoring sector.

Turnover reaching US$ 646 million

In 2009, a period in which the global economy shrank considerably, Ekspo Faktoring continued its support to the real economy through a solution focused service philosophy and managed to bring its turnover to US$ 646 million.

Despite the foreign trade volume contracting in 2009, Ekspo Faktoring's foreign transaction volume stood at 20% of its total transaction volume. Thanks to this achievement, Ekspo Faktoring has been able to maintain the 7th position among member companies of the Turkish Factoring Association.

Having introduced numerous innovations to the factoring sector since its establishment, the Company shall continue to grow in a consistent manner thanks to its robust capital structure and to offer added value to the national economy, its customers, shareholders, employees and all business partners.

2010 Outlook

The Euro Zone has shown no recovery signals yet. Countries such as Spain, Portugal, Ireland and Greece struggle with major current deficit and sovereign debt stock problems. A particular factor further complicating the situation is the risk of Greece's inability to meet its liabilities due to its sovereign debt stock that tops its GDP.

World Economy

The global crisis started out in the middle of 2008 and worsened through 2009. However, the recovery signals gradually increased from the second half of 2009 onwards; as employment losses declined and confidence indexes indicated a rising trend.

For the first time since June 2006, FED has decided to raise discount rates for banks by 25 basis points up to 0.75% on February 18, 2010. This decision was also perceived by the markets as the beginning of the decrease in exercising fiscal measures.

As the driving force of the exit from the crisis, the US economy in the final quarter of 2009 achieved its highest growth rate since the third quarter of 2003, with 5.9%. Closely related to the rise in investment and consumption expenditures, this development further consolidated the rising trend of the confidence index. According to recent estimates, the US economy will grow 2.7% in 2010.

On the other hand the Euro Zone has shown no recovery signals yet. Countries such as Spain, Portugal, Ireland and Greece struggle with major current deficit and sovereign debt stock problems.

A particular factor that further complicates the problem is the risk of Greece's inability to meet its liabilities due to its sovereign debt stock that tops its GDP.

Nevertheless, since the second half of 2009, growth picked up in the developing world, lead by BRIC countries (Brazil, Russia, India and China).

2010 Outlook

Turkish Economy

The global crisis, which worsened in the final quarter of 2008 to rapidly engulf the real economy, escalated in the first half of 2009 and triggered a major contraction in the world economy. Despite the efficient anti-crisis measures, the Turkish economy was not spared from the effects of the crisis. During the one year period between the last quarter of 2008 and the last quarter of 2009, it experienced a serious contraction. In the last quarter of the year, the worldwide recovery signals positively affected Turkey as well as many other developing countries; the growth rate of the economy reached 6% in the final quarter. Despite this positive development, in which the basis effect has an important share, the Turkish economy contracted by 4.7% as of the end of 2009.

Indicators for the year 2010 show that economic activity has begun a revival. In February, the capacity utilization rate in the manufacturing sector increased 7.5 percentage points over the same period of the previous year to reach 67.8%. When the capacity utilization rate is analyzed by sectors, it becomes clear that the recovery has started to expand across the economy.

For the year 2010, the real economy players' expectation for growth is 4-4.5%, although the government has set its target at 3.5%.

The Turkish economy has important opportunities at hand. Among these is its geopolitical position, which differentiates it from the US and European economies that are heavily influenced by the global crisis. Another aspect is its relations with neighbors and proximity to the markets of the Middle East, Gulf countries and North Africa, where consumption levels are very low. Even though these factors cannot compensate fully for the effect of the demand constriction in European markets that constitute the main trade partners of Turkey, they bring a significant potential for the economy.

In case the growth rate exceeds predictions, interest rates and inflation will rise as well. Nevertheless, an increase in demand and the recovery of the real economy would translate into a relative decrease in unemployment, one of the economy's most crucial problems. Considering Turkey's demographic structure, the young and dynamic domestic consumer profile supports such expectations.

Another factor to have a positive impact on the economy in 2010 is that, following decisions by Moody's and Fitch Ratings to raise Turkey's credit rating in January, the Japanese rating agency JCR also raised Turkey's country rating one step up to BB in February. In addition, Standard & Poors revised Turkey's long-term foreign currency rating upward to BB. S&P underlined that the Turkish economy's resilience to shocks has increased, confirming its outlook as positive and adding that the rating could once again be revised upward in 12 to 24 months.

All of these factors demonstrate that the year 2010 will be a favorable period for the Turkish economy and that the trend toward growth will make its comeback.

Factoring Sector

Factoring is a key financial instrument that provides support to domestic trade as well as exports.

From 2000 onwards, the world factoring volume displayed a growth performance of around 20% every year. It then preserved its volume of US$ 1.9 trillion through the years 2007, 2008 and 2009. For many years, Turkey has figured among the highest ranking countries in terms of international transactions volume.

The sector has reached a global transactions volume of US$ 1,835,489.

In the year 2009, the worldwide factoring volume declined, owing to the contraction of world trade, as well as the decreasing appetite for risk among credit guarantee companies which made a considerable contribution to the sector.

In recent years, the expansion of world foreign trade volume has made an impact on the turnover composition of the factoring sector, with the bulk of foreign transactions increasing gradually. In 2008, of the global transactions volume, 86.7% consisted of domestic transactions and 13.3% of overseas transactions. In 2009, despite the decline in the world trade volume, it maintained its composition with 87% of domestic transactions and 13% of overseas transactions. There is also a considerable change in the distribution of turnover among countries. Whereas European countries accounted for 71.6% of the world factoring market as of 2007, this rate stood at 67.1% in 2008 and 68.3% in 2009.

The factoring sector made its appearance in Turkish financial markets in 1990 and the first relevant legislation was enacted in 1994. The factoring sector has been regulated by the Banking Regulation and Supervision Agency (BRSA) since 2006 and was restructured following a two-year long adaptation period with BRSA. This restructuring process and the sector's transformation allowed factoring companies to obtain a much more prestigious position in financial markets.

2010 Outlook

In 2009, the 55 member companies of the Turkish Factoring Association attained a total turnover of US$ 26,5 billion, corresponding to an annual growth of 7%. Exports account for 10% of this total and 90% pertains to domestic factoring transactions.

Compared with the US, Europe and the Far East, where the factoring sector's share in total trade volume stands at 10%, Turkish factoring sector's 4% share appears very low. Considering the positive expectation for the economy's growth in 2010, as well, this is a clear indication of the growth potential of the sector in the period ahead.

As of March 2010, there are 77 licensed companies in the factoring sector, where the competition gets tougher each day. Under such conditions, the service quality stands out as the most important factor in creating difference.

Ekspo Faktoring aims to increase its market share, reach out to more new firms and contribute to sector growth through its exclusive service approach and its products tailored according to its customers' needs.

Thanks to its 10 year long experience in the sector, the confidence that it inspires in its clients, its highly experienced staff and wide product spectrum, Ekspo Faktoring added numerous new customers in its portfolio in 2009. Of these new customers, 20% engaged in a factoring transaction for the first time.

2003

Innovative solutions in trade finance

Ekspo Faktoring launched new services such as the assignment of export receivables secured by drafts or letters of credit. Although Ekspo Faktoring only began to offer import factoring services this year, it took the fourth place in the sector in this regard.

2002

5.3*

* SHAREHOLDERS' EQUITY

TL 5.3 MILLION

2001

2.8

Financial Advantages of Ekspo Faktoring

With a transaction volume of US$ 646 million in 2009, Ekspo Faktoring preserved its effective position in the market. The Company's profit for the period stands at TL 20.9 million.

Active in the Turkish factoring sector since 2000, Ekspo Faktoring leads the sector with its robust capital structure and customer oriented business philosophy as well as its wide spectrum of products and services. Having introduced several new products to the factoring sector up to now, Ekspo Faktoring continues its innovative approach and pioneer the development of new products and services in the sector within the limits delineated by relevant legislation.

Turnover

In 2009 Ekspo Faktoring attained a transaction volume of US$ 646 million and preserved its effective position in the sector. Domestic factoring accounts for 80% of the Company's factoring turnover while international factoring transactions comprise the remaining 20%.

In the area of international transactions, the Company offers a wide variety of products and services to its clients, such as Non-Recourse Export Factoring, Recourse Export Factoring, Assignment of Export Letters of Credit, Assignment of Export Receivables backed by Accepted Drafts, Import Factoring and Direct Factoring. The Company's domestic transactions include various factoring products and services, such as Undisclosed Assignment of Receivables, Disclosed Assignment of Receivables and Assignment of Collateralized Receivables.

In addition to domestic and international transactions, the Company also provides technical support services including consulting on market and sector analyses and project financing.

In domestic and international markets, Ekspo Faktoring develops financial solutions in every field of factoring in cooperation with its customers and provides financing for any kind of receivables.

In 2009, Ekspo Faktoring realized a US$ 646 million transaction volume and managed to preserve its effective position in the sector. Domestic factoring accounts for 80% of the Company's factoring turnover while international factoring transactions comprise the remaining 20%.

Amongst the 55 member companies of the Turkish Factoring Association, the Company ranks 7th as of the end of 2009.

Profitability

Ekspo Faktoring's net profit for the period stands at TL 16.7 million.

Ekspo Faktoring's net profit for the year of 2009 stands at TL 16.7 million, all of which was realized through the Company's operations. Ekspo Faktoring, carries a manageable amount of maturity, liquidity and foreign currency risks.

Shareholders' equity

Ekspo Faktoring increases its liquid capital every year at a rate equal to or greater than the inflation rate. As of the end of 2009 the Company's shareholders' equity stands at TL 63 million.

One of the most important factors behind the Company's uninterrupted success is its robust capital structure. The Company's partners increase its liquid capital every year at a rate above the annual inflation rate. As a result, as of end of 2009, the Company's shareholders' equity stands at TL 63 million.

Indebtness ratio

Ekspo Faktoring has an indebtness ratio of 1.32, which is the lowest among all of the sector companies.

Financing a significant part of its operations via its shareholders' equity, Ekspo Faktoring has the reputation of being a reliable business partner and a successful risk manager among its correspondents, creditors and credit rating agencies.

Ekspo Faktoring has the lowest indebtness ratio among the companies that are active in the factoring sector. Pursuant to a BRSA regulation, the maximum amount of receivables a factoring company can possess is limited to 30 times its equity. This ratio is very high at many factoring companies. Due to its very low debt-to-equity ratio, this multiplier is only 2.12 in Ekspo Faktoring. This strategy, which has been followed for many years, was approved during the liquidity crisis of 2008 with positive results. At that time, the Company was able to meet its customers' financing needs thanks to its robust shareholders' equity structure.

Financial Advantages of Ekspo Faktoring

Asset quality

The NPL ratio, which is 6% sector wide, is just 2% at Ekspo Faktoring. This ratio is a clear indicator of the reliability and consistency of the Company's rating system.

Ekspo Faktoring, applies a risk assessment system for deciding on and identifying the companies to work with. In order to make this system more efficient and ensure that healthy and correct credit decisions are taken, the Company receives counseling services from prominent international rating companies. The Company uses a risk assessment system and follows the markets closely to incorporate companies with a low risk ratio to its portfolio.

Of the Company's receivables, 95% are "with recourse." Ekspo Faktoring's management has limited the Company's maximum exposure to any sector to 20%. The Company pays special attention to ensure that the share of a single debtor in the receivables assigned by one client does not exceed 5% of that client's total risk.

Although the percentage of NPL in the sector is around 6%, this figure stands at 2% at Ekspo Faktoring, which is a sign of the reliability and consistency of the Company's rating system.

Asset size

Ekspo Faktoring increased its asset size by 28% in 2009 to attain TL 153 million, which corresponds to a 2% share in the sector.

The primary strength of Ekspo Faktoring A.Ş. is its know-how, funding structure and human resources that enable the Company to proactively identify the needs of its clients and develop the most appropriate financing models. With this strength, the Company reaches its goal to include in its client portfolio, firms from various industries that need effective and quick financial solutions for their activities in domestic and international markets. As in previous years, in 2009, the Company recorded an outstanding performance in this regard, adding more than 100 new firms to its portfolio.

Ekspo Faktoring always prioritizes efficiency increase as an indispensable component of its pioneering and leading role. For this purpose, the Company continues its investments particularly in human resources and information technology.

Ekspo Faktoring sees its clients as long lasting, business partners. It is the Company's main responsibility to meet their resource and liquidity requirements and to support their activities via inexpensive and continuous fund flow obtained from domestic and international financial institutions.

Backed by the high ratings assigned by international rating agencies as a result of an objective evaluation of its financial advantages, Ekspo Faktoring will continue to offer rapid and inexpensive resources to its clients in 2010 to meet their funding needs, within the framework of its credit evaluation criteria.

Ekspo Faktoring increased its asset size by 28% in 2009 to attain TL 153 million, which corresponds to a 2% share in the sector.

Consistent growth
The year following its launch of import transactions, Ekspo Faktoring ranked second in the sector.

2004

2003

13.6*

* SHAREHOLDERS' EQUITY
TL 13.6 MILLION

2002

5.3

Credit Ratings

Ekspo Faktoring's long term credit rating is BBB+ according to Fitch Ratings and Ba3 according to Moody's.

Fitch Ratings

BBB+

As an innovative and leading force in the factoring sector, Ekspo Faktoring achieved a breakthrough in 2006 by inviting Fitch Ratings for a credit rating and obtained the remarkable local currency credit rating of BBB (tur). The following year this rating was revised upwards to BBB+ (tur). Despite the global financial crisis, Fitch Ratings confirmed this rating for Ekspo Faktoring in 2008 and 2009, owing to the Company's professional management approach, robust capital structure and expertise in credit portfolio management.

Moody's

Ba3

A pioneer of strong international business partnerships, Ekspo Faktoring is the first Turkish factoring company to be evaluated by Moody's. In 2007, the Company's foreign and local currency long term credit ratings were determined to be Ba3 with a "stable" outlook. The Company preserved this rating in 2008 and 2009 thanks to its asset quality and high profitability.

2005

Membership to the international factoring chain FCI

The export turnover in the Turkish factoring sector is US$ 350 million and Ekspo Faktoring ranks sixth in this category. Net placements of the Company has topped US$ 50 million.

2004

21.3*

* SHAREHOLDERS' EQUITY

TL 21.3 MILLION

2003

13.6

Market Position of Ekspo Faktoring

With its performance in 2009, Ekspo Faktoring preserved its position as the seventh largest company among the 55 members of the Turkish Factoring Association.

The target is to provide more added value to the economy

With its performance in 2009, Ekspo Faktoring preserved its position as seventh among the Turkish Factoring Association's 55 members. The Company's main strategic target for the future is to reach more clients by intensifying its operations with a customer oriented and proactive approach. Thus, the share of factoring industry in the total trade volume of Turkey will increase as well as the market share of Ekspo Faktoring in the factoring industry.

The Turkish factoring sector grew 7.5% in 2009. Turkey, which accounted for 1.5% of the world factoring volume and ranked 15th in 2008, increased its share to 1.6% and brought its ranking to the 14th position in 2009.

It is predicted that the sector will grow at least 40%, considering the economic growth estimates for 2010 and the efforts to boost the factoring sector's low share of 4% in the financing of trade. Ekspo Faktoring aims to grow by 70% in 2010 in domestic and international transactions.

Ekspo Faktoring's target customer basis comprises firms which are active in numerous sectors, which have domestic and international sales and which operate on the basis of projects, contracts or purchase orders. The Company mainly provides services to firms active in domestic and international contracting activities, tourism, textiles, basic metals, machinery and equipment and food.

Financing facilities top US$ 200 million

Ekspo Faktoring has financing means of over US$ 200 million from many banks and financial institutions in Turkey and abroad. The Company's favorable credit ratings from international credit rating agencies have been an important factor in consolidating its relations with financial institutions.

Corporate governance approach

Ekspo Faktoring's corporate governance philosophy constitutes an indispensable basis for its operations. The Company management makes the utmost effort to ensure the adoption and internalization of this perspective through all parts of the organization.

Ekspo Faktoring considers its human resources to be its most valuable asset. The staff which consists of competent and productive employees who have previously held important positions in Turkey's leading banks and are able to speak the same language with the clients, is the primary factor leading to the Company's success.

Various committees have been formed within the Company to ensure the adoption of the corporate governance philosophy throughout the organization, to enhance corporate communication and to reinforce the corporate culture. Ekspo Faktoring considers these highly valued committees as pioneers of the transformation and restructuring process in corporate governance.

Ekspo Faktoring's main strategic goal for the period ahead is to reach more clients by intensifying its operations with a customer oriented and proactive approach. The Company aims to increase its market share as well as the share of the factoring sector in total trade volume of Turkey.

Committees formed in areas such as information technology, asset quality, human resources and liquidity boost the dynamism within the Company, enhance information flow and augment versatility and consistency.

The aim of the committees' activities is to increase efficiency and to strengthen communication among units.

In order to maintain the high quality of its assets, Ekspo Faktoring monitors its credit portfolio on a daily basis. Additionally, the Risk Assessment Committee holds weekly meetings and assesses client demands, performs detailed analyses and makes decisions on limit proposals.

The Information Technologies Committee is responsible for updating Ekspo Faktoring's IT infrastructure according to client expectations and Company strategies, in line with the latest technologies. As part of this effort, the Committee is working on the implementation of the e-signature project to be launched in 2010.

Human resources is one of the most crucial elements that provide competitive edge to Ekspo Faktoring. Human Resources Committee, which established this quality approach in human resources within the Company, carries out activities in areas such as new personnel recruitment, distribution of tasks, training programs and identifying terms of employment.

The Liquidity Committee is responsible for maintaining Ekspo Faktoring's balance sheet highly liquid to ensure that operations are carried out without being exposed to foreign currency and maturity risks.

A solution partner for its clients

Since its establishment, Ekspo Faktoring has positioned itself as a solution partner of its clients on the basis of mutual trust.

Prior to financing efforts towards specific sectors, Ekspo Faktoring carries out comprehensive sector analyses and then makes a meticulous and conscientious analysis for every potential client in the target sector. In this research process, the requirements of the sector, as well as the structure and needs of the clients are identified through a multifaceted analysis and possible financing alternatives are formulated.

High customer loyalty

Ekspo Faktoring does not limit its activities to providing alternative solutions to its clients' existing financing needs. On the contrary, it tries to identify the clients' potential requirements that could arise under highly competitive conditions. This approach enables the Company to provide its customers with the most accurate financing, guarantee and cash management alternatives.

Market Position of Ekspo Faktoring

Ekspo Faktoring has potential lending facilities over US$ 200 million from many banks and other financial institutions in Turkey and abroad. The Company's favorable credit ratings from international credit rating agencies have been an important factor in consolidating its relations with financial institutions.

As being one of the companies having the highest customer loyalty in the sector, the Company has been able to establish long lasting relationships with its clients.

The Company cooperates with customers to identify their needs and develops tailor made, original products. Its financial products such as Contract Finance, Project Finance, Purchase Order Finance, Pre-Sales Finance and Supply Chain Finance, which have been on its service spectrum since 2006, reflects the Company's focus in this area. The share of these products in the total turnover and placements of the Company have consistently increased every year.

Ekspo Faktoring works with a highly select client portfolio; sustainable customer relations are of utmost importance to the Company. In line with its approach that business relations are very valuable investments for both parties, the Company places great importance on portfolio efficiency. Ekspo Faktoring aims to create the highest added value for its clients. The results of these meticulous efforts show themselves in the Company's "customer retention ratio" of 66%.

Risk management

The Company selects its clients by following a thorough risk assessment process. The Asset Quality Committee meets weekly to routinely assess existing clients in the portfolio as well as potential customers that are planned to be included in to the portfolio.

During the Asset Quality Committee meetings, every client is carefully evaluated in terms of its sector, company's standing in the sector, its balance sheet structure, the quality of its receivables and its morality. Companies, which are active in the sectors in which Ekspo Faktoring plans to grow and which satisfy the necessary criteria, are included in Ekspo Faktoring's client portfolio.

2006

Ekspo Online:
Factoring in the client's office
The Company's shareholders' equity attained TL 30 million. The Company provided to its clients funds totaling US$ 71 million to be used in the financing of exports.

2005

28.5*

* SHAREHOLDERS' EQUITY
TL 28.5 MILLION

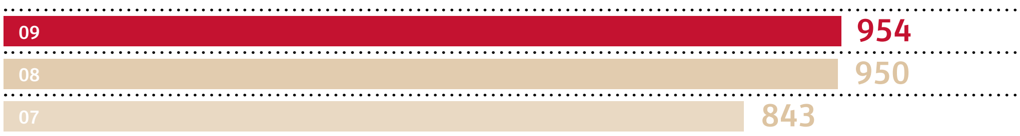
2004

21.3

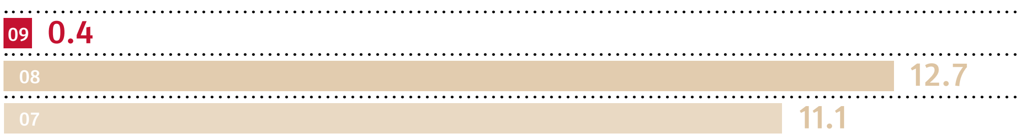
Development of the Factoring Sector in Turkey

Data on the Economy and the Factoring Sector

GDP (In fixed prices) (TL billion)



GDP Growth (In fixed prices) (%)



Imports (US$ billion)

Exports (US$ billion)

Total Factoring Turnover in Turkey (US$ million)

Factoring Market in the World and in Turkey (US$ million)

Year	World	FCI Members	International	Total
1990	244,327	98,938	90	100
1991	266,370	104,537	128	183
1992	264,309	106,907	168	454
1993	260,844	110,908	270	970
1994	294,926	130,166	220	870
1995	296,139	161,802	300	958
1996	359,081	170,236	450	1,769
1997	451,869	191,410	550	3,582
1998	536,395	219,656	750	4,750
1999	558,574	245,354	748	5,266
2000	580,172	277,122	921	5,943
2001	617,108	281,612	990	3,552
2002	760,423	350,190	1,260	4,476
2003	950,490	475,243	1,413	6,663
2004	1,161,290	610,104	2,093	10,733
2005	1,199,525	707,467	2,352	13,959
2006	1,497,260	914,304	3,485	19,701
2007	1,896,725	1,107,244	3,935	28,653
2008	1,868,407	1,109,904	4,230	27,998
2009	1,835,489	1,082,386	3,266	30,107

Breakdown of Factoring Turnover (US$ million)

	Domestic	International	Total
Europe	1,087,799	165,809	1,253,608
America	189,158	13,920	203,078
Africa	20,499	659	21,158
Asia	244,119	56,168	300,287
Australia	57,307	50	57,357
Total*	1,598,883	236,606	1,835,489
Turkey**	26,841	3,266	30,107

*Source: FCI

**Source: Turkish Factoring Association.

Review of 2009 Operations

Despite the contraction in domestic and foreign trade volume due to the global economic crisis, Ekspo Faktoring, thanks to its diversified customer portfolio, attained a turnover of US$ 646 million, of which 80% consists of domestic factoring transactions in 2009.

Seventh among 55 factoring companies with a turnover of US$ 646 million

Enjoying a prestigious standing among its clients and creditors ever since its establishment, Ekspo Faktoring is well known as a trustworthy institution in the finance sector. The Company maintains long lasting, permanent relations with its clients and is considered highly reputable by firms and banks with which it cooperates. The Company's strong and sound capital structure has played a crucial role in the formation of this favorable perception.

In 2009, Ekspo Faktoring preserved its position as one of the foremost players of its sector.

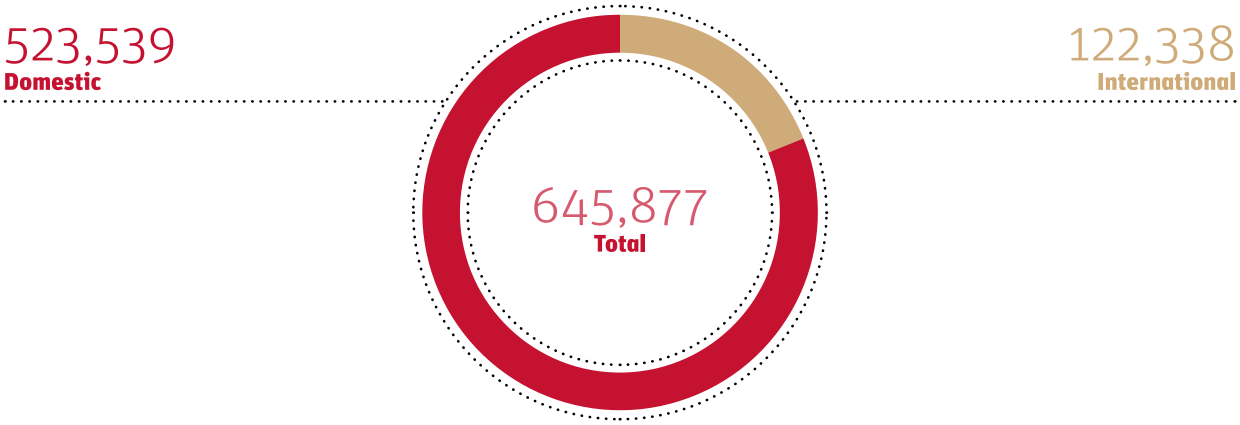
With its robust shareholders' equity topping TL 63 million, the Company continued to provide, unlike many other creditors in the financial system, numerous products and services to its customers. The Company considers its customers as its business partners with whom it maintains long lasting relationships.

Consequently, despite the contraction in domestic and foreign trade volume due to the global economic crisis, Ekspo Faktoring achieved a turnover of over US$ 646 million in 2009 and preserved its position as the 7th company in the sector.

The Company's total transaction volume comprises 80% domestic and 20% international transactions. Considering that the sector average of international transactions is just 11% of total transaction volume, it becomes clear that Ekspo Faktoring gives great importance to financing foreign trade as well as domestic trade.

Taking into account the contraction of the Turkish export volume and the drop in the risk coverage limits of international correspondents, the export volume attained in 2009 is indisputable proof of the success of Ekspo Faktoring and its export oriented customers.

Breakdown of Ekspo Faktoring's 2009 Transaction Volume (US$ thousand)



Membership of the world's largest factoring network, FCI

In 2009, contraction in foreign trade volume and foreign risk coverage limits created a significant drop in Turkey's export factoring volume. This decrease was balanced by an increase in domestic factoring operations.

A member of the world's largest factoring network, FCI, since 2004, Ekspo Faktoring maintained close contacts with other member companies in 2009. Thus, it managed to extend its correspondent network. The guarantees and funding resources provided by these correspondents were transferred to export oriented customers with the mission of serving as a safe bridge.

Founded in 1968 to contribute to the expansion of international trade volume, Factors Chain International (FCI) is a global factoring chain. It carries out its activities with the mission of nurturing a common standard in international factoring operations. FCI accounts for 80% of the global factoring turnover and is active in 65 countries with 246 members.

Criteria of membership to FCI include a robust financial structure, high service standards and compliance with these criteria during membership. Ekspo Faktoring's fulfillment of these criteria facilitated its acceptance to FCI and the continuity of its membership.

Robust and long lasting international connections

Ekspo Faktoring aims to boost its export and import volume in 2010 in parallel with the expected increase in the world trade volume.

Ekspo Faktoring supports the financing facilities it provides to its clients with its robust and long lasting international network. Thus, its FCI membership has been an important step for the Company. After its acceptance into FCI, the number of services and resources it provides to exporting customers, as well as the number of exporting customers and the international trade volume has soared.

Thanks to its FCI membership, the Company can make use of the worldwide correspondent factoring companies network for the international transactions of its customers. Among FCI member factoring companies, Ekspo Faktoring collaborates with those having the strongest financial structure and the highest service standards.

In 2009, Ekspo Faktoring's correspondent factoring companies continued to provide guarantee services, as well as financing those transactions under guarantee. Thanks to the increase in the amount of the funds generated via its strong correspondent network, Ekspo Faktoring was able to transfer its own resources to a higher number of domestic companies operating in various sectors.

Review of 2009 Operations

A member of the world's largest factoring network, FCI, since 2004, Ekspo Faktoring maintained close contacts with other member companies in 2009 and thus managed to extend its correspondent network.

The fact that the FCI General Assembly gathered in Turkey in 2009 allowed the Company to establish close relations with various correspondent factoring companies and ensured a better understanding of the Turkish factoring sector by them.

Ekspo Faktoring aims to enhance its export and import volume in line with the expected rise in the volume of world trade in 2010. Ekspo Faktoring forges ahead to this target with its strong correspondent network and constantly increasing funding resources. The Company's senior management visited international financial institutions and banks in 2009 to reinforce its connections.

To further expand its international transactions in the period ahead, Ekspo Faktoring will make frequent visits to its correspondents, consolidate its present relations and establish new contacts. In addition, the Company plans to participate in all FCI trainings and annual meetings with an increasing number of employees, in order to strengthen relations and to closely monitor developments in the international factoring sector.

International transactions

In 2009, Ekspo Faktoring ranked 6th in the sector in terms of export volume which stands at US$ 122 million.

Ekspo Faktoring provides its export clients with guaranteed factoring products and services, with or without advance payment. In export factoring, the receivables of clients are guaranteed through foreign correspondents. Accordingly, the clients are provided the opportunity of entering new markets without taking risk.

Thanks to the inexpensive funding limits provided by Ekspo Faktoring through international resources, the Company's clients can convert their receivables immediately to cash and create liquidity. Thus, Ekspo Faktoring provides not only guarantee services, but inexpensive funding facilities for its clients, thereby creating closer and stronger relations with them.

In a period in which Turkish exporters face numerous challenges, the services provided by Ekspo Faktoring constitute a very important financing method that creates a competitive edge.

Ekspo Faktoring's total export turnover is US$ 122 million. Out of this total, US$ 35 million corresponds to export factoring generated through correspondents.

The sum of direct export transactions in 2009 is US$ 87 million corresponding to 71% of total export transactions.

2007

The Company's first credit rating was assigned by Fitch Ratings, as BBB(tur). Shareholders' equity increased to near TL 40 million.

2006

37.3*

* SHAREHOLDERS' EQUITY
TL 37.3 MILLION

2005

28.5

Review of 2009 Operations

Ekspo Faktoring has ranked 6th in export transactions among Turkish Factoring Association members. The reasons for this success are the Company's outstanding performance in accessing funding resources as well as its expertise and experienced staff.

In terms of export transactions, Ekspo Faktoring ranks 6th among members of the Turkish Factoring Association. The reasons for this success are the Company's outstanding performance in accessing inexpensive funding resources as well as its expertise and experienced staff.

Concerning international transactions, Ekspo Faktoring's targets for 2010 are to give priority to import transactions via correspondents, to become a full member of FCI and to further strengthen its position in the sector.

Products and services of international factoring

Ekspo Faktoring offers the following products to firms active in import and export:

Non-recourse export factoring

In non-recourse export factoring of export transactions on a cash-against-goods basis, risk coverage in favor of the buyer to secure payment is requested from an international correspondent. This product operates within the scope of the limit and the guarantee determined by the correspondent. In the event that the buyer fails to pay, advances paid to the exporter are on a non-recourse basis. The share of non-recourse export factoring transactions constituted 5% of the Company's overall turnover in 2009.

Recourse export factoring

In export factoring with recourse for cash-against-goods and cash-against-documents export transactions, Ekspo Faktoring pays a maximum of 80% of the invoice to the exporter upon shipment. This product does not provide any risk coverage. If the debtors do not pay the invoice amount on maturity, the exporter is requested to refund the advance payments. The share of export factoring with recourse transactions constituted 13% of the Company's overall turnover in 2009.

Assignment of receivables under export letters of credit

When a term export transaction is covered by a Letter of Credit (L/C), Ekspo Faktoring pays the exporter up to 85% of the amount specified in the letter of credit against the assignment of export receivables. Depending upon the type of L/C, the transaction may either be with or without recourse. The share of these transactions constituted 2.4% of the Company's overall turnover in 2009.

Assignment of export receivables under accepted drafts (forfaiting)

In export transactions backed by accepted drafts, Ekspo Faktoring pays its export clients up to 85% of the draft accepted by the importer or avalised by the importer's bank. The transaction may be on a recourse or non-recourse basis, depending on the creditworthiness of the debtor company or the guarantor.

Import factoring

Within the scope of import factoring, Ekspo Faktoring provides payment guarantees to its FCI-member correspondents on behalf of its importer clients. Despite the current absence of credit insurance in Turkey, Ekspo Faktoring can execute import factoring transactions successfully thanks to its vast domestic market experience and knowledge. In addition to import factoring transactions with two factors, Ekspo Faktoring provides risk coverage to foreign sellers by avalising the drafts drawn on the importers by exporters. The exporter can then opt to receive payment in cash by having these drafts discounted by international finance institutions or it can create funds via Ekspo Faktoring.

Direct factoring

In export and import transactions, Ekspo Faktoring provides guarantee without the need for the intermediation of a correspondent by directly assuming the buyer's risk. More precisely, it provides guarantees to foreign exporters on behalf of Turkish importers and to Turkish exporters on behalf of foreign importers. Known as direct factoring, this transaction is made possible by Ekspo Faktoring's strong financial standing and its creditworthiness, as well as the fact that it is accepted as a bank in financial communities.

As of the end of 2009, the share of direct factoring transactions is 13% in Ekspo Faktoring's total transaction volume and 71% among its total export transactions.

Domestic Transactions

Despite the contraction in domestic and international trade volume due to the global economic crisis, Ekspo Faktoring attained a turnover of US$ 646 million in 2009. It was able to achieve this amount owing to its extensive customer portfolio which includes leading companies of many sectors. Domestic transactions account for 80% of this total.

The main factors behind this successful performance are the Company's strong financial structure and its long standing domestic and international relations.

In 2009, Ekspo Faktoring added new firms active in diverse sectors to its portfolio and reached out to a greater number of clients. As a result, it was able to spread its risk to a wider client basis. In addition, thanks to its customer oriented business philosophy, the Company developed long lasting relations with these clients and devised products meeting customers' needs.

Bridge financing, one of the new products devised by the Company, aims to finance the export or domestic sales contracts of the clients. Following the conclusion of the sales agreement, the Company grants 60% financing, so that the client realizes its purchases prior to production. In pursuit of the production and delivery, the financed amount can be increased to 80%.

When the sale is international, international funding resources are initiated and TL financing is converted to foreign currency. When the correspondent guarantee is obtained, it is realized on a non-recourse basis.

In 2009, Ekspo Faktoring realized all domestic factoring transactions on a recourse basis. In international transactions, US$ 35 million is non-recourse, whereas US$ 87 million is on recourse basis.

The factors behind Ekspo Faktoring's trust based client relations rely on adopting a solution oriented partnership approach and considering mutual relations on a win-win basis.

Review of 2009 Operations

In 2009, Ekspo Faktoring realized all domestic factoring transactions on a recourse basis.

The Company strives towards identifying the needs of its clients, creating suitable solutions for each of them and aims to build lasting and strong client relations. Despite negative developments in the market or in the sector, the Company focuses on mutual trust and transparency and adopts the principle of always working closely with its clients. This close collaboration gives Ekspo Faktoring the opportunity to better monitor customers and manage their risks more effectively.

Ekspo Faktoring's vision does not limit factoring to simply financing. For the Company, factoring also means assurance. The main theme of its long lasting relationships with clients, which are based on trust, is that the Company offers liquidity and assurance to its clients in the same package. The Company offers guarantee and collection services in addition to financing.

Ekspo Faktoring makes efforts to provide a wide product portfolio to its clients and supports activities for increasing client potential with effective marketing methods.

Products and services of domestic factoring

Disclosed factoring

In disclosed factoring transactions, Ekspo Faktoring provides an advance payment to sellers up to 80% of their invoice amount against assignment of the receivables arising from open account sales on credit to domestic clients. Depending on the creditworthiness of the buyer, the transaction may be on a recourse or non-recourse basis.

Undisclosed factoring

In undisclosed factoring transactions, Ekspo Faktoring offers sellers an advance payment up to 75% of the invoice amount against assignment of the open account receivables arising from sales on credit to domestic clients. In these transactions, the seller can also collect the receivables. Thus, the factor has the right of recourse to the seller.

Assignment of collateralized receivables

In the case of sales on credit by companies to domestic clients against postdated checks and notes accompanying the invoices, Ekspo Faktoring provides financing on a revolving basis, either by discounting the checks and notes or by making an advance payment of up to 80% of the assigned receivables represented by these checks and notes. Depending on the creditworthiness of the check and note drawees, these transactions may be on a recourse or non-recourse basis.

2008

2007 Ekspo DR (Disaster Recovery) in effect
The Company's shareholders' equity attained TL 50 million. The credit rating was revised upwards by Fitch Ratings as BBB+ (tur). The first factoring company rated by Moody's in Turkey was Ekspo Faktoring. The Company's placements exceeded US$ 100 million.

2007

47.6*

* SHAREHOLDERS' EQUITY
TL 47.6 MILLION

2006

37.3

Internal Audit and Financial Control

At Ekspo Faktoring, the internal audit process is conducted by the Internal Audit and Financial Control Department, which is composed of experienced specialists in their fields.

The Turkish factoring sector comprises 77 companies as of the end of 2009. It is diligently supervised by the Banking Regulation and Supervision Agency (BRSA) in accordance with recent regulations and the BRSA is extremely conscientious in issuing new licenses. BRSA has prepared a new bill for the factoring sector, which is an important step in bringing a more healthy structure to the sector. On the other hand, the fact that new licenses are not easily obtained brings prestige and respectability to companies that are operating in the sector.

Since the factoring sector was placed under BRSA supervision as of January 1, 2006, the audit procedures have taken on greater significance for factoring companies. From its inception in 2000, the Company's recruitment of internal audit staff, along with its collaboration with independent audit companies, have proven Ekspo Faktoring's commitment to audit.

The internal audit process is conducted by the Internal Audit and Financial Control Department, which is composed of specialists who are experienced in their fields. Additionally, two different independent audit companies, which are the best in their fields, periodically audit the Company's tax and financial statements. They report the necessary information to BRSA and Ministry of Finance and prepare the financial statements in accordance with International Financial Reporting Standards (IFRS).

The internal audit function ensures that the Company's operations are carried out in accordance with the management strategies and policies and within the context of the existing factoring regulations in a coordinated, efficient and effective manner. Monitoring integration and reliability of accounting records, as well as timely access to the information on the database, are also part of this function's responsibility. The internal audit function also monitors and ensures that within the scope of the Company's activities, all employees comply with Management's corporate approach, determined by the Board of Directors and Senior Management. The results of the financial, operational and other inspections, carried out independently by the Internal Audit team, are immediately reported to Management.

2009

Operation license was obtained. Shareholders' equity attained TL 60 million. Placements superseded the figure of US$ 130 million. The Company initiated preshipment financing. The credit ratings by Fitch Ratings and Moody's were preserved.

2008

59.3*

* SHAREHOLDERS' EQUITY

TL 59.3 MILLION

2007

47.6

Internal Audit and Financial Control

The Financial Control Department controls the financial statements prepared according to IFRS and the Capital Markets Board (CMB) of Turkey. It generates the Non-bank Financial Institutions Oversight System reports, which are prepared for and submitted to the Banking Regulation and Supervision Agency every quarter. It is also the Department's responsibility to ensure that these reports are submitted through the data transfer system and that they are transferred to the database after confirmation has been received. Other Department functions are to conduct macro and microeconomic research as well as to formulate annual budget estimates, prepare and report on the budget and submit it to the Board of Directors. Actual operational results are compared to budget estimates at the end of every month and deviations are calculated. Being nearly 100% on target unless there are instant fluctuations in the market, is evidence of the realistic budget alignment at Ekspo Faktoring.

Ekspo Faktoring's Internal Audit and Financial Control Department also checks all clients' domestic and international transactions to minimize risks originating from errors and to detect problems before they occur. In addition, the Internal Audit and Financial Control Department monitors daily and monthly transactions; it also reviews all correspondence and reporting of departments, namely, Marketing, Operations, Fund Management, Accounting, Risk Assessment and International Operations. The Department aims to correct any deficiencies on the same day and prepares weekly and monthly reports for Senior Management and Board of Directors. Besides, the Internal Audit and Financial Control Department reviews and approves all statements and invoices to be sent to clients, conducts physical and system reconciliation of the securities in the portfolio and reconciliation with the banks and undertakes the cash count. Account reconciliation is carried out monthly with all clients, suppliers, correspondents and other financial institutions.

The Internal Audit and Financial Control Department regularly gathers the Internal Audit Committee and applies the decisions taken by the Committee. Besides, the Department sets new checkpoints to improve the system and creates reports when necessary. In addition, to contribute to employees' professional and personal development, it identifies all training needs and sees that the relevant training content is prepared, trainers are selected and training is implemented.

Factoring companies are also obliged to abide by Law No. 5549 for the Prevention of the Laundering of Crime Revenues and Regulation No. 26751, as of 09.01.2008. In order to comply with the Regulation, the Company management requested that the Internal Audit Department take fact finding and precautionary measures compliant with Financial Crimes Investigation Board (FCIB) warnings.

As per the Regulation No. 26999, dated 16.09.2008, the Internal Audit and Financial Control Manager was appointed as Compliance Officer by a Board Resolution. The Compliance Officer attends trainings organized by FCIB and the Factoring Association, shares essential points with the Company staff, informing them about compliance requirements and important issues.

Risk Management

Ekspo Faktoring pays great attention to making a solid evaluation of risks, in compliance with international standards.

Effective risk management is the key to constant and continuous growth for companies operating in the factoring sector. Ekspo Faktoring, as a pioneer in risk management, employs the most advanced methods in this field. Thanks to its superior technical infrastructure and proper business processes, the Company continuously monitors the risks it bears. Following analysis, reports about credit risks are generated and submitted to management levels of the Company in order to support strategic decisions.

Ekspo Faktoring constantly monitors the risks in its portfolio on the basis of various parameters. It develops scenarios using various models and manages the lending policy with a dynamic and proactive approach. The Company's fund raising capacity, it longevity and history, shareholders' equity structure, its sector of activity and the experience of its managers and partners are the most important criteria for Ekspo Faktoring in taking risks.

The Company classifies exposures by sector and group limits. In addition, it ensures that any individual risk does not exceed 10% of shareholders' equity. Under some exceptional circumstances, this limit can be raised to a maximum of 20%, pursuant to a management resolution. Ekspo Faktoring avoids concentration in any one industry to ensure an even distribution of risk. In accordance with a decision by the Board of Directors, it takes great care not to assume any risk of over 20% of total placements in a single sector. Also, the Company performs a sensitivity analysis when determining debtor limits and stands firm in avoiding limit violations.

Ekspo Faktoring pays great attention to solid evaluation of risks being in compliance with international standards. In recent years, the Company's management has executed a series of studies with various risk rating agencies to develop an effective risk rating system and increase risk monitoring efficiency. Adoption of the new rating system, compliant with international standards, was finalized at the end of 2008. Since the beginning of 2009, all Ekspo Faktoring customers are analyzed according to the new rating system.

In risk monitoring, the Central Bank's periodical Risk Centralization Report is used. According to this new system, the credit assessment of the companies are made on the basis of objective criteria. In addition, during weekly Asset Quality meetings, existing risks are evaluated in terms of balance sheets, intelligence results and collateral.

Acting very cautiously to ensure high asset quality, Ekspo Faktoring executes a very detailed research while establishing of its credit portfolio. The Company places great emphasis on its Risk Assessment Department and benefits from the expertise of its experienced bankers who are competent in the latest financial analysis methods and techniques. Staff of the Department regularly participate in the training courses offered by professional training institutions on credit, financial analysis and market intelligence to refresh their knowledge and learn new techniques.

Risk Management

The Risk Committee evaluates the companies that are borrowing from Ekspo Faktoring, according to their financial status, sector conditions, client quality and market intelligence. During this evaluation, operational risks are also taken into account.

The Risk Committee meets twice a week and evaluates client requests within a two-day timeframe, whereas additional committee meetings are held to deal with matters that require urgent attention. Credit Files created for individual companies as a result of financial analyses and intelligence efforts, are examined at these meetings. The Credit Files include a company's strengths and weaknesses, opportunities and threats based on SWOT analysis. Decisions are made on the line proposals presented to the Risk Committee as a result of all of these evaluations.

The Company's extensive database is updated daily in terms of content and quality. This risk database is used not only for line allocation decisions, but for devising and implementing marketing strategies. The database contains detailed and complementary information such as that given by correspondents as well as payment patterns and check honoring performances.

Within the scope of the database, in addition to company data, sector information is also collected and sector limits are determined accordingly. Ekspo Faktoring's analyses comply with Basel II criteria to measure market risks. The Company's TL and foreign currency positions are also closely monitored. The reports prepared as a result of these intense and diligent analyses are presented to senior management.

Ekspo Faktoring has a solid credit portfolio, as indicated by the fact that the Company's non-performing loans are approximately 2% of its total assets. Reflecting one of the lowest non-performing loan ratios in the sector, this situation also clearly demonstrates how successfully Ekspo Faktoring manages risk.

Strong capital structure
Shareholders' equity
approached TL 70 million.

2010

2009

62.6*

* SHAREHOLDERS' EQUITY
TL 62.6 MILLION

2008

59.3

Corporate Governance

Ekspo Faktoring considers corporate governance to be an indispensable precondition for attaining high customer satisfaction and sustainable growth.

Human Resources

The primary factor in Ekspo Faktoring's competitive edge in the sector is its successful, experienced, specialized and well-equipped human resources. The Company's core staff is entirely composed of experienced bankers. This professional team reinforces the Company's achievements and consolidates its position in the sector.

As of year end 2009, Ekspo Faktoring had 32 employees. The Company employs the most up-to-date practices in all of its human resource activities, including personnel selection, allocation of duties, training and determining employment terms and conditions.

Ekspo Faktoring, well aware of the importance of a proficient team in leading the way to success, institutionalized its extensive training initiatives under the name Ekspo Academy. Employees get training at certain intervals in their careers from the financial sector's leading and most experienced experts. Thus, the employees, whose personal and professional development have been enhanced, generate an increase in the enterprise value of Ekspo Faktoring.

Corporate Structure

Corporate governance constitutes the basis for Ekspo Faktoring's operations. Ekspo Faktoring considers corporate governance to be an indispensable precondition for attaining high customer satisfaction and sustainable growth. Another reason for Ekspo Faktoring's prioritization of corporate governance is to ensure a disciplined functioning of risk management. Accordingly, the Company has a corporate governance perspective structured as rigidly as that of a bank. This approach ensures that this perspective is followed in all units of the organization.

Another indicator of the correctness of the Company's strategic approach in corporate governance is the high ratings assigned by international rating companies. Ekspo Faktoring is the first factoring company to be graded by Moody's. In addition, it is audited by two independent companies every year, which are changed every five years to ensure transparency.

Ekspo Faktoring has various criteria in the recruitment process, such as possessing a university degree, foreign language competency, experience in the banking sector and proficiency. Employees joining the company staff are trained in professional issues as well as social issues. These training sessions are organized within the Company or given by external professionals invited to the Company from time to time.

BRSA required that all financial institutions regularly report their balance sheets on their websites in order to instill openness and uniformity to the sector. Ekspo Faktoring has disclosed its balance sheet each quarter since its foundation. Although Ekspo Faktoring is not a public company, it implements all audit and control processes flawlessly and meets all requirements of BRSA regulations meticulously.

Ekspo Faktoring has an effective organizational structure, which elevates the company to a prominent position in the sector. The Company executes operations efficiently, quickly and effectively thanks to this structure. It combines these advantages with its technological infrastructure in order to strengthen its competitive edge. Additionally, Ekspo Faktoring is the sector's most effective user of the internet to provide services. With its online branch, service is provided to its clients in their own offices.

Information Technologies

Being aware of the need for a strong technological infrastructure in order to provide clients with effective and fast service, Ekspo Faktoring has been a leader for IT investments in the sector. In contrast to its plain and modest organizational structure, the Company has an advanced information technology infrastructure comprising the latest and most extensive hardware and software in the sector. Ekspo Faktoring, meeting its information technology requirements through outsourcing, inaugurated its Disaster Recovery Center in Ankara in 2006. In 2007, hardware and software development initiatives of this center were undertaken.

Ekspo Faktoring uses a factoring software package, Facto 2000, produced by a financial software development company specialized in financial applications. This software provides integration between marketing, client services and accounting. In addition, clients can monitor their transactions on Ekspo Online and view their accounts instantaneously.

The corporate website is **www.ekspofaktoring.com.** Clients can view their checks in collection, account statements, outstanding balances and other information they want to instantly obtain online. With the introduction of this service enabling clients to view their checks, a novelty in the sector, both clients and Ekspo Faktoring are provided with a more effective control mechanism.

By constantly updating its online services, Ekspo Faktoring always endeavors to produce new projects with the aim of serving its clients according to the highest standards. In this area, the Company plans to make a significant investment in its technological infrastructure in 2010. The investment will be launching of the e-signature project that will allow its clients to carry out their online transactions more securely.

Among the areas of progress made by the Company in information technologies, enabling employees to actively use mobile communication and the structuring of the BES (Blackberry Enterprise Server) system are the most striking. New products and services put into effect are: Quantitative Rating System and the Central Bank's Risk Centralization System, software and hardware in risk issues and back-up internet access.

In the future, heightened security internet walls, higher internet connection speeds and virtual servers will be introduced to strengthen the corporate structure.

Ekspo Faktoring Anonim Şirketi

Financial Statements
As at 31 December 2009
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

19 February 2010

This report includes 1 page of independent auditors' report and 32 pages of financial statements and notes to the financial statements.

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KPMG

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Independent Auditors' Report

To the Board of Directors of
Ekspo Faktoring Anonim Şirketi

Introduction

We have audited the accompanying financial statements of Ekspo Faktoring Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2009, and the statements of comprehensive income, 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 financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

19 February 2010
İstanbul, Turkey

KPMG Akis Bağımsız Denetim ve SMMM AŞ

Ekspo Faktoring Anonim Şirketi

Balance Sheet

As at 31 December 2009

(Currency: Turkish Lira [“TL”] unless otherwise stated)

	Notes	31 December 2009	31 December 2008
Assets			
Cash and cash equivalents	10	821.087	6.852.391
Derivative assets held for risk management	20	56.447	-
Factoring receivables	11	149.324.272	110.147.945
Prepayments for current assets	12	124.527	182.561
Assets held for sale	13	486.703	486.703
Investment property	14	741.631	758.265
Tangible assets	15	1.067.941	1.195.749
Intangible assets	16	26.591	7.778
Total assets		**152.649.199**	**119.631.392**
Liabilities			
Loans and borrowings	17	82.443.169	58.417.263
Derivative liabilities held for risk management	20	10.554	-
Factoring payables	18	801.646	386.196
Other liabilities	19	5.514.414	646.181
Income taxes payable	9	881.238	778.275
Reserve for employee severance payments	21	134.740	83.634
Deferred tax liabilities	9	220.975	56.664
Total liabilities		**90.006.736**	**60.368.213**
Equity			
Share capital	22	40.000.000	40.000.000
Adjustment to share capital	22	279.326	279.326
Total share capital		40.279.326	40.279.326
Reserves	22	5.282.439	3.255.887
Retained earnings		17.080.698	15.727.966
Total shareholders' equity		**62.642.463**	**59.263.179**
Total equity and liabilities		**152.649.199**	**119.631.392**
Commitments and contingencies	24		

The notes on pages 55 to 80 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Comprehensive Income

For the year ended 31 December 2009

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

	Notes	31 December 2009	31 December 2008
Factoring interest income		26.270.483	34.169.790
Factoring commission income		6.651.542	6.915.714
Factoring commission expense		(235.557)	(265.094)
Income from factoring operations		**32.686.468**	**40.820.410**
Interest expense on bank borrowings		(7.461.308)	(14.965.151)
Foreign exchange gains, net		807.830	777.204
Provision for impaired factoring receivables, net of recoveries	11	641.532	(1.426.986)
Income after interest expense, foreign exchange gains and provision for impaired factoring receivables		**26.674.522**	**25.205.477**
Interest income other than on factoring operations	5	79.992	307.072
Operating profit		**26.754.514**	**25.512.549**
Salaries and employee benefits	7	(3.976.196)	(4.330.448)
Administrative expenses	8	(1.691.518)	(1.569.495)
Depreciation and amortisation expenses	14, 15 and 16	(233.473)	(291.393)
Other operating income	6	65.338	45.672
Profit before income taxes		**20.918.665**	**19.366.885**
Income tax expense	9	(4.210.404)	(3.891.394)
Profit for the year		**16.708.261**	**15.475.491**
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		**16.708.261**	**15.475.491**

The notes on pages 55 to 80 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Changes in Equity

For the year ended 31 December 2009

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

	Notes	Share Capital	Adjustment to Share capital	Legal Reserves	Retained Earnings	Total Equity
1 January 2008		**32.500.000**	**279.326**	**2.422.215**	**12.397.504**	**47.599.045**
Share capital increase		7.500.000	-	-	(7.500.000)	-
Transfer to reserves		-	-	833.672	(833.672)	-
Dividend paid		-	-	-	(3.811.357)	(3.811.357)
Net profit for the year		-	-	-	15.475.491	15.475.491
31 December 2008	**22**	**40.000.000**	**279.326**	**3.255.887**	**15.727.966**	**59.263.179**
Transfer to reserves		-	-	2.026.552	(2.026.552)	-
Dividend paid		-	-	-	(13.328.977)	(13.328.977)
Net profit for the year		-	-	-	16.708.261	16.708.261
31 December 2009	**22**	**40.000.000**	**279.326**	**5.282.439**	**17.080.698**	**62.642.463**

The notes on pages 55 to 80 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2009

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

	Notes	2009	2008
Cash Flows From Operating Activities:			
Net profit for the year		16.708.261	15.475.491
Components of net profit not generating or using cash			
Depreciation and amortisation	14, 15 and 16	233.473	291.393
Gain on sale of property and equipment		(16.609)	-
Provision for employee severance payments	21	71.505	(3.505)
Other expense/(income) accruals		(1.790.857)	1.204.856
Provision for deferred and income taxes	9	4.210.404	3.891.394
Provision for impaired factoring receivables	11	354.213	2.179.169
Changes in fair value of currency swap contracts		(45.893)	-
			-
Changes in operating assets and liabilities			
Factoring receivables and payables		(39.582.458)	10.317.108
Prepayments for current assets		58.034	(54.875)
Other liabilities		4.089.958	(482.577)
Employee severance paid	21	(20.399)	(7.096)
Taxes paid	9	(3.164.855)	(3.105.656)
Interest paid		(6.198.136)	(16.730.499)
Recoveries of impaired factoring receivables	11	995.745	752.183
Net cash provided by / (used in) operating activities		**(24.097.614)**	**13.727.386**
Investing Activities :			
Acquisition of tangible assets	15	(80.661)	(638.524)
Acquisition of intangible assets	16	(27.574)	1.896
Proceeds from sale of tangible assets		17.000	-
Net cash used in investing activities		**(91.235)**	**(636.628)**
Financing Activities:			
Proceeds from / (Repayment of) bank borrowings		31.487.214	(2.680.747)
Dividends paid		(13.328.977)	(3.811.357)
Net cash provided by / (used in) financing activities		**18.158.237**	**(6.492.104)**
Net increase / (decrease) in cash and cash equivalents		**(6.030.612)**	**6.598.654**
Cash and cash equivalents at 1 January		**6.851.699**	**253.045**
Cash and cash equivalents at 31 December	**10**	**821.087**	**6.851.699**

The notes on pages 55 to 80 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

Notes to the financial statements

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

1. Reporting entity

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

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

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

The Company has 32 employees as at 31 December 2009 (2008: 36 employees).

2. Basis of preparation

(a) Statement of compliance

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

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. The Company adopted all IFRS, which were mandatory as at 31 December 2009.

The financial statements of the Company as at and for the year ended 31 December 2009 were authorized for issue by the Board of Directors on 19 February 2010. The Board of Directors and General Assembly and certain regulatory bodies have power to amend the statutory financial statements after issue.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

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

- Note 4 Fair value measurement of financial instruments
- Note 9 Taxation
- Note 13 Assets held for sale
- Note 11 Factoring receivables
- Note 14 Investment property
- Note 15 Tangible assets
- Note 16 Intangible assets
- Note 20 Derivative financial instruments
- Note 21 Reserve for employee severance payments
- Note 24 Commitment and contingencies

3. Significant accounting policies

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

(a) Accounting in hyperinflationary economies

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

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

(b) Foreign currency transactions

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

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

	2009	2008
USD	1.5057	1.5123
Euro	2.1603	2.1408
GBP	2.3892	2.1924
CHF	1.4492	1.4300

(c) Financial Instruments

(i) Non-derivative financial instruments

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and time deposits at banks with an original maturity less than three months.

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

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

Factoring receivables

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

Loans and borrowings

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

Other

Other assets and liabilities are measured at cost.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

(ii) Derivative financial instruments

The Company holds derivative financial instruments to manage its foreign currency risk exposure.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivative instruments held for risk management are recognized through profit or loss as part of foreign currency gains and losses.

(iii) Share capital

Ordinary shares

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

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

(d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

(e) Assets held for sale

Assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. An entity shall not depreciate (or amortize) a non-current asset while it is classified as held for sale.

(f) Tangible assets

(i) Recognition and measurement

Items of tangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29 less accumulated depreciation and impairment losses. Property and equipment acquired after 31 December 2005 are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Furniture and fixtures	5 years
Motor vehicles	5 years

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

(g) Intangible assets

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

(h) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

(ii) Non-financial assets

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

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

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

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

(i) Employee benefits

(i) Reserve for employee severance payments

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

The assumptions used in the calculation are as follows:

	31 December 2009	31 December 2008
Discount rate	5.92%	6.26%
Expected salary / limit increase	4.8%	5.4%
Expected severance payment benefit ratio	96%	87%

(ii) Short-term benefits

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

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

(j) Provisions

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

(k) Offsetting

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

(l) Related parties

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties.

(m) Revenue and cost recognition

(i) Factoring interest and commission income

Factoring interest and commission income is recognized on the accrual basis.

(ii) Factoring commission expense

Factoring commission charges are recognized on the accrual basis.

(iii) Other income and expenses

Other income and expenses are recognized on the accrual basis.

(iv) Financial income/ (expenses)

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

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

(v) Interest income other than factoring operations

Such interest income includes interest income from time deposits using the effective interest rate method.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

(n) Income tax

Taxes on income comprise current and deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

(o) New standards and interpretations not yet adopted

The Company applied all of the relevant and required standards promulgated by International Accounting Standards Board ("IASB") and the interpretations of IASB as at 31 December 2009.

Revised IFRS 3 *"Business Combinations"* made changes to the scope of IFRS 3, revised the definition of business, made some revisions at recognition principles of acquired assets and enhanced the disclosure requirements. The revised IFRS 3 is effective for annual financial periods beginning on or after 1 January 2010 with early adoption permitted and it is not expected to have any impact on the Company's financial statements.

Revised IAS 27 *"Consolidated and Separate Financial Statements"* mainly changes the accounting for non-controlling interest and the loss of control of a subsidiary. The revised standard is effective for annual financial periods beginning on or after 1 January 2010. It is not expected to have any impact on the Company's financial statements.

IFRIC 17 *"Distributions of Non-cash Assets to Owners"*, requires entities to recognise certain distributions of non-cash assets at fair value, and to recognise in profit or loss the difference between the fair value of the assets distributed and their carrying amounts. IFRIC 17 provides guidance on when and how a liability for certain distributions of non-cash assets is recognised and measured, and how to account for settlement of that liability. Transactions within its scope will need to be measured at fair value. IFRIC 17 is effective for annual periods beginning on or after 1 January 2010. It is not expected to have any significant impact on the financial statements of the Company.

IAS 39 *"Financial Instruments"*: Recognition and Measurement: clarify that derivatives can be reclassified into or out of the fair value through profit or loss category, when they are designated as hedging instruments or when they are de-designated as hedging instruments respectively. The amendment is effective for annual periods beginning on or after 1 January 2010, will be adopted prospectively. It is not expected to have any significant impact on the financial statements of the Company.

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IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of its financial assets. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The amendment is effective for annual periods beginning on or after 1 January 2013, and entities are permitted to adopt them earlier. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

The amendments to IFRS 5 *"Non-Current Assets Held for Sale and Discontinued Operations"*, requires an entity which is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liabilities of that subsidiary as held for sale when the criteria for classification as held for sale in IFRS 5 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 "*First-time Adoption of International Financial Reporting Standards*" states that these amendments are applied prospectively from the date of transition to IFRSs. The amendment is effective for annual periods beginning on or after 1 July 2009, although entities are permitted to adopt them earlier if the amendments to IAS 27 "*Consolidated and Separate Financial Statements*" also are applied, is not expected to have any impact on the financial statements of the Company.

Amended IAS 32 *"Financial Instruments"*: Presentation; Paragraphs 11 and 16 of the standard were amended by Classification of Rights Issues issued in October 2009. An entity shall apply that amendment for annual periods beginning on or after 1 February 2010. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact. The amendments to IAS 32 are not expected to have a significant impact on the financial statements.

4. Determination of fair values

Fair value hierarchy

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

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

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

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

31 December 2009	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	56,447	-	56,447
	-	**56,447**	**-**	**56,447**
Derivative financial liabilities	-	10,554	-	10,554
	-	**10,554**	**-**	**10,554**

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

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

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

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

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	821,087	821,087	6,852,391	6,852,391
Factoring receivables	149,324,272	149,324,272	110,147,945	110,147,945
Other assets	124,527	124,527	182,561	182,561
Financial liabilities				
Bank borrowings	82,443,169	82,443,169	58,417,263	58,417,263
Factoring payables	801,646	801,646	386,196	386,196
Other liabilities	5,514,414	5,514,414	646,181	646,181

The fair values of derivative financial instruments held at 31 December, are disclosed in note 20.

5. Interest income other than factoring operations

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

	2009	*2008*
Interest income on bank deposits	79,992	307,072
	79,992	**307,072**

6. Other operating income

For the year ended 31 December 2009, other operating income comprised of rent income and gain on sale of tangible assets amounting to TL 48,729 and TL 16,609, respectively.

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7. Salaries and employee benefits

For the years ended 31 December, salaries and employee benefits comprised the following:

	2009	2008
Salary expenses	3,325,311	3,159,519
Social security premium employer's share	236,770	248,072
Insurance expenses	137,118	107,840
Meal expenses	94,431	96,872
Transportation expenses	85,006	58,823
Provision for / (recoveries of) employee severance payments	71,505	(3,505)
Unemployment security employer's share	20,972	17,947
Bonus expenses	-	640,459
Others	5,083	4,421
	3,976,196	**4,330,448**

8. Administrative expenses

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

	2009	2008
Rental expenses	395,980	327,583
Consultancy expenses	264,203	282,965
Travel expenses	200,751	212,425
Accommodation expenses	106,627	87,156
Communication expenses	74,774	83,700
Vehicle expenses	69,600	80,287
IT related expenses	55,148	63,459
Repair and maintenance expenses	53,539	41,845
Subscription fees	52,071	38,110
Advertising expenses	50,989	43,006
Taxes and duties other than on income	49,275	59,402
Utilities	35,274	29,185
Stationery expenses	20,886	19,377
Others	262,401	200,995
	1,691,518	**1,569,495**

9. Taxation

As at 31 December 2009, corporate income tax is levied at the rate of 20% (2008: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, has been redefined according to the Cabinet Decision numbered 2006/10731, which was announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

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Under the Turkish taxation system, tax losses can be carried forward up to five years.

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

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

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

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying the statutory tax rate to profits before income taxes as shown in the following reconciliation:

	2009		2008	
	Amount	***%***	***Amount***	***%***
Reported profit before income taxes	20,918,665		19,366,885	
Taxes on reported profit per statutory tax rate	(4,183,733)	20	(3,873,377)	20
Permanent differences:				
Non-taxable expenses	(26,671)	-	(18,017)	-
Income tax expense	**(4,210,404)**	**20**	**(3,891,394)**	**20**

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

	2009	2008
Current tax expense	4,046,093	3,883,931
Deferred tax expense	164,311	7,463
Income tax expense	**4,210,404**	**3,891,394**

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

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

	2009	2008
Taxes on income	4,046,093	3,883,931
Less: Corporation taxes paid in advance	(3,164,855)	(3,105,656)
Income taxes payable	**881,238**	**778,275**

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

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As at 31 December, deferred tax assets (DTA) and deferred tax liabilities (DTL) are attributable to the items detailed in the table below:

	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Reserve for employee severance payments	26,948	-	16,727	-
Doubtful factoring receivables	-	177,375	-	-
Property and equipment, and intangible assets	-	56,744	-	59,652
Derivative financial instruments	-	9,178	-	-
Loans and borrowings	-	4,626	-	13,739
Total DTA and DTL	**26,948**	**247,923**	**16,727**	**73,391**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts at 31 December, determined after appropriate offsetting, are shown in the balance sheet:

	2009			2008		
	Gross	Offsetting	Net	Gross	Offsetting	Net
DTA	26,948	(26,948)	-	16,727	(16,727)	-
DTL	(247,923)	26,948	(220,975)	(73,391)	16,727	(56,664)
DTL, net	**(220,975)**		**(220,975)**	**(56,664)**	**-**	**(56,664)**

10. Cash and cash equivalents

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

	2009	2008
Cash at banks		
-demand deposits	820,344	795,817
-time deposits	-	6,056,161
Cash on hand	743	413
Total cash and cash equivalents	**821,087**	**6,852,391**

As at 31 December 2009, there is not any blockage on bank deposits.

For the purposes of the cash flow statement, as at 31 December 2008, cash and cash equivalents amounts to TL 6,851,699 excluding accrued interest.

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11. Factoring receivables

At 31 December, factoring receivables comprised the following:

	2009	2008
Domestic factoring receivables	143,921,123	104,963,296
Export and import factoring receivables	6,652,866	5,886,712
Impaired factoring receivables	3,347,366	3,988,898
Factoring receivables, gross	153,921,355	114,838,906
Unearned factoring interest income	(1,249,717)	(702,063)
Allowance for impaired factoring receivables	(3,347,366)	(3,988,898)
Factoring receivables	**149,324,272**	**110,147,945**

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

	2009	2008
Customer notes and cheques obtained as collateral	286,127,557	268,842,450
Mortgages	1,996,180	1,984,480
	288,123,737	**270,826,930**

Movements in the allowance for doubtful factoring receivables during the years ended 31 December were as follows:

	2009	2008
Balance at the beginning of the year	3,988,898	2,561,912
Provision for the year	354,213	2,179,169
Recoveries during the year	(995,745)	(752,183)
Balance at the end of the year	**3,347,366**	**3,988,898**

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

	2009	2008
Overdue 1 to 3 months	31,508	1,149,995
Overdue 3 to 6 months	3,989	655,459
Overdue 6 to 12 months	293,716	161,224
Overdue over 1 year	3,018,153	2,022,220
	3,347,366	**3,988,898**

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12. Prepayments for current assets

As at 31 December, prepayments for current assets are as follows:

	2009	2008
Prepaid expenses	123,021	177,549
Advances given to personnel	-	3,500
Others	1,506	1,512
	124,527	**182,561**

Prepaid expenses include participation fee paid to the Banking Regulatory Supervisory Agency (BRSA) amounting TL 12,000 and TL 45,400 as at 31 December 2009 and 2008, respectively, and insurance expenses that will be utilized in the subsequent months.

13. Assets held for sale

As at 31 December 2009, assets classified as held for sale consists of two flats obtained in lieu of doubtful factoring receivables, amounting TL 486,703 (2008: TL 486,703).

14. Investment property

Movement of investment property and related accumulated depreciation during the year ended 31 December 2009 is as follows:

	1 January 2009	*Additions*	*Disposals*	*31 December 2009*
Cost				
Buildings	831,731	-	-	831,731
	1 January 2009	*Current year charge*	*Disposals*	*31 December 2009*
Less: Accumulated Depreciation				
Buildings	73,466	16,634	-	90,100
Net carrying value	**758,265**			**741,631**

Movement of investment property and related accumulated depreciation during the year ended 31 December 2008 is as follows:

	1 January 2008	*Additions*	*Disposals*	*31 December 2008*
Cost				
Buildings	831,731	-	-	831,731
	1 January 2008	*Current year charge*	*Disposals*	*31 December 2008*
Less: Accumulated depreciation				
Buildings	56,832	16,634	-	73,466
Net carrying value	**774,899**			**758,265**

Investment property includes a flat owned by the Company which is property held either to earn rental income or for capital appreciation or for both. The fair value of the investment property is approximated to the net book value of the related property.

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15. Tangible assets

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2009 is as follows:

	1 January 2009	Additions	Disposals	31 December 2009
Cost				
Motor vehicles	1,141,280	19,158	(150,296)	1,010,142
Furniture and fixtures	490,262	13,355	(54,138)	449,479
Leasehold improvements	321,755	-	-	321,755
Others	703,230	48,148	-	751,378
Total cost	**2,656,527**	**80,661**	**(204,434)**	**2,532,754**

	1 January 2009	Current year charge	Disposals	31 December 2009
Less: Accumulated depreciation				
Motor vehicles	915,946	84,618	(150,295)	850,269
Furniture and fixtures	351,710	60,070	(53,748)	358,032
Leasehold improvements	193,122	63,390	-	256,512
Total accumulated depreciation	1,460,778	208,078	(204,043)	1,464,813
Net carrying value	**1,195,749**			**1,067,941**

Others comprise paintings and other decorative items which are not depreciated.

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2008 is as follows:

	1 January 2008	Additions	Disposals	31 December 2008
Cost				
Motor vehicles	1,039,135	110,528	(8,383)	1,141,280
Furniture and fixtures	459,511	30,751	-	490,262
Leasehold improvements	321,755	-	-	321,755
Others	692,688	10,542	-	703,230
Total cost	**2,513,089**	**151,821**	**(8,383)**	**2,656,527**

	1 January 2008	Current year charge	Disposals	31 December 2008
Less: Accumulated depreciation				
Motor vehicles	784,753	137,680	(6,487)	915,946
Furniture and fixtures	285,557	66,153	-	351,710
Leasehold improvements	128,739	64,383	-	193,122
Total accumulated depreciation	1,199,049	268,216	(6,487)	1,460,778
Net carrying value	**1,314,040**			**1,195,749**

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16. Intangible assets

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2009 is as follows:

	1 January 2009	*Additions*	*Disposals*	*31 December 2009*
Cost				
Rights	101,093	27,574	-	128,667
	1 January 2008	*Current year charge*	*Disposals*	*31 December 2008*
Less: Accumulated amortisation				
Rights	93,315	8,761	-	102,076
Net carrying value	**7,778**			**26,591**

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2008 is as follows:

	1 January 2008	*Additions*	*Disposals*	*31 December 2008*
Cost				
Rights	101,093	-	-	101,093
	1 January 2008	*Current year charge*	*Disposals*	*31 December 2008*
Less: Accumulated amortisation				
Rights	86,772	6,543	-	93,315
Net carrying value	**14,321**			**7,778**

17. Loans and borrowings

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

	2009				2008			
	Original Amount	Nominal Interest Rate (%)*	TL amount Up to 1 year	1 year and over	Nominal Original Amount	TL amount Interest Rate (%)*	Up to 1 year	1 year and over
TL	74,591,054	7.29-13.45	74,591,054	-	48,161,264	18.45-29.00	48,161,264	-
EUR	3,075,107	7.51	6,643,153	-	3,754,080	5.70-5.90	3,505,306	4,531,427
USD	782,785	4.49	1,178,639	-	-	-	-	-
CHF	20,924	6.56	30,323	-	3,145	10.35	4,497	-
GBP	-	-	-	-	1,010,203	7.88-9.38	2,214,769	-
Total			**82,443,169**	**-**			**53,885,836**	**4,531,427**

* These rates represent the average nominal interest rates of outstanding borrowings with fixed and floating rates at 31 December 2009 and 2008.

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18. Factoring payables

As at 31 December, factoring payables comprised the following:

	2009	2008
Domestic factoring payables	801,646	336,364
Foreign factoring payables	-	49,832
	801,646	**386,196**

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

19. Other liabilities

As at 31 December, other liabilities comprised the following:

	2009	2008
Payable to shareholders (Note 25)	4,328,180	-
Taxes and duties other than on income	1,041,495	505,558
Trade payables to vendors	106,720	103,421
Social security payables	38,019	37,202
	5,514,414	**646,181**

20. Derivative assets / liabilities held for risk management

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

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

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

	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Currency swap purchases and sales	56,447	(10,554)	-	-
	56,447	**(10,554)**	**-**	**-**

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21. Reserve for employee severance payments

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days’ pay, maximum of TL 2,365 at 31 December 2009 (2008: TL 2,173) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

	2009	*2008*
Balance at the beginning of the year	83,634	94,235
Paid during the year	(20,399)	(7,096)
Increase / (decrease) during the year	71,505	(3,505)
Balance at the end of the year	**134,740**	**83,634**

22. Equity

22.1 Paid-in capital

At 31 December 2009, the Company’s nominal value of authorized and paid-in share capital amounts to TL 40,000,000 (2008: TL 40,000,000) comprising 40.000.000 (2008: 40.000.000) registered shares of par value of TL 1 each. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TL as of 31 December 2005.

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

	2009		*2008*	
	Share (%)	*TL*	*Share (%)*	*TL*
M. Semra Tümay	49.00%	19,600,000	49.00%	19,600,000
Murat Tümay	25.50%	10,199,999	25.50%	10,199,999
Zeynep Ş. Akçakayalıoğlu	24.50%	9,799,999	24.50%	9,799,999
Others	1.00%	400,002	1.00%	400,002
Share capital	100%	40,000,000	100%	40,000,000
Adjustment to share capital		279,326		279,326
Total share capital		**40,279,326**		**40,279,326**

The Company decided to increase its paid in share capital from TL 32,500,000 to TL 40,000,000, with the Board of Directors’ minute dated 28 May 2008. The paid-in capital increase is funded by retained earnings. The paid-in capital increase has been announced on Trade Registry Gazette dated 13 June 2008.

22.2 Legal Reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Company’s statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the legal reserves is TL 5,282,439 (historical) at 31 December 2009 (2008: TL 3,255,887 (historical)).

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23. Risk management disclosures

Counter party credit risk

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

At 31 December 2009, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

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

	2009	%	2008	%
Textiles	29,843,416	20	24,804,403	23
Construction	22,531,779	15	18,008,472	16
Tourism	21,785,694	15	17,100,020	16
Machinery and equipment	13,578,754	9	7,721,335	7
Mining	9,997,544	7	2,502,977	2
Iron, steel and coal	7,759,288	5	10,487,574	10
Food and beverage	7,684,680	5	3,806,320	3
Media and advertising	7,610,071	5	6,140,770	6
Automotive	6,714,769	4	1,086,950	1
Retail	5,371,815	4	4,460,485	4
Rubber and plastic goods	3,730,427	2	1,526,716	1
Wood and wooden products	3,506,601	2	4,831,444	4
Transportation	3,431,993	2	1,557,630	1
Chemicals and pharmaceuticals	2,089,039	1	2,334,450	2
Financial services	-	-	2,185,867	2
Others	3,688,402	2	1,592,532	1
	149,324,272	**100**	**110,147,945**	**100**

Market risk

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

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as six months Euribor and Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

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

	2009				2008			
	USD (%)	EUR (%)	CHF (%)	TL (%)	USD (%)	EUR (%)	GBP (%)	TL (%)
Assets								
Cash and cash equivalents								
-time deposits	-	-	-	-	2.75	3.00	-	-
Factoring receivables	11.50	9.93	-	19.09	-	10.59	10.33	30.69
Liabilities								
Loans and borrowings	4.49	7.51	6.56	8.37	-	5.73	8.63	21.67

Interest rate profile:

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

	Carrying Amount	
Fixed rate instruments	**2009**	**2008**
Factoring receivables	64,665,101	35,870,656
Cash and cash equivalents-time deposits	-	6,056,161
Loans and borrowings	74,591,054	52,692,691
Variable rate instruments		
Factoring receivables	84,659,171	74,277,289
Loans and borrowings	7,852,115	5,724,572

Cash flow sensitivity analysis for variable rate instruments:

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

	Profit or (loss)	
	100 bp increase	100 bp decrease
2009		
Variable rate instruments	769,003	(769,003)
2008		
Variable rate instruments	686,136	(686,136)

Foreign currency risk

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL. The Company uses currency swap contracts to manage its exposure to foreign currency risk, which will be realized in a short period of time.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

(Currency: Turkish Lira [“TL”] unless otherwise stated)

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

	2009	2008
A. Foreign currency monetary assets	7,748,053	14,501,117
B. Foreign currency monetary liabilities	(7,869,293)	(10,305,831)
C. Off balance sheet net notional position	(592,869)	-
Net foreign currency position (A+B+C)	**(714,109)**	**4,195,286**

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

	2009				
	USD	Euro	GBP	Other Currencies	TL Total
Foreign currency monetary assets					
Cash and cash equivalents	693,580	19,531	8,189	974	722,274
Factoring receivables	193,176	6,792,716	7,183	31,198	7,024,273
Prepayments for current assets	1,506	-	-	-	1,506
Total foreign currency monetary assets	**888,262**	**6,812,247**	**15,372**	**32,172**	**7,748,053**
Foreign currency monetary liabilities					
Loans and borrowings	1,178,639	6,643,153	-	30,323	7,852,115
Other payables	685	14,066	2,427	-	17,178
Total foreign currency monetary liabilities	1,179,324	6,657,219	2,427	30,323	7,869,293
Net on balance sheet position	**(291,062)**	**155,028**	**12,945**	**1,849**	**(121,240)**
Off balance sheet net notional position	(592,869)	-	-	-	(592,869)
Net position	**(883,931)**	**155,028**	**12,945**	**1,849**	**(714,109)**

	2008				
	USD	Euro	GBP	Other Currencies	TL Total
Foreign currency monetary assets					
Cash and cash equivalents	1,926,710	4,762,165	3,741	-	6,692,616
Factoring receivables	1,701,437	3,802,052	2,299,119	4381	7,806,989
Prepayments for current assets	1,512	-	-	-	1,512
Total foreign currency monetary assets	3,629,659	8,564,217	2,302,860	4,381	14,501,117
Foreign currency monetary liabilities					
Loans and borrowings	688	8,036,045	2,214,769	4,497	10,255,999
Factoring payables	42,472	7,360	-	-	49,832
Total foreign currency monetary liabilities	43,160	8,043,405	2,214,769	4,497	10,305,831
Net on balance sheet position	**3,586,499**	**520,812**	**88,091**	**(116)**	**4,195,286**
Off balance sheet net notional position	-	-	-	-	-
Net position	**3,586,499**	**520,812**	**88,091**	**(116)**	**4,195,286**

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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Foreign currency sensitivity analysis:

Depreciation of TL by 10% against the other currencies as at 31 December 2009 and 2008 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, as at 31 December 2009 and 2008 remain constant.

TL 2009	Profit/(Loss)
USD	(88,393)
Euro	15,502
GBP	1,295
Other currencies	185
Total	**(71,411)**

TL 2008	Profit/(Loss)
USD	358,650
Euro	52,081
GBP	8,809
Other currencies	(11)
Total	**419,529**

Liquidity risk

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

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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The following are the contractural (or expected) maturities of financial liabilities of the Company:

	31 December 2009						
	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	**87,679,715**	**88,493,001**	**75,109,029**	**13,383,972**	**-**	**-**	**-**
Loans and borrowings	82,443,169	83,256,455	74,200,663	9,055,792	-	-	-
Factoring payables	801,646	801,646	801,646	-	-	-	-
Other liabilities	4,434,900	4,434,900	106,720	4,328,180	-	-	-
Derivative financial liabilities	**45,893**	**41,809**	**41,809**	**-**	**-**	**-**	**-**
Inflow	56,447	83,194	83,194	-	-	-	-
Outflow	(10,554)	(41,385)	(41,385)	-	-	-	-

	31 December 2008						
	Carrying Amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	**58,906,880**	**61,619,075**	**57,110,875**	**4,508,200**	**-**	**-**	**-**
Loans and borrowings	58,417,263	61,129,458	56,621,258	4,508,200	-	-	-
Factoring payables	386,196	386,196	386,196	-	-	-	-
Other liabilities	103,421	103,421	103,421	-	-	-	-
Derivative financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Inflow	-	-	-	-	-	-	-
Outflow	-	-	-	-	-	-	-

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements. The minimum share capital requirement of the Company is TL 5,000,000 as at 31 December 2009.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

24. Commitments and contingencies

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

Letters of guarantee	*2009*	*2008*
Given to legal courts	314,988	468,247
Given to others	-	560
	314,988	**468,807**

As at 31 December 2009, the Company has given cheques and notes amounting to TL 122,354,513 (2008: TL 79,555,101) as collateral against the bank borrowings.

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

		2009		2008	
		Foreign currency	TL	Foreign currency	TL
Currency swap purchases					
	USD	380,000	572,166	-	-
	TL	2,166,281	2,166,281	-	-
	EUR	424,965	918,052	-	-
Total purchases			3,656,499		-

		2009		2008	
		Foreign currency	TL	Foreign currency	TL
Currency swap sales					
	USD	773,750	1,165,035	-	-
	TL	1,531,603	1,531,603	-	-
	EUR	424,965	918,052	-	-
Total sales			3,614,690		-

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

25. Related party disclosures

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

	31 December 2009	31 December 2008
Other liabilities		
M. Semra Tümay (dividend payable)	2,120,808	-
Murat Tümay (dividend payable)	1,103,686	-
Zeynep Akçakayalıoğlu (dividend payable)	1,060,404	-
Nazlı Akçakayalıoğlu (dividend payable)	43,282	-
	4,328,180	**-**

	2009	2008
General administrative expenses		
M. Semra Tümay (rent expense)	371,774	300,023
	371,774	**300,023**

Total benefit of key management for the years ended 31 December 2009 and 2008 amounted to TL 3,051,337 and TL 1,960,877, respectively.

Management

Murat Tümay	General Manager
Betül Akan	Assistant General Manager in Charge of Marketing and Client Relations
Erhan Meral	Assistant General Manager in Charge of Financial and Administrative Affairs
Filiz Berikman	Manager, Marketing
Duygu Taşkınsu	Manager, Marketing
Hale Yıldırım	Manager, Marketing
Funda Kösedağı	Manager, Accounting
Banu Hayta	Manager, Internal Audit and Financial Control
Siyami Serdar Noyan	Manager, Risk Assessment
Gökhan Sönmezer	Assistant Manager, Operations
Serap Yılmaz	Assistant Manager, Internal Audit and Financial Control
Sinem Kılıçlar Ersöz	Supervisor, International Operations

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