EKSPO Faktoring A.Ş.

ANNUAL REPORT 2010

CONTENT

Always a market leader with distinctive and innovative products...
Established in 2000, Ekspo Faktoring is one of the leaders in the Turkish factoring industry thanks to its innovative product range and longstanding commitment to strong corporate governance practices. In a short time, the Company has climbed to the ranks of the largest institutions in the non-bank finance sector. Advancing its own development in each operating period, Ekspo Faktoring increased its asset size to TL 224 million, its turnover to TL 1.1 billion and net profit to TL 11.7 million in 2010. Deeply committed to corporate development and improvement, Ekspo Faktoring plans to stay one-step ahead of the competition with its distinctive and innovative products.

Message from the Chairman of the Board and General Manager

In 2010, our total assets increased 47%, to TL 224 million while our shareholders' equity grew 19%, to TL 74.3 million.

Dear Shareholders,

The year 2010 was marked by positive financial indicators that signaled an exit from the economic crisis. In addition, market players returned to growth and investment-centered policies from the risk-management focused strategies pursued during the depths of the crisis. The recovery was aided by extensive stimulus measures and expansionary monetary policies implemented in developed countries. Turkey meanwhile had secured a more stable economy and sound banking system thanks to its contractionary monetary policy and fiscal discipline adopted since the early 2000s. As a result, Turkey effectively navigated through the crisis period, giving assurance to domestic and international investors. Our country, which reported GDP growth of 8.9% in 2010, the highest among OECD countries, encourages corporate decision makers to include ambitious targets in their strategic plans.

Record-breaking growth in the factoring sector

In parallel with the global economic recovery, total assets of the Turkish factoring sector rose to TL 14.5 billion, up 39% compared to the previous year's TL 10.4 billion. In terms of annual growth, the factoring sector outperformed the banking sector due to an increase in risk appetite stemming from falling interest rates coupled with rising demand within the real sector for factoring products as a financing source. When considering the sector's share in GDP, the Turkish factoring sector is at an earlier stage of development compared to Europe. In 2009 for example, the factoring to GDP ratio was 12.9% in the UK and 10.2% in Spain, versus 4.9% in Turkey. As of year-end 2010, the Turkish factoring sector's share in the total banking sector was only 1.5%, clear evidence of the sector's future growth potential.

In the coming period, the Turkish Central Bank plans to impose restrictions on the growth of banks. If these restrictions are implemented, the country's factoring to GDP ratio is expected to rise at an accelerated pace.

The destination for customized and efficient financial solutions: Ekspo Faktoring

In 2010, Ekspo Faktoring implemented initiatives that will propel the Company forward. Our total assets increased to TL 224 million, up 47% compared to the previous year. As a result, we were able to compensate for the contraction we experienced in 2009 due to the challenging economic conditions.

During the year, we added many new customers to our portfolio, primarily from the construction and textile sectors. Our Company is also well known for the mezzanine financing solutions we offer to companies which undertake large-scale contracting projects abroad. In 2010, Ekspo Faktoring continued to advance in this area by providing financing to Çukurova Group's Baytur İnşaat for its Convention Center Project valued at US$ 732 million and the Islamic Arts Museum valued at US$ 219 million in Doha, Qatar.

Another notable Ekspo Factoring accomplishment in 2010 was the cotton import transaction of US$ 15 million provided to one of the largest industrial companies of Turkey. We realized this transaction with financing obtained from Wells Fargo Bank and guarantee from the Ex-Im Bank of the United States. We are proud to have met the financing needs of Turkish cotton importers with this efficient and innovative financing solution and during a period when the price of cotton reached about US$ 220.

We also take pride that Ekspo Faktoring is "a company of firsts" in the finance sector. Film production is another area that our Company introduced a pioneering financing solution. We provided financing to the production company that produced Av Mevsimi (Hunting Season), one of the most popular Turkish movies in 2010. Inspired by an overseas financing model, Ekspo Faktoring developed a solution which provided financing against assignment on box office returns.

Another transaction that we successfully realized was financing of wheat imports for one of the leading companies in the food industry. With this financing solution, Ekspo Faktoring supported the company's production process during a period when wheat prices were extremely high due to drought conditions. In the coming year, we plan to continue providing raw material financing support to the food industry in return for the collateral of commodities at the warehouses of the Turkish Grain Board.

In 2010, our Company posted profit of TL 16 million, down from TL 19 million in the prior year due to a sharp fall in interest rates. In the period ahead, we will focus on boosting both our assets and profit.

Bond issues: a new transaction type that will propel Ekspo Faktoring forward

Another initiative that enriched Ekspo Faktoring in 2010 was a two-year, variable rate bond issue underwritten by the Industrial Development Bank of Turkey and Yatırım Finansman Securities. The issued bonds generated great interest among institutional and individual investors and encouraged the Company to issue new bonds in the upcoming period.

Shareholders' equity is an additional area in which Ekspo Faktoring achieved success in 2010. As of year-end, our shareholders' equity increased to TL 74 million, up 19% over the previous year. Ekspo Faktoring, as one of the companies of the sector with a high rate of free capial, is committed to maintaining this competitive advantage in the period ahead.

We expand our targets for 2011

With turnover of TL 1.1 billion in 2010, Ekspo Faktoring ranked 11th among the 65 members of the Turkish Factoring Association. In line with expectations of global economic recovery in 2011, our Company has set ambitious performance targets for the future. Next year, we aim to raise our placements to TL 350 million, an increase of 40%. In addition, we plan to increase the Company's export volume to US$ 100 million and import volume to US$ 25 million. Our highly competent personnel who have expertise in a wide range of areas of finance, our strong corporate governance approach based on deep-rooted experience and our advanced technology designed to meet all sector requirements form the foundation for our targets for 2011.

Ekspo Faktoring reached a well-respected position in the factoring sector with its innovative applications and solid capital structure. In the period ahead, our Company plans to further develop its sustainable corporate structure by expanding its correspondent network and customer portfolio. Meeting our profitability and growth targets as well as diversifying financing options to facilitate the development of the Turkish real sector are key goals for the Company. We set our performance targets in line with this strategic approach.

I would like to thank our customers and employees for their support to our Company's activities in its growth and development. I hope to continue sharing in our successes in the forthcoming year.

Best regards,

Murat Tümay
Chairman of the Board and
General Manager

Financial Highlights

In 2010, Ekspo Faktoring increased its asset size to US$ 145 million, its turnover to US$ 735 million and its net profit to US$ 7.8 million.

US$ 735 million

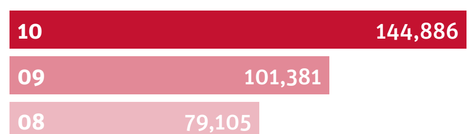
Total Turnover (US$ thousand)

US$ 48 million

Shareholders' Equity (US$ thousand)

US$ 145 million

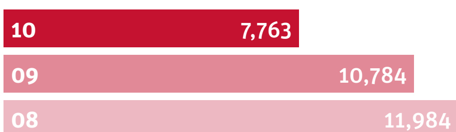
Asset Size (US$ thousand)



Financial Highlights	December 2008 US$	December 2009 US$	December 2010 US$
Total Assets	79,105,595	101,380,885	144,886,472
Total Shareholders' Equity	39,187,449	41,603,549	48,084,334
Paid-in Capital	26,449,778	26,565,717	25,873,221
Net Working Capital	37,661,166	40,297,079	59,965,294
Factoring Receivables	72,834,719	99,172,659	142,945,586
Factoring Payables	255,370	532,408	49,613
Net Advances to Clients	72,579,349	98,640,251	142,895,973
Bank Loans	38,628,092	54,754,047	82,494,927
Issued Bonds	-	-	13,197,923
Total Income	32,486,919	22,126,870	21,022,673
Factoring Income	31,611,872	21,097,572	20,528,860
Net Profit	11,984,427	10,784,394	7,762,605

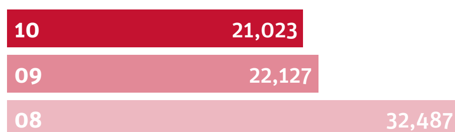
US$ 8 million

Net Profit (US$ thousand)



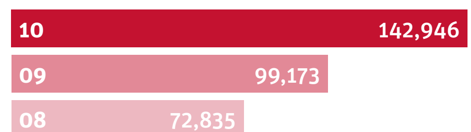
US$ 21 million

Total Income (US$ thousand)



US$ 143 million

Factoring Receivables (US$ thousand)



Financial Data (%)	**December 2008**	**December 2009**	**December 2010**
Current Ratio	1.94	1.67	1.72
Liquidity Ratio	1.94	1.67	1.72
Net Working Capital / Total Assets Ratio	48	40	41
Liquid Assets / Total Assets Ratio	98	98	99
Debt / Assets (Indebtedness Ratio)	50	59	67
Debt / Equity (Financial Leverage Ratio)	1.02	1.44	2.01
Financial Liabilities / Total Assets Ratio	49	54	66
Interest Coverage Ratio (Times)	2.39	4.18	2.62
Average Collection Period (Days)	75	100	78
Total Expenses / Turnover Ratio	3	1	2
Gross Profit Margin	35	25	17
Net Profit Margin	17	16	8
Return on Equity	36	34	22

We cooperated with the US Ex-Im Bank.

We supported Turkish industry's raw material purchases.

PROJECT NAME

EX-IM BANK OF THE UNITED STATES COTTON IMPORTS

The Ex-Im Bank of the United States, a government institution with a AAA credit rating, provides financing to companies importing from the US and facilitates the export of US goods and services to international markets. The challenging conditions that face Turkish industrial companies, especially those which use commodity inputs intensively and which require financing due to sharp rises in commodity prices, prompted Ekspo Faktoring to develop new solutions for this segment. For the first time for a non-bank financial institution, the Company obtained a financing facility of US$ 15 million from the US Ex-Im Bank. Generally, the United States Department of Agriculture provides financing for agricultural products such as cotton, corn or other crops within the framework of the GSM Export Credit Guarantee Program. The facility which Ekspo Faktoring obtained is equivalent to 5% of the US$ 300 million GSM limit granted to Turkey. Ekspo Faktoring expects that the amount of this financing facility, to be primarily used for cotton imports, will increase and the facility's scope expanded in the upcoming period. In the very near future, Ekspo Faktoring plans to provide financing to Turkish industrial companies with facilities obtained from Hermes, Coface, Sace, Erg, and similar institutions.

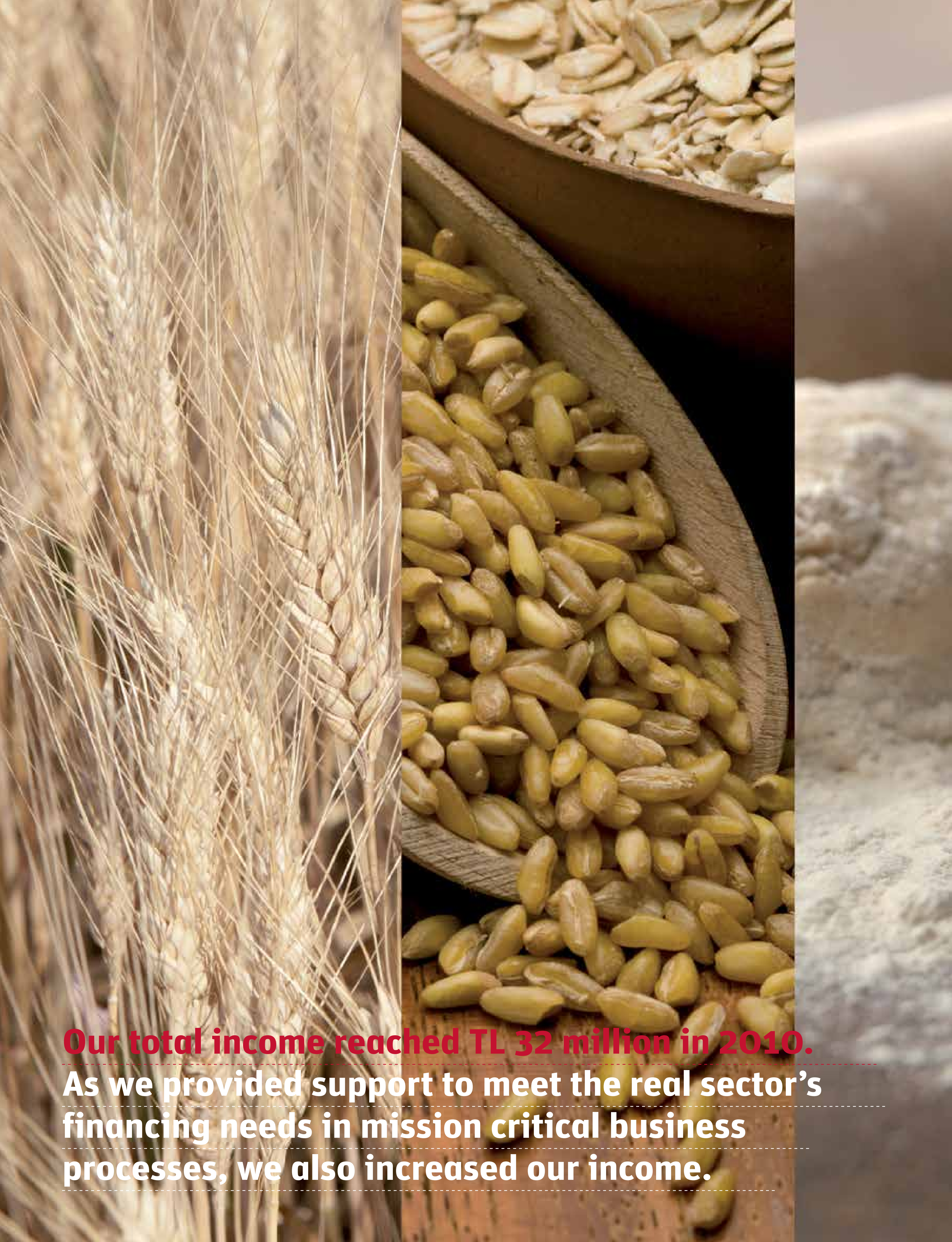
We issued TL 20 million in bonds.
We revitalized Turkey's real economy.

PROJECT NAME

EKSPO FAKTORING'S TL 20 MILLION BOND ISSUE

With interest rates falling to single digits in 2010, private sector bond issues increased as fixed income investors turned to alternative investment instruments. Ekspo Faktoring's successful TL 20 million bond issue, underwritten by the Industrial Development Bank of Turkey and Yatırım Finansman Securities, was a significant boost to the Company during the year. Because Ekspo Faktoring does not belong to a group, the issuance was made without a guarantor. The bonds, which were issued with a relatively low premium, generated great interest among institutional investors.

In the period ahead, bond issues of Ekspo Faktoring will continue at a more frequent pace.



Our total income reached TL 32 million in 2010.

As we provided support to meet the real sector's financing needs in mission critical business processes, we also increased our income.


PROJECT NAME
DORUK GROUP WHEAT IMPORTS

Turkey has wheat stocks of 21.5 million tons, comprised of 19.5 million tons of the 2010 production and 2 million tons of stocks from the previous year's harvest; meanwhile, the country's annual wheat consumption is 18 million tons. The Turkish Grain Board works to minimize the negative impact of fluctuations in world grain markets and maintain stability in domestic markets. In Turkey, many households depend upon agriculture as a primary source of income. Developing new products to support agricultural producers and companies in this area is among the primary missions of the country's financial institutions.

As the largest manufacturer of flour and flour products in Turkey, Doruk Group is a strong reference for Ekspo Faktoring. The imports of the Group from Ukraine, which enter Turkey through the Black Sea ports, are distributed to various points in the country.

In 2010, Ekspo Faktoring provided financing for wheat imports of the Doruk Group, one of Turkey's leading food companies, and as a result supported the company's production and sales chain. With this support, Doruk Group purchased wheat at a favorable price on spot markets.

Our net profit for the reporting period totaled TL 11.7 million.

We contributed to the construction of the Islamic Arts Museum in Doha.

PROJECT NAME
BAYTUR İNŞAAT TAAHHÜT A.Ş.
ISLAMIC ARTS MUSEUM
DOHA/QATAR

Turkish construction companies, which historically worked on small-scale projects with labor-intensive technology, now increasingly undertake larger-scale, higher value added projects including airports, subways, industrial complexes, natural gas and oil refineries, highways and power plants. In recent years, Turkish construction companies have become responsible for a steadily rising share of the world construction/contracting market.

In 2010, through its broad range of financing options, Ekspo Faktoring supported Turkish construction companies in their international activities. Baytur İnşaat is one of the top 100 construction companies in the world with projects totaling more than US$ 1.5 billion. Ekspo Faktoring provided short-term liquidity and sub-contractor financing to Baytur İnşaat for projects in Doha, the capital of Qatar. The projects include the Islamic Arts Museum, valued at US$ 219 million and the Convention Center in Doha valued at US$ 732 million.

Our shareholders' equity reached TL 74 million in 2010.

We made our mark in the area of social security with advanced technology.

PROJECT NAME
SERVUS BİLGİSAYAR A.Ş.
SOCIAL SECURITY INSTITUTION

Turkey is one of Europe's most dynamic technology markets. In addition, Turkish companies have become valuable partners to the European information technology sector due to their experience in the Middle East and Central Asia. According to data from the European Information Technology Observatory (EITO), the European IT sector is expected to grow by 7.3% to EUR 21.1 billion in 2011. In Turkey, where the mobile phone penetration rate is 86% and the number of internet users 32 million, software and hardware investments by both the public and private sector are necessary to increase capacities and improve productivity.

Technology companies have important responsibilities in an environment where the volume of national information economy is steadily rising. Sophisticated software solutions and human oriented projects are required to meet the institutional IT demand of public and private sectors. Information technology firms often need financing support in order to meet the increasing demand for their products and services.

Servus Bilgisayar A.Ş., one of Turkey's leading providers of corporate information services, obtained pre-financing support from Ekspo Faktoring and implemented a US$ 3.7 million project for the Social Security Institution (SSI). Within the framework of this project, which was also supported by the World Bank, 6,000 computers and 360 printers were provided to the SSI.

Our transaction volume totaled TL 1.1 billion in 2010.

Ekspo Faktoring's success has appeared on the motion picture screen.

PROJECT NAME
FİDA FİLM A.Ş.
AV MEVSİMİ (HUNTING SEASON)

Also specializing in film financing, Ekspo Faktoring facilitates transactions to strengthen competition in the movie industry and enhance the advertising and distribution of films produced in Turkey.

During the last decade, Turkish cinema has significantly raised the bar in terms of quality. The number of the movies released has risen, audience size has increased and international awards and accolades for Turkish movies have multiplied. As it accesses financing sources more easily, the Turkish film industry also plays a larger role in de facto advertising of the country through its work and by winning international festival awards.

In 2010, FİDA Film produced Av Mevsimi, a movie which received much public praise. Against assignment of the sales rights to TV channels, Ekspo Faktoring provided project financing for the movie’s on-location shootings and platform construction.

Information about the Movie
Director: Yavuz Turgul
Cast: Şener Şen, Cem Yılmaz, Çetin Tekindor, Melisa Sözen, Okan Yalabık, Rıza Kocaoğlu, Mustafa Avkıran, Nergis Çorakçı, Mahir İpek, Emine Şans Umar and Bartu Küçükçağlayan
Genre: Detective
Production: 2010 Turkey
Release Date: December 3, 2010

Audience: 2,102,174 viewers
Box Office Receipts: Approximately TL 20 million

Our asset size reached TL 224 million in 2010.

While supporting the development of the logistics sector, the pride of Turkey, Ekspo Faktoring further expanded its asset size.

PROJECT NAME

REYSAŞ LOJİSTİK HİZMETLERİ A.Ş. TRANSPORTATION AND WAREHOUSE INVESTMENTS

The Turkish logistics sector has generated a great deal of global interest with its strong performance in recent years. The logistics sector, which is the pride of Turkey in the international arena thanks to its rapid development, was featured at the Davos Summit where the World Economic Forum was held. At Davos, Turkey was named as one of the world's top 10 fastest growing markets in logistics.

It has been observed that among the countries in the global logistics performance index Brazil, Russia, India and China (the BRICs) have developed very rapidly whereas Turkey's most important advantage in logistics has been its geographic proximity to both production and consumption centers. Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., one of the leading companies in the sector, is well positioned to capitalize on this advantage. Ekspo Faktoring contributes to the Group's vehicle examination and REIT investments through short and medium-term financing options.

Bond Issue

October 2010

Ekspo Faktoring A.Ş.

20.000.000 TL

2 Year Term Bond Issue

TSKB — Consortium Leader

MENKUL DEĞERLER — Consortium Co-leader

Bond issue of TL 20 million by Ekspo Faktoring

In 2010, Ekspo Faktoring completed its first bond issue and took a leap forward in terms of its corporate development. The proceeds from the bond issue were used to provide financing to small and medium-sized companies. The TL 20 million issue was oversubscribed and 60% sold to Turkish individual investors while the remaining 40% went to domestic institutional investors.

On October 15, 2010, the prospectus including detailed information on the Ekspo Faktoring bond issue was registered by the Istanbul Trade Registry Office. In addition, the prospectus was submitted for examination in all branches of both the Industrial Development Bank of Turkey and Yatırım Finansman Securities. The prospectus was also disclosed via the Public Disclosure Platform and the Company's website at www.ekspofaktoring.com. Additionally, Ekspo Faktoring disclosed a public offering circular via the Public Disclosure Platform and its website.

The Ekspo Faktoring bond issue was officially registered by the Capital Markets Board (CMB) on October 13, 2010 with number 18/T-903. The nominal value of the bonds was TL 20 million and the transaction was completed with the Industrial Development Bank of Turkey and Yatırım Finansman Securities as intermediary institutions on October 18-19, 2010.

Mission, Vision and Strategic Targets

Mission

- To play a leading role to ensure that factoring obtains a larger share in financing domestic and international trade by adding new financing solutions, which are in demand in the global economy, to its corporate portfolio.
- To introduce advantageous factoring solutions to more customers in different sectors and to enhance competitiveness through strong corporate governance and product innovation.
- To raise the reputation of the factoring sector through high quality and efficient customer relationship management.

Vision

- To reach an asset size of US$ 550 million by 2015 through steady and sustainable development.

Strategic Targets

- To meet the evolving needs of the real sector via innovative products and services.
- To attain sustainable growth with a high quality and an efficiency-based service approach.
- To maintain a competitive edge by developing “boutique financing solutions” for customers across sectors.
- To further increase profitability by providing financing to Turkish companies for their international activities.
- To be a company that stands out with its highly qualified personnel; and to provide employees with professional and personal development opportunities.

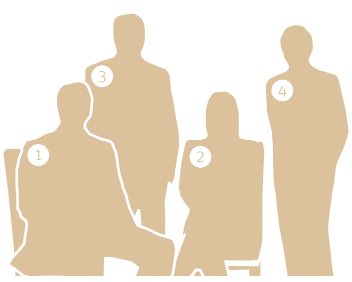
Board of Directors

Murat Tümay (1)
Chairman of the Board of Directors and General Manager

Zeynep Akçakayalıoğlu (2)
Deputy Chairman

Namık Bahri Uğraş (3)
Member

Şerif Orhan Çolak (4)
Member



Management

Filiz Berikman (1)
Manager, Marketing

Banu Hayta (2)
Manager, Internal Audit and Financial Control

Hale Yıldırım (3)
Manager, Marketing

Duygu Taşkınsu (4)
Manager, Marketing

Erhan Meral (5)
Assistant Manager, Financial and Administrative Affairs

Funda Kösedağı (6)
Manager, Accounting

Siyami Serdar Noyan (7)
Manager, Risk Assessment

Ekspo Faktoring in Brief

Ekspo Faktoring stands out within the sector thanks to its sustainable corporate structure based on highly qualified employees, value added products and services and a solution focused business approach.

Always a market leader with distinctive and innovative products...

Ekspo Faktoring, which has become widely known due to its innovative products and distinguished service quality, is one of the leaders in the Turkish factoring sector.

The Turkish factoring market reached a total transaction volume of US$ 52 billion in 2010. Within the market, Ekspo Faktoring is well known for its extensive and strong correspondent network and its expertise in financing foreign trade. In parallel with the rising impact of globalization on the Turkish economy, Ekspo Faktoring attained a significant competitive advantage with its expertise in international trade finance. The Company provided financing support for Turkish companies operating in a wide range of areas related to international commerce, from fishing to construction.

Ekspo Faktoring actively supports the development of the financial and legal framework of Turkey's factoring sector. The Company sees these efforts as a key component of its own corporate development. Ekspo Faktoring is a member of the Turkish Factoring Association having 65 members as of the year 2010 and FCI (Factors Chain International), the largest factoring service network in the world.

Experienced and proactive personnel

Ekspo Faktoring stands out within the sector thanks to its sustainable corporate structure based on highly qualified employees, value added products and services and a solution focused business approach. The Company proactively and promptly meets the domestic and international factoring needs of its clients thanks to its employees, most of whom are former banking professionals. Ekspo Faktoring, operating in a dynamic and developing sector, provides regular training to its staff to meet client needs completely and quickly. This full-service approach allows the Company to strengthen its market position.

Customer satisfaction is always at the forefront

Ekspo Faktoring is aware that the number of Turkish factoring service providers is growing and that the bar for success is raised every day. As a result, the Company works to improve customer satisfaction with its service quality centered on promptness and efficiency, in addition to its diversification of products and services. Thanks to this strategic approach, Ekspo Faktoring further strengthened its leading market position with a total transaction volume of TL 1.1 billion in 2010.

Steadily increasing turnover

In a year of global economic recovery, Ekspo Faktoring raised its financing support to the real economy and increased the Company's turnover to TL 1.1 billion, up TL 100 million over 2009. Domestic factoring accounted for 88% of the Company's factoring turnover while international transactions comprised the remaining 12% in 2010.

With a diversified product portfolio and high service quality, Ekspo Faktoring has provided financing support to develop the Turkish real sector since 2000. The Company plans to continue playing a key role in the development of the Turkish economy with its corporate structure open to improvement.

2011 Outlook

The recent steady rise of the Turkish economy is closely related to the country's restructuring and depoliticizing of the banking sector, achieving a balanced government budget and adhering to fiscal discipline, as well as the positive effects of the dynamic structure of the Turkey's society due to its young population.

World Economy

The global financial crisis, which first impacted the developed economies and persisted over the previous two years, was replaced by an economic recovery in 2010. The growth and capacity utilization figures reported as of year-end indicated that "the worst" was left behind. However, despite the extensive rescue and stimulus packages in developed countries, economic recovery remains quite slow. In Greece, Ireland, Spain and Portugal, the problem of the sustainability of high public debt loads continues. These issues indicate that in the upcoming period the global economy will be subject to clear risk factors. This situation prompts players in the real and finance sectors to pursue a risk-based growth strategy.

Another development that emerged following the recent global crisis is the change in the balance of powers that dominate the world economy. Developing countries, which are known for the production of labor-intensive products and raw materials, recorded a strong economic performance in 2010 and made a dynamic contribution to the world's exit from the crisis. With developing countries, particularly the emerging markets known as the BRICs (Brazil, Russia, India, China) significantly increasing both their domestic consumption and exports, a new global economic dynamic now must be considered by all market players.

Turkish Economy

Following the financial crisis originating from the banking sector in 2001, Turkey succeeded in restructuring the problematic sector with a sound legal framework and stabilization programs based on the contractionary monetary policy. Further, the country reduced both the inflation rate and interest rates to single-digits and, consequently, showed a strong economic performance during the global financial crisis. While Turkey's economy contracted 4.7% in 2009, during the depths of the crisis, it bounced back to post a GDP growth of 8.9% in 2010, the highest rate among OECD countries.

The Turkish economy's recent steady rise is closely related to the country's restructuring and depoliticizing of the banking sector, achieving a balanced budget and adopting a contractionary monetary policy. Additionally, the dynamic nature of Turkey's social structure, with its large youth population, also played a role. As a result, Turkey's inflation rate fell to 6.4%, the lowest level in 41 years while the country posted total GDP of US$ 735,828 billion in 2010.

Turkey's economic growth momentum was also recognized by the international financial community; in 2010, the country was rated one grade below "investable" by international rating agencies.

The main near-term concern and risk factor for the Turkish economy is the foreign trade deficit, which totaled US$ 71 billion in 2010. Given the national savings rate of 13%, which is relatively low compared to developed countries, the foreign trade deficit will be the most important risk factor facing Turkey's economic growth.

Despite problems such as high unemployment and the current deficit, Turkey's dynamic social structure with a high youth population, strategic geopolitical position and resilient financial system serve to assure domestic and international market players and encourage investment in the country's markets.

2011 Outlook

At the beginning of the 2000s, the world factoring transaction volume grew around 20% each year. It then stabilized at about US$ 1.9 trillion through 2007, 2008 and 2009. In 2010, because of the recovery in international trade, the global factoring volume reached US$ 2.2 trillion, up 19% from the previous year.

Factoring Sector

Factoring plays a key role in meeting the financial needs of domestic market focused companies as well as exporters. At the beginning of the 2000s, the world factoring transaction volume grew around 20% each year. It then stabilized at about US$ 1.9 trillion through 2007, 2008 and 2009. In 2010, because of the recovery in global trade, the global factoring volume reached US$ 2.2 trillion, up 19% from the previous year. For many years, Turkey has been placed among the highest-ranking countries in the world factoring market in terms of international transaction volume.

In 2009, sharply curtailed world trade and decreasing appetite for risk among credit guarantee institutions resulted in contraction in the global factoring transaction volume. In 2010, as a result of the growing world trade, total global factoring volume reached US$ 2,190,002 million. The share of international transactions in the factoring sector has gradually increased in recent years. In 2009, of the total global transactions volume, 87% consisted of domestic transactions and 13% of international transactions; in 2010, in parallel with positive growth in world trade, the composition changed to 85% domestic transactions and 15% international transactions. There is also a considerable change in the distribution of international trade turnover among countries. While European countries accounted for 67.1% of the world factoring market as of 2008, this share was 68.3% in 2009 and 63.5% for 2010.

The factoring sector was first introduced in domestic markets as a financing model in 1990 and it strengthened its position with legislation enacted in 1994. Following a two-year transition period, the factoring sector began to be regulated by the Banking Regulation and Supervision Agency (BRSA) in 2006. The restructuring process and the sector's transformation allowed factoring companies to achieve a much more reputable position in financial markets.

In 2010, according to the data derived from the total transaction volume of the 65 member companies of the Turkish Factoring Association, Turkey's factoring market volume reached US$ 51.8 billion, with year-on-year growth of 79%. International transactions account for 10% of the total while 90% are domestic factoring transactions.

Compared to the US, Europe and Asia, where the factoring sector's share in total trade volume is 10%, the Turkish factoring sector's 2% share in total trade volume and 1.5% share in banking sector assets appear very low. Given the positive economic growth expectations for 2011 and the sector's robust structure, the Turkish factoring sector is expected to continue to grow rapidly in the period ahead.

As of March 2011, there are 76 licensed companies operating in Turkey's factoring sector. While the competitive environment becomes ever more challenging, factoring companies are required to focus on innovations that make a real impact on the market.

Ekspo Faktoring increases its market share and expands its customer portfolio through its exclusive service quality approach and its products tailored according to customer needs. While significantly contributing to the development of the overall Turkish factoring sector, the Company added many new customers to its portfolio in 2010. Of these new customers, the large majority engaged in a factoring transaction for the first time.

Financial Advantages of Ekspo Faktoring

While increasing its turnover up to TL 1.1 billion in 2010, Ekspo Faktoring raised its shareholders' equity by 19% and successfully reached TL 74.3 million.

Significantly contributing to the Turkish factoring sector since 2000, Ekspo Faktoring stands out with its robust capital structure and customer-oriented business philosophy as well as its wide spectrum of products and services.

Ekspo Faktoring considers acting within the limits delineated by relevant legislation as one of its primary management principles. For the Company, introducing innovative products to the market is a means for its own corporate development as well as enhancement of the factoring sector in Turkey.

Turnover

In 2010, Ekspo Faktoring achieved a transaction volume of TL 1.1 billion and maintained its active position in the sector. Domestic factoring accounts for 88% of the Company's factoring turnover while international factoring transactions comprise the remaining 12%.

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 products and services, which have key importance with respect to developing Turkey's export potential, such as Undisclosed Assignment of Receivables, Disclosed Assignment of Receivables and Assignment of Collateralized Receivables.

In addition to its expertise in domestic and international transactions, Ekspo Faktoring, acting as an advisory company, provides technical support services including market and sector analyses and project financing.

In domestic and international markets, developing financial solutions in every field of factoring in cooperation with its customers and providing financing for any kind of receivables are among Ekspo Faktoring's top priorities.

As of the end of 2010, Ekspo Faktoring ranked 11th among the 65 members of the Turkish Factoring Association and third among the non-bank owned companies.

Profitability

Ekspo Faktoring's profit for the year of 2010 stands at TL 15.0 million, all of which was realized through ordinary operations. The Company carries a manageable amount of maturity, liquidity and foreign currency risks.

Shareholders' equity

The Company, which increased its shareholders' equity by 19% to TL 74.3 million, continues its success by taking advantage of its robust capital structure against the competition.

Indebtedness

Ekspo Faktoring has a debt-to-equity ratio of 2, which is the lowest among the sector companies. Financing a significant part of its operations via its shareholders' equity, Ekspo Faktoring has a competitive advantage in its sector. The Company also has a good credibility in both domestic and international markets among its correspondents, creditors and credit rating agencies.

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, in Ekspo Faktoring, this multiplier is only 2.97, far below the sector average.

Financial Advantages of Ekspo Faktoring

The high ratings assigned by international rating agencies also confirm the international approval of Ekspo Faktoring's financial advantages. Backed by this advantage, the Company will continue to offer rapid and inexpensive resources to its clients in 2011 to meet their funding needs, within the framework of its credit evaluation criteria.

Following the global financial crisis, which began in the middle of 2008, the Company successfully carried out a crisis management strategy thanks to its robust shareholders' equity structure. During that time, the Company uninterruptedly met its customers' financing needs. In 2010 which was a recovery year in the markets, with a series of successful implementations, Ekspo reinforced its strong position based on low indebtedness ratio.

Asset quality

Although the percentage of NPL (Non-performing loans) ratio in the sector is around 4%, this figure stands at 1% at Ekspo Faktoring, a sign of the reliability and consistency of the Company's risk rating system. In order to ensure that healthy and consistent credit decisions are taken, the Company which is being rated by the prominent international rating companies continuously enhances its own risk assessment system. Ekspo Faktoring incorporates companies with a low-risk ratio to its portfolio to maintain its asset quality above the sector average.

Of the Company's receivables, 99% are "with recourse." Ekspo Faktoring's management has limited the Company's maximum exposure to any sector to 17%. 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.

Asset size

Making a big breakthrough in 2010, Ekspo Faktoring increased its asset size by 47% to attain TL 224 million, which corresponds to a 2% share in the sector. The Company's recent achievement is closely related to its know-how, funding structure and human resources that enable it to proactively identify its clients' needs and develop the most appropriate financing models. With this strength of the Company, various firms from different industries in domestic and international markets were provided effective and rapid financial solutions. Ekspo Faktoring's target for 2011 is to reach an asset size of TL 350 million.

In 2010, Ekspo Faktoring demonstrated its success in this field by adding more than 100 new firms to its portfolio.

Ekspo Faktoring is aware that in the financing sector, investing in human resources and information technology has a key importance to ensure productivity and profitability. For this purpose, the Company continues its investments, particularly in these fields. Ekspo Faktoring sees its clients as long-term business partners. In line with their expectations, it provides them with inexpensive and continuous funds obtained from domestic and international financial institutions.

The high ratings assigned by international rating agencies also indicate international approval of Ekspo Faktoring's financial advantages. Backed by this advantage, the Company will continue to offer rapid and inexpensive resources to its clients in 2011 to meet their funding needs, within the framework of its credit evaluation criteria.

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, 2009 and 2010, 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, 2009 and 2010 thanks to its asset quality and high profitability.

Market Position of Ekspo Faktoring

One of the pioneering companies in the Turkish financing sector, Ekspo Faktoring conducts its activities at world-class standards while being consistent with internationally accepted principles.

From the past to the future, always close to the real economy

With its performance in 2010, Ekspo Faktoring ranked 11th among the 76 companies in the Turkish factoring industry. The Company aims to focus on projects which will increase both the number of clients and the level of profitability. Thus, the share of factoring industry in the total trade volume of Turkey will be increased together with the market share of Ekspo Faktoring in the factoring industry.

In 2010, factoring has been the fastest growing sector among the non-bank financial sectors with a 79% increase in turnover and a 19% increase in profitability. In 2010, the trade volume of the Turkish factoring industry reached TL 75.9 billion, of which domestic sales financing and export financing constituted TL 69 billion and TL 6.9 billion, respectively. Net profit of the sector reached TL 389.7 million. In 2010, as a result of these indicators, Turkey accounted for 2.4% of the global factoring volume and ranked 12th in terms of transaction volume.

It is predicted that in 2011, the Turkish factoring sector will grow by 45% reaching a transaction volume of TL 110 billion. Considering the economic growth estimates for 2011 and the efforts to boost the factoring sector's low share of 2% in the financing of trade, Ekspo Faktoring is expected to grow by over 40% during 2011 in domestic and international transactions.

Ekspo Faktoring's target customer basis comprises firms which are active in domestic and international contracting activities, tourism, textiles, basic metals, machinery and equipment, durable consumer goods and food industries. These firms are focused on domestic and international sales and prefer to operate on the basis of projects, contracts or purchase orders.

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 for further strengthening its relations with financial institutions.

Corporate governance approach formed with the experience of long years

In Ekspo Faktoring, decision-making processes are specified through a corporate governance approach, which is established by the Company's executives in line with the current business trends. The Company's management takes 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 on the way to the future. The executive staff, is the primary factor leading to the Company's competitive edge. It consists of competent and productive employees who have previously held important positions in Turkey's leading banks and they can speak the same language as their clients.

Various committees have been formed to ensure the adoption of the corporate governance philosophy throughout the organization to the same standards, to enhance corporate communication and reinforce the corporate culture. By means of these highly valued committees, Ekspo Faktoring aims to eliminate its deficiencies and reach sustainable corporate growth.

Ekspo Faktoring works with a highly select client portfolio; sustainable customer relations are of utmost importance to the Company. As a result, the Company makes a significant difference in the sector against the competition with its "customer retention ratio" of 71%.

Committees formed in areas such as information technology, asset quality, human resources and liquidity boost the efficiency in the business processes and augment versatility and consistency.

In order to sustain the high quality of its assets, Ekspo Faktoring carries out a meticulous monitoring effort while establishing its credit portfolio. The Risk Assessment Committee holds weekly meetings and assesses client demands, performs detailed and comprehensive analyses and makes decisions on limit proposals.

The Information Technologies Committee focuses on updating the IT infrastructure according to client expectations and Company strategies, in line with the latest technologies.

Human Resources Committee is responsible for increasing the efficiency of the Company's human resources though the activities ranging from the orientation of new personnel to training programs.

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

Fast and comprehensive solutions in favor of its clients

Since its foundation, Ekspo Faktoring has established sound and healthy relations with its clients based on mutual trust. The Company stands out with its solution-oriented practices in the factoring sector. Prior to marketing efforts towards specific sectors, Ekspo Faktoring carries out comprehensive and meticulous analysis for target clients. In this research process, the sector's requirements, as well as client structure and needs 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 client's 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.

As one of the companies with the highest customer loyalty in the sector, the Company has established long-lasting relationships with its clients.

The Company identifies customer needs through an interactive business process and focuses on developing 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, reflect the Company's approach. 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. Consistent 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 71% and make a significant difference in the sector against the competition.

Development of the Factoring Sector in Turkey

With its performance in 2010, Ekspo Faktoring ranked third among non-bank owned companies of the 65 members of the Turkish Factoring Association. In the rapidly growing factoring sector, the Company's strategic target for the upcoming period is to further increase its profitability focusing on both quality and efficiency.

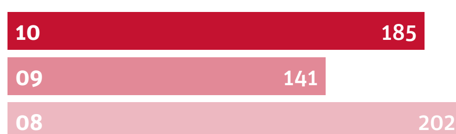
Data on the Economy and the Factoring Sector

TL 1.105 billion

GDP (In fixed prices) (TL billion)

US$ 185 billion

Imports (US$ billion)



16%

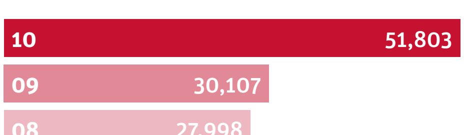
GDP Growth (%)

US$ 114 billion

Exports (US$ billion)

US$ 52 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	25,451
2009	1,835,489	1,082,386	3,266	29,000
2010	2,190,002	1,229,634	5,391	51,803

Breakdown of Factoring Turnover (US$ million)	Domestic	International	Total
Europe	1,196,700	191,884	1,388,584
America	229,952	16,332	246,284
Africa	21,405	765	22,171
Asia	354,857	117,630	472,488
Australia	60,363	113	60,476
Total	1,863,278	326,724	2,190,002
Turkey	46,413	5,391	51,803

*Source: FCI

Ekspo Faktoring's Extensive Financial Solutions for the Real Economy

A large proportion of financing provided by Ekspo Faktoring is met by shareholders equity. In addition to its focus on profit and growth targets, the Company sees its own financial potential as a way to contribute to the development of Turkey's real economy.

BAYTUR İNŞAAT TAAHHÜT A.Ş.
Islamic Arts Museum
Doha/Qatar

Turkish construction companies, which historically worked on small-scale projects with labor-intensive technology, now increasingly undertake larger-scale, higher value added projects including airports, subways, industrial complexes, natural gas and oil refineries, highways and power plants. In recent years, Turkish construction companies have become responsible for a steadily rising share of the world construction/contracting market.

Total Value of International Transactions

2010	US$ 15.2 billion
2009	US$ 21.5 billion
2008	US$ 23.7 billion
2007	US$ 24.5 billion
2006	US$ 20.4 billion
2005	US$ 11.2 billion
2004	US$ 10.6 billion
2003	US$ 4.1 billion
2002	US$ 2.4 billion
2001	US$ 2.4 billion
2000	US$ 1 billion

In 2010, through its broad range of financing options, Ekspo Faktoring supported Turkish construction companies in their international activities. The Company served as financing partner for the Islamic Arts Museum project of Baytur İnşaat in Doha, the capital of Qatar. For this project, valued at US$ 219 million, Ekspo Faktoring provided short-term liquidity and sub-contractor financing to Baytur İnşaat.

FİDA FİLM A.Ş.
Av Mevsimi (Hunting Season)

Also specializing in film finance, Ekspo Faktoring facilitates transactions to strengthen competition in the movie industry and enhance the advertising and distribution of films produced in Turkey.

During the last decade, Turkish cinema has significantly raised the bar in terms of quality. The number of the movies released has risen, audience size has increased and international awards and accolades for Turkish movies have multiplied. As it accesses financing sources more easily, the Turkish film industry also plays a larger role in de facto advertising the country with its work and by winning international festival awards.

In 2010, FİDA Film produced Av Mevsimi, a movie which received much public praise. Against assignment of the sales rights to TV channels, Ekspo Faktoring provided project financing for the movie's on-location shootings and platform construction.

Information about the Film

Director: Yavuz Turgul
Cast: Şener Şen, Cem Yılmaz, Çetin Tekindor, Melisa Sözen, Okan Yalabık, Rıza Kocaoğlu, Mustafa Avkıran, Nergis Çorakçı, Mahir İpek, Emine Şans Umar and Bartu Küçükçağlayan
Genre: Detective
Production: 2010 Turkey
Release Date: December 3, 2010
Audience: 2,102,174 viewers
Box Office Receipts: Approximately TL 20 million

In 2010, Ekspo Faktoring provided financing for various companies operating in various sectors from construction to food industries and hence contributed to the sustainability of their activities.

SERVUS BİLGİSAYAR A.Ş.
Social Security Institution

Turkey is one of Europe's most dynamic technology markets. In addition, Turkish companies have become valuable partners to the European information technology sector due to their experience in the Middle East and Central Asia. According to data from the European Information Technology Observatory (EITO), the European IT sector is expected to grow by 7.3%, to EUR 21.1 billion in 2011. In Turkey, where the mobile phone penetration rate is 86% and internet users number 32 million, software and hardware investments by both the public and private sector are necessary to increase capacities and raise productivity.

Technology companies play an important role in an environment where the volume of national information economies is steadily rising. Sophisticated software solutions and human oriented projects are required to meet the institutional IT demands of public and private sectors. Information technology firms often need financing support to enable them meet the increasing demand for their products and services.

Servus Bilgisayar A.Ş., one of Turkey's leading providers of corporate information services, obtained pre-financing support from Ekspo Faktoring and implemented a US$ 3.7 million project for the Social Security Institution (SSI). Within the framework of this project, which was also supported by the World Bank, 6,000 computers and 360 printers were provided to the SSI.

REYSAŞ LOJİSTİK HİZMETLERİ A.Ş.
Transportation and Warehouse Investments

The Turkish logistics sector has generated a great deal of global interest with its strong performance in recent years. The logistics sector, which is the pride of Turkey in the international arena thanks to its rapid development, was featured at the Davos Summit where the World Economic Forum was held. At Davos, Turkey was named as one of the world's top 10 fastest growing markets in logistics.

It has been observed that among the countries in the global logistics performance index Brazil, Russia, India and China (the BRICs) have developed very rapidly whereas Turkey's most important advantage in logistics has been its geographic proximity to both production and consumption centers. Reysaş Taşımacılık ve Lojistik Ticaret A.Ş., one of the leading companies in the sector, is well positioned to capitalize on this advantage. Ekspo Faktoring contributes to the Group's vehicle examination and REIT investments through short- and medium-term financing options.

DORUK GROUP
Wheat Imports

Ekspo Faktoring is also involved in providing financing to the food industry. This industry, which has a difficult production process by nature, requires highly efficient management processes from raw material procurement to end-product marketing. In 2010, Ekspo Faktoring provided financing for wheat imports for Doruk Group, one of Turkey's leading food companies and supported the company's production and sales chain. Through this support, Doruk Group was able to purchase wheat at a favorable price on the spot markets.

In the upcoming period, Ekspo Faktoring plans to offer a new product that will provide financing against the collateral of commodities at the warehouses of Turkish Grain Board.

Review of 2010 Operations

With its robust shareholders' equity of TL 74 million, the Company successfully provided its clients with numerous products and services in line with their financial requirements.

Ekspo Faktoring with a turnover of over US$ 735 million

Enjoying prestigious standing in the factoring sector where it has operated since 2000, Ekspo Faktoring is well known as a trustworthy institution among its clients and creditors. The Company maintains long-lasting, permanent relations with its clients based on mutual interests. As a result of this approach, the Company successfully pursues its sustainable growth.

Standing out with its solid capital structure, Ekspo Faktoring displayed profitable and efficient performance in 2010. With its robust shareholders' equity of TL 74 million, the Company successfully provided its clients with numerous products and services in line with their financial requirements. The Company considers its customers to be its business partners. Being assertive in financing both domestic and international trade, Ekspo Faktoring's total transaction volume comprises 88% domestic and 12% international transactions. The export volume of US$ 87,126 thousand attained in 2010 indicates the success of both Ekspo Faktoring and its export-oriented customers.

Membership in the world's largest factoring network, FCI

As a member of the world's largest factoring network, FCI since 2004, Ekspo Faktoring maintained close contacts with other member companies in 2010. Thus, it managed to extend its correspondent network and fund resources. 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 expanding international trade volume and to set a common standard in international factoring operations, Factors Chain International (FCI) accounts for 56% of the global factoring turnover. It is active in 67 countries with 247 members.

Criteria of membership in the FCI include a series of requirements to raise the bar among members, such as having a robust financial structure, high service standards and compliance with these criteria during membership. Ekspo Faktoring has fulfilled all of these criteria since the beginning of the membership process.

International connections strengthening corporate reputation

Ekspo Faktoring aims to boost its export and import financing volume in 2011 in parallel with the expected increase in the world trade volume. Thanks to its FCI membership, the Company can make use of its international connections in its activities of import and export financing. After its acceptance into FCI, the number of services and resources it provides to export customers, as well as the number of export customers and the international trade volume has soared. Via its FCI membership, the Company benefits from the worldwide correspondent factoring companies network for the international transactions of its customers. Among FCI member factoring companies, Ekspo Faktoring prefers to collaborate with those having the strongest financial structure and the highest service standards.

In 2010, Ekspo Faktoring's correspondent factoring companies continued to provide guarantee services, as well as financing those transactions under guarantee. Thanks to the funds generated through its strong correspondent network supported by FCI, Ekspo Faktoring was able to efficiently utilize its own resources in its domestic financing activities.

In 2010, Ekspo Faktoring's total export turnover is US$ 87 million. Out of this total, US$ 29 million corresponds to export factoring realized via correspondents.

Ekspo Faktoring aims to enhance its export and import financing volume in line with the expected rise in the volume of world trade in 2011. Ekspo Faktoring forges ahead toward this target with its strong correspondent network and constantly increasing funding resources. The Company's senior management visited international financial institutions and banks in 2010 and established collaborations to further reinforce its connections.

To further expand its international transactions and correspondent network in the period ahead, Ekspo Faktoring will speed up its efforts in this direction. In addition, the Company plans to participate in all FCI training and annual meetings with more employees, to strengthen relations and closely monitor developments in the international factoring sector.

International transactions

In 2010, Ekspo Faktoring ranked 11th in the sector with its export volume which stands at US$ 87 million.

The Company provides its export clients with guaranteed factoring products and services, with or without advance payment. In export factoring, clients' receivables are guaranteed through foreign correspondents. Accordingly, clients can enter new markets without taking risk.

Thanks to the inexpensive funding limits provided by Ekspo Faktoring through international resources, the Company's clients can immediately convert their receivables to cash and create liquidity. Thus, entering into new markets without guarantee and financing problems, the exporter strengthens its position compared to its competitors. Providing not only guarantee services but also inexpensive funding facilities for its clients, Ekspo Faktoring creates closer and stronger relations with them.

In today's environment where Turkish exporters face numerous challenges, the services Ekspo Faktoring provides constitute a very important financing method that creates a competitive edge.

In 2010, Ekspo Faktoring's total export turnover is US$ 87 million. Out of this total, US$ 29 million corresponds to export factoring realized via correspondents.

The sum of direct export transactions in 2010 is US$ 58 million corresponding to 67% of total export transactions.

Ekspo Faktoring ranks 11th among members of the Turkish Factoring Association in terms of export transactions. 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 target for 2011 is to give priority to import transactions via correspondents, further strengthening its position in the sector.

Review of 2010 Operations

Within the context of its international transactions, which constitute 12% of its turnover, Ekspo Faktoring provides a wide range of products and services including non-recourse export factoring, recourse export factoring, assignment of receivables under export letters of credit, import factoring under guarantee of foreign countries' export credit agencies and direct factoring.

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. If 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 4% of the Company's overall turnover in 2010.

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 8% of the Company's overall turnover in 2010.

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 be with or without recourse. These transactions constituted 2.9% of the Company's overall turnover in 2010.

Assignment of export receivables under accepted drafts (forfeiting)

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 debtor company's or guarantor's creditworthiness.

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 receive payment in cash by having these drafts discounted by international finance institutions or it can create funds via Ekspo Faktoring.

Foreign Countries' Export Credit Insurances

Within the context of foreign countries' export credit insurances, Ekspo Faktoring acts as a guarantor for buyer loans provided by the foremost banks of the world to Turkish companies importing raw materials. The limit of US$ 15 billion that Ekspo Faktoring obtained from the Ex-Im Bank of the United States, corresponds to 5% of the total USA-GSM limit provided to Turkey.

Direct factoring

In export and import transactions, Ekspo Faktoring provides guarantees 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 kind of transaction is made viable due to Ekspo Faktoring's strong financial standing, its creditworthiness and it acceptance as a bank in financial communities.

As of the end of 2010, the share of direct factoring transactions is 8% in Ekspo Faktoring's total transaction volume and 67% in its total export transactions.

Within the context of domestic transactions, Ekspo Faktoring provides several products, which are important for the markets, such as disclosed factoring, undisclosed factoring and assignment of collateralized receivables.

Domestic Transactions

Despite the effects of the global economic crisis that have partially continued, Ekspo Faktoring, with its extensive customer portfolio, which includes leading companies of many sectors, successfully maintained its growth pace in 2010. It attained a turnover of US$ 735 million as of year-end. Domestic transactions account for 88% of this total.

The main factor behind this successful performance is the Company's long standing domestic and international relations.

In 2010, Ekspo Faktoring added to its portfolio new firms active in diverse sectors thus ensuring that its risk is spread to a wider client basis. In addition, thanks to its customer oriented business approach, the Company expanded its product range in line with the new customers' needs.

Bridge financing, one of the important products recently devised by the Company, aims to finance the export or domestic sales contracts of the clients. With this product, 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 2010, Ekspo Faktoring realized all domestic factoring transactions on a recourse basis. In international transactions, US$ 29 million is non-recourse, whereas US$ 58 million is on recourse basis.

The Company, which strives to identify its clients' needs creating suitable solutions for them, developed a corporate structure above the sector average in customer relations management. Despite possible fluctuations in the real or financial sectors, the Company always considers the benefits of its customers focusing on transparency and consistency. Ekspo Faktoring takes these periods as an opportunity to know its clients better and enhance its experience in risk management.

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 based on trust since the Company's establishment, is that it offers liquidity and assurance to its clients in the same package. The Company offers guarantee and collection services in addition to financing.

Ekspo Faktoring focuses on expanding its product range together with effective marketing methods to enlarge the portfolio of clients operating in the domestic market.

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 open account receivables arising from 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 either by discounting the checks and notes or by making an advance payment on a revolving basis 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.

Internal Audit and Financial Control

In Ekspo Faktoring, the audit process comprises internal and external audits, which are conducted by experienced and specialized teams 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.

As of the end of 2010, the factoring sector comprises 76 companies; 65 of which are Factoring Association members. Since 2009, the Banking Regulation and Supervision Agency (BRSA) has diligently supervised the sector in accordance with recent regulations. It has been extremely conscientious in issuing new licenses. Within this context, BRSA issued a circular dated 8.7.2010 and imposed new controls on factoring transactions.

Because the factoring sector was placed under BRSA supervision on January 1, 2006, audit procedures have taken on greater significance for factoring companies. Since its foundation in 2000, the Company's recruitment of internal audit staff, along with its collaboration with independent audit companies have affirmed Ekspo Faktoring's commitment to auditing in the eye of the regulatory authorities.

The audit process includes internal and external audits, which are conducted by experienced and specialized teams 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 regularly report the necessary information to BRSA and Ministry of Finance and prepare two different financial statements in accordance with IFRS and BRSA.

The internal audit function ensures that Company carries out operations in accordance with the management strategies and policies and in the context of the existing factoring regulations in a coordinated, efficient and effective manner. Monitoring integration and reliability of accounting records and timely access to information in 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 governance 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.

The Financial Control Department controls the financial statements prepared according to IFRS and the Banking Regulation and Supervision Agency (BRSA). It generates the Non-bank Financial Institutions Oversight System reports, which are prepared for, and submitted to the Banking Regulation and Supervision Agency each 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 and 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 each month and deviations are calculated.

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.

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: Marketing, Operations, Treasury, 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. Further, 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 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 implements the Committee's decisions. Besides, the Department sets new checkpoints to improve the system and creates reports when necessary. In addition, to contributing to employees' professional and personal development, it identifies all training needs. It 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 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 all training organized by FCIB and the Factoring Association, shares essential points with the Company staff, informing them about compliance requirements and important issues.

Risk Management

While establishing its credit portfolio, Ekspo Faktoring acts very rigorously and selectively to ensure its asset quality, which is above the sector average.

Effective risk management is vitally important in constant and continuous growth for companies operating in the factoring sector. Ekspo Faktoring, which employs the most advanced technological infrastructure and up-to-date auditing methods in measuring its corporate risks, is an institutional benchmark in terms of efficient risk management strategies.

The relevant units within the Company regularly report analyses of credit risks and submit them to the management to support decision-making processes. Thus, these units take the lead in setting Company policies in line with the possible risks.

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

The Company classifies exposure within the framework of sector and group limits. In addition, it ensures that any individual risk does not exceed 10% of the shareholders' equity. Under some exceptional circumstances, this limit can be raised to a maximum of 20%, contingent on a management resolution.

In line with efficient risk management policies, Ekspo Faktoring avoids concentrating in any one industry to ensure an even distribution of risk. In accordance with a Board of Directors decision, it takes great care not to assume any risk of over 17% of total placements in a single sector. Also, the Company performs a sensitivity analysis when determining debtor limits and firmly avoids limit violations.

For Ekspo Faktoring, the solid evaluation of risks being in compliance with international standards has a key importance. In this context, 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 efficiency of risk monitoring. Adoption of a 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, Ekspo Faktoring uses the Central Bank's periodical Risk Centralization Report. In this new system, risks of existing customers are efficiently monitored and changes are worked through. The credit assessment of the companies, which apply for limit increase or a new line, 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.

While establishing its credit portfolio, Ekspo Faktoring acts very rigorously and selectively to ensure its asset quality, which is above the sector average. In this process, the Company benefits from the expertise of its Risk Assessment Department, composed of professionals competent in the latest financial analysis methods and techniques. The staff of the Department regularly participates in the training courses offered by professional training institutions on credit, financial analysis and market intelligence. The goal is to be informed of the latest developments in their field and to learn the newest techniques.

Ekspo Faktoring has a solid credit portfolio, as indicated by its non-performing loans which are approximately 1% of its total assets.

As one of the most important units of Ekspo Faktoring, the Risk Committee evaluates the companies that borrow from Ekspo Faktoring according to their financial status, sector conditions in addition to operational risks and market intelligence. The Committee meets twice weekly and evaluates client requests within a two-day timeframe. Additional committee meetings are held to handle matters requiring 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 constantly enhanced in terms of content and quality. This risk database is used not only for line allocation decisions, but also to devise and implement marketing strategies. Additionally, the database contains detailed and complementary information such as that given by correspondents as well as payment patterns and check-honoring performances.

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

Ekspo Faktoring has the lowest non-performing loan ratio in the sector. While this ratio is 4% in the sector and 9% when the bank-owned companies are excluded, it is 1% in Ekspo Faktoring. Another one of Ekspo Faktoring's advantages is its indebtedness ratio. Compared to the competition, this figure is significantly low and points to the Company's success in risk management.

Corporate Governance

In all levels of its work processes, acting with the awareness and responsibility of being a corporate entity, Ekspo Faktoring provides its employees with professional and cultural training.

Human Resources

One of the primary factors in Ekspo Faktoring's competitive edge in the sector is its qualified human resources. The Company's core staff comprises professionals with banking sector experience and specialization in various finance sector fields. Thanks to the strength of this team, Ekspo Faktoring is totally prepared against possible fluctuations and potential risks in the sector. As of year-end 2010, Ekspo Faktoring had 30 employees. The Human Resources Department is responsible for various fields ranging from orientation of new employees to professional training programs.

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.

By utilizing its human resources efficiently, Ekspo Faktoring focuses on providing qualified services to as many clients as possible. In marketing and advertising, the Company reaches customers directly via its own marketing personnel instead of using professional channels such as advertisements and publicity campaigns. In managing customer relations, the Company aims to stand out with its human resources. Thus, it provides regular training to all employees from the personnel of Finance Department to the Marketing Team. Thanks to training programs provided by the financial sector's leading and most experienced institutions, Ekspo Faktoring aims to expand its client portfolio and increase the customer satisfaction.

Corporate Structure

In all levels of its work processes, Ekspo Faktoring acts with an awareness and with the responsibility of being a corporate entity. Thanks to the corporate governance approach adopted by all of the organization's units, the Company ensures the sustainability of its activities focused on profitability and productivity.

The Company's strategic approach in corporate governance is also confirmed by the high ratings assigned by international rating agencies. Ekspo Faktoring is the first factoring company to be graded by Moody's. In addition, it is audited by two independent companies every year. The companies are changed every five years to ensure that transparency is sustained.

Ekspo Faktoring has various criteria when recruiting staff, such as possessing a university degree, foreign language competency, experience and proficiency in the banking sector. Employees joining the Company are trained in professional 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.

www.ekspofaktoring.com, Ekspo Faktoring's corporate website, enables the clients to view their checks in collection, account statements, outstanding balances and other information they want to instantly obtain online.

In line with the higher importance given to transparency and consistency in the financial sector, BRSA recommends that all financial institutions regularly report their balance sheets on their websites. Ekspo Faktoring has disclosed its balance sheet each quarter since its foundation. Additionally, following the bond issue in 2010, the Company publishes its financial tables on the Public Disclosure Platform quarterly.

Ekspo Faktoring has an effective organizational structure, which elevates it to a prominent position in the sector. This structure enables the Company to execute its operations efficiently, quickly and effectively. Combining these advantages with its technological infrastructure, Ekspo Faktoring has succeeded in further increasing its competitive edge.

Information Technologies

Ekspo Faktoring, focusing on effective and fast client services, targets to improve its service quality and attaches utmost importance toward strengthening its technological infrastructure. 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, this center's hardware and software development initiatives were undertaken.

Ekspo Faktoring uses a factoring software package, Facto 2000, produced in line with daily requirements, 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 face of Ekspo Online on internet:

www.ekspofaktoring.com.

Ekspo Faktoring's corporate website, www.ekspofaktoring.com, enables the clients to view their checks in collection, account statements, outstanding balances and other information they want to instantly obtain online.

As a novelty in the sector, Ekspo Faktoring put check viewing system into effect via its corporate website. Thus, 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 to serve its clients according to the highest standards. In order to provide its customers with easier and more efficient services, the Company plans to renew its corporate website in the forthcoming period.

Considering the value added created by the investments in information technologies, the Company will focus on heightened security internet walls, higher internet connection speeds and virtual servers in the coming future.

Ekspo Faktoring Anonim Şirketi

Financial Statements
As at 31 December 2010
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi
11 March 2011
This report includes 1 page of independent auditors' report and 33 pages of financial statements and notes to the financial statements.

Ekspo Faktoring Anonim Şirketi

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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 financial position as at 31 December 2010, 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 audit 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 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

11 March 2011
Istanbul, Turkey

KPMG Akis Bağımsız Denetim ve SMMM A.Ş.

Ekspo Faktoring Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2010

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

	Notes	31 December 2010	31 December 2009
Assets			
Cash and cash equivalents	10	157,588	821,087
Derivative assets	21	69,013	56,447
Factoring receivables	11	220,993,876	149,324,272
Other assets	12	145,320	124,527
Assets held for sale	13	486,703	486,703
Investment property	14	724,997	741,631
Property and equipment	15	1,136,232	1,067,941
Intangible assets	16	29,074	26,591
Deferred tax assets	9	251,682	-
Total assets		**223,994,485**	**152,649,199**
Liabilities			
Loans and borrowings	17	127,537,157	82,443,169
Debt securities issued	18	20,403,989	-
Derivative liabilities	21	63,366	10,554
Factoring payables	19	76,701	801,646
Other liabilities	20	419,653	5,514,414
Income taxes payable	9	814,258	881,238
Reserve for employee severance payments	22	178,445	134,740
Other provisions	23	162.536	-
Deferred tax liabilities	9	-	220,975
Total liabilities		**149,656,105**	**90,006,736**
Equity			
Share capital	24	40,000,000	40,000,000
Adjustment to share capital	24	279,326	279,326
Legal reserves	24	6,070,877	5,282,439
Retained earnings	24	27.988.177	17,080,698
Total shareholders' equity		**74,338,380**	**62,642,463**
Total equity and liabilities		**223,994,485**	**152,649,199**
Commitments and contingencies	26		

The notes on pages 55 to 83 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Comprehensive Income

For the year ended 31 December 2010

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

	Notes	31 December 2010	31 December 2009
Factoring interest income		25,959,063	26,270,483
Factoring commission income		5,174,345	6,651,542
Factoring commission expense		(202,565)	(235,557)
Income from factoring operations		**30,930,843**	**32,686,468**
Interest expense on bank borrowings		(9,228,972)	(7,461,308)
Interest expense on debt securities issued		(403,989)	-
Foreign exchange gains, net		234,151	807,830
Provision for impaired factoring receivables, net of recoveries	11	348,374	641,532
Income after interest expense, foreign exchange gains and provision for impaired factoring receivables		**21,880,407**	**26,674,522**
Interest income other than on factoring operations	5	230	79,992
Operating profit		**21,880,637**	**26,754,514**
Salaries and employee benefits	7	(4,612,534)	(3,976,196)
Administrative expenses	8	(2,008,032)	(1,691,518)
Other provision expense		(162,536)	-
Depreciation and amortisation expenses	14,15 and 16	(235,812)	(233,473)
Other operating income	6	161,264	65,338
Profit before income taxes		**15,022,987**	**20,918,665**
Income tax expense	9	(3,327,070)	(4,210,404)
Profit for the year		**11,695,917**	**16,708,261**
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		**11,695,917**	**16,708,261**

The notes on pages 55 to 83 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Changes in Equity

For the year ended 31 December 2010

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

	Notes	Share Capital	Adjustment to Share Capital	Legal Reserves	Retained Earnings	Total Equity
1 January 2009		**40,000,000**	**279,326**	**3,255,887**	**15,727,966**	**59,263,179**
Transfer to legal 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	**24**	**40,000,000**	**279,326**	**5,282,439**	**17,080,698**	**62,642,463**
Transfer to legal reserves		-		788,438	(788,438)	-
Dividend paid		-	-	-	-	-
Net profit for the year		-	-	-	11,695,917	11,695,917
31 December 2010	**24**	**40,000,000**	**279,326**	**6,070,877**	**27,988,177**	**74,338,380**

The notes on pages 55 to 83 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2010

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

	Notes	31 December 2010	31 December 2009
Cash Flows From Operating Activities:			
Net profit for the year		11,695,917	16,708,261
Components of net profit not generating or using cash			
Depreciation and amortisation	14, 15 and 16	235,812	233,473
Gain on sale of property and equipment		19,322	(16,609)
Provision for employee severance payments	22	66,766	71,505
Other expense/(income) accruals		2,255,398	(1,790,857)
Provision for deferred and income taxes	9	3,327,070	4,210,404
Provision for impaired factoring receivables	11	-	354,213
Changes in fair value of currency swap contracts	25	(5,647)	(45,893)
			-
Changes in operating assets and liabilities			
Factoring receivables and payables		(74,998,321)	(39,582,458)
Prepayments for current assets		(20,773)	58,024
Other liabilities		3,865,391	4,089,958
Employee severance paid	22	(23,061)	(20,399)
Taxes paid	9	(2,985,469)	(3,164,855)
Interest paid		(9,324,172)	(6,198,136)
Recoveries of impaired factoring receivables	11	348,374	995,745
Net cash used in operating activities		**(65,543,393)**	**(24,097,624)**
Investing Activities:			
Acquisition of property and equipment	15	(297,695)	(80,661)
Acquisition of intangible assets	16	(11,579)	(27,574)
Proceeds from sale of property and equipment		-	17,000
Net cash used in investing activities		**(309,274)**	**(91,235)**
Financing Activities:			
Proceeds from/(Repayment of) bank borrowings		65,189,188	31,487,214
Dividends paid		-	(13,328,977)
Net cash provided by/(used in) financing activities		**65,189,188**	**18,158,237**
Effect of changes in foreign currency rates over cash and cash equivalents		(20)	10
Net increase/(decrease) in cash and cash equivalents		**(663,499)**	**(6,030,612)**
Cash and cash equivalents at 1 January		**821,087**	**6,851,699**
Cash and cash equivalents at 31 December	**10**	**157,588**	**821,087**

The notes on pages 55 to 83 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

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Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

(Currency: Turkish Lira ["TRY"] 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 2nd 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-Istanbul/Türkiye.

The Company has 31 employees as at 31 December 2010 (2009: 32 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 financial statements of the Company as at and for the year ended 31 December 2010 were authorized for issue by the Board of Directors on 11 March 2011. 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 judgements

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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

2 Basis of preparation *(Continued)*

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

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

- Note 4 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 Property and equipment
- Note 16 Intangible assets
- Note 21 Derivative financial instruments
- Note 22 Provision for employee severance indemnity
- Note 26 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 reporting date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

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

(b) Foreign currency transactions

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

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

	2010	2009
USD	1.5460	1.5057
Euro	2.0491	2.1603
GBP	2.3886	2.3892
CHF	1.6438	1.4492

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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

3 Significant accounting policies *(Continued)*

(c) Financial Instruments

(i) Non-derivative financial instruments

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

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 amortised 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 and other assets

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. Other assets which are short-term are carried at cost subsequent to initial recognition.

Borrowings and debt securities

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

Other

Other assets and other liabilities are measured at cost.

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3 Significant accounting policies *(Continued)*

(c) Financial Instruments *(Continued)*

(ii) Derivative financial instruments

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

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates, as estimated based on the available quoted market rates prevailing at the reporting date. All unrealized gain and losses on these instruments are included in the statement of comprehensive income.

(iii) Share capital

Ordinary shares

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

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

(d) Investment property

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

(e) Assets held for sale

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

(f) Property and equipment

(i) Recognition and measurement

Items of property and equipment 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 property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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3 Significant accounting policies *(Continued)*

(f) Property and equipment *(Continued)*

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

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

Furniture and fixtures	5 years
Motor vehicles	5 years

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

(g) Intangible assets

Intangible assets represent computer software licenses and rights. Intangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29, less accumulated amortisation, and impairment losses. Intangible assets acquired after 31 December 2005 are measured at cost, less accumulated amortisation, and impairment losses. Amortisation is charged to the statement of comprehensive income 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 amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

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 statement of comprehensive income. 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 statement of comprehensive income to the extent that the impairment loss in respect of a financial asset was not recognized in the previous year.

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3 Significant accounting policies *(Continued)*

(h) Impairment *(Continued)*

(ii) Non-financial assets

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

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

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 2010	31 December 2009
Discount rate	4.66%	5.92%
Expected salary/limit increase	5.10%	4.80%
Expected severance payment benefit ratio	95.00%	96.00%

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3 Significant accounting policies *(Continued)*

(i) Employee benefits *(Continued)*

(ii) Short-term benefits

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

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

(j) Provisions

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

(k) Offsetting

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

(l) Related parties

For the purpose of the 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 and interest income from time deposits calculated using the effective interest rate method.

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

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3 Significant accounting policies *(Continued)*

(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 reporting 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 "Financial Instruments", which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of the financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

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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 2010	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	69,013	-	69,013
	-	**69,013**	**-**	**69,013**
Derivative financial liabilities	-	63,366	-	63,366
	-	**63,366**	**-**	**63,366**

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.

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

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

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4 Determination of fair values *(Continued)*

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

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	157,588	157,588	821,087	821,087
Factoring receivables	220,993,876	220,993,876	149,324,272	149,324,272
Other assets	145,320	145,320	124,527	124,527
Financial liabilities				
Bank borrowings	127,537,157	127,537,157	82,443,169	82,443,169
Debt securities	20,403,989	20,403,989	-	-
Factoring payables	76,701	76,701	801,646	801,646
Other liabilities	419,653	419,653	5,514,414	5,514,414

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:

	2010	2009
Interest income on bank deposits	230	79,992
	230	**79,992**

6 Other operating income

For the year ended 31 December 2010, other operating income comprised of rent income and gain on sale of property and equipment amounting to TL 45,644 (2009: TL 48,729) and TL 115,620 (2009: TL 16,609), respectively.

7 Personnel expenses

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

	2010	2009
Salary expenses	3,407,759	3,325,311
Bonus expenses	568,019	-
Social security premium employer's share	254,789	236,770
Insurance expenses	96,949	137,118
Transportation expenses	89,985	85,006
Meal expenses	88,947	94,431
Provision for/(recoveries of) employee severance payments	66,766	71,505
Unemployment security employer's share	22,474	20,972
Training expense	11,681	404
Others	5,165	4,679
	4,612,534	**3,976,196**

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8 Administrative expenses

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

	2010	2009
Rental expenses	381,015	395,980
Consultancy expenses	377,884	264,203
Travel expenses	227,362	200,751
Accommodation expenses	135,665	106,627
Vehicle expenses	116,346	69,600
Donations	101,050	1,550
Communication expenses	78,185	74,774
Taxes and duties other than on income	70,398	49,275
IT related expenses	56,665	55,148
Utilities	54,806	35,274
Advertising expenses	50,878	50,989
Repair and maintenance expenses	45,389	53,539
Subscription fees	41,330	52,071
Stationery expenses	29,125	20,886
Others	241,934	260,851
	2,008,032	**1,691,518**

9 Taxation

As at 31 December 2010, corporate income tax is levied at the rate of 20% (2009: 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 which are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

Under the Turkish taxation system, tax losses can be carried forward 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.

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9 Taxation *(Continued)*

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:

	2010		2009	
	Amount	%	Amount	%
Reported profit before income taxes	15,022,987		20,918,665	
Taxes on reported profit per statutory tax rate	(3,004,597)	20	(4,183,733)	20
Permanent differences:				
Non-taxable expenses	(75,530)	-	-	-
Non-taxable income	3,000	-	(26,671)	-
Tax correction of the prior year	(249,943)	-	-	-
Income tax expense	**(3,327,070)**	**22**	**(4,210,404)**	**20**

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

	2010	2009
Current tax expense	3,799,727	4,046,093
Deferred tax expense	(472,657)	164,311
Income tax expense	**3,327,070**	**4,210,404**

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

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

	2010	2009
Taxes on income	3,799,727	4,046,093
Less: Corporation taxes paid in advance	(2,985,469)	(3,164,855)
Income taxes payable	**814,258**	**881,238**

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9 Taxation *(Continued)*

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.

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

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Provision for employee severance indemnity	35,689	-	26,948	-
Impaired factoring receivables	-	-	-	177,375
Unearned interest income	268,373			
Property and equipment, and intangible assets	-	51,250	-	56,744
Derivative financial instruments	-	1,130	-	9,178
Loans and borrowings	-	-	-	4,626
Total DTA and DTL	**304,062**	**52,380**	**26,948**	**247,923**

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

	2010			2009		
	Gross	Offsetting	Net	Gross	Offsetting	Net
DTA	304,062	(52,380)	251,682	26,948	(26,948)	-
DTL	(52,380)	52,380	-	(247,923)	26,948	(220,975)
DTA/(DTL), net	**251,682**	**-**	**251,682**	**(220,975)**	**-**	**(220,975)**

10 Cash and cash equivalents

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

	2010	2009
Demand deposits at banks	155,763	820,344
Cash on hand	1,825	743
Total cash and cash equivalents	**157,588**	**821,087**

As at 31 December 2010, there is not any blockage on bank deposits (31 December 2009: None).

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11 Factoring receivables

At 31 December, factoring receivables comprised the following:

	2010	2009
Domestic factoring receivables	220,049,711	143,921,123
Export and import factoring receivables	3,535,748	6,652,866
Impaired factoring receivables	2,998,992	3,347,366
Factoring receivables, gross	226,584,451	153,921,355
Unearned factoring interest income	(2,591,583)	(1,249,717)
Allowance for impaired factoring receivables	(2,998,992)	(3,347,366)
Factoring receivables	**220,993,876**	**149,324,272**

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

	2010	2009
Customer notes and cheques obtained as collateral	348,133,213	286,127,557
Mortgages	1,929,460	1,996,180
Letters of guarantee	27,825	-
Total	**350,090,498**	**288,123,737**

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

	2010	2009
Balance at the beginning of the year	3,347,366	3,988,898
Provision for the year	-	354,213
Recoveries during the year	(348,374)	(995,745)
Balance at the end of the year	**2,998,992**	**3,347,366**

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

	2010	2009
Overdue 1 to 3 months	-	31,508
Overdue 3 to 6 months	-	3,989
Overdue 6 to 12 months	-	293,716
Overdue over 1 year	2,998,992	3,018,153
	2,998,992	**3,347,366**

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12 Other assets

As at 31 December, other assets are as follows:

	2010	2009
Prepaid expenses (*)	143,774	123,021
Others	1,546	1,506
	145,320	**124,527**

Prepaid expenses include participation fee paid to the Banking Regulatory Supervisory Agency (BRSA) amounting TL 10,900 and TL 12,000 as at 31 December 2010 and 2009, respectively, and insurance expenses that will be utilized in the subsequent months.

13 Assets held for sale

As at 31 December 2010, assets classified as held for sale consists of two flats obtained in lieu of impaired factoring receivables, amounting TL 486,703 (2009: TL 486,703).

14 Investment property

Movement of investment property and related accumulated depreciation during the year ended 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	31 December 2010
Cost				
Buildings	831,731	-	-	831,731

	1 January 2010	Current year charge	Disposals	31 December 2010
Less: Accumulated Depreciation				
Buildings	90,100	16,634	-	106,734
Net carrying value	**741,631**			**724,997**

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**

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 Property and equipment

Movement of property and equipment and related accumulated depreciation during the year ended 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	31 December 2010
Cost				
Motor vehicles	1,010,142	152,750	(405,739)	757,153
Furniture and fixtures	449,479	73,501	-	522,980
Leasehold improvements	321,755	-	-	321,755
Others (*)	751,378	71,444	-	822,822
Total cost	**2,532,754**	**297,695**	**(405,739)**	**2,424,710**

	1 January 2010	Current year charge	Disposals	31 December 2010
Less: Accumulated depreciation				
Motor vehicles	850,269	75,363	(386,417)	539,215
Furniture and fixtures	358,032	100,419	-	458,451
Leasehold improvements	256,512	34,300	-	290,812
Total accumulated depreciation	**1,464,813**	**210,082**	**(386,417)**	**1,288,478**
Net carrying value	**1,067,941**			**1,136,232**

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

Movement of property and equipment 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**

As at 31 December 2010, total amount of insurance on property and equipment are TL 1,346,024 (31 December 2009: TL 1,509,520) and total amount of insurance premium on property and equipment are TL 10,349 (31 December 2009: TL 13,576). As at 31 December 2010 and 2009, there is no pledge on property and equipment.

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16 Intangible assets

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	31 December 2010
Cost				
Rights	128,667	11,579	-	140,246

	1 January 2010	Additions	Disposals	31 December 2010
Less: Accumulated Amortisation				
Rights	102,076	9,096	-	111,172
Net carrying value	**26,591**			**29,074**

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 2009	Additions	Disposals	31 December 2009
Less: Accumulated Amortisation				
Rights	93,315	8,761	-	102,076
Net carrying value	**7,778**			**26,591**

As at 31 December 2010 and 2009, the Company does not have any internally generated intangible assets.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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17 Loans and borrowings

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

	2010			
			TL amount	
	Original Amount	Nominal Interest Rate (%) (*)	Up to 1 year	1 year and over
TL	120,224,817	3.30-8.13	120,224,817	-
USD	2,670,703	4.29	4,128,906	-
EUR	1,553,575	3.81	3,183,434	-
CHF	-	-	-	-
Total			**127,537,157**	**-**

	2009			
			TL amount	
	Original Amount	Nominal Interest Rate (%) (*)	Up to 1 year	1 year and over
TL	74,591,054	7.29-13.45	74,591,054	-
EUR	3,075,107	7.51	6,643,153	-
USD	782,785	4.49	1,178,639	-
CHF	20,924	6.56	30,323	-
Total			**82,443,169**	**-**

(*) These rates represent the average nominal interest rates of outstanding borrowings with fixed and floating rates at 31 December 2010 and 2009.

18 Debt securities issued

The Company has issued floating rate debt securities amounting to TL 20,000,000 at 21 October 2010 with 2 years maturity and six-months period interest payment. As at 31 December 2010, debt securities are as follows:

	2010					
	Currency	Maturity	Interest type	Interest rate (*)	Nominal value	Carrying value
Debt securities	TL	2012	Floating (**)	5.12%	20,000,000	20,403,989
						20,403,989

(*) Represents the semi-annual interest rate applicable for the first coupon payment term.
(**) The "Benchmark Interest" that will constitute the base of the interest rate of the Security will be the weighted arithmetic mean of the longest number of days to maturity zero coupon government bond's last 5 business days that has presented at Istanbul Stock Exchange Bills Market Outright Purchases and Sales Market issued by the Treasury. The same procedure will be repeated to present the "Benchmark Interest" on each coupon payment day and the valid Coupon Interest Rate will constitute the base of the next coupon payment. The Coupon Interest Rate will be calculated by adding 2.70% additional rate of return per annum to the "Benchmark Interest Rate".

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2010

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

19 Factoring payables

As at 31 December, factoring payables comprised the following:

	2010	2009
Domestic factoring payables	76,701	801,646
	76,701	**801,646**

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

20 Other liabilities

As at 31 December, other liabilities comprised the following:

	2010	2009
Taxes and duties other than on income	275,811	1,041,495
Trade payables to vendors	104,394	106,720
Social security payables	39,448	38,019
Payable to shareholders	-	4,328,180
	419,653	**5,514,414**

21 Derivative assets and derivative liabilities

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

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

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

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Currency swap purchases and sales	69,013	(63,366)	56,447	(10,554)
	69,013	**(63,366)**	**56,447**	**(10,554)**

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22 Provision for employee severance indemnity

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 2,517 at 31 December 2010 (2009: TL 2,365) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

	2010	2009
Balance at the beginning of the year	134,740	83,634
Paid during the year	(23,061)	(20,399)
Increase during the year	66,766	71,505
Balance at the end of the year	**178,445**	**134,740**

23 Other provisions

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

	2010	2009
Tax dispute provision	162,536	-
Total	**162,536**	**-**

In year 2009, tax inspections covering the whole factoring sector on accounting period of year 2008 has been initiated by The Revenue Administration Department of Ministry of Finance of the Turkish Republic. It is stated that the inspections are carried out in accordance with current tax regulations. Based on the inspections on the accounts of factoring companies, since the principal of unearned revenue that is recorded under unearned revenue account in accordance with "Regulation on Uniform Chart of Accounts and Form and Content of Financial Statements for Leasing, Factoring and Financing Companies", which became effective after announcement in Official Gazzette dated 17 May 2007 and numbered 26525 and provision for impaired factoring receivables arising from factoring transactions at either law-suit or execution stage have not been recorded as revenue, they have been subjected to critics and tax has been levied on them and a penalty for loss of tax has been let-off. In this context, the Company has also been subject to inspection and related assessments have been declared. With regard to the mentioned assessment, "settlement" has been requested from tax authorities by the Company management and the Company has recorded a provision based on its estimations amounting to TL 162,536 in the accompanying financial statements.

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24 Equity

24.1 Paid-in capital

At 31 December 2010, the Company's nominal value of authorized and paid-in share capital amounts to TL 40,000,000 (2009: TL 40,000,000) comprising 40,000,000 (2009: 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:

	2010		2009	
	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**

24.2 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 6,070,877 (historical) at 31 December 2010 (2009: TL 5,282,439 (historical)).

25 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 authorisation limits. The Credit Risk Committee meets every week regularly and performs credit evaluations. The Company has early warning controls with respect to the monitoring of on-going credit risks and the Company regularly performs scoring of the creditworthiness of the customers. A special software program has been developed to monitor the credit risk of the Company.

Ekspo Faktoring Anonim Şirketi

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

25 Risk management disclosures *(Continued)*

Counter party credit risk *(Continued)*

At 31 December 2010, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	2010	%	2009	%
Textiles	38,208,073	17	29,843,416	20
Construction	32,627,094	15	22,531,779	15
Tourism	25,038,164	11	21,785,694	14
Food and beverages and tobacco	22,159,056	10	7,684,680	5
Mining	16,774,319	8	9,997,544	7
Automotive	13,150,241	6	6,714,769	5
Rubber and plastic goods	12,809,910	6	3,730,427	3
Iron, steel and coal	10,697,651	5	7,759,288	5
Computer and computer equipments	9,105,169	4	-	-
Transportation	7,380,532	3	3,431,993	2
Machinery and equipment	6,605,286	3	13,578,754	10
Wood and wooden products	6,409,043	3	3,506,601	2
Agriculture and ranching	4,818,992	2	1,939,822	1
Retail	4,518,662	2	5,371,815	3
Cultural, recreational and sports activities	3,162,201	1	7,610,071	5
Chemicals and pharmaceuticals	2,451,043	1	2,089,039	2
Financial services	1,867,398	1	-	-
Electrical equipments	183,425	1	149,217	-
Others	3,027,617	1	1,599,363	1
	220,993,876	**100**	**149,324,272**	**100**

Market 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. 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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25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Interest rate risk *(Continued)*

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

	2010			2009			
	USD (%)	EUR (%)	TL (%)	USD (%)	EUR (%)	CHF (%)	TL (%)
Assets							
Factoring receivables	8.50	7.58	12.23	11.50	9.93	-	19.09
Liabilities							
Loans and borrowings	4.29	3.81	7.35	4.49	7.51	6.56	8.37
Debt securities (*)	-	-	5.12	-	-	-	-

(*) The first coupon payment interest rate for the six-month period

Interest rate profile:

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

	Carrying Amount	
Fixed rate instruments	**2010**	**2009**
Factoring receivables	118,973,874	64,665,101
Loans and borrowings	48,351,293	74,591,054
Variable rate instruments		
Factoring receivables	102,020,002	84,659,171
Loans and borrowings	79,185,864	7,852,115
Debt securities	20,403,989	-

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Notes to the Financial Statements

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

25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

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
2010		
Variable rate instruments	28,714	(28,714)
2009		
Variable rate instruments	769,003	(769,003)

Foreign currency risk

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

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

	2010	2009
A. Foreign currency monetary assets	18,590,384	7,748,053
B. Foreign currency monetary liabilities	(19,449,420)	(7,869,293)
C. Off balance sheet net notional position	-	(592,869)
Net foreign currency position (A+B+C)	**(859,036)**	**(714,109)**

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

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25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Foreign currency risk *(Continued)*

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

	2010				
	USD	Euro	GBP	Other Currencies	Total
Foreign currency monetary assets					
Cash and cash equivalents	-	349	17,617	-	17,966
Factoring receivables	8,683,006	5,735,162	4,152,704	-	18,570,872
Other assets	1,546	-	-	-	1,546
Total foreign currency monetary assets	**8,684,552**	**5,735,511**	**4,170,321**	**-**	**18,590,384**
Foreign currency monetary liabilities					
Loans and borrowings	9,284,142	6,047,648	4,060,620	-	19,392,410
Factoring payables	-	32,432	-	-	32,432
Other payables	704	17,998	5,876	-	24,578
Total foreign currency monetary liabilities	**9,284,846**	**6,098,078**	**4,066,496**	**-**	**19,449,420**
Net on balance sheet position	**(600,294)**	**(362,567)**	**103,825**	**-**	**(859,036)**
Off balance sheet net notional position	-	-	-	-	-
Net position	**(600,294)**	**(362,567)**	**103,825**	**-**	**(859,036)**

	2009				
	USD	Euro	GBP	Other Currencies	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
Other 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
Factoring 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)**

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25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Foreign currency sensitivity analysis:

Depreciation of TL by 10% against the other currencies as at 31 December 2010 and 2009 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, as at 31 December 2010 and 2009 remain constant.

TL	2010	2009
	Profit/(Loss)	Profit (Loss)
USD	(60,029)	(88,393)
Euro	(36,257)	15,502
GBP	10,383	1,295
Other currencies	-	185
Total	**(85,903)**	**(71,411)**

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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25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Liquidity risk *(Continued)*

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

			31 December 2010			
	Carryins amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	**148,122,241**	**152,107,223**	**111,712,400**	**18,352,434**	**22,042,389**	**-**
Loans and borrowings	127,537,157	127,835,739	111,531,305	16,304,434	-	-
Debt securities	20,403,989	24,090,389	-	2,048,000	22,042,389	-
Factoring payables	76,701	76,701	76,701	-	-	-
Other liabilities	104,394	104,394	104,394	-	-	-
Derivative financial liabilities	**5,647**	**5,664**	**5,664**	**-**	**-**	**-**
Inflow	69,013	70,177	70,177	-	-	-
Outflow	(63,366)	(64,513)	(64,513)	-	-	-

			31 December 2010			
	Carryins amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	**87,679,715**	**88,493,001**	**69,249,736**	**19,243,265**	**-**	**-**
Loans and borrowings	82,443,169	83,256,455	68,341,370	14,915,085	-	-
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)	-	-	-

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Notes to the Financial Statements

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25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

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 2010.

26 Commitments and contingencies

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

Letters of guarantee	2010	2009
Given to legal courts	27,825	314,988
Given to others	-	-
	27,825	**314,988**

As at 31 December 2010, the Company has given cheques and notes amounting to TL 187,292,971 (2009: TL 122,354,513) as collateral against the bank borrowings.

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

		2010		2009	
		Foreign currency	TL	Foreign currency	TL
Currency swap purchases					
	USD	1,088,100	1,682,203	380,000	572,166
	TL	2,709,500	2,709,500	2,166,281	2,166,281
	EUR	524,828	1,075,425	424,965	918,052
Total purchases			**5,467,128**		**3,656,499**

		2010		2009	
		Foreign currency	TL	Foreign currency	TL
Currency swap sales					
	USD	1,088,100	1,682,203	773,750	1,165,035
	TL	2,703,835	2,703,835	1,531,603	1,531,603
	EUR	524,828	1,075,425	424,965	918,052
Total sales			**5,461,463**		**3,614,690**

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27 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 2010	31 December 2009
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**

	2010	2009
General administrative expenses		
M. Semra Tümay (rental expense)	361,702	371,774
	361,702	**371,774**

Total benefit of key management for the years ended 31 December 2010 and 2009 amounted to TL 2,353,865 and TL 3,051,337, respectively.

28 Events after the reporting period

According to the Ordinary General Assembly held on 1 February 2010, TL 3,000,000 of net profit of 2009 is decided to be distributed to shareholders. The Board of Directors decided to distribute the profits to the shareholders in proportion to their shares and the profit was distributed on 7 February 2011. The Ordinary General Assembly decided to transfer TL 629,013 of the profit to First Legal Reserves.

On 18 February 2011, Savings Deposits Insurance Fund (SDIF) took over the management and control of the Company and appointed Board of Directors and Audit Committee Members according to the Article 134 of the Banking Act No. 5411. As a result of negotiations with SDIF, the Company's shareholders' rights have been decided to be given back to the shareholders, the management and control of the Company have been decided to be given back to the previous management before 18 February 2011 by SDIF Board's Decision No: 2011/70 dated 3 March 2011.

Management

Murat Tümay	General Manager
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
Hande Uludağ	Assistant Manager, Risk Assessment
Sinem Ersöz	Supervisor, International Operations

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