KPMG

Ekspo Faktoring Anonim Şirketi

Financial Statements
31 December 2008
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

6 March 2009

This report includes 1 page of independent auditors' report and 28 pages of financial statements together with its explanatory notes.

Ekspo Faktoring Anonim Şirketi

Table of Contents

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Independent Auditors' Report

To the Board of Directors of
Ekspo Faktoring Anonim Şirketi

Report on the financial statements
We have audited the accompanying financial statements of Ekspo Faktoring Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the the Company as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Akis Bağımsız Denetim ve SMMM AŞ

6 March 2009
İstanbul, Turkey

Ekspo Faktoring Anonim Şirketi

Balance Sheet

As at 31 December 2008

(Currency: New Turkish Lira ("TRY") unless otherwise stated)

	Notes	2008	2007
Assets			
Cash and cash equivalents	8	6,852,391	253,045
Factoring receivables	9	110,147,945	122,355,259
Prepayments for current assets	10	182,561	127,686
Assets held for sale	11	486,703	-
Investment property	12	758,265	774,899
Property and equipment	13	1,195,749	1,314,040
Intangible assets	14	7,778	14,321
Total assets		**119,631,392**	**124,839,250**
Equity			
Share capital	19	40,279,326	32,779,326
Reserves	19	3,255,887	2,422,215
Retained earnings	19	15,727,966	12,397,504
Total shareholders' equity		**59,263,179**	**47,599,045**
Liabilities			
Loans and borrowings	15	58,417,263	75,968,011
Factoring payables	16	386,196	-
Other liabilities	17	646,181	527,052
Income taxes payable	7	778,275	601,706
Reserve for employee severance payments	18	83,634	94,235
Deferred tax liabilities	7	56,664	49,201
Total liabilities		**60,368,213**	**77,240,205**
Total equity and liabilities		**119,631,392**	**124,839,250**
Commitments and contingencies	21		

The notes on pages 5 to 28 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Income Statement

For the Year Ended 31 December 2008

(Currency: New Turkish Lira ("TRY") unless otherwise stated)

	Notes	*2008*	*2007*
Factoring interest income		34,169,790	26,996,225
Factoring commission income		6,915,714	6,573,778
Factoring commission expense		(265,094)	(420,568)
Income from factoring operations		**40,820,410**	**33,149,435**
Interest and commission expense on loans and borrowings		(14,965,151)	(11,915,861)
Foreign exchange gains, net		777,204	517,162
Provision for impaired factoring receivables	*9*	(1,426,986)	(881,645)
Income after interest and commission expense, foreign exchange gains and provision for impaired factoring receivables		**25,205,477**	**20,869,091**
Interest income other than factoring operations		307,072	948
Administrative expenses	*5*	(1,569,495)	(1,389,416)
Salaries and employee benefits	*6*	(4,330,448)	(3,921,653)
Depreciation and amortisation expenses	*12,13 and 14*	(291,393)	(322,099)
Operating profit		**19,321,213**	**15,236,871**
Other income		45,672	46,790
Profit before income taxes		**19,366,885**	**15,283,661**
Income tax expense	*7*	(3,891,394)	(3,079,436)
Net profit for the year		**15,475,491**	**12,204,225**

The notes on pages 5 to 28 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Changes in Equity

For the Year Ended 31 December 2008

(Currency: New Turkish Lira ("TRY") unless otherwise stated)

	Notes	*Share Capital*	*Legal Reserves*	*Retained Earnings*	*Total Equity*
Balances as at 31 December 2006	*19*	25,279,326	1,845,680	10,149,575	37,274,581
Transfers		-	-	-	-
Share capital increase		7,500,000	-	(7,500,000)	-
Dividends paid		-	576,535	(2,456,296)	(1,879,761)
Net profit for the year		-	-	12,204,225	12,204,225
Balances as at 31 December 2007	*19*	32,779,326	2,422,215	12,397,504	47,599,045
Transfers		-	-	-	-
Share capital increase		7,500,000	-	(7,500,000)	-
Dividends paid		-	833,672	(4,645,029)	(3,811,357)
Net profit for the year		-	-	15,475,491	15,475,491
Balances as at 31 December 2008	*19*	40,279,326	3,255,887	15,727,966	59,263,179

The notes on pages 5 to 28 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2008

(Currency: New Turkish Lira ("TRY") unless otherwise stated)

	Notes	*2008*	*2007*
Cash Flows From Operating Activities:			
Net profit for the year		15,475,491	12,204,225
Components of net profit not generating or using cash			
Depreciation and amortisation	*12, 13 and 14*	291,393	322,099
Provision for employee severance payments	*19*	(3,505)	58,447
Net financing income/expense	*10*	1,484,854	(158,515)
Provision for deferred and income taxes	*8*	3,891,394	3,079,436
Provision for impaired factoring receivables	*10*	2,179,169	1,018,820
Changes in operating assets and liabilities			
Factoring receivables, payables		10,317,108	(622,310)
Prepayments for current assets		(54,875)	(22,119)
Other liabilities		(482,577)	(823,315)
Employee severance paid	*19*	(7,096)	(24,505)
Taxes paid	*8*	(3,105,656)	(2,474,389)
Interest paid		(17,010,497)	(12,093,176)
Recoveries of impaired factoring receivables	*10*	752,183	137,175
Net cash provided by operating activities		13,727,386	601,873
Investing Activities :			
Acquisition of property and equipment	*13*	(638,524)	(196,254)
Proceeds from disposal of property and equipment	*13*	1,896	-
Net cash used in investing activities		(636,628)	(196,254)
Financing Activities:			
Repayment of bank borrowings		(2,680,747)	1,220,899
Dividends paid		(3,811,357)	(1,879,761)
Net cash used in financing activities		(6,492,104)	(658,862)
Net decrease/(decrease) in cash and cash equivalents		**6,598,654**	**(253,243)**
Cash and cash equivalents at 1 January		**253,045**	**506,288**
Cash and cash equivalents at 31 December	*8*	**6,851,699**	**253,045**

The notes on pages 5 to 28 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Notes to the financial statements

1. Reporting entity
2. Basis of preparation
3. Significant accounting policies
4. Determination of fair values
5. Administrative expenses
6. Salary and employee benefits
7. Taxation
8. Cash and cash equivalents
9. Factoring receivables
10. Prepayments for current assets
11. Asset held for sale
12. Investment property
13. Property and equipment
14. Intangible assets
15. Bank borrowings and overdrafts
16. Factoring payables
17. Other liabilities
18. Reserve for employee severance payments
19. Equity
20. Risk management disclosures
21. Commitments and contingencies
22. Related party disclosures

1 Reporting entity

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

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

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

The Company has 36 employees as at 31 December 2008 (2007: 34 employees).

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations adopted by the International Accounting Standards Board ("IASB"). The Company maintains its books of accounts and prepares its statutory financial statements in New Turkish Lira ("TRY") in accordance with the Turkish Uniform Chart of Accounts, the Turkish Commercial Code and Tax Legislation.

(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 IFRSs. They are prepared on the historical cost basis 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 TRY, which is the Company's functional currency. All financial information presented in TRY is rounded to the nearest digit.

(d) Use of estimates and judgments

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

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

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

2 Basis of preparation *(continued)*

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

- Note 4 – fair value measurement of financial instruments
- Note 7 – taxation
- Note 18 –reserve for employee severance payments
- Note 21 –commitments and contingencies

(e) Comparatives and adjustments of prior periods' financial statements

Significant reclassifications made in the comparative financial information as of 31 December 2007 to conform with the current period's presentation is as follows:

Factoring receivables and payables amounting to TRY 101,786,287 are offsetted in the balance sheet as at 31 December 2007.

3 Significant accounting policies

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

(a) Accounting in hyperinflationary economies

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

The cumulative three-year inflation rate in Turkey has been 35.61% at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute. This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilization, decrease in the interest rates and the appreciation of TRY 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 as of and for the years ended 31 December 2008 and 2007.

(b) Foreign currency transactions

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

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

	2008	2007
USD	1.5123	1.1647
Euro	2.1408	1.7102
GBP	2.1924	2.3259
CHF	1.4300	1.0273

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, factoring payables and other liabilities.

Non-derivative financial instruments are recognised 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 recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised 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 derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents

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

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

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

Factoring receivables 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. Subsequent to initial recognition, other assets are measured at cost due to their short term nature.

Loans and borrowings

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

Other

Other assets and liabilities are measured at cost.

(ii) Share capital

Ordinary shares

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

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

3 Significant accounting policies *(Continued)*

(d) Investment property

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. Investment property accounted using the cost model, less accumulated depreciation, and impairment losses. Depreciation is recognised in the income statement on a straight-line basis over 50 years. The fair value of the investment property is approximated to the net book value of the related property.

(e) Asset held for sale

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

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised 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 equipment are recognized in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement 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 amortized over the periods of the respective leases on a straight-line basis.

3 Significant accounting policies *(Continued)*

(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 TRY units current at 31 December 2005 pursuant to IAS 29, less accumulated amortization, and impairment losses. Intangible assets acquired after 31 December 2005 are measured at cost, less accumulated amortisation, and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

(h) Impairment

(i) Financial assets

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

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

(ii) Non-financial assets

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

An impairment loss is recognised 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 recognised 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 recognised 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 recognised.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

3 Significant accounting policies *(Continued)*

(i) Employee benefits

(i) Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued. 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 2008	**31 December 2007**
Discount rate	%6.26	%5.71
Expected salary / limit increase	5.4	5.00
Expected severance payment benefit ratio	%87	%85

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

(k) Offsetting

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

(l) Related parties

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

3 Significant accounting policies *(Continued)*

(m) Revenue and cost recognition *(Continued)*

(i) Factoring interest and commission income

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

(ii) Factoring commission expense

Factoring commission charges are recognized on the accrual basis.

(iii) Other income and expenses

Other income and expenses are recognized on the accrual basis.

(iv) Financial income/ (expenses)

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

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

(n) Income tax

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

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

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

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these financial statements:

IFRS 8 Operating Segments introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Company's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently, the Company's principal activity is to provide factoring services substantially in one geographical segment (Turkey). Therefore, it is not expected to have any impact on the financial statements.

3 Significant accounting policies *(Continued)*

(o) New standards and interpretations not yet adopted *(Continued)*

Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements. However, it is not expected to have any impact on the financial statements.

IFRS 3 – Business Combinations & IAS 27 Consolidated and Separate Financial Statements; the International Accounting Standards Board ("IASB") has completed the second phase of its business combinations project by issuing a revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements which also brings revisions to IAS 28 Investments in Associates and IAS 31 Interest in Joint Ventures. The new requirements take effect on 1 July 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements.

Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of "non vesting conditions", requires non-vesting conditions to be reflected in grant date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 are effective for annual periods beginning on or after 1 January 2009, with early adoption permitted and are not expected to have any impact on the financial statements.

Amendments to "IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation" improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application permitted and are not expected to have any impact on the financial statements.

Revised IAS 1 Presentation of Financial Statements does not change the recognition measurement or disclosure of transactions and events that are required by other IFRSs. The revised standard introduces as a financial statement the "statement of comprehensive income". The revised standard is effective for annual financial periods beginning on or after 1 January 2009, with early adoption permitted.

IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Company's 2009 financial statements, is not expected to have any impact on the financial statements.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Company's 2010 financial statements, with retrospective application required. The Company does not expect these amendments to have any significant impact on the financial statements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation and that the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged. On disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

4 Determination of fair values

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.

4 Determination of fair values *(Continued)*

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

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

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	6,852,391	6,852,391	253,045	253,045
Factoring receivables	110,147,945	110,147,945	122,355,258	122,355,258
Other assets	182,561	182,561	127,687	127,687
Financial liabilities				
Bank borrowings	58,417,263	58,417,263	75,968,009	75,968,009
Factoring payables	386,196	386,196	-	-
Other liabilities	646,181	646,181	527,052	527,052

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

5 Administrative expenses

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

	2008	2007
Rental expenses	327,583	256,341
Consultancy expenses	282,965	237,658
Travel expenses	212,425	193,872
Accomodation expenses	87,156	61,392
Communication expenses	83,700	95,513
Vehicle expenses	80,287	70,162
IT related expenses	63,459	55,943
Taxes and duties other than on income	59,402	32,954
Advertising expenses	43,006	36,576
Repair and maintenance expenses	41,845	37,598
Subscription fees	38,110	32,636
Utilities	29,185	24,065
Stationery expenses	19,377	22,204
Others	200,995	232,502
Total	**1,569,495**	**1,389,416**

6 Salaries and employee benefits

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

	2008	2007
Salary expenses	3,159,519	2,723,693
Premium expenses	640,459	617,329
Social security premium employer's share	248,072	221,214
Insurance expenses	107,840	79,603
Meal expenses	96,872	77,122
Transportation expenses	58,823	40,108
Others	18,863	162,584
	4,330,448	**3,921,653**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

7 Taxation

At 31 December 2008, corporate income tax is levied at the rate of 20% (31 December 2007: 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 withholding rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax , have been redefined according to the cabinet decision numbered 2006/10731, which has been announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those which are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

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

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

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

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

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

	2008		***2007***	
	Amount	***%***	***Amount***	***%***
Reported profit before income taxes	19,366,885		15,283,661	
Taxes on reported profit per statutory tax rate	(3,873,377)	20.00	(3,056,732)	20.00
Permanent differences:				
Non-taxable expenses	(18,017)		(22,704)	
Income tax expense	(3,891,394)	20.00	(3,079,436)	20.00

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

	2008	***2007***
Current tax expense	3,883,931	3,076,095
Deferred tax expense	7,463	3,341
Income tax expense	3,891,394	3,079,436

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

7 Taxation *(continued)*

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

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

	2008	**2007**
Taxes on income	3,883,931	3,076,095
Less: Corporation taxes paid in advance	(3,105,656)	(2,474,389)
Income taxes payable	778,275	601,706

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, except for the initial recognition of assets and liabilities which effect neither accounting nor taxable profit.

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

	2008		**2007**	
	Assets	***Liabilities***	***Assets***	***Liabilities***
Doubtful factoring receivables	-	-	1,558	-
Reserve for employee severance payments	16,727	-	18,847	-
Property and equipment, and intangible assets	-	59,652	-	69,499
Loans and borrowings	-	13,739	-	107
Total DTA and DTL	16,727	73,391	20,405	69,606

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

		2008			**2007**	
	Gross	***Offsetting***	***Net***	***Gross***	***Offsetting***	***Net***
DTA	16,727	(16,727)	-	20,405	(20,405)	-
DTL	(73,391)	16,727	(56,664)	(69,606)	20,405	(49,201)
DTL, net	(56,664)	-	(56,664)	(49,201)	-	(49,201)

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

8 Cash and cash equivalents

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

	2008	2007
Cash at banks		
-demand deposits	795,817	253,045
-time deposits	6,056,161	-
Cash on hand	413	-
Total cash and cash equivalents	6,852,391	253,045

As at 31 December 2008, the time deposits are comprised EUR and USD denominated daily bank placements having interest rate of 3.00% for EUR deposit and 2.75% for USD deposit (31 December 2007: nil) with an original maturity up to one month (31 December 2007: nil). As at 31 December 2008, there is not any blockage on bank deposits.

For the purposes of the cash flow statement, cash and cash equivalents amounts to TRY 6,851,699 (31 December 2007: TRY 253,045) excluding accrued interest.

9 Factoring receivables

At 31 December, factoring receivables comprised the following:

	2008	2007
Domestic factoring receivables	104,963,296	106,046,879
Export and import factoring receivables	5,886,712	17,552,267
Impaired factoring receivables	3,988,898	2,561,912
Factoring receivables, gross	114,838,906	126,161,058
Unearned factoring interest income	(702,063)	(1,243,887)
Allowance for impaired factoring receivables	(3,988,898)	(2,561,912)
Factoring receivables	110,147,945	122,355,259

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

	2008	2007
Customer notes and cheques obtained as collateral	268,842,450	241,146,683
Mortgages	1,984,480	2,076,120
Total	270,826,930	243,222,803

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

	2008	2007
Balance at the beginning of the year	2,561,912	1,680,267
Provision for the year	2,179,169	1,018,820
Recoveries during the year	(752,183)	(137,175)
Balance at the end of the year	3,988,898	2,561,912

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

9 Factoring receivables *(continued)*

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

	2008	**2007**
Overdue 1 to 3 months	1,149,995	657,489
Overdue 3 to 6 months	655,459	106,000
Overdue 6 to 12 months	161,224	312,331
Overdue over 1 year	2,022,220	1,486,092
	3,988,898	2,561,912

10 Prepayments for current assets

At 31 December, prepayment for current assets are as follows:

	2008	**2007**
Prepaid expenses	177,549	125,940
Advances given to personnel	3,500	950
Others	1,512	796
	182,561	127,686

Prepaid expenses include participation fee paid to the Banking Regulatory Supervisory Agency (BRSA) amounting TRY 45,400 and TRY 28,700 as at 31 December 2008 and 2007, respectively and insurance expenses that will be utilized in the subsequent months.

11 Asset held for sale

At 31 December 2008, asset held for sale consists of two flats obtained in lieu of doubtful factoring receivables, amounting TRY 486,703 (31 December 2007: nil).

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

12 Investment property

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

	1 January 2008	Additions	Disposals	31 December 2008
Cost				
Buildings	831,731	-	-	831,731

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

Movement of investment property and related accumulated depreciation during the year ended 31 December 2007 is as follows:

	1 January 2007	Additions	Disposals	31 December 2007
Cost				
Buildings	831,731	-	-	831,731

	1 January 2007	Current year charge	Disposals	31 December 2007
Less: Accumulated Depreciation				
Buildings	40,197	16,635	-	56,832
Net carrying value	791,534			774,899

13 Property and equipment

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

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

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

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

13 Property and equipment *(Continued)*

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 2007 is as follows:

	1 January 2007	Additions	Disposals	31 December 2007
Cost				
Motor vehicles	1,039,135	-	-	1,039,135
Furniture and fixtures	428,117	31,394	-	459,511
Leasehold improvements	224,055	97,700	-	321,755
Others	625,528	67,160		692,688
Total cost	2,316,835	196,254	-	2,513,089

	1 January 2007	Current year charge	Disposals	31 December 2007
Less: Accumulated Depreciation				
Motor vehicles	609,069	175,684	-	784,753
Furniture and fixtures	215,334	70,223	-	285,557
Leasehold improvements	75,790	52,949	-	128,739
Total accumulated depreciation	900,193	298,856	-	1,199,049
Net carrying value	1,416,642			1,314,040

14 Intangible assets

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

	1 January 2008	Additions	Disposals	31 December 2008
Cost				
Rights	101,093	-	-	101,093

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

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2007 is as follows:

	1 January 2007	Additions	Disposals	31 December 2007
Cost				
Rights	101,093	-	-	101,093

	1 January 2007	Current year charge	Disposals	31 December 2007
Less: Accumulated Depreciation				
Rights	80,164	6,608	-	86,772
Net carrying value	20,929			14,321

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

15 Loans and borrowings

At 31 December, secured bank borrowings are as follows:

	2008				2007			
		Nominal	TRY amount			Nominal	TRY amount	
	Original Amount	Interest Rate (%)*	Up to 1 year	1 year and over	Original Amount	Interest Rate (%)*	Up to 1 year	1 year And over
TRY	48,161,264	22.09	48,161,264	-	58,735,443	17.13	58,735,443	-
EUR	3,754,080	5.90	3,505,306	4,531,427	5,130,251	5.82	8,786,435	-
GBP	1,010,203	8.63	2,214,769	-	1,651,442	9.51	3,848,081	-
USD	-	-	-	-	3,947,387	7.88	4,598,052	-
Other	3,145	10.35	4,497	-	-	-	-	-
Total			**53,885,836**	**4,531,427**			**75,968,011**	**-**

* These rates represent the average nominal interest rates of outstanding borrowings with fixed and floating rates at 31 December 2008 and 2007.

At 31 December 2008, secured bank borrowings and overdrafts amounting to TRY 5,673,106 (31 December 2007: TRY 8,167,348). Bank overdrafts result from the time lag between the collections from and payments to the correspondent factoring firms. Export customers factor their export receivables to the Company and in return receive collection service from the Company. Since the collection is realized in foreign currency denominated terms, the correspondent factoring firms transfer those funds to the Company's accounts at the intermediary banks. As the Company's correspondent factoring firm approves and collects the amount of factored receivables, the related cash is transferred to Company's account at the intermediary bank.

16 Factoring payables

At 31 December, factoring payables comprised the following:

	2008	***2007***
Domestic factoring payables	336,364	-
Foreign factoring payables	49,832	-
Total	386,196	-

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

17 Other liabilities

At 31 December, other liabilities comprised the following:

	2008	***2007***
Taxes and duties other than on income	505,558	385,065
Trade payables to vendors	103,421	107,254
Social security payables	37,202	33,633
Payable to personnel	-	1,100
Total	646,181	527,052

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

18 Reserve for employee severance payments

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TRY 2,173.19 at 31 December 2008 (31 December 2007: TRY 2,030.19) 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.

International Accounting Standard No 19 ("IAS 19") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the following liability at 31 December:

	2008	2007
Expected inflation rate	5.4%	5%
Expected rate of salary/limit increase	12%	11%
Turnover rate to estimate the probability of retirement	13%	15%

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

	2008	2007
Balance at the beginning of the year	94,235	60,293
Paid during the year	(7,096)	(24,505)
Increase during the year	(3,505)	58,447
Balance at the end of the year	83,634	94,235

19 Equity

19.1 Paid-in capital

At 31 December 2008, the Company's nominal value of authorized and paid-in share capital amounts to TRY 40,000,000 (31 December 2007: TRY 32,500,000) comprising 40.000.000 (31 December 2007: 32.500.000) registered shares of par value of TRY 1 each. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TRY as of 31 December 2005.

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

	2008		2007	
	Share (%)	TRY	Share (%)	TRY
M. Semra Tümay	49.00%	19,600,000	45.00%	14,625,000
Murat Tümay	25.50%	10,199,999	15.00%	4,875,000
Zeynep Ş. Akçakayalıoğlu	24.50%	9,799,999	14.00%	4,550,000
M. Gürbüz Tümay	-	-	25.00%	8,125,000
Others	1.00%	400,002	1.00%	325,000
Share capital	100%	40,000,000	100%	32,500,000
Adjustment to share capital		279,326		279,326
Total share capital		40,279,326		32,779,326

19 Equity *(Continued)*

19.1 Paid-in capital (Continued)

The Company decided to increase its paid in share capital from TRY 25,000,000 to TRY 32,500,000, with the Board of Directors' minute dated 12 November 2007. The paid-in capital increase is funded by retained earnings. The paid-in capital increase has been announced on Trade Registry Gazette dated 19 December 2007.

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

19.2 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 TRY 3,255,887 (historical) at 31 December 2008 (31 December 2007: TRY 2,422,215 (historical)).

20 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 transaction with the firms which do not meet the predetermined criteria for credit approval. Credit evaluations are performed on all customers by Credit Risk Committee based on their authorization limits. Credit Risk Committee meets every week regularly and performs credit evaluations. The Company has early warning controls with respect to the monitoring of on-going credit risks and the Company regularly performs scoring of the creditworthiness of the customers. A special software program has been developed to monitor the credit risk of the Company.

At 31 December 2008, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Risk management disclosures *(Continued)*

Counter party credit risk *(Continued)*

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

	2008	%	2007	%
Textiles	24,804,403	23	34,093,230	28
Construction	18,008,472	16	6,723,848	5
Tourism	17,100,020	16	16,168,826	13
Iron, steel and coal	10,487,574	10	4,322,604	3
Manufacturing	8,926,953	8	5,604,108	5
Machinery and equipment	7,721,335	6	21,848,171	18
Media and advertising	6,140,770	6	9,256,903	7
Retail	4,460,485	4	487,208	0
Chemicals and pharmaceuticals	3,861,166	4	5,645,972	5
Food and beverage	3,806,320	3	4,817,248	4
Financial services	2,185,867	2	6,899,089	6
Automotive	1,086,950	1	5,709,559	5
Others	1,557,630	1	778,493	1
	110,147,945	**100**	**122,355,259**	**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 are re-priced at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

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

	2008				2007			
	USD (%)	EUR (%)	GBP (%)	TRY (%)	USD (%)	EUR (%)	GBP (%)	TRY (%)
Assets								
Cash and cash equivalents								
- time deposits	2.75	3.00	-	-	-	-	-	-
Factoring receivables	-	10.59	10.33	30.69	8.8	7.31	8.99	24.41
Liabilities								
Loans and borrowings	-	5.73	8.63	21.67	7.81	5.78	9.31	17.11

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Risk management disclosures *(continued)*

Market risk *(Continued)*

Interest rate profile:

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

	Carrying Amount	
Fixed rate instruments	**2008**	**2007**
Factoring receivables	35,870,656	71,365,049
Cash and cash equivalents-time deposit	6,056,161	-
Loans and borrowings	52,692,691	53,722,782
Variable rate instruments		
Factoring receivables	74,277,289	50,987,210
Loans and borrowings	5,724,572	22,240,229

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**
2008		
Variable rate instruments	686,136	(686,136)
2007		
Variable rate instruments	287,894	(287,894)

Foreign currency risk

The Company is exposed to currency risk through transactions (such as factoring operations and bank borrowings) in foreign currencies. As the currency in which the Company presents its financial statements is TRY, the financial statements are affected by movements in the exchange rates against TRY.

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

	2008	*2007*
A. Foreign currency monetary assets	14,501,117	17,572,142
B. Foreign currency monetary liabilities	(10,305,831)	(17,233,042)
Net foreign currency position (A+B)	**4,195,286**	**339,100**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Foreign currency risk(Continued)

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

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

	2007				
	USD	***Euro***	***GBP***	***Other Currencies***	***TRY Total***
Foreign currency monetary assets					
Cash and cash equivalents	13,845	4,202	1,246	-	19,293
Factoring receivables	5,893,890	9,481,667	2,176,710	-	17,552,267
Prepayments for current assets	582	-	-	-	582
Total foreign currency monetary assets	5,908,317	9,485,869	2,177,956	-	17,572,142
Foreign currency monetary liabilities					
Loans and borrowings	4,598,781	8,786,181	3,848,044	36	17,233,042
Factoring payables	-	-	-	-	-
Total foreign currency monetary liabilities	4,598,781	8,786,181	3,848,044	36	17,233,042
Net on balance sheet position	**1,309,536**	**699,688**	**(1,670,088)**	**(36)**	**339,100**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(Continued)*

Market risk *(Continued)*

Foreign currency sensitivity analysis:

Depreciation of TRY by 10% against the other currencies as at 31 December 2008 and 2007 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, as at 31 December 2008 and 2007 remain constant.

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

TRY 2007	**Profit/(Loss)**
USD	130,954
Euro	69,969
GBP	(167,009)
Other currencies	(4)
Total	**33,910**

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.

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

	31 December 2008						
	Carrying amount	**Contractual cash flow**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities	**59,449,640**	**62,161,835**	**42,875,680**	**19,281,155**	**-**	**-**	**-**
Loans and borrowings	58,417,263	61,129,458	41,843,303	19,281,155	-	-	-
Factoring payables	386,196	386,196	386,196	-	-	-	-
Other liabilities	646,181	646,181	646,181	-	-	-	-

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(Continued)*

Market risk *(Continued)*

Liquidity risk (Continued)

	31 December 2007						
	Carrying amount	**Contractual cash flow**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities	**76,495,065**	**76,699,444**	**75,298,164**	**1,401,280**	**-**	**-**	**-**
Loans and borrowings	75,968,011	76,172,390	74,771,110	1,401,280	-	-	-
Factoring payables	-	-	-	-	-	-	-
Other liabilities	527,052	527,052	527,052	-	-	-	-

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 TRY 5,000,000 as at 31 December 2008.

21 Commitments and contingencies

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

Letters of guarantee	***2008***	***2007***
Given to legal courts	468,247	350,200
Given to others	560	560
Total	468,807	350,760

At 31 December 2008, the Company has given cheques and notes amounting to TRY 79,555,101 (31 December 2007: TRY 87,107,445) as collateral against the bank borrowings.

22 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 2008	***31 December 2007***
General administrative expenses		
M. Semra Tümay (rental expense)	300,023	244,454
	300,023	244,454

Total benefit of key management for the years ended 31 December 2008 and 2007 amounted to TRY 1,960,877 and TRY 1,286,381, respectively.