



Ekspo Faktoring Anonim Şirketi

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

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

19 February 2010

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

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 balance sheet as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

KPMG Akis Bağımsız Denetim ve SMMM A.Ş.
19 February 2010
İstanbul, Turkey

Ekspo Faktoring Anonim Şirketi

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Ekspo Faktoring Anonim Şirketi

Balance Sheet

As at 31 December 2009

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

	<i>Notes</i>	31 December 2009	31 December 2008
Assets			
Cash and cash equivalents	10	821,087	6,852,391
Derivative assets held for risk management	20	56,447	-
Factoring receivables	11	149,324,272	110,147,945
Prepayments for current assets	12	124,527	182,561
Assets held for sale	13	486,703	486,703
Investment property	14	741,631	758,265
Tangible assets	15	1,067,941	1,195,749
Intangible assets	16	26,591	7,778
Total assets		152,649,199	119,631,392
Liabilities			
Loans and borrowings	17	82,443,169	58,417,263
Derivative liabilities held for risk management	20	10,554	-
Factoring payables	18	801,646	386,196
Other liabilities	19	5,514,414	646,181
Income taxes payable	9	881,238	778,275
Reserve for employee severance payments	21	134,740	83,634
Deferred tax liabilities	9	220,975	56,664
Total liabilities		90,006,736	60,368,213
Equity			
Share capital	22	40,000,000	40,000,000
Adjustment to share capital	22	279,326	279,326
Total share capital		40,279,326	40,279,326
Reserves	22	5,282,439	3,255,887
Retained earnings		17,080,698	15,727,966
Total shareholders' equity		62,642,463	59,263,179
Total equity and liabilities		152,649,199	119,631,392
Commitments and contingencies	24		

The notes on pages 5 to 32 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi
Statement of Comprehensive Income
For the year ended 31 December 2009
(Currency: Turkish Lira ("TL") unless otherwise stated)

	<u>Notes</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Factoring interest income		26,270,483	34,169,790
Factoring commission income		6,651,542	6,915,714
Factoring commission expense		(235,557)	(265,094)
Income from factoring operations		32,686,468	40,820,410
Interest expense on bank borrowings		(7,461,308)	(14,965,151)
Foreign exchange gains, net		807,830	777,204
Provision for impaired factoring receivables, net of recoveries	11	641,532	(1,426,986)
Income after interest expense, foreign exchange gains and provision for impaired factoring receivables		26,674,522	25,205,477
Interest income other than on factoring operations	5	79,992	307,072
Operating profit		26,754,514	25,512,549
Salaries and employee benefits	7	(3,976,196)	(4,330,448)
Administrative expenses	8	(1,691,518)	(1,569,495)
Depreciation and amortisation expenses	14, 15 and 16	(233,473)	(291,393)
Other operating income	6	65,338	45,672
Profit before income taxes		20,918,665	19,366,885
Income tax expense	9	(4,210,404)	(3,891,394)
Profit for the year		16,708,261	15,475,491
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		16,708,261	15,475,491

The notes on pages 5 to 32 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi
Statement of Changes in Equity
For the year ended 31 December 2009
(Currency: Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	Share Capital	Adjustment to Share capital	Legal Reserves	Retained Earnings	Total Equity
1 January 2008		32,500,000	279,326	2,422,215	12,397,504	47,599,045
Share capital increase		7,500,000	-	-	(7,500,000)	-
Transfer to reserves		-	-	833,672	(833,672)	-
Dividend paid		-	-	-	(3,811,357)	(3,811,357)
Net profit for the year		-	-	-	15,475,491	15,475,491
31 December 2008	22	40,000,000	279,326	3,255,887	15,727,966	59,263,179
Transfer to reserves		-	-	2,026,552	(2,026,552)	-
Dividend paid		-	-	-	(13,328,977)	(13,328,977)
Net profit for the year		-	-	-	16,708,261	16,708,261
31 December 2009	22	40,000,000	279,326	5,282,439	17,080,698	62,642,463

The notes on pages 5 to 32 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi
Statement of Cash Flows
For the Year Ended 31 December 2009
(Currency: Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	<i>2009</i>	<i>2008</i>
Cash Flows From Operating Activities:			
Net profit for the year		16,708,261	15,475,491
<i>Components of net profit not generating or using cash</i>			
Depreciation and amortisation	<i>14, 15 and 16</i>	233,473	291,393
Gain on sale of property and equipment		(16,609)	-
Provision for employee severance payments	<i>21</i>	71,505	(3,505)
Other expense/(income) accruals		(1,790,857)	1,204,856
Provision for deferred and income taxes	<i>9</i>	4,210,404	3,891,394
Provision for impaired factoring receivables	<i>11</i>	354,213	2,179,169
Changes in fair value of currency swap contracts		(45,893)	-
<i>Changes in operating assets and liabilities</i>			
Factoring receivables and payables		(39,582,458)	10,317,108
Prepayments for current assets		58,034	(54,875)
Other liabilities		4,089,958	(482,577)
Employee severance paid	<i>21</i>	(20,399)	(7,096)
Taxes paid	<i>9</i>	(3,164,855)	(3,105,656)
Interest paid		(6,198,136)	(16,730,499)
Recoveries of impaired factoring receivables	<i>11</i>	995,745	752,183
Net cash provided by / (used in) operating activities		(24,097,614)	13,727,386
Investing Activities :			
Acquisition of tangible assets	<i>15</i>	(80,661)	(638,524)
Acquisition of intangible assets	<i>16</i>	(27,574)	1,896
Proceeds from sale of tangible assets		17,000	-
Net cash used in investing activities		(91,235)	(636,628)
Financing Activities:			
Proceeds from / (Repayment of) bank borrowings		31,487,214	(2,680,747)
Dividends paid		(13,328,977)	(3,811,357)
Net cash provided by / (used in) financing activities		18,158,237	(6,492,104)
Net increase / (decrease) in cash and cash equivalents		(6,030,612)	6,598,654
Cash and cash equivalents at 1 January		6,851,699	253,045
Cash and cash equivalents at 31 December	<i>10</i>	821,087	6,851,699

The notes on pages 5 to 32 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

(Currency: Turkish Lira ("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 2 June 2000.

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

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

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

2 Basis of preparation

(a) Statement of compliance

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

2 Basis of preparation (Continued)

(d) Use of estimates and judgments (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 recognized in the financial statements are described in the following notes:

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

3 Significant accounting policies

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

(a) Accounting in hyperinflationary economies

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

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

(b) Foreign currency transactions

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

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

	<u>2009</u>	<u>2008</u>
USD	1.5057	1.5123
Euro	2.1603	2.1408
GBP	2.3892	2.1924
CHF	1.4492	1.4300

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

(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, cash and cash equivalents, bank borrowings, factoring payables and other liabilities.

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

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

Cash and cash equivalents

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

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

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

Factoring receivables

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

Loans and borrowings

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

Other

Other assets and liabilities are measured at cost.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

3 Significant accounting policies (Continued)

(c) Financial Instruments (Continued)

(ii) Derivative financial instruments

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

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

Economic hedges

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

(iii) Share capital

Ordinary shares

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

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

(d) Investment property

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

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

(e) Assets held for sale

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

2 Significant accounting policies (Continued)

(f) Tangible assets

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Furniture and fixtures	5 years
Motor vehicles	5 years

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

(g) Intangible assets

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

3 Significant accounting policies (Continued)

(h) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

(ii) Non-financial assets

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

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

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

(Currency: Turkish Lira ("TRY") 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 2009	31 December 2008
Discount rate	5.92%	6.26%
Expected salary / limit increase	4.8%	5.4%
Expected severance payment benefit ratio	96%	87%

(ii) Short-term benefits

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

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

(j) Provisions

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

(k) Offsetting

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

(l) Related parties

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

3 Significant accounting policies (Continued)

(m) Revenue and cost recognition

(i) Factoring interest and commission income

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

(ii) Factoring commission expense

Factoring commission charges are recognized on the accrual basis.

(iii) Other income and expenses

Other income and expenses are recognized on the accrual basis.

(iv) Financial income/ (expenses)

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

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

(v) Interest income other than factoring operations

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

(n) Income tax

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

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

3 Significant accounting policies (Continued)

(o) New standards and interpretations not yet adopted

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

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

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

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

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

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

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

4 Determination of fair values

Fair value hierarchy

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

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

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

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

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

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

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

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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:

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

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

5 Interest income other than factoring operations

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

	<u>2009</u>	<u>2008</u>
Interest income on bank deposits	79,992	307,072
	<u>79,992</u>	<u>307,072</u>

6 Other operating income

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

7 Salaries and employee benefits

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

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

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

8 Administrative expenses

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

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

9 Taxation

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

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.

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Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

9 Taxation (Continued)

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

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

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

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

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

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

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

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

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***9 Taxation (Continued)**

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

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

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

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

10 Cash and cash equivalents

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

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

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***11 Factoring receivables**

At 31 December, factoring receivables comprised the following:

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

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

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

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

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

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***12 Prepayments for current assets**

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

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

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

13 Assets held for sale

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

14 Investment property

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

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

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

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

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.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***15 Tangible assets**

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

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

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

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

	<u>1 January 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2008</u>
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
		<i>Current year</i>		
	<u>1 January 2008</u>	<u>charge</u>	<u>Disposals</u>	<u>31 December 2008</u>
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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***16 Intangible assets**

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

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

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***17 Loans and borrowings**

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

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

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

18 Factoring payables

As at 31 December, factoring payables comprised the following:

	<u>2009</u>	<u>2008</u>
Domestic factoring payables	801,646	336,364
Foreign factoring payables	-	49,832
	801,646	386,196

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

19 Other liabilities

As at 31 December, other liabilities comprised the following:

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

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20 Derivative assets / liabilities held for risk management

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

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

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

	<u>2009</u>		<u>2008</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Currency swap purchases and sales	56,447	(10,554)	-	-
	56,447	(10,554)	-	-

21 Reserve for employee severance payments

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

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

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

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22 Equity

22.1 Paid-in capital

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

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

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

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

22.2 Legal Reserves

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

23 Risk management disclosures

Counter party credit risk

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

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

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

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

Market risk

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

Interest rate risk

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***23 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:

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

Interest rate profile:

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

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

Cash flow sensitivity analysis for variable rate instruments:

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***23 Risk management disclosures (Continued)****Market risk (Continued)***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):

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

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***23 Risk management disclosures (Continued)****Market risk (Continued)***Foreign currency risk (Continued)*

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

Foreign currency sensitivity analysis:

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

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

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***23 Financial risk management (Continued)****Market risk (Continued)***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 contractual (or expected) maturities of financial liabilities of the Company:

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

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

Capital management

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

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**As at and for the Year Ended 31 December 2009**(Currency: Turkish Lira ("TRY") unless otherwise stated)***24 Commitments and contingencies**

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

Letters of guarantee	<u>2009</u>	<u>2008</u>
Given to legal courts	314,988	468,247
Given to others	-	560
	314,988	468,807

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

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

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

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

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

As at and for the Year Ended 31 December 2009

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

25 Related party disclosures

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

	<u>31 December 2009</u>	<u>31 December 2008</u>
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	-
	<u>4,328,180</u>	<u>-</u>

	<u>2009</u>	<u>2008</u>
General administrative expenses		
M. Semra Tümay (rent expense)	371,774	300,023
	<u>371,774</u>	<u>300,023</u>

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