KPMG

Ekspo Faktoring Anonim Şirketi

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

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

11 March 2011

This report includes 1 page of independent auditors' report and 33 pages of financial statements and notes to the financial statements.

Ekspo Faktoring Anonim Şirketi

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Independent Auditors' Report

To the Board of Directors of
Ekspo Faktoring Anonim Şirketi

Introduction

We have audited the accompanying financial statements of Ekspo Faktoring Anonim Şirketi ("the Company"), which comprise the financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Akis Bağımsız Denetim ve SMMM A.Ş.

11 March 2011
İstanbul, Turkey

Ekspo Faktoring Anonim Şirketi
Statement of Financial Position
As at 31 December 2010
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Notes	31 December 2010	31 December 2009
Assets			
Cash and cash equivalents	*10*	157,588	821,087
Derivative assets	*21*	69,013	56,447
Factoring receivables	*11*	220,993,876	149,324,272
Other assets	*12*	145,320	124,527
Assets held for sale	*13*	486,703	486,703
Investment property	*14*	724,997	741,631
Property and equipment	*15*	1,136,232	1,067,941
Intangible assets	*16*	29,074	26,591
Deferred tax assets	*9*	251,682	-
Total assets		**223,994,485**	**152,649,199**
Liabilities			
Loans and borrowings	*17*	127,537,157	82,443,169
Debt securities issued	*18*	20,403,989	-
Derivative liabilities	*21*	63,366	10,554
Factoring payables	*19*	76,701	801,646
Other liabilities	*20*	419,653	5,514,414
Income taxes payable	*9*	814,258	881,238
Reserve for employee severance payments	*22*	178,445	134,740
Other provisions	*23*	162,536	-
Deferred tax liabilities	*9*	-	220,975
Total liabilities		**149,656,105**	**90,006,736**
Equity			
Share capital	*24*	40,000,000	40,000,000
Adjustment to share capital	*24*	279,326	279,326
Legal reserves	*24*	6,070,877	5,282,439
Retained earnings	*24*	27,988,177	17,080,698
Total shareholders' equity		**74,338,380**	**62,642,463**
Total equity and liabilities		**223,994,485**	**152,649,199**
Commitments and contingencies	*26*		

The notes on pages 5 to 33 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi
Statement of Comprehensive Income
For the year ended 31 December 2010
(Currency: Turkish Lira ("TL") unless otherwise stated)

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

The notes on pages 5 to 33 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi
Statement of Changes in Equity
For the year ended 31 December 2010
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Notes	Share Capital	Adjustment to Share Capital	Legal Reserves	Retained Earnings	Total Equity
1 January 2009		**40,000,000**	**279,326**	**3,255,887**	**15,727,966**	**59,263,179**
Transfer to legal reserves		-	-	2,026,552	(2,026,552)	-
Dividend paid		-	-	-	(13,328,977)	(13,328,977)
Net profit for the year		-	-	-	16,708,261	16,708,261
31 December 2009	*24*	**40,000,000**	**279,326**	**5,282,439**	**17,080,698**	**62,642,463**
Transfer to legal reserves		-	-	788,438	(788,438)	-
Dividend paid		-	-	-	-	-
Net profit for the year		-	-	-	11,695,917	11,695,917
31 December 2010	*24*	**40,000,000**	**279,326**	**6,070,877**	**27,988,177**	**74,338,380**

The notes on pages 5 to 33 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi
Statement of Cash Flows
For the Year Ended 31 December 2010
(Currency: Turkish Lira ("TL") unless otherwise stated)

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

The notes on pages 5 to 33 are an integral part of these financial statements.

Ekspo Faktoring Anonim Şirketi

Notes to the financial statements

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1 Reporting entity

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

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

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

The Company has 31 employees as at 31 December 2010 (2009: 32 employees).

2 Basis of preparation

(a) Statement of compliance

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

The financial statements of the Company as at and for the year ended 31 December 2010 were authorized for issue by the Board of Directors on 11 March 2011. The Board of Directors and General Assembly and certain regulatory bodies have power to amend the statutory financial statements after issue.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

2 Basis of preparation *(Continued)*

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

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

- Note 4 Fair value measurement of financial instruments
- Note 9 Taxation
- Note 13 Assets held for sale
- Note 11 Factoring receivables
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- Note 16 Intangible assets
- Note 21 Derivative financial instruments
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- Note 26 Commitment and contingencies

3 Significant accounting policies

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

(a) Accounting in hyperinflationary economies

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

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

(b) Foreign currency transactions

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

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

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

3 Significant accounting policies *(Continued)*

(c) Financial Instruments

(i) Non-derivative financial instruments

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

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

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

Cash and cash equivalents

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

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

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

Factoring receivables and other assets

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

Borrowings and debt securities

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

Other

Other assets and other liabilities are measured at cost.

3 Significant accounting policies *(Continued)*

(c) Financial Instruments *(Continued)*

(ii) Derivative financial instruments

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

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

(iii) Share capital

Ordinary shares

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

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

(d) Investment property

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

(e) Assets held for sale

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

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

3 Significant accounting policies (Continued)

(f) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Furniture and fixtures	5 years
Motor vehicles	5 years

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

(g) Intangible assets

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

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 amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

(ii) Non-financial assets

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

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

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

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

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

3 Significant accounting policies (Continued)

(i) Employee benefits

(i) Provision for employee severance indemnity

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

The assumptions used in the calculation are as follows:

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

(ii) Short-term benefits

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

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

(j) Provisions

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

(k) Offsetting

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

(l) Related parties

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

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

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

(n) Income tax

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

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

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

3 Significant accounting policies (Continued)

(o) New standards and interpretations not yet adopted

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

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

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

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

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

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

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

4 Determination of fair values *(Continued)*

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

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

5 Interest income other than factoring operations

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

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

6 Other operating income

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

7 Personnel expenses

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

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

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

8 Administrative expenses

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

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

9 Taxation

As at 31 December 2010, corporate income tax is levied at the rate of 20% (2009: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax , has been redefined according to the Cabinet Decision numbered 2006/10731, which was announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those which are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

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

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

(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:

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

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

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

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

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

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

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.

(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:

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

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

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

10 Cash and cash equivalents

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

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

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

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

11 Factoring receivables

At 31 December, factoring receivables comprised the following:

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

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

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

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

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

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

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

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

12 Other assets

As at 31 December, other assets are as follows:

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

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

13 Assets held for sale

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

14 Investment property

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

	1 January 2010	*Additions*	*Disposals*	*31 December 2010*
Cost				
Buildings	831,731	-	-	831,731
	1 January 2010	*Current year charge*	*Disposals*	*31 December 2010*
Less: Accumulated Depreciation				
Buildings	90,100	16,634	-	106,734
Net carrying value	**741,631**			**724,997**

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

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

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

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

15 Property and equipment

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

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

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

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

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

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

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

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

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

16 Intangible assets

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

	1 January 2010	*Additions*	*Disposals*	*31 December 2010*
Cost				
Rights	128,667	11,579	-	140,246
	1 January 2010	*Current year Charge*	*Disposals*	*31 December 2010*
Less: Accumulated amortisation				
Rights	102,076	9,096	-	111,172
Net carrying value	**26,591**			**29,074**

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

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

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

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

17 Loans and borrowings

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

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

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

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

18 Debt securities issued

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

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

(*) Represents the semi-annual interest rate applicable for the first coupon payment term.

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

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

19 Factoring payables

As at 31 December, factoring payables comprised the following:

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

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

20 Other liabilities

As at 31 December, other liabilities comprised the following:

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

21 Derivative assets and derivative liabilities

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

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

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

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

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

22 Provision for employee severance indemnity

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 2,517 at 31 December 2010 (2009: TL 2,365) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

	2010	2009
Balance at the beginning of the year	134,740	83,634
Paid during the year	(23,061)	(20,399)
Increase during the year	62,863	71,505
Balance at the end of the year	**174,542**	**134,740**

23 Other provisions

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

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

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

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

24 Equity

24.1 Paid-in capital

At 31 December 2010, the Company's nominal value of authorized and paid-in share capital amounts to TL 40,000,000 (2009: TL 40,000,000) comprising 40.000.000 (2009: 40.000.000) registered shares of par value of TL 1 each. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TL as of 31 December 2005.

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

	2010		2009	
	Share (%)	TL	Share (%)	TL
M. Semra Tümay	49.00%	19,600,000	49.00%	19,600,000
Murat Tümay	25.50%	10,199,999	25.50%	10,199,999
Zeynep Ş. Akçakayalıoğlu	24.50%	9,799,999	24.50%	9,799,999
Others	1.00%	400,002	1.00%	400,002
Share capital	100%	40,000,000	100%	40,000,000
Adjustment to share capital		279,326		279,326
Total share capital		**40,279,326**		**40,279,326**

24.2 Legal Reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the legal reserves is TL 6,070,877 (historical) at 31 December 2010 (2009: TL 5,282,439 (historical)).

25 Risk management disclosures

Counter party credit risk

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

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

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

25 Risk management disclosures *(continued)*

Counter party credit risk *(continued)*

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

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

Market risk

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

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

25 Risk management disclosures *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

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

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

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

Interest rate profile:

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

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

Cash flow sensitivity analysis for variable rate instruments:

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

	Profit or (loss)	
	100 bp increase	**100 bp decrease**
2010		
Variable rate instruments	28,714	(28,714)
2009		
Variable rate instruments	769,003	(769,003)

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

25 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):

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

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

25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Foreign currency risk

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

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

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

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

25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Foreign currency sensitivity analysis:

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

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

Liquidity risk

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

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

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

			31 December 2009			
	Carrying amount	**Contractual cash flows**	**3 months or less**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities	**87,679,715**	**88,493,001**	**69,249,736**	**19,243,265**	**-**	**-**
Loans and borrowings	82,443,169	83,256,455	68,341,370	14,915,085	-	-
Factoring payables	801,646	801,646	801,646	-	-	-
Other liabilities	4,434,900	4,434,900	106,720	4,328,180	-	-
Derivative financial liabilities	**45,893**	**41,809**	**41,809**	**-**	**-**	**-**
Inflow	56,447	83,194	83,194	-	-	-
Outflow	(10,554)	(41,385)	(41,385)	-	-	-

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

25 Risk management disclosures *(Continued)*

Market risk *(Continued)*

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements. The minimum share capital requirement of the Company is TL 5,000,000 as at 31 December 2010.

26 Commitments and contingencies

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

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

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

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

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

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

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

27 Related party disclosures

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

	31 December 2010	*31 December 2009*
Other liabilities		
M. Semra Tümay (dividend payable)	-	2,120,808
Murat Tümay (dividend payable)	-	1,103,686
Zeynep Akçakayalıoğlu (dividend payable)	-	1,060,404
Nazlı Akçakayalıoğlu (dividend payable)	-	43,282
	-	**4,328,180**

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

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

28 Events after the reporting period

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

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