

**GARANTİ FAKTORİNG
HİZMETLERİ A.Ş.**

**FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2010**

(Translated into English from the Original Turkish Report)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Garanti Faktoring Hizmetleri A.Ş.

We have audited the accompanying balance sheet of Garanti Faktoring Hizmetleri A.Ş. ("the Company") as at 31 December 2010, and the statement of income, cash flow and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Explanation Regarding Responsibility of the Company's Board of Directors':

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the communiqué on "the application of uniform chart of accounts and its guide book in connection to the establishment and main activities of Finance Leasing, Factoring and Financing Companies and "the Format of the Publicly Disclosed Financial Statements" published in the Official Gazette dated 17 May 2007 and numbered 26525, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Board in respect of accounting and financial reporting, and pronouncements made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion stated below.



Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Garanti Faktoring Hizmetleri A.Ş. as at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with the regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Board in respect of accounting and financial reporting, and pronouncements made by the Banking Regulation and Supervision Agency.

Without modifying our opinion, we draw attention to the following matter:

As explained in Note 2.6, the Company has restated its prior year financial statements after reviewing its factoring receivables and their foreign currency valuations, when preparing the current year financial statements.

Other Matters

The Company's financial statements for the year ended 31 December 2009, which exclude the effects of the restatement explained in note 2.6, were audited by another independent audit firm. The previous independent auditor expressed an unqualified opinion in the audit report dated 9 February 2010 on the financial statements as of 31 December 2009.

Istanbul, 11 March 2011

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç
Partner, SMMM

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GARANTİ FAKTORİNG HİZMETLERİ A.Ş. BALANCE SHEET

ASSETS	Notes	Thousands of TL												
		Audited				Audited				Audited				
		31 December 2010		31 December 2009		31 December 2008		31 December 2008		31 December 2008		31 December 2008		
TL	FC	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC	TOTAL		
I. CASH AND CASH EQUIVALENTS														
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS														
II. Financial Assets Held for Trading	4	303	9,008	882	13,694	14,576	507	33,863	34,370					
2.1 Financial Assets at Fair Value Through Profit and Loss	4.1	-	9,008	-	13,694	13,694	-	33,863	33,863					
2.2 Derivative Financial Assets Held for Trading	4.2	303	-	882	-	882	507	-	507					
III. BANKS	5	105,163	3,170	251,557	5,427	256,984	50,507	5,768	56,275					
IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS														
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	4,155	13	4,155	13	4,168	4,155	13	4,168					
VI. FACTORING RECEIVABLES	7	1,253,745	173,553	739,744	103,992	843,736	535,565	114,388	649,953					
6.1 Discount Factoring Receivables	6.1	313,801	7,613	311,970	225	312,195	250,560	-	250,560					
6.1.1 Domestic	6.1.1	318,871	7,613	318,352	225	318,577	257,080	-	257,080					
6.1.2 Foreign	6.1.2	(5,070)	-	(6,382)	-	(6,382)	(6,520)	-	(6,520)					
6.1.3 Unearned Income (-)	6.1.3	939,944	165,940	427,774	103,767	531,541	285,065	114,388	399,393					
6.2 Other Factoring Receivables	6.2	939,926	138,787	427,772	81,836	509,608	285,065	-	285,065					
6.2.1 Domestic	6.2.1	18	27,153	2	21,931	21,933	-	114,388	114,388					
6.2.2 Foreign	6.2.2	-	-	-	-	-	-	-	-					
VI. FINANCING LOANS														
6.1 Retail Loans	6.1	-	-	-	-	-	-	-	-					
6.2 Credit Loans	6.2	-	-	-	-	-	-	-	-					
6.3 Installment Commercial Loans	6.3	-	-	-	-	-	-	-	-					
VI. LEASE RECEIVABLES														
6.1 Lease Receivables	6.1	6,796	-	7,632	-	7,632	-	-	-					
6.1.1 Financial Lease Receivables	6.1.1	13,723	-	14,001	-	14,001	1,911	-	1,911					
6.1.2 Operational Lease Receivables	6.1.2	-	-	-	-	-	-	-	-					
6.1.3 Other	6.1.3	(6,927)	-	(6,369)	-	(6,369)	(1,911)	-	(1,911)					
6.1.4 Unearned Income (-)	6.1.4	-	-	-	-	-	-	-	-					
6.2 Ongoing Leasing Contracts	6.2	-	-	-	-	-	-	-	-					
6.3 Advances Given	6.3	-	-	-	-	-	-	-	-					
VII. NON-PERFORMING RECEIVABLES														
7.1 Non-Performing Factoring Receivables	7.1	6,796	-	7,632	-	7,632	-	-	-					
7.1 Non-Performing Financial Loans	7.1	13,723	-	14,001	-	14,001	1,911	-	1,911					
7.1 Non-Performing Lease Receivables	7.1	-	-	-	-	-	-	-	-					
7.2 Specific Provisions (-)	7.2	(6,927)	-	(6,369)	-	(6,369)	(1,911)	-	(1,911)					
VIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES														
8.1 Fair Value Hedging	8.1	-	-	-	-	-	-	-	-					
8.2 Cash Flow Hedging	8.2	-	-	-	-	-	-	-	-					
8.3 Net Foreign Investment Hedging	8.3	-	-	-	-	-	-	-	-					
IX. INVESTMENTS HELD TO MATURITY (Net)														
X. SUBSIDIARIES (Net)														
XI. ASSOCIATES (Net)	XI.	-	-	-	-	-	-	-	-					
XII. JOINT VENTURES (Net)	XII.	1,335	-	816	-	816	998	-	998					
XIII. TANGIBLE ASSETS (Net)	XIII.	1,442	-	1,480	-	1,480	977	-	977					
XIV. INTANGIBLE ASSETS (Net)	XIV.	-	-	-	-	-	-	-	-					
14.1 Goodwill	14.1	1,442	-	1,480	-	1,480	977	-	977					
14.2 Other	14.2	3,215	-	3,379	-	3,379	860	-	860					
XV. DEFERRED TAX ASSETS														
XVI. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	XVI.	-	-	-	-	-	-	-	-					
16.1 Held For Sale	16.1	-	-	-	-	-	-	-	-					
16.2 Discontinued Operations	16.2	-	-	-	-	-	-	-	-					
XVII. OTHER ASSETS														
	12	3,666	-	142	-	142	217	-	217					
TOTAL ASSETS		1,379,821	185,744	1,009,787	123,126	1,132,913	593,787	154,035	747,822					

The accompanying notes form an integral part of these financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş. BALANCE SHEET

LIABILITIES		Thousands of TL											
		Audited						Audited					
		31 December 2010		31 December 2009		31 December 2008		31 December 2010		31 December 2009		31 December 2008	
Notes	TL	FC	TOTAL	TL	FC	TOTAL	TL	FC	TOTAL	TL	FC	TOTAL	
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING												
II.	FUNDS BORROWED	4.3	311	-	311	68	68	792	-	792	-	792	
III.	FACTORING PAYABLES	13	830,487	680,464	1,510,951	732,317	1,081,382	393,499	309,670	703,169	-	703,169	
III.	LEASE PAYABLES	7	1,489	155	1,644	298	316	446	903	1,349	-	1,349	
3.1	Financial Lease Payables		-	-	-	-	-	-	-	-	-	-	
3.2	Operational Lease Payables		-	-	-	-	-	-	-	-	-	-	
3.3	Other		-	-	-	-	-	-	-	-	-	-	
3.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-	-	-	-	-	
IV.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-	-	-	-	-	
4.1	Bills		-	-	-	-	-	-	-	-	-	-	
4.2	Asset-backed Securities		-	-	-	-	-	-	-	-	-	-	
4.3	Bonds		-	-	-	-	-	-	-	-	-	-	
V.	SUNDRY CREDITORS	14	276	1	277	194	202	274	8	282	-	282	
VI.	OTHER LIABILITIES		-	-	-	-	-	-	-	-	-	-	
VII.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES		-	-	-	-	-	-	-	-	-	-	
7.1	Fair Value Hedging		-	-	-	-	-	-	-	-	-	-	
7.2	Cash Flow Hedging		-	-	-	-	-	-	-	-	-	-	
7.3	Net Foreign Investment Hedging		-	-	-	-	-	-	-	-	-	-	
VIII.	TAXES PAYABLE AND LIABILITIES	15	1,176	-	1,176	3,188	3,188	1,648	-	1,648	-	1,648	
IX.	PROVISIONS	16	1,189	-	1,189	1,879	1,879	1,669	-	1,669	-	1,669	
9.1	Reserves for Restructuring		-	-	-	-	-	-	-	-	-	-	
9.2	Reserves For Employee Benefits		1,139	-	1,139	842	842	384	-	384	-	384	
9.3	Other Provisions		50	-	50	1,037	1,037	1,285	-	1,285	-	1,285	
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-	-	-	-	-	
XI.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-	-	-	-	-	
11.1	Held For Sale		-	-	-	-	-	-	-	-	-	-	
11.2	Discontinued Operations		-	-	-	-	-	-	-	-	-	-	
XII.	SUBORDINATED LOANS		-	-	-	-	-	-	-	-	-	-	
XIII.	SHAREHOLDERS' EQUITY	17	50,017	-	50,017	45,878	45,878	38,913	-	38,913	-	38,913	
13.1	Paid-in Capital		21,000	-	21,000	19,280	19,280	17,960	-	17,960	-	17,960	
13.2	Capital Reserves		2,122	-	2,122	2,122	2,122	2,122	-	2,122	-	2,122	
13.2.1	Share Premium		-	-	-	-	-	-	-	-	-	-	
13.2.2	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	
13.2.3	Marketable Securities Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	
13.2.4	Tangible and Intangible Assets Revaluation Reserve		-	-	-	-	-	-	-	-	-	-	
13.2.5	Bonus Shares Obtained From Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	
13.2.6	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	
13.2.7	Accumulated Revaluation Reserves on Assets Held For Sale and Discontinued Operations		-	-	-	-	-	-	-	-	-	-	
13.2.8	Other Capital Reserves		2,122	-	2,122	2,122	2,122	2,122	-	2,122	-	2,122	
13.3	Profit Reserves		1,408	-	1,408	970	970	623	-	623	-	623	
13.3.1	Legal Reserves		1,408	-	1,408	970	970	623	-	623	-	623	
13.3.2	Statutory Reserves		-	-	-	-	-	-	-	-	-	-	
13.3.3	Extraordinary Reserves		-	-	-	-	-	-	-	-	-	-	
13.3.4	Other Profit Reserves		25,487	-	25,487	23,506	23,506	18,208	-	18,208	-	18,208	
13.4	Profit or Loss		21,348	-	21,348	16,541	16,541	13,641	-	13,641	-	13,641	
13.4.1	Retained Earnings / (Accumulated Losses)		4,139	-	4,139	6,965	6,965	4,567	-	4,567	-	4,567	
13.4.2	Current Year Profit/Loss		884,945	680,620	1,565,565	783,822	1,132,913	437,241	310,581	747,822	310,581	747,822	
	TOTAL LIABILITIES AND EQUITY												

The accompanying notes form an integral part of these financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş. STATEMENT OF OFF-BALANCE SHEET

OFF-BALANCE SHEET ITEMS		Thousands of TL						
		Notes	Audited 31 December 2010			Audited 31 December 2009		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING OPERATIONS							
II.	REVOCABLE FACTORING OPERATIONS							
III.	GUARANTEES TAKEN	26.1	122,188	641,948	764,136	94,695	503,985	
IV.	GUARANTEES GIVEN	26.2	1,251	-	1,251	1,413	-	
V.	COMMITMENTS	26.3	-	8,972	8,972	-	13,825	
5.1	Irrevocable Commitments		-	8,972	8,972	-	13,825	
5.2	Revocable Commitments		-	-	-	-	-	
5.2.1	Lease Commitments		-	-	-	-	-	
5.2.1.1	Finance Lease Commitments		-	-	-	-	-	
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	
5.2.2	Other Revocable Commitments		-	-	-	-	-	
VI.	DERIVATIVE FINANCIAL INSTRUMENTS	26.4	405,300	409,291	814,591	147,221	161,338	
6.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	
6.1.1	Fair Value Hedges		-	-	-	-	-	
6.1.2	Cash Flow Hedges		-	-	-	-	-	
6.1.3	Net Investment Hedges		-	-	-	-	-	
6.2	Derivative Financial Instruments Held For Trading		405,300	409,291	814,591	147,221	161,338	
6.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	
6.2.2	Swap Buy/Sell Transactions		405,300	409,291	814,591	147,221	161,338	
6.2.3	Options Buy/Sell Transactions		-	-	-	-	-	
6.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	
6.2.5	Other		-	-	-	-	-	
VII.	ITEMS HELD IN CUSTODY		256,209	48,837	305,046	234,937	66,259	
TOTAL OFF BALANCE SHEET ITEMS			2,043,763	1,282,601	3,326,364	1,224,394	849,399	

The accompanying notes form an integral part of these financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş. INCOME STATEMENT

INCOME STATEMENT		Notes	Thousands of TL	
			Audited 1 January - 31 December 2010	Audited 1 January - 31 December 2009 (Restated Note 2.6)
I.	OPERATING INCOME	18	92,888	79,396
	FACTORING INCOME		92,888	79,396
1.1	Factoring Interest Income		76,614	63,139
1.1.1	Discount		34,556	47,241
1.1.2	Other		42,058	15,898
1.2	Factoring Commission Income		16,274	16,257
1.2.1	Discount		10,155	7,509
1.2.2	Other		6,119	8,748
	INCOME FROM FINANCIAL LOANS		-	-
1.1	Interest Income From Financial Loans		-	-
1.2	Commission Income From Financial Loans		-	-
	LEASE INCOME		-	-
1.1	Finance Lease Income		-	-
1.2	Operational Lease Income		-	-
1.3	Commission Income From Leasing Operations		-	-
II.	OPERATING EXPENSES (-)	19	(22,648)	(19,663)
2.1	Personnel Expenses		(13,270)	(11,313)
2.2	Retirement Pay Provision Expenses		(140)	(31)
2.3	Research and Development Expenses		-	-
2.4	General Administrative Expenses		(9,238)	(8,519)
2.5	Other		-	-
III.	OTHER OPERATING INCOME	20	2,211,504	1,146,617
3.1	Interest income from Deposits		23,934	15,426
3.2	Interest income from Reverse Repurchase Agreements		-	-
3.3	Interest income from Marketable Securities		515	536
3.3.1	Interest Income from Financial Assets Held for Trading		515	536
3.3.2	Interest Income from Financial Assets at Fair Value Through Profit and Loss		-	-
3.3.3	Interest Income from Financial Assets Available For Sale		-	-
3.3.4	Interest Income from Financial Assets Held to Maturity		-	-
3.4	Dividend Income		-	-
3.5	Interest Received from Money Market Placements		68,492	3,391
3.5.1	Derivative Financial Transactions		68,325	3,271
3.5.2	Other		167	120
3.6	Foreign Exchange Gains		2,117,454	1,126,983
3.7	Other		1,109	281
IV.	FINANCIAL EXPENSES (-)	21	(73,174)	(60,412)
4.1	Interest Expense on Funds Borrowed		(72,543)	(59,470)
4.2	Interest Expense on Factoring Payables		-	-
4.3	Finance Lease Expense		-	-
4.4	Interest Expense on Securities Issued		-	-
4.5	Other Interest Expenses		-	-
4.6	Other Fees and Commissions		(631)	(942)
V.	SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)	22	(565)	(3,791)
VI.	OTHER OPERATING EXPENSES (-)	23	(2,202,799)	(1,132,650)
6.1	Impairment on Marketable Securities (-)		-	-
6.1.1	Financial Assets at Fair Value Through Profit and Loss		-	-
6.1.2	Financial Assets Available For Sale		-	-
6.1.3	Financial Assets Held to Maturity		-	-
6.2	Expense from Impairment on Tangible and Intangible Assets		-	-
6.2.1	Impairment on Tangible Assets		-	-
6.2.2	Impairment on Assets Held for Sale and Discontinued Operations		-	-
6.2.3	Impairment on Goodwill		-	-
6.2.4	Impairment on Intangible Assets		-	-
6.2.5	Impairment on Subsidiaries, Associates and Joint Ventures		-	-
6.3	Losses from Derivative Financial Transactions		(83,634)	(4,619)
6.4	Foreign Exchange Losses		(2,119,147)	(1,127,528)
6.5	Other		(18)	(503)
VII.	NET OPERATING INCOME		5,206	9,497
VIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
IX.	NET MONETARY GAIN/LOSS		-	-
X.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX		5,206	9,497
XI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	11	(1,067)	(2,532)
11.1	Current Tax Charge		(903)	(5,051)
11.2	Deferred Tax Charge (+)		(164)	-
11.3	Deferred Tax Benefit (-)		-	2,519
XII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS		4,139	6,965
XIII.	INCOME ON DISCONTINUED OPERATIONS		-	-
13.1	Income on Assets Held for Sale		-	-
13.2	Gain on Sale of Associates, Subsidiaries and Joint Ventures		-	-
13.3	Other Income on Discontinued Operations		-	-
XIV.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
14.1	Expenses on Assets Held for Sale		-	-
14.2	Losses on Sale of Associates, Subsidiaries and Joint Ventures		-	-
14.3	Other Expenses on Discontinued Operations		-	-
XV.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX		-	-
XVI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
16.1	Current Tax Charge		-	-
16.2	Deferred Tax Charge (+)		-	-
16.3	Deferred Tax Benefit (-)		-	-
XVII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS		-	-
XVIII.	NET PERIOD PROFIT/LOSS		4,139	6,965
	Earnings Loss Per Share (Kuruş per 1 thousand shares)	24	197.10	331.67

The accompanying notes form an integral part of these financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş. STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER EQUITY

STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER EQUITY	Notes	Thousands of TL	
		Audited	Audited
		1 January - 31 December 2010	1 January - 31 December 2009
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		-	-
1.1 Net change in fair value of available for sale investments		-	-
1.2 Net change in fair value of available for sale investments (Transfer to Profit/Loss)		-	-
II. TANGIBLE ASSETS REVALUATION DIFFERENCES		-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES		-	-
IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS		-	-
V. PROFIT LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES		-	-
5.1 Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)		-	-
5.2 The portion reclassified and presented in the income statement		-	-
VI. PROFIT LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS		-	-
Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)		-	-
6.1 The portion reclassified and presented in the income statement		-	-
6.2 The portion reclassified and presented in the income statement		-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES		-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAX		-	-
IX. DEFERRED TAX OF VALUATION DIFFERENCES		-	-
X. TOTAL NET PROFIT LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)		-	-
XI. PROFIT LOSS FOR THE PERIOD		-	-
XII. TOTAL PROFIT LOSS ACCOUNTED FOR THE PERIOD (X=XI)		-	-

GABANTI FAKTORING HIZMETLERI A.Ş. SHAREHOLDERS' EQUITY

	Notes	December 31,											Total Shareholders' Equity			
		Paid-up Capital	Reserve Adjustment to Paid-up Capital	Share Premium	Share Capital	Legal Reserve	Statutory Reserve	Equity Reserve	Other Reserve	Current Year Profit/(Loss)	Retained Earnings / (Accumulated Losses)	Marketable Securities Reserve		Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained From Investments	Hidden Funds
PERIOD																
1 January - 31 December 2009																
I. (Audited)	17	17,900	2,132	-	-	623	-	-	-	7,081	13,641	-	-	-	-	-
II. Balance at the beginning of the period (previously reported)		-	-	-	-	-	-	-	-	6,214	-	-	-	-	-	-
III. Effect of corrections (Note 2.6)		-	-	-	-	-	-	-	-	(2,519)	-	-	-	-	-	-
IV. Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Adjusted balance at the beginning of the period (I+II)		17,900	2,132	-	-	623	-	-	-	4,695	13,641	-	-	-	-	-
VI. Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Tangible assets revaluation reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Bonus shares of associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Change resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Change resulted from revaluation of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Capital increase		1,320	-	-	-	-	-	-	-	-	(1,320)	-	-	-	-	-
XIX. Share issue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Hidden adjustment to paid in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII. Subordinated loan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIII. Current period's profit/loss		-	-	-	-	-	-	-	6,985	(6,985)	-	-	-	-	-	-
XXIV. Profit distribution		-	-	-	-	-	-	-	(6,985)	4,220	-	-	-	-	-	-
XXV. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVI. Transfer to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (I+II+III+...+XXVII+XXVIII)		21,000	3,132	-	-	1,408	-	-	-	4,139	21,348	-	-	-	-	-
CURRENT PERIOD																
1 January - 31 December 2010																
I. (Audited)	17	12,380	2,132	-	-	970	-	-	-	6,985	16,541	-	-	-	-	-
II. Balance at the beginning of the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Foreign Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonus shares of associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Change resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Change resulted from revaluation of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII. Share issue		1,720	-	-	-	-	-	-	-	-	(1,720)	-	-	-	-	-
XXIII. Hidden adjustment to paid in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIV. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXV. Subordinated loan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVI. Current period's net profit/loss		-	-	-	-	-	-	-	4,139	(6,985)	-	-	-	-	-	-
XXVII. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVIII. Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIX. Transfer to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXX. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (I+II+III+...+XXX+XXXI)		21,000	3,132	-	-	1,408	-	-	-	4,139	21,348	-	-	-	-	-

GARANTİ FAKTORİNG HİZMETLERİ A.Ş. STATEMENT OF CASH FLOW

	Notes	Thousands of TL	
		Audited 1 January - 31 December 2010	Audited 1 January - 31 December 2009 (Restated Note 2.6)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1		4,174	9,367
1.1.1		72,190	65,793
1.1.2		(696)	(396)
1.1.3		-	-
1.1.4	18	16,274	16,257
1.1.5		-	-
1.1.6	8	1,007	315
1.1.7		(21,104)	(19,663)
1.1.8	11	(5,114)	(2,361)
1.1.9		(58,383)	(50,578)
1.2		(156,571)	172,548
1.2.1		(579,865)	(205,276)
1.2.1		-	-
1.2.1		-	-
1.2.2		(1,501)	(299)
1.2.3		1,328	(1,033)
1.2.3		-	-
1.2.4		423,322	378,213
1.2.5		-	-
1.2.6		145	943
I.		(132,397)	181,915
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1		-	-
2.2		-	-
2.3	9	(938)	(190)
2.4		-	-
2.5		-	-
2.6		-	-
2.7		-	-
2.8		-	-
2.9		4,049	19,124
II.		3,111	18,934
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1		-	-
3.2		-	-
3.3		-	-
3.4		-	-
3.5		-	-
3.6		-	(942)
III.		-	(942)
IV.		114	-
V.		(149,172)	199,907
VI.		256,157	56,250
VII.	2.5 (m)	106,985	256,157

The accompanying notes form an integral part of these financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş. STATEMENT OF PROFIT DISTRIBUTION

		Thousands of TL	
		Audited	Audited
		1 January - 31 December 2010	1 January - 31 December 2009 (Restated Note 2.6)
	Notes		
I	DISTRIBUTION OF CURRENT YEAR INCOME (*) (**)		
1.1	Current Period Profit	5,206	9,497
1.2	Taxes And Dues Payable (-)	1,067	2,532
1.2.1	Corporate Tax (Income tax)	903	5,051
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and dues	164	(2,519)
A.	NET PERIOD PROFIT (1.1-1.2)	4,139	6,965
1.3	Accumulated Deficit (-)	-	-
1.4	First Legal Reserves (-)	-	(438)
1.5	Other Statutory Reserves (-)	-	-
B.	NET PERIOD PROFIT AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5))]	4,139	6,527
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Preferred Stocks	-	-
1.6.3	To Owners Of Preferred Stocks (Preemptive rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Preferred Stocks	-	-
1.9.3	To Owners Of Preferred Stocks (Preemptive rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	-
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Preferred Stocks	-	-
2.3.3	To Owners Of Preferred Stocks (Preemptive rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	-	-
3.2	To Owners Of Ordinary Shares (%)	-	-
3.3	To Owners Of Preferred Stocks	-	-
3.4	To Owners Of Preferred Stocks (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Preferred Stocks	-	-
4.4	To Owners Of Preferred Stocks(%)	-	-

(*)The profit distribution decision will be made in the General Assembly Meeting. The General Assembly Meeting has not been made as of the date of this report.

(**) In accordance with the decision made at the General Assembly Meeting held on 28 April 2010, the Company has decided to transfer TL 1,720 thousand of 2009's profit to the capital; issue new shares and distribute them as bonus shares to the shareholders.

The accompanying notes form an integral part of these financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Aktif Finans Faktoring Hizmetleri A.Ş. was incorporated on 4 September 1990 in Turkey to provide factoring services to industrial and commercial firms. The commercial title of Aktif Finans Faktoring Hizmetleri A.Ş. was changed to Garanti Faktoring Hizmetleri A.Ş. ("the Company") with the approval of the General Assembly held on 27 March 2002. The Company offered its shares to public in 1994 with the authorization of Capital Markets Board ("CMB"). The Company operates in accordance with Capital Markets Law and the Communiqué on the "The Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies" made by the Banking Regulation and Supervision Agency ("BRSA").

Information about the Company's shareholders and respective shares are as follows:

	31 December 2010	Shareholding (%)	31 December 2009	Shareholding (%)
Türkiye Garanti Bankası A.Ş.	17,187	81.84	15,780	81.84
Türkiye İhracat Kredi Bankası A.Ş.	2,053	9.78	1,885	9.78
Publicly Trading	1,760	8.38	1,615	8.38
Capital	21,000	100.00	19,280	100.00

The shareholding of Türkiye Garanti Bankası A.Ş. as of 31 December 2010 and 31 December 2009 is 55.40% and 55.40%, respectively. Türkiye Garanti Bankası A.Ş. has obtained the remaining shares by 26.44% and 26.44% from Istanbul Stock Exchange.

The Company has 155 employees as at 31 December 2010 (31 December 2009: 136).

The Company is registered in Turkey and operates at the following address:

Eski Büyükdere Caddesi Ayazağa Köy Yolu No:23 34396 Maslak / İstanbul.

The Company provides factoring services substantially in one geographical segment (Turkey).

Dividends Payable

As of the report date there is no dividend distribution decision made. In accordance with the decision made at the General Assembly Meeting held on 28 April 2010, the Company has decided to transfer TL 1,720 thousand of 2009's profit to the capital; issue new shares and distribute them as bonus shares to the shareholders.

Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors based on the Board of Directors decision dated 11 March 2011. The General Assembly has the authority to change the financial statements.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1. Accounting Standards Applied

The Company maintains its books of account in accordance with the Turkish Accounting Standards applying the Communiqué on "The Application of Uniform Charts of Accounts and its Guide Book In Connection to the Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies and The Format of the Financial Statements for Public Presentation" published in the Official Gazette No: 26525 on 17 May 2007.

The Company also applies the requirements of the Communiqué on the "Principles and Procedures of Receivable Allowances to be Provided by Finance Leasing, Factoring and Financing Companies"; which is prepared based on the Communiqué on "The Application of Uniform Charts of Accounts and its Guide Book in Connection to the Establishment and Main Activities of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No:26315 on 10 October 2006; published in the Official Gazette No: 26588 on 20 July 2007.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.1.2 Preparation of Financial Statements in Hyperinflationary Periods

Restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, in accordance with Turkish Accounting Standards on "Preparation of Financial Statements in Hyperinflationary Periods" ("TAS 29") for the financial statements prepared until 31 December 2004. BRSA issued a circular on 28 April 2005 stating that the indicators requiring the application of inflation accounting ceased to exist; consequently inflation accounting was not applied in the financial statements after 1 January 2005.

2.1.3. 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 realize the asset and settle the liability simultaneously.

2.2 Changes in Accounting Policies

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly. There is no significant change in the accounting policies of the Company in the current year.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period, changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively.

Reporting Standards in accordance with the preparation of financial statements, management, policies and the implementation of the reported assets, liabilities, income and expenditure to take decisions that affect the amounts, to make estimates and assumptions required. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. Accounting estimates are updates, update the affected period, and these updates are recognized in subsequent periods. The main notes used in the estimates are as follows:

- Note 4 – Financial Assets at fair value through profit and loss
- Note 7 – Factoring receivables
- Note 9 – Tangible Assets
- Note 10 – Intangible Assets
- Note 11 – Tax Assets and Liabilities
- Note 16 – Provisions

The Company has not been a change in accounting estimates in the current year.

Significant accounting errors are applied retrospectively and reorganized the prior period financial statements. The Company has restated its prior period financial statements as explained in detail, in Note 2.6.

2.4 Adoption of New and Revised International Financial Reporting Standards

2.4.1. New and revised standards applied by the Company:

There is no standard or interpretation change that affects the Company's reported results, balance sheet, presentation or disclosures significantly as at 31 December 2010.

2.4.2. Standards and interpretations those are effective as at 31 December 2010 with no impact on the Company's December 2010 financial statements:

IFRIC 17, "Distributions of Non-cash Assets to Owners", is effective for annual periods beginning on or after 1 July 2009. The Company does not apply this interpretation, as it has not made any non-cash distributions.

IFRIC 18, "Transfers of assets from customers", is effective for transfer of assets on or after 1 July 2009. The Company does not apply this interpretation, as it has not transferred any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. The Company does not apply this interpretation, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Cash-settled Share Based Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. The Company does not apply this interpretation, as the Company does not have share-based payment plans.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

- 2.4.2. Standards and interpretations those are effective as at 31 December 2010 with no impact on the Company's December 2010 financial statements (cont'd) :

Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Entity is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Entity will retain a non-controlling interest in the subsidiary after the sale. The Company does not apply this amendment as it has no subsidiary.

International Financial Reporting Standards in relation to the improvements made in 2009, posted on April 2009. Improvements in standards and interpretations are described below include: IFRS 2 Share-based Payment, IFRS 5 Assets Held for Sale and Discontinued Operations, IFRS 8 Operating segments, IAS 1 Presentation of Financial Statements, IAS 7 Cash Flow Statement, IAS 17 Financial Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives Instruments, IFRIC 16 Hedges of a Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

- 2.4.3. Standards that are issued but not yet effective and have not been early adopted and amendments and interpretations to the current standards

IFRS 1 (amendments) First-time Adoption of IFRS – Additional Exemptions

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

On 20 December, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs and provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.

Such amendments will be effective for annual periods beginning on or after 1 July 2011.

These amendments are not relevant to the Company, as it is an existing IFRS preparer.

IFRS 7 "Financial Instruments: Disclosures"

In October 2010, IFRS 7 Financial Instruments: Disclosures is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

- 2.4.3. Standards that are issued but not yet effective and have not been early adopted and amendments and interpretations to the current standards (cont'd)

IFRS 9 "Financial Instruments: Classification and Measurement":

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial instruments was issued by International Accounting Standards Board ("IASB"). IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. This new standard is mandatory for annual periods beginning on or after 1 January 2013.

IAS 12 "Income Tax"

IAS 12 "Income Tax" standard was amended on December 2010. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012.

IAS 24 (2009) 'Related Party Disclosures'

In November 2009, IAS 24 "Related Party Disclosures" was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

IAS 32 (Amendments) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

- 2.4.3. Standards that are issued but not yet effective and have not been early adopted and amendments and interpretations to the current standards (cont'd)

IFRIC 14 (Amendments) Pre-payment of a Minimum Funding Requirement

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Company does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

May 2010, Annual Improvements

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover mainly 7 standards/interpretations: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations*; IFRS 7 *Financial Instruments: Disclosures*; IAS 1 *Presentation of Financial Statements*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes*. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011 with early adoption option.

2.5 Summary of Significant Accounting Policies

a. Revenue

Factoring service income is composed of collected and accrued interest income and commission income earned from advance payments made to customers.

A specific percentage amount, obtained from invoice total subject to factoring transactions, constitutes commission income.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Other interest income is accrued based on the effective interest rate which equals the estimated cash flows to net book value of the related asset.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

b. Financial Instruments

Financial Assets

All financial assets are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value and recognized or derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for financial assets other than those financial assets designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges.

Credit linked notes are classified as financial assets held for trading and measured at fair value, with changes in fair value recognised in profit or loss. They are measured at amortized cost when their fair value cannot be reliably measured. Amortized cost is calculated using effective interest rate method.

Held to maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

b. Financial Instruments (cont'd)

Financial Assets (cont'd)

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. Investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Factoring receivables and other receivables

Factoring receivables and other receivables are stated at fair value at initial recognition. Subsequent to initial recognition, all receivables except for factoring receivables are carried at amortized cost using the effective interest method. Factoring transactions are accounted for at carrying amounts in subsequent reporting periods. The Company management believes that carrying amounts of factoring receivables approximate to their fair values since amortization is taken into account at initial recognition.

Effective from 1 January 2008, in accordance with the Communiqué (No: 26588) on the "Principles and Procedures of Receivable Allowances To Be Provided By Financial Leasing, Factoring and Financing Companies" issued on 20 July 2007, special provision rate allocated for the factoring receivables considering their guarantees are as follows: 20%, at a minimum, for factoring receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for factoring receivables overdue more than 180 days not exceeding 360 days; and 100%, at a minimum, for factoring receivables overdue more than 1 year. The Company allocates 100% provision for all doubtful factoring receivables which do not have strong collaterals without considering the time intervals above. Other receivables that have fixed or determinable payments that are not quoted in an active market are also classified in this category. These receivables are measured at amortized cost using the effective interest method less any impairment.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

b. Financial Instruments (cont'd)

Financial Assets (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For loans and receivables, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets except factoring receivables. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

Specific provision is allocated for factoring receivables in accordance with the Communiqué (No: 26588) on the "Principles and Procedures of Receivable Allowances To Be Provided By Financial Leasing, Factoring and Financing Companies" issued on 20 July 2007.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying value of these assets approximates their fair value.

Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are designated as held for trading and resulting gain or loss is recognized in profit or loss immediately as the derivatives do not meet the criteria for hedge accounting despite they provide economic hedge.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

b. Financial Instruments (cont'd)

Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value at initial recognition, and remeasured at fair value as of the balance sheet date at each reporting period. The changes in fair value are recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of financial liability, or, where appropriate, a shorter period.

c. Tangible Assets

Tangible assets are carried at historical cost, less accumulated depreciation and accumulated impairment losses.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement. Gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

d. Intangible Assets

Intangible Fixed Assets Acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible fixed assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (3 – 5 years).

e. Impairment of Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f. Retirement Pay Provision

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

g. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

g. Provisions, Contingent Liabilities and Contingent Assets (cont'd)

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

h. Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

i. Effects of Changes in Exchange Rates

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of the Company is expressed in thousands of TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as of 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
USD	1.5460	1.5057
EURO	2.0491	2.1603
GBP	2.3886	2.3892

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

j. Earnings per Share

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

k. Subsequent Events

Events after balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after balance sheet date occurred subsequent to an announcement on the Company's profit or following any financial information disclosed to public.

The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date if such subsequent events arise.

l. Finance Lease

Lease- The Company as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lesser is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged to the profit or loss in accordance with the Company's general policy on borrowing costs as detailed above.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant leases.

m. Segmental Information

No segmental information is disclosed as the Company provides only factoring services and only in Turkey.

n. Taxation on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

n. Taxation on Income (cont'd)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred 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 they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

o. Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from factoring operations of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

	31 December 2010	31 December 2009
Cash / Foreign Currency	1	-
Banks	106,984	256,157
	106,985	256,157

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

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2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Comparative Information and Restatement of Prior Period Financial Statements

In order to give a true understanding of the financial position and performance trends, the Company's financial statements are prepared comparatively with the prior period. When the presentation or classifications in the current year financial statements are changed, the prior period financial statements are reclassified accordingly in order to provide comparative information.

In the current year the Company has reviewed the factoring receivables portfolio and their foreign currency valuations and has restated the opening balances in the financial statements for the years 2010 and 2009 in accordance with IAS 8. The effects of the restatements to the prior period financial statements are summarized below:

Balance Sheet Effect:

	Previously Reported 1 January 2009	Restatement	Restated 1 January 2009
Factoring Receivables	653,096	(3,143)	649,953
Deferred Tax Assets	231	629	860
Retained Earnings/ (Accumulated Losses)	20,722	(2,514)	18,208
Total Assets	750,336	(2,514)	747,822
Total Shareholders' Equity	41,427	(2,514)	38,913

	Previously Reported 1 January 2010	Restatement	Restated 1 January 2010
Factoring Receivables	850,740	(7,004)	843,736
Deferred Tax Assets	1,979	1,400	3,379
Retained Earnings/ (Accumulated Losses)	19,055	(2,514)	16,541
Net Profit / (Loss) for the Period	10,055	(3,090)	6,965
Total Assets	1,138,517	(5,604)	1,132,913
Total Shareholders' Equity	51,482	(5,604)	45,878

Income Statement Effect

	Previously Reported 1 January- 31 December 2009	Restatement	Restated 1 January- 31 December 2009
Factoring Income	82,050	(2,654)	79,396
Foreign Exchange Loss	(1,126,321)	(1,207)	(1,127,528)
Deferred Tax Benefit	1,748	771	2,519
Net Profit / (Loss) for the Period	10,055	(3,090)	6,965

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

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3 CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Cash / Foreign Currency	1	-	-	-
	1	-	-	-

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

4.1 Financial Assets Held for Trading

Details of the Company's credit linked notes that are classified as financial assets held for trading as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Turkish Corporate Bonds	-	9,008	-	13,694
	-	9,008	-	13,694

	31 December 2010			
	Carrying Amount	Nominal	Interest Rate (%)	Maturity
Turkish Corporate Bonds				
USD	8,603	8,589	2.35	2013
EURO	405	383	9.50	2011
	9,008	8,972		

	31 December 2009			
	Carrying Amount	Nominal	Interest Rate (%)	Maturity
Turkish Corporate Bonds				
USD	11,731	11,711	2.33	2013
EURO	1,963	2,114	3.99-9.50	2010-2011
	13,694	13,825		

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4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Cont'd)

4.2 Derivative Financial Assets Held for Trading

Derivative financial instruments are stated at fair value. Increase in fair value is classified as derivative financial assets held for trading while decrease in fair value is classified as derivative financial liabilities held for trading.

Details of derivative financial assets held for trading that arise from currency swap buy-sell agreements as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Derivative Financial Assets Held for Trading	303	-	882	-
	303	-	882	-

4.3 Derivative Financial Liabilities Held for Trading

Details of derivative financial liabilities held for trading that arise from currency swap buy-sell agreements as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Derivative Financial Liabilities Held for Trading	311	-	68	-
	311	-	68	-

5. BANKS

Details of banks as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Demand deposits	3,814	3,170	730	5,427
Time deposits	101,349	-	250,827	-
	105,163	3,170	251,557	5,427

Time deposits are composed of bank placements with maturities shorter than 3 months. Interest rate for the TL time deposits is 9% (31 December 2009: 10%-11%). There is no restriction on bank deposits as at 31 December 2010 and 31 December 2009.

The bank balances, excluding income accruals, with original maturities shorter than 3 months which form the basis of cash flows statement amounts to TL 106,985 thousand as at 31 December 2010 (31 December 2009: TL 256,157 thousand).

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

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6. FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are composed of unquoted equity share investments as at 31 December 2010 and 31 December 2009. These investments are stated at their acquisition cost in the accompanying financial statements as the fair values of these investments cannot be reliably measured.

	31 December 2010			31 December 2009		
	Carrying Value		Share Percentage (%)	Carrying Value		Share Percentage (%)
	TL	FC		TL	FC	
Garanti Finansal Kiralama AŞ.	4,155	-	5.86	4,155	-	5.86
International Factors Group SC	-	13	0.25	-	13	0.25
	4,155	13		4,155	13	

7. FACTORING RECEIVABLES AND PAYABLES

Factoring Receivables

Details of factoring receivables as at 31 December 2010, 31 December 2009 and 31 December 2008 are as follows:

	31 December 2010		31 December 2009 (Restated Note 2.6)		31 December 2008 (Restated Note 2.6)	
	TL	FC	TL	FC	TL	FC
Domestic factoring receivables	1,251,372	-	746,125	-	542,085	-
Export and import factoring receivables	7,443	173,553	2	103,992	-	114,388
Unearned interest income	(5,070)	-	(6,383)	-	(6,520)	-
Factoring receivables, net	1,253,745	173,553	739,744	103,992	535,565	114,388

Factoring receivables with revised payment plan amounts to TL 2,425 thousand as at 31 December 2010 (31 December 2009: None). The Company has received a mortgage with a fair value of TL 2,245 thousand for these factoring receivables.

The Company has no material overdue factoring receivable other than mentioned above.

Factoring Payables

Details of short term factoring payables as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Factoring payables	1,489	155	298	18
	1,489	155	298	18

Factoring payables represent the amounts of collections on behalf of factoring customers but have not transferred to the factoring customer accounts yet.

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NOTES TO FINANCIAL STATEMENTS AS OF 31 DECEMBER 2010

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8. NON-PERFORMING RECEIVABLES

Details of the Company's non-performing factoring receivables and the provisions allocated for them as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Non-performing factoring receivables	13,723	-	14,001	-
Specific provisions	(6,927)	-	(6,369)	-
	6,796	-	7,632	-

Aging of non-performing factoring receivables and specific provision allocated for them as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	Total non-performing factoring receivables	Provision allocated	Total non-performing factoring receivables	Provision allocated
Overdue for 1-3 months	-	-	55	55
Overdue for 3-6 months	-	-	976	976
Overdue for 6-12 months	93	53	1,252	1,252
Overdue for 1 year and over	13,630	6,874	11,718	4,086
	13,723	6,927	14,001	6,369

Amount of collaterals received for non-performing factoring receivables that is limited with the exposure is TL 9,946 thousand (31 December 2009: TL 9,927 thousand).

The movement of provision for non-performing factoring receivables is as follows:

	31 December 2010	31 December 2009
Balance as at 1 January	6,369	1,911
Provision provided for the period	565	4,105
Amount transferred from generic to specific provision during the period	1,000	668
Collections during the period	(1,007)	(315)
Balance at the end of the year	6,927	6,369

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9. TANGIBLE ASSETS

The movement of tangible assets for the period ended as at 31 December 2010 is as follows:

	1 January			31 December
	2010	Additions	Disposals	2010
Acquisition Cost				
Furniture and fixtures	2,603	805	-	3,408
Vehicles	26	-	(7)	19
Leasehold improvements	958	133	-	1,091
	3,587	938	(7)	4,518
Accumulated Depreciation				
Furniture and fixture	1,945	320	-	2,265
Vehicles	7	5	(7)	5
Leasehold improvements	819	94	-	913
	2,771	419	(7)	3,183
Net book value	816			1,335

The movement of tangible assets for the period ended as at 31 December 2009 is as follows:

	1 January			31 December
	2009	Additions	Disposals	2009
Acquisition Cost				
Furniture and fixtures	2,457	146	-	2,603
Vehicles	7	19	-	26
Leasehold improvements	933	25	-	958
	3,397	190	-	3,587
Accumulated Depreciation				
Furniture and fixtures	1,662	283	-	1,945
Vehicles	4	3	-	7
Leasehold improvements	733	86	-	819
	2,399	372	-	2,771
Net book value	998			816

As of 31 December 2010 the insurance on tangible assets amounts to TL 795 thousand (31 December 2009: TL 780 thousand) and the insurance premium amounts to TL 3 thousand (31 December 2009: TL 2,824 thousand).

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9. TANGIBLE ASSETS (Cont'd)

	Useful lives
Vehicles	5
Furniture and fixture	3-15
Leasehold improvements	3-10

10. INTANGIBLE ASSETS

The movement of intangible assets for the period ended as of 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	31 December 2010
Acquisition Cost				
Rights	2,183	681	-	2,864
Other (software)	666	-	-	666
	2,849	681	-	3,530
Accumulated Amortization				
Rights	753	669	-	1,422
Other (Software)	616	50	-	666
	1,369	719	-	2,088
Net book value	1,480			1,442

The movement of intangible assets for the period ended as of 31 December 2009 is as follows:

	1 January 2009	Additions	Disposals	31 December 2009
Acquisition Cost				
Rights	1,136	1,047	-	2,183
Other (software)	666	-	-	666
	1,802	1,047	-	2,849
Accumulated Amortization				
Rights	324	429	-	753
Other (software)	501	115	-	616
	825	544	-	1,369
Net book value	977			1,480

The Company does not have internally generated intangible asset as at 31 December 2010 and 31 December 2009.

	Useful lives
Rights	3-5
Other	5

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11. TAX ASSETS AND LIABILITIES

Corporate Tax

The Company is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting exempt income and other non-taxable income (carried forward losses if available and investment incentives if preferred).

The effective tax rate in 2010 is 20% (2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax is calculated as 20% of the income in the year 2010 (2009: 20%).

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following 4. month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. Income tax withholding 24 April 2003 - 22 July 2006 is 10% among all companies. This rate since 22 July 2006, by the Council of Ministers No. 2006/10731 of 15% is applied. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

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11. TAX ASSETS AND LIABILITIES (Cont'd)

Income Withholding Tax (Cont'd)

Reconciliation of tax charge:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Reported profit before taxation	5,206	9,497
Calculated taxation on reported profit	(1,041)	(1,889)
Permanent differences:		
Nondeductible expenses	(27)	(143)
Other non-taxable income	1	-
Tax dispute expense	-	(500)
Tax Charge	(1,067)	(2,532)

The corporate tax payable as at 31 December 2010 and 31 December 2009 is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Corporate tax provision	903	4,551
Prepaid taxes	(2,924)	(2,361)
Corporate tax payable	(2,021) (*)	2,190(**)

(*) Presented in "Other Assets" in the financial statements.

(**) Presented in "Taxes payable and liabilities" in the financial statements

The tax charge in the income statement for the period ended as at 31 December is as summarized below:

	<u>1 January- 31 December 2010</u>	<u>1 January- 31 December 2009</u>
Current tax charge	(903)	(4,551)
Provision for tax dispute	-	(500)
Deferred tax (charge)/benefit	(164)	2,519
	(1,067)	(2,532)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The effective corporate tax rate is 20% as at 31 December 2010 (31 December 2009: 20%). The Company calculates deferred tax assets and liabilities according to the balance sheet liability method on the temporary differences that will be utilized using the rate 20%.

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11. TAX ASSETS AND LIABILITIES (Cont'd)

Breakdown of temporary differences and deferred tax assets and liabilities that are calculated by using current tax rates as at 31 December 2010, 31 December 2009 and 31 December 2008 is as follows:

	31 December 2010	(Restated Note 2.6) 31 December 2009	(Restated Note 2.6) 31 December 2008
Temporary Differences			
Unearned factoring interest income	5,070	6,382	-
Factoring receivable provisions and adjustments	11,420	11,874	4,825
Retirement pay provision	151	87	57
Unused vacation accrual	449	314	-
Valuation differences of derivative financial assets	8	-	285
Other	-	-	6
Temporary differences related to deferred tax assets	17,098	18,657	5,173
Valuation differences of derivative financial assets	-	814	-
Temporary differences on tangible and intangible assets	908	906	760
Valuation differences of funds borrowed	50	30	46
Valuation differences of time deposits	17	9	-
Other	56	1	68
Temporary differences related to deferred tax liabilities	1,031	1,760	874
Deferred tax assets / (liabilities)			
Unearned factoring interest income	1,014	1,276	-
Factoring receivable provisions and adjustments	2,284	2,375	965
Retirement pay provision	31	17	11
Unused vacation accrual	90	63	-
Valuation differences of derivative financial assets	1	-	57
Other	-	-	1
Deferred tax assets	3,420	3,731	1,034
Valuation differences of derivative financial assets	-	(163)	-
Temporary differences on tangible and intangible assets	(182)	(181)	(152)
Valuation differences of funds borrowed	(10)	(6)	(9)
Valuation differences of time deposits	(3)	(2)	-
Other	(10)	-	(13)
Deferred tax liabilities	(205)	(352)	(174)
Deferred tax assets (net)	3,215	3,379	860

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11. TAX ASSETS AND LIABILITIES (Cont'd)

Movement of deferred tax assets in the period is as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
1 January	3,379	860
Deferred tax income/ (expense)	(164)	2,519
31 December	3,215	3,379

12. OTHER ASSETS

Details of other assets as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Advance corporate tax (note 11)	2,021	-	-	-
Commission return receivable	1,300	-	-	-
Prepaid expenses	240	-	117	-
Other	105	-	25	-
	3,666	-	142	-

13. FUNDS BORROWED

Details of funds borrowed as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Funds Borrowed	830,487	680,464	732,317	349,065
	830,487	680,464	732,317	349,065

	31 December 2010			
	Original Amount	Interest Rate (%) [*]	TL Equivalent Up to 1 Year	1 Year and over
TL	830,487	7.35-9.24	830,487	-
USD	349,187	2.50-3.25	539,843	-
EURO	68,626	2.80-3.20	140,621	-
Total			1,510,951	-

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13. FUNDS BORROWED (Cont'd)

	31 December 2009			
	Original Amount	Interest Rate (%)*	TL Equivalent Up to 1 Year	1 Year and over
TL	732,317	7.35-7.87	732,317	-
USD	170,697	3.06-6.00	257,018	-
EURO	42,609	4.38-6.00	92,047	-
Total			1,081,382	-

* These rates represent the interest rate range of outstanding funds borrowed with fixed and floating rates as at 31 December 2010 and 31 December 2009.

There is no guarantee given for the funds borrowed as at 31 December 2010 and 31 December 2009.

14. SUNDRY CREDITORS

Details of sundry creditors as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Sundry creditors	247	1	194	8
Transitory liability accounts	29	-	-	-
	276	1	194	8

15. TAXES PAYABLE AND LIABILITIES

Details of taxes payable and liabilities as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Corporate tax payable	-	-	2,190	-
BITT payable	484	-	409	-
Income tax payable	482	-	408	-
Premium payable	188	-	160	-
V.A.T payable	10	-	13	-
Stamp tax payable	12	-	8	-
	1,176	-	3,188	-

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16. PROVISIONS

Details of provisions as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Other provisions:	50	-	1,037	-
<i>Generic provisions</i>	-	-	500	-
<i>Provision for tax dispute</i>	-	-	500	-
<i>Other</i>	50	-	37	-
Provision for employee benefits	1,139	-	842	-
	1,189	-	1,879	-

Generic Provisions

Movement of generic provision in the period is as follows:

	31 December 2010	31 December 2009
Balance at 1 January	500	1,268
Provision provided during the period	-	(100)
Transfer from other provisions	500	(668)
Transfer to specific provisions	(1,000)	-
	-	500

16.1. Other Provisions

Provision for tax dispute

In 2009, Revenue Administration of the Turkish Ministry of Finance has initiated general tax inspections covering the factoring sector for the 2008 financial period. It is stated that the inspections are carried out in accordance with the prevailing taxation legislation. 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 the Communiqué on "The Application of Uniform Charts of Accounts and its Guide Book In Connection to the Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies and The Format of the Financial Statements for Public Presentation" published in the Official Gazette No: 26525 on 17 May 2007 and provision for impaired factoring receivables arising from factoring transactions at either law-suit or execution stage has not been recorded as revenue, they have been criticised and tax has been levied on them and a penalty for loss of tax has been let-off. Accordingly, the Company has been assessed and imposed to tax penalties. The Company has requested a settlement with the tax authorities regarding the related assessment and as a result of the settlement, the Company was not exposed to any liabilities; TL 500 thousand of provision reflected in prior financial statements has been transferred first to the generic provision than to the specific provision account.

Other Provisions

As of 31 December 2010 and 31 December 2009, other provisions amounting to TL 41 thousand and TL 37 thousand respectively, include provision for credit card expenses.

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16. PROVISIONS (Cont'd)

16.2. Provision for Employee Benefits

Provision for employee benefits include retirement pay provision amounting to TL 151 thousand (31 December 2009: TL 87 thousand), unused vacation accrual amounting to TL 449 thousand (31 December 2009: TL 314 thousand) and personnel premium provision amounting to TL 539 thousand (31 December 2009: TL 441 thousand) as at 31 December 2010.

Retirement Pay Provision

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee whose contract is terminated after one service year or who is entitled to a retirement at the age of 60 (58 for women) after 25 service years (20 for women) or who is called for military service or who is dead. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended as of 23 May 2002. The amount payable consists of one month's salary limited to a maximum of TL 2,517.01 (full) for each period of service as at 31 December 2010 (31 December 2009: TL 2,365.16 (full)).

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2010, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.1% and a discount rate of 10%, resulting in a real discount rate of approximately 4,66%. (31 December 2009: inflation rate of 4,8% , discount rate of 10%, real discount rate of 5,92%). Estimated ratio for retirement pay amounts that would not be paid because of voluntary leave is 70%. The company, effective from 1 January 2011 the calculation of retirement pay provision for the TL 2,623.23 (full) ceiling amount has taken into consideration.

Movement of retirement pay provision in the period is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Balance at 1 January	87	56
Provision provided for the period	140	31
Payments during the period	(76)	-
Balance at the end of the period	151	87

Personnel Bonus Provision

Movement of the personnel bonus provision in the period is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Balance at 1 January	441	327
Paid in the period	(1,940)	(327)
Provision provided for the period	2,038	441
Balance at the end of the period	539	441

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16. PROVISIONS (Cont'd)

16.2. Provision for Employee Benefits (cont'd)

Unused Vacation Accrual

Movement of the unused vacation accrual during the period is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Balance at 1 January	314	-
Paid in the period	(33)	-
Provision provided for the period	168	314
Balance at the end of the period	449	314

17. SHAREHOLDERS' EQUITY

17.1 Paid-in Capital

As at 31 December 2010, the Company's share capital amounts to TL 21,000 thousand (31 December 2009: TL 19,280 thousand). As at 31 December 2010 the Company has 2,100,000,000 total registered shares consisting of 1,057,724,557 preferred shares and 1,042,275,443 ordinary shares with a par value of Kr 1 each (31 December 2009: TL 1,928,000,000).

In accordance with the resolution issued at the General Assembly Meeting held on 28 April 2010, the Company has decided to transfer TL 1,720 thousand of 2009's profit to capital; issue new shares and distribute them as bonus shares to shareholders and allocate the remaining profit to legal and extraordinary reserves. The Company has decided to file an application to the CMB for the declaration and registration of the related capital transfer upon its BOD meeting held on 14 May 2010. Capital increase was approved by the CMB as at 23 August 2010 and published in the Trade Registry Gazette dated 8 September 2010.

The inflation adjustments to all shareholders' equity items can be only available for and used in the bonus share issue or loss offsetting, while carrying amount of extraordinary reserves can be only used in the bonus share issue, profit distribution in cash or loss offsetting.

Article 399 of Section 15 in the Communiqué Serial: XI, No: 25 requires the amount followed under the "accumulated losses" account which resulted from the first financial statements adjusted for inflation accounting should be taken into account as an allowance during the distributable profit calculation in compliance with the profit distribution requirements of the CMB. Also, the amount followed under the "accumulated losses" account can be deducted against profit for the period and undistributed retained earnings, if any, and the remaining loss is to be deducted against in the order of extraordinary reserves, statutory reserves and capital reserves arising from equity inflation adjustments. Following the related treatment, the Company's accumulated losses amounting to TL 77,212 thousand, which was resulted from the subsequent offsetting of the Company's net profit for the period as of 31 December 2004 against extraordinary reserves and statutory reserves, was recognized in the financial statements by offsetting against the capital adjustment account based on the General Assembly's resolution dated 29 March 2005.

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17. SHAREHOLDERS' EQUITY (Cont'd)

17.2. Capital Reserves

Capital reserves amounting to TL 2,122 thousand as at 31 December 2010 and 31 December 2009 includes the capital reserves from inflation adjustments to paid-in capital.

17.3. Profit Reserves

The Company's profit reserves comprise of the first legal reserves amounting to TL 1,408 thousand as at 31 December 2010 (31 December 2009: TL 970 thousand).

17.4. Retained Earnings

As at 31 December 2010 and 31 December 2009, the Company's retained earnings amount to TL 21,348 thousand and TL 16,541 thousand respectively.

17.5. Profit Distribution

Retained earnings on statutory books can be distributed except the sentence related with legal reserves that is specified below.

The legal reserves consist of the first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. As per Turkish Commercial Code, the first legal reserve can only be offset against losses to the point that the legal reserves exceed 50% of the paid-in capital.

The capital raise to be made through the internal resources should be based on the lower of the amounts calculated using the CMB's accounting procedures and the figures recorded to legal books.

In addition, in accordance with the requirements of the Turkish Commercial Code, the Company is primarily required to appropriate legal reserves from the statutory records. If net distributable profit in legal books is greater than the CMB net distributable profit, all of the CMB net distributable profit should be distributed, if not, all of the net distributable profit in legal books should be distributed. If loss is incurred as per the Company's CMB financial statements or in the legal books, no profit distribution is made.

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18. OPERATING INCOME

The details of operating income for the periods ended as of 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009 (Restated Note 2.6)
Factoring interest income	76,614	63,139
Factoring commission income (net)	16,274	16,257
<i>Commission income</i>	17,021	16,767
<i>Commission expense</i>	(747)	(510)
Balance at the end of the year	92,888	79,396

19. OPERATING EXPENSES

The details of operating expenses for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Personnel expenses	13,270	11,313
Customer referral commission expenses	321	1,271
Vehicle expenses	1,340	1,100
Depreciation and amortization expenses	1,138	916
Communication expenses	849	805
Data processing maintenance and contract expenses	947	565
Advertising expenses	887	539
Travel expenses	534	447
Law-suit expenses	26	408
Consultancy expenses	676	396
Office rent expenses	696	396
Subscription expenses	277	363
Maintenance and repair expenses	320	273
Representation expenses	233	251
Taxes and duties expenses	258	137
Training expenses	134	99
Retirement pay provision	140	31
Other	602	353
Balance at the end of the year	22,648	19,663

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19. OPERATING EXPENSES (Cont'd)

The details of personnel expenses classified under operating expenses for the years end as at 31 December 2010 and 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Salaries	8,562	7,042
Bonuses	2,038	1,853
Social security premium employer's share	952	777
Transportation expenses	407	377
Meal expenses	466	369
Unused vacation accrual	168	314
Overtime expenses	230	184
Insurance expenses	225	152
Unemployment insurance employer's share	112	73
Health expenses	58	86
Compensation expenses	5	37
Other	47	49
	13,270	11,313

20. OTHER OPERATING INCOME

The details of other operating income for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Foreign exchange gains	2,117,454	1,126,983
Interest income on bank deposits	23,934	15,426
Interest income on financial assets held for trading	515	536
Income on derivative financial transactions	68,325	3,271
Reversal of the generic provision	-	100
Collections from specific provision	1,007	-
Other	269	301
	2,211,504	1,146,617

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21. FINANCE EXPENSES

The details of finance expenses for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Interest expenses on funds borrowed	72,543	59,470
Fees and commissions paid	631	942
	<u>73,174</u>	<u>60,412</u>

22. SPECIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES

The details of provision for non-performing receivables for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Specific provision expenses	565	3,791
	<u>565</u>	<u>3,791</u>

23. OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009 (Restated Note 2.6)
Foreign exchange losses	2,119,147	1,127,528
Losses on derivative financial transactions	83,634	4,619
Other operating expenses	18	503
	<u>2,202,799</u>	<u>1,132,650</u>

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24. EARNINGS PER SHARE

Calculation of earnings per share for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009 (Restated Note 2.6)
Profit for the period (thousands of TL)	4,139	6,965
Weighted average share with 1 KR of nominal value (*)	2,100	2,100
Earnings per thousand shares (KR)	197.10	331.67

* Number of ordinary shares has been increased by internal resources as bonus shares in 2010. Therefore number of ordinary shares information for the previous period has been updated in order to make comparative presentation, according to IAS 33 "Earnings per share" standard.

25. EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS

The details of receivables and payables due from related parties as of 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Bank balances				
Türkiye Garanti Bankası A.Ş.				
Demand deposits	3,194	1,661	476	1,787
Garantibank International NV				
Demand deposits	12	57	4	39
	3,206	1,718	480	1,826

The amount of cheques and notes at custody by Türkiye Garanti Bankası A.Ş. related with factoring receivables as at 31 December 2010 is TL 300,986 thousand (31 December 2009: TL 289,167 thousand).

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Factoring receivables				
Doğuş Yayın Grubu A.Ş.	34,626	-	38,156	-
	34,626	-	38,156	-

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Other receivables				
Türkiye Garanti Bankası A.Ş. (*)	1,300	-	-	-
	1,300	-	-	-

(*) Receivable is related to the commission returns.

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*(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)***25. EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS (Cont'd)**

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Sundry creditors				
Garanti Finansal Kiralama A.Ş.	-	-	12	-
Garanti Filo Yönetimi A.Ş.	1	-	1	-
Garanti Emeklilik ve Hayat A.Ş.	-	-	-	6
	1	-	13	6

The Company has made purchases amounting to TL 569 thousand from Garanti Bilişim Teknolojisi ve Ticaret A.Ş for the period ended as at 31 December 2010 (31 December 2009: TL 928 thousand).

Income and expenses from related parties for the periods ended as at 31 December 2010 and 31 December 2009 are as follows:

	1 January- 31 December 2010	1 January- 31 December 2009
Factoring interest income		
Doğuş Yayın Grubu A.Ş.	2,421	2,773
	2,421	2,773
Interest income on bank deposits		
Türkiye Garanti Bankası A.Ş.	3,050	2,350
	3,050	2,350
Factoring commission income		
Doğuş Yayın Grubu A.Ş.	301	320
	301	320
Interest expenses on funds borrowed		
Türkiye Garanti Bankası A.Ş.	3,821	1,784
Garanti Bank International NV	4,635	2,030
	8,456	3,814
General Administrative Expenses		
Türkiye Garanti Bankası AŞ (Customer referral commission expenses and rent expenses)	566	1,441
Garanti Filo Yönetim Hizmetleri AŞ (Car rental expenses)	856	566
Garanti Bilişim Teknolojisi ve Ticaret AŞ (Data processing expenses)	903	409
Garanti Finansal Kiralama AŞ (Office rent expenses)	224	186
	2,549	2,602

The amount of salary and other benefits provided to board of directors and top management by the Company for the period ended as at 31 December 2010 is TL 1,361 thousand (31 December 2009: TL 1,265 thousand).

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26. CONTINGENT ASSETS AND LIABILITIES

26.1. Guarantees Received

Guarantees received for the Company's factoring receivables as at 31 December 2010 and 31 December 2009 is as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Customer notes	81,527	640,226	69,390	503,985
Mortgage	40,661	-	25,250	-
Customer cheques	-	-	55	-
Letters of guarantee	-	1,722	-	-
	122,188	641,948	94,695	503,985

26.2. Guarantees Given

Guarantees given as at 31 December 2010 and 31 December 2009 consist of letters of guarantee given to the institutions below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Tax authority	1,008	-	1,008	-
Law court	236	-	398	-
Other	7	-	7	-
	1,251	-	1,413	-

26.3. Debt Securities Investments

TL equivalent of nominal values of commitments given related to credit linked note (Please refer to Note 4) as at 31 December 2010 is as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Commitments given related to the Credit Linked Notes	-	8,972	-	13,825
	-	8,972	-	13,825

26.4. Currency Swap Buy-Sell Agreements

The details of currency swap buy and sell agreements as at 31 December 2010 and 31 December 2009 is as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Currency swap buy transactions	12,449	394,741	24,823	129,863
Currency swap sell transactions	392,851	14,550	122,398	31,475
	405,300	409,291	147,221	161,338

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27. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

27.1. Financial Risk Management Purposes and Policies

The Company is exposed to various risks during its operations:

Credit Risk

Liquidity Risk

Market Risk

The purpose of this note is to give information about the Company's objectives, policies and processes for the management of above risks when exposed to these risks.

The Company's Board of Directors is broadly responsible for the determination of the risk management framework and supervision activities.

The Company's risk management policies are constituted for identifying and analyzing the risks that the Company may be exposed to. Risk management policies' objective is to comprise suitable risk limit controls, monitoring the risks and keeping to the limits for the Company's risks. The Company helps its personnel to understand their roles and responsibilities by providing disciplined and positive control environment with various training and management standards and processes.

27.1.1 Credit Risk

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

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27. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.1 Financial Risk Management Purposes and Policies (cont'd)

27.1.2 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.

27.1.3 Market Risk

All held for trading financial instruments are exposed to market risk. Market risk is the risk that changes in market prices will decrease the value of a financial asset. All financial instruments are stated at fair value and the changes in market prices affect operating income of the Company. The Company hedges itself for the changing market conditions through held for trading financial instruments. Market risk is managed through derivatives within the limits approved by management and risk preventive positions are held.

(i) 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 and forward contracts to manage its exposure to foreign currency risk.

(ii) 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. The Company is also exposed to interest rate risk due to its assets and liabilities with floating rates such as Euribor and repricing of them. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

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27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.2. Credit Risk (cont'd)

31 December 2010	Factoring Receivables		Non-performing receivables		Other Assets		Banks	Financial Assets Held for Trading	Derivative Financial Assets Held for Trading	Financial Assets Available for Sale
	Related Party	Others	Related Party	Others	Related Party	Others				
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	34,626	1,392,672	-	6,796	1,300	2,366	108,333	9,008	303	4,168
A. Carrying value of financial assets that are not past due nor impaired	34,626	1,389,576	-	-	1,300	2,366	108,333	9,008	303	4,168
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-	-	-
C. Financial assets that are past due nor impaired	-	-	-	-	-	-	-	-	-	-
- carrying value	-	-	-	-	-	-	-	-	-	-
- the part under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	6,796	-	-	-	-	-	-
- Past due (gross carrying value)	-	-	-	13,723	-	-	-	-	-	-
- Impairment (-)	-	-	-	(6,927)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-	-	-

(*) No credit enhancing item such as; guarantees received, is taken into account in the calculation.

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27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.2 Credit Risk (cont'd)

31 December 2009	Factoring Receivables			Non-performing receivables			Other Assets			Derivative		
	Related Party	Others	Related Party	Others	Related Party	Others	Banks	Financial Assets Held for Trading	Financial Assets Available for Sale	Financial Assets Held for Trading	Financial Assets Available for Sale	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	38,156	805,580	-	7,632	-	142	256,984	13,694	882	4,168		
A. Carrying value of financial assets that are not past due nor impaired	38,156	805,580	-	-	-	142	256,984	13,694	882	4,168		
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-	-	-		
C. Financial assets that are past due nor impaired	-	-	-	-	-	-	-	-	-	-		
- carrying value	-	-	-	-	-	-	-	-	-	-		
- the part under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-		
D. Net book value of impaired assets	-	-	-	7,632	-	-	-	-	-	-		
- Past due (gross carrying value)	-	-	-	14,001	-	-	-	-	-	-		
- Impairment (-)	-	-	-	(6,369)	-	-	-	-	-	-		
- The part of net value under guarantee with collateral etc.	-	-	-	7,632	-	-	-	-	-	-		
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-	-	-		
- Impairment (-)	-	-	-	-	-	-	-	-	-	-		
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-		
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-	-	-		

(*) No credit enhancing item such as; guarantees received, is taken into account in the calculation.

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27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.2 Liquidity Risk

The following table provides an analysis for the Company's financial liabilities by grouping the contractual maturities as of the balance sheet date. Amounts in the following table are the undiscounted contractual cash flows.

31 December 2010

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
Non-derivative financial liabilities	1,512,872	1,522,769	889,375	585,756	47,638	-
Funds borrowed	1,510,951	1,520,848	887,454	585,756	47,638	-
Factoring payables	1,644	1,644	1,644	-	-	-
Sundry creditors	277	277	277	-	-	-
Derivative financial liabilities	(211)	(211)	(211)	-	-	-
Derivative cash inflows	407,190	407,190	407,190	-	-	-
Derivative cash outflows	(407,401)	(407,401)	(407,401)	-	-	-

31 December 2009

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
Non-derivative financial liabilities	1,081,900	1,092,149	776,043	360,561	-	-
Funds borrowed	1,081,382	1,091,631	775,525	360,561	-	-
Factoring payables	316	316	316	-	-	-
Sundry creditors	202	202	202	-	-	-
Derivative financial liabilities	813	813	813	-	-	-
Derivative cash inflows	154,686	154,686	154,686	-	-	-
Derivative cash outflows	(153,873)	(153,873)	(153,873)	-	-	-

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27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.3 Market Risk

Interest Rate Risk

Weighted average effective interest rates applied to financial instruments as at 31 December 2010 and 31 December 2009 are as follows:

	<u>31 December 2010</u>				<u>31 December 2009</u>			
	<u>USD</u> <u>(%)</u>	<u>EURO</u> <u>(%)</u>	<u>GBP</u> <u>(%)</u>	<u>TL</u> <u>(%)</u>	<u>USD</u> <u>(%)</u>	<u>EURO</u> <u>(%)</u>	<u>GBP</u> <u>(%)</u>	<u>TL</u> <u>(%)</u>
Assets								
Banks								
Time deposits	-	-	-	9.00	-	-	-	10.50
Financial instruments								
held for trading	2.35	9.50	-	-	2.33	7.25	-	-
Factoring receivables	3.77	3.57	-	8.67	4.75	4.42	9.08	9.24
Liabilities								
Funds borrowed	2.93	3.57	-	7.68	4.48	5.11	-	7.54

Remaining maturities of the assets and liabilities for repricing do not differ materially from the remaining maturities that are presented in liquidity risk of the Company as at 31 December 2010 and 31 December 2009. Therefore, no additional table for interest rate risk is presented in the financial statement disclosures.

Interest Rate Sensitivity Analysis

The Company's financial instruments that have interest rate sensitivity as at 31 December 2010 and 31 December 2009 are as follows:

	<u>Carrying Value</u>	
	<u>31 December 2010</u>	<u>31 December 2009</u>
Fixed Rate		
Factoring receivables	1,252,604	610,742
Time deposits	101,349	250,826
Factoring payables	1,644	316
Funds borrowed	1,444,300	992,781
Floating Rate		
Factoring receivables	174,694	232,994
Financial investments	9,008	13,694
Funds borrowed	66,651	88,601

If interest rates of the floating rate instruments denominated in USD and EURO were 100 basis point higher/lower at the date of reissue and all other variables were constant, net income for the period would decrease/increase by TL 1,171 thousand TL (31 December 2009: TL 1,584 thousand) as a result of higher/lower interest expense from floating interest rate financial instruments.

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27 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.3 Market Risk (cont'd)

Foreign currency risk

Foreign currency risk is the risk arising from the value changes on financial instruments related with the change in exchange rates. The Company is exposed to currency risk due to its foreign currency borrowings. The currencies that the foreign currency risk of the Company mainly arises from are USD, Euro and GBP. As the financial statements of the Company are presented in TL, the financial statements are affected by fluctuations in these exchange rates against TL. The Company's net short position arises from the assets, liabilities and derivative financial instruments in foreign currencies as at 31 December 2010 and 31 December 2009.

Foreign currency assets and liabilities as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
	(TL equivalent in thousands)	(TL equivalent in thousands)
A. Foreign currency monetary assets	300,259	246,402
B. Foreign currency monetary liabilities	(680,620)	(349,091)
C. Derivative financial instruments	380,192	98,388
Net foreign currency position (A+B+C)	(169)	(4,301)

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27. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.3 Market Risk (cont'd)

Foreign currency risk (cont'd)

The table below summarizes the Company's foreign currency position in detail as of 31 December 2010 and 31 December 2009. Carrying amounts of the Company's foreign currency monetary assets and liabilities are presented with their original currencies:

	31 December 2010	USD	EURO	GBP	Other	Total
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Financial assets held for trading	8,603	405	-	-	-	9,008
Banks	1,083	1,172	882	33	-	3,170
Financial assets available for sale	-	13	-	-	-	13
Factoring receivables (*)	179,921	107,639	508	-	-	288,068
Other assets	-	-	-	-	-	-
Total Assets	189,607	109,229	1,390	33	-	300,259
Liabilities						
Funds borrowed	539,843	140,621	-	-	-	680,464
Factoring payables	3	152	-	-	-	155
Sundry creditors	1	-	-	-	-	1
Total liabilities	539,847	140,773	-	-	-	680,620
Net foreign currency position	(350,240)	(31,544)	1,390	33	-	(380,361)
Derivative financial instruments	350,507	31,835	(2,150)	-	-	380,192
Net position	267	291	(760)	33	-	(169)

* Includes the foreign currency indexed factoring receivables amounting to TL 114,515 thousand that are presented in TL column at the balance sheet.

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27. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.3 Market Risk (cont'd)

Foreign currency risk (cont'd)

	USD	EURO	GBP	Other	Total
31 December 2009					
Assets					
Cash and cash equivalents	-	-	-	-	-
Financial assets held for trading	11,731	1,963	-	-	13,694
Banks	1,877	2,387	1,135	28	5,427
Financial assets available for sale	-	13	-	-	13
Factoring receivables (*)	126,792	99,961	515	-	227,268
Total assets	140,400	104,324	1,650	28	246,402
Liabilities					
Funds borrowed	257,018	92,047	-	-	349,065
Factoring payables	-	18	-	-	18
Sundry creditors	-	8	-	-	8
Total liabilities	257,018	92,073	-	-	349,091
Net foreign currency position	(116,618)	12,251	1,650	28	(102,689)
Derivative financial instruments	112,156	(12,096)	(1,672)	-	98,388
Net position	(4,462)	155	(22)	28	(4,301)

* Includes the foreign currency indexed factoring receivables amounting to TL 123,276 thousand that are presented in TL column at the balance sheet.

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27. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Cont'd)

27.2 Explanations on Risk Management (cont'd)

27.2.3 Market Risk (cont'd)

Foreign currency risk (cont'd)

10% decrease in the TL against the relevant foreign currencies as of 31 December 2010 results with a decrease in profit before tax for the period amounting to TL 17 thousand (31 December 2009: TL 430 thousand decrease). This analysis is made with the assumption that the other variables were held constant as of 31 December 2010 and 31 December 2009.

<u>Profit / (Loss)</u>	<u>31 December 2010</u>	<u>31 December 2009</u>
USD	27	(446)
EURO	29	15
GBP	(76)	(2)
Other	3	3
Total	(17)	(430)

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the profit through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings disclosed in Note 17.

The Company management reviews the cost of capital and the risks associated with each class of capital. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital and presents to the Board of Directors for approval.

The overall strategy of the Company does not differ materially from the prior period.

28 FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company has calculated fair values of financial instruments using available market information and appropriate valuation methodologies. However, as the judgment is necessary to interpret market data to determine the estimated fair value, the calculated fair values may not be fully reflective of the value that could be realized in the current circumstances. Management assumes that the fair value of funds borrowed and marketable securities approximate their carrying value as they were repriced just before the balance sheet date due to their floating interest rates like Euribor and etc. Management also assumes that the fair values of other financial assets and liabilities at amortized cost including cash and banks, other financial assets and short term bank loans denominated in TL approximate their carrying values due to their short term nature.

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28. FINANCIAL INSTRUMENTS (Cont'd)

Fair Value of Financial Instruments Classification

The table below presents the fair value determination method of the financial instruments at fair value. The method for each level is 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
Financial assets held for trading	-	9,008	-	9,008
Derivative financial assets held for trading	-	303	-	303
	-	9,311	-	9,311
Derivative financial liabilities held for trading	-	311	-	311
	-	311	-	311

31 December 2009	Level 1	Level 2	Level 3	Total
Financial assets held for trading	-	13,694	-	13,694
Derivative financial assets held for trading	-	882	-	882
		14,576		14,576
Derivative financial liabilities held for trading	-	68	-	68
		68		68

29. SUBSEQUENT EVENTS

None.