GARANTİ FAKTORİNG HİZMETLERİ A.Ş.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

(Translated into English from the Original Turkish Report)

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

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 2011, 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.

Deloitte.

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 2011 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.

Istanbul, 22 February 2012

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

Hasan Kılıç
Partner, SMMM

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
BALANCE SHEET AS OF 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	ASSETS	Notes	Audited 31 December 2011			Audited 31 December 2010		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH AND CASH EQUIVALENTS	3	-	-	-	1	-	1
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	4	31	6,334	6,365	303	9,008	9,311
2.1	Financial Assets Held for Trading	4.1	-	6,334	6,334	-	9,008	9,008
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading	4.2	31	-	31	303	-	303
III.	BANKS	5	878	6,214	7,092	105,163	3,170	108,333
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	3,590	2	3,592	4,155	13	4,168
VI.	FACTORING RECEIVABLES	7	1,078,184	169,140	1,247,324	1,253,745	173,553	1,427,298
6.1	Discount Factoring Receivables		371,296	17,903	389,199	313,801	7,613	321,414
6.1.1	Domestic		381,385	18,055	399,440	318,871	7,613	326,484
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		(10,089)	(152)	(10,241)	(5,070)	-	(5,070)
6.2	Other Factoring Receivables		706,888	151,237	858,125	939,944	165,940	1,105,884
6.2.1	Domestic		706,888	128,716	835,604	939,926	138,787	1,078,713
6.2.2	Foreign		-	22,521	22,521	18	27,153	27,171
VII.	NON-PERFORMING RECEIVABLES	8	2,158	-	2,158	6,796	-	6,796
7.1	Non-Performing Factoring Receivables		15,445	-	15,445	13,723	-	13,723
7.2	Specific Provisions (-)		(13,287)	-	(13,287)	(6,927)	-	(6,927)
VIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES		-	-	-	-	-	-
8.1	Fair Value Hedging		-	-	-	-	-	-
8.2	Cash Flow Hedging		-	-	-	-	-	-
8.3	Net Foreign Investment Hedging		-	-	-	-	-	-
IX.	INVESTMENTS HELD TO MATURITY (Net)		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)		-	-	-	-	-	-
XI.	ASSOCIATES (Net)		-	-	-	-	-	-
XII.	JOINT VENTURES (Net)		-	-	-	-	-	-
XIII.	TANGIBLE ASSETS (Net)	9	1,144	-	1,144	1,335	-	1,335
XIV.	INTANGIBLE ASSETS (Net)	10	1,410	-	1,410	1,442	-	1,442
14.1	Goodwill				-	-	-	-
14.2	Other		1,410	-	1,410	1,442	-	1,442
XV.	DEFERRED TAX ASSETS	11	4,328	-	4,328	3,215	-	3,215
XVI.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
16.1	Held For Sale		-	-	-	-	-	-
16.2	Discontinued Operations		-	-	-	-	-	-
XVII.	OTHER ASSETS	12	1,455	162	1,617	3,666	-	3,666
	TOTAL ASSETS		1,093,178	181,852	1,275,030	1,379,821	185,744	1,565,565

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

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
BALANCE SHEET AS OF 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	LIABILITIES	Notes	Audited 31 December 2011			Audited 31 December 2010		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	4.3	816	-	816	311	-	311
II.	**FUNDS BORROWED**	13	875,653	304,452	1,180,105	830,487	680,464	1,510,951
III.	**FACTORING PAYABLES**	7	318	2,718	3,036	1,489	155	1,644
IV.	**MARKETABLE SECURITIES ISSUED (Net)**		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset-backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**SUNDRY CREDITORS**	14	770	130	900	276	1	277
VI.	**OTHER LIABILITIES**	14	-	306	306	-	-	-
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**	15	4,117		4,117	1,176	-	1,176
IX.	**PROVISIONS**	16	1,228	-	1,228	1,189	-	1,189
9.1	Reserves for Restructuring		-	-	-	-	-	-
9.2	Reserves For Employee Benefits		728	-	728	1,139	-	1,139
9.3	Other Provisions		500	-	500	50	-	50
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	84,522	-	84,522	50,017	-	50,017
13.1	Paid-in Capital		21,000	-	21,000	21,000	-	21,000
13.2	Capital Reserves		2,093	-	2,093	2,122	-	2,122
13.2.1	Share Premium		-	-	-	-	-	-
13.2.2	Share Cancellation Profits		-	-	-	-	-	-
13.2.3	Marketable Securities Revaluation Reserve		(29)	-	(29)	-	-	-
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
13.3	Profit Reserves		26,895	-	26,895	22,756	-	22,756
13.3.1	Legal Reserves		1,614	-	1,614	1,408	-	1,408
13.3.2	Statutory Reserves		-	-	-	-	-	-
13.3.3	Extraordinary Reserves		25,281	-	25,281	21,348	-	21,348
13.3.4	Other Profit Reserves		-	-	-	-	-	-
13.4	Profit or Loss		34,534	-	34,534	4,139	-	4,139
13.4.1	Retained Earnings / (Accumulated Losses)		-	-	-	-	-	-
13.4.2	Current Year Profit/Loss		34,534	-	34,534	4,139	-	4,139
	TOTAL LIABILITIES AND EQUITY		967,424	307,606	1,275,030	884,945	680,620	1,565,565

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

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
STATEMENT OF OFF - BALANCE SHEET ITEMS AS OF 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	OFF-BALANCE SHEET ITEMS	Notes	Audited 31 December 2011			Audited 31 December 2010		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING OPERATIONS		-	196,765	196,765	799,682	-	799,682
II.	REVOCABLE FACTORING OPERATIONS		484,201	491,034	975,235	459,133	173,553	632,686
III.	GUARANTEES TAKEN	26.1	115,904	1,522,069	1,637,973	122,188	641,948	764,136
IV.	GUARANTEES GIVEN	26.2	1,294	-	1,294	1,251	-	1,251
V.	COMMITMENTS	26.3	206	6,499	6,705	-	8,972	8,972
5.1	Irrevocable Commitments		206	6,499	6,705	-	8,972	8,972
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	62,852	63,119	125,971	405,300	409,291	814,591
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		62,852	63,119	125,971	405,300	409,291	814,591
6.2.1	Forward Buy Sell Transactions		3,537	3,506	7,043	-	-	-
6.2.2	Swap Buy Sell Transactions		59,315	59,613	118,928	405,300	409,291	814,591
6.2.3	Options Buy Sell Transactions		-	-	-	-	-	-
6.2.4	Futures Buy Sell Transactions		-	-	-	-	-	-
6.2.5	Other		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		335,474	55,953	391,427	256,209	48,837	305,046
	TOTAL OFF BALANCE SHEET ITEMS		999,931	2,335,439	3,335,370	2,043,763	1,282,601	3,326,364

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

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	INCOME STATEMENT	Notes	Audited 1 January - 31 December 2011	Audited 1 January - 31 December 2010
I.	OPERATING INCOME	18	103,587	92,888
	FACTORING INCOME		103,587	92,888
1.1	Factoring Interest Income		84,311	76,614
1.1.1	Discount		41,759	34,556
1.1.2	Other		42,552	42,058
1.2	Factoring Commission Income		19,276	16,274
1.2.1	Discount		12,521	10,155
1.2.2	Other		6,755	6,119
II.	OPERATING EXPENSES (-)	19	(26,520)	(22,648)
2.1	Personnel Expenses		(14,990)	(13,270)
2.2	Retirement Pay Provision Expenses		(80)	(140)
2.3	Research and Development Expenses		-	-
2.4	General Administrative Expenses		(11,228)	(9,238)
2.5	Other		(222)	-
III.	OTHER OPERATING INCOME	20	270,032	2,211,504
3.1	Interest income from Deposits		9,215	23,934
3.2	Interest income from Reverse Repurchase Agreements		-	-
3.3	Interest income from Marketable Securities		291	515
3.3.1	Interest Income from Financial Assets Held for Trading		172	515
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		119	-
3.3.4	Interest Income from Financial Assets Held to Maturity		-	-
3.4	Dividend Income		-	-
3.5	Interest Received from Money Market Placements		40,764	68,492
3.5.1	Derivative Financial Transactions		40,724	68,325
3.5.2	Other		40	167
3.6	Foreign Exchange Gains		188,941	2,117,454
3.7	Other		30,821	1,109
IV.	FINANCIAL EXPENSES (-)	21	(70,837)	(73,174)
4.1	Interest Expense on Funds Borrowed		(70,486)	(72,543)
4.2	Interest Expense on Factoring Payables		-	-
4.3	Finance Lease Expense		-	-
4.4	Interest Expense on Securities Issued		-	-
4.5	Other Interest Expenses		(6)	-
4.6	Other Fees and Commissions		(345)	(631)
V.	SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)	22	(6,631)	(565)
VI.	OTHER OPERATING EXPENSES (-)	23	(230,170)	(2,202,799)
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		(43,504)	(83,634)
6.4	Foreign Exchange Losses		(186,079)	(2,119,147)
6.5	Other		(587)	(18)
VII.	NET OPERATING INCOME		39,461	5,206
VIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
IX.	NET MONETARY GAIN LOSS		-	-
X.	PROFIT LOSS ON CONTINUING OPERATIONS BEFORE TAX		39,461	5,206
XI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	11	(4,927)	(1,067)
11.1	Current Tax Charge		(6,040)	(903)
11.2	Deferred Tax Charge (-)		-	(164)
11.3	Deferred Tax Benefit (+)		1,113	-
XII.	NET PERIOD PROFIT LOSS FROM CONTINUING OPERATIONS		34,534	4,139
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		34,534	4,139
	Earnings/Loss Per Share (Kuruş (0.01 TL) per thousand shares)	24	1,644.48	197.10

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
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED FOR UNDER EQUITY	Notes	Audited 1 January - 31 December 2011	Audited 1 January - 31 December 2010
I.	ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		(29)	-
1.1	Net change in fair value of available for sale investments		(29)	-
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		-	-
6.1	Profit Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)		-	-
6.2	The portion reclassified and presented in the income statement		-	-
VII.	THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUTING POLICIES		-	-
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS		-	-
IX.	DEFERRED TAX OF VALUATION DIFFERENCES		-	-
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)		(29)	-
XI.	PROFIT/LOSS FOR THE PERIOD		-	-
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)		(29)	-

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

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

		Notes	Paid-in Capital	Inflation Adjustment to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Profit/(Loss)	Retained Earnings / (Accumulated Losses)	Marketable Securities Revaluation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained From Investments	Hedging Funds	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Total Shareholders' Equity
	PRIOR PERIOD 1 January - 31 December 2010																	
	(Audited)																	
I.	Balances at the beginning of the period (Previously reported)	17	19,280	2,122	-	-	970	-	-	-	10,055	19,055	-	-	-	-	-	51,482
II.	Corrections made as per TAS 8		-	-	-	-	-	-	14,821	-	(3,090)	(17,335)	-	-	-	-	-	(5,604)
2.1	Effect of corrections (Note 2.6)		-	-	-	-	-	-	14,821	-	(3,090)	(17,335)	-	-	-	-	-	(5,604)
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances		19,280	2,122	-	-	970	-	14,821	-	6,965	1,720	-	-	-	-	-	45,878
	Changes during the period																	
IV.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Hedging Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share issuance		1,720	-	-	-	-	-	-	-	-	(1,720)	-	-	-	-	-	-
XV.	Inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Current period net profit/loss		-	-	-	-	-	-	-	-	4,139	-	-	-	-	-	-	4,139
XIX.	Profit distribution		-	-	-	-	438	-	6,527	-	(6,965)	-	-	-	-	-	-	-
19.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.2	Transfers to reserves		-	-	-	-	438	-	6,527	-	-	(6,965)	-	-	-	-	-	-
19.3	Other		-	-	-	-	-	-	-	-	(6,965)	6,965	-	-	-	-	-	-
	Balance at the end of the period (31 December 2010) (III+IV+…..+XVII+XVIII+XIX)		21,000	2,122	-	-	1,408	-	21,348	-	4,139	-	-	-	-	-	-	50,017
	CURRENT PERIOD 1 January - 31 December 2011																	
	(Audited)																	
I.	Balances at the beginning of the prior period (31 December 2010)	17	21,000	2,122	-	-	1,408	-	21,348	-	4,139	-	-	-	-	-	-	50,017
	Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Hedging Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation reserve on marketable securities		-	-	-	-	-	-	-	-	-	-	(29)	-	-	-	-	(29)
VIII.	Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Current period net profit/loss		-	-	-	-	-	-	-	-	34,534	-	-	-	-	-	-	34,534
XVII.	Profit distribution		-	-	-	-	206	-	3,933	-	(4,139)	-	-	-	-	-	-	-
17.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.2	Transfers to reserves		-	-	-	-	206	-	3,933	-	-	(4,139)	-	-	-	-	-	-
17.3	Other		-	-	-	-	-	-	-	-	(4,139)	4,139	-	-	-	-	-	-
	Balances at the end of the period (31 December 2011) (I+II+III+…+XV+XVI+XVII)		21,000	2,122	-	-	1,614	-	25,281	-	34,534	-	(29)	-	-	-	-	84,522

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

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	STATEMENT OF CASH FLOWS	Notes	Audited 1 January - 31 December 2011	Audited 1 January - 31 December 2010
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	Operating profit before changes in operating assets and liabilities		17,074	4,174
1.1.1	Interest/leasing income received		87,753	72,190
1.1.2	Leasing expenses		(1,222)	(696)
1.1.3	Dividends received		-	-
1.1.4	Fees and commissions received	*18*	19,177	16,274
1.1.5	Other income		-	-
1.1.6	Collections from previously written off receivables	*8*	271	1,007
1.1.7	Payments to personnel and service suppliers		(25,128)	(21,104)
1.1.8	Taxes paid	*11*	(3,451)	(5,114)
1.1.9	Other		(60,326)	(58,383)
1.2	Changes in operating assets and liabilities		(150,801)	(156,571)
1.2.1	Net (increase) decrease in factoring receivables		174,638	(579,865)
1.2.2	Net (increase) decrease in other assets		1,777	(1,501)
1.2.3	Net increase (decrease) in factoring payables		1,392	1,328
1.2.4	Net increase (decrease) in funds borrowed		(329,553)	423,322
1.2.5	Net increase (decrease) in due payables		-	-
1.2.6	Net increase (decrease) in other liabilities		945	145
I.	Net cash provided from operating activities		(133,727)	(152,397)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries		-	-
2.2	Cash obtained from sale of joint ventures, associates and subsidiaries		-	-
2.3	Fixed assets purchases	*9,10*	(227)	(938)
2.4	Fixed assets sales		-	-
2.5	Cash paid for purchase of financial assets available for sale		(3,500)	-
2.6	Cash obtained from sale of financial assets available for sale		34,574	-
2.7	Cash paid for purchase of financial assets held to maturity		-	-
2.8	Cash obtained from sale of financial assets held to maturity		-	-
2.9	Other		2,071	4,049
II.	Net cash provided from investing activities		32,918	3,111
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Capital increase		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
III.	Net cash provided from financing activities		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		916	114
V.	**Net increase/decrease in cash and cash equivalents**		**(99,893)**	**(149,172)**
VI.	**Cash and cash equivalents at the beginning of the period**		**106,985**	**256,157**
VII.	**Cash and cash equivalents at the end of the period**		**7,092**	**106,985**

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

GARANTİ FAKTORİNG HİZMETLERİ A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

			Thousands of TL	
			Audited	Audited
	GARANTİ FAKTORİNG HİZMETLERİ A.Ş. STATEMENT OF PROFIT DISTRIBUTION	Notes	1 January - 31 December 2011	1 January - 31 December 2010
I.	DISTRIBUTION OF CURRENT YEAR INCOME (*)			
1.1	Current Period Profit		39,461	5,206
1.2	Taxes And Dues Payable (-)		4,927	1,067
1.2.1	Corporate Tax (Income tax)		6,040	903
1.2.2	Income withholding tax		-	-
1.2.3	Other taxes and dues		(1,113)	164
A.	NET PERIOD PROFIT (1.1-1.2)		34,534	4,139
1.3	Accumulated Deficit (-)		-	-
1.4	First Legal Reserves (-)		-	(206)
1.5	Other Statutory Reserves (-)		-	(3,933)
B.	NET PERIOD PROFIT AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5)]		34,534	-
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.

(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 the Capital Markets Board ("CMB"). The Company operates in accordance with the Capital Markets Law and the Communiqué on the "The Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies" issued by the Banking Regulation and Supervision Agency ("BRSA").

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

	31 December 2011	Shareholding (%)	31 December 2010	Shareholding (%)
Türkiye Garanti Bankası A.Ş.	17,187	81.84	17,187	81.84
Türkiye İhracat Kredi Bankası A.Ş.	2,053	9.78	2,053	9.78
Publicly Trading	1,760	8.38	1,760	8.38
Capital	**21,000**	**100.00**	**21,000**	**100.00**

The shareholding of Türkiye Garanti Bankası A.Ş. as of 31 December 2011 is 55.40% and Türkiye Garanti Bankası A.Ş. has obtained the remaining 26.44% shares from public shares via Istanbul Stock Exchange. There is no change since 31 December 2010.

The Company has 179 employees as of 31 December 2011 (31 December 2010: 155).

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 date of this report there is no dividend distribution decision made. In accordance with the decision made at the General Assembly Meeting held on 11 May 2011, the Company decided to transfer 2010's profit to the legal reserves and extraordinary reserves.

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 22 February 2012. The General Assembly has the authority to change the financial statements.

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. The Company has applied the accounting policies in line with the prior financial year.

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. Material prior period errors are corrected retrospectively and prior period financial statements are restated.

The management is required to apply accounting policies and make decisions, estimations and assumptions that affect the reported assets, liabilities, income and expenses, in order to prepare the financial statements in accordance with the Reporting Standards. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods. The main notes for the items including 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

There is no material change in the accounting estimates of the Company in the current year.

Significant accounting errors are applied retrospectively and the prior period financial statements are restated. 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

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material impact on the financial statements are set out in the following sections.

(a) New and Revised IFRSs affecting presentation and disclosure

None.

(b) New and Revised IFRSs affecting the reported financial performance and / or financial position

None.

(c) New and Revised IFRSs applied with no material effect on the financial statements

Amendments to IAS 1 *Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)*	The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The Company discloses other comprehensive income in the statement of profit and loss items accounted for under equity.

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

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

(c) New and Revised IFRSs applied with no material effect on the financial statements (Cont'd)

IAS 24 Related Party Disclosures *(as revised in 2009)*

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company is not government-related entity. The application of the revised definition of related party set out in IAS 24 (as revised in 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous Standard.

The following new and revised IFRSs have also been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 32 *Classification of Rights Issues*

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Company has not issued instruments of this nature.

(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)

(c) New and Revised IFRSs applied with no material effect on the financial statements (Cont'd)

Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*	IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments did not have material effect on the Company's financial statements.
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss. The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Company has not entered into any transactions of this nature.
Improvements to IFRSs issued in 2010	Except for the amendments to IFRS 3 and IAS 1 described earlier in section (a), and (b), the application of *Improvements to IFRSs* issued in 2010 has not had any material effect on amounts reported in the financial statements.

(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)

(c) New and Revised IFRSs applied with no material effect on the financial statements (Cont'd)

Amendments to IFRS 3 Business Combinations	As part of *Improvements to IFRSs* issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date ('market-based measure'). This amendment has not had any material effect on the Company's financial statements.

(d) New and Revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	*Disclosures – Transfers of Financial Assets*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IAS 12	*Deferred Tax – Recovery of Underlying Assets*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statements*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to IAS 32	*Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Company management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Company's disclosures. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

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

(d) New and Revised IFRSs in issue but not yet effective (Cont'd)

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

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

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

(d) New and Revised IFRSs in issue but not yet effective (Cont'd)

The Company management anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities (e.g. the Company's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. These amendments have not any effect on amounts reported in the financial statements as the Company does not prepare consolidated financial statements.

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

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

(d) New and Revised IFRSs in issue but not yet effective (Cont'd)

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The management anticipates that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to IAS 12 in future accounting periods will not have an impact on the financial statements of the Company.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

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

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

(d) New and Revised IFRSs in issue but not yet effective (Cont'd)

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Companys' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

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 proportion of factoring invoice total obtained 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.

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

2.5 Summary of Significant Accounting Policies (Cont'd)

b. Financial Instruments

<u>Financial Assets</u>

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.

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 prevailing 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.

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

2.5 Summary of Significant Accounting Policies (Cont'd)

b. Financial Instruments (Cont'd)

<u>Financial Assets (Cont'd)</u>

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 by the BRSA 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.

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.

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. Capital Increase

Capital increases by the existing shareholders are decided in the General Assembly Meetings and accounted for over the registered nominal values.

g. 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").

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

2.5 Summary of Significant Accounting Policies (Cont'd)

h. 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.

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.

i. Borrowing Costs

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

j. 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 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
USD	1,8889	1,5460
EURO	2,4438	2,0491
GBP	2,9170	2,3886

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.

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

2.5 Summary of Significant Accounting Policies (Cont'd)

k. 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.

l. 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.

m. 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.

n. Segmental Information

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

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

2.5 Summary of Significant Accounting Policies (Cont'd)

o. 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.

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.

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

2.5 Summary of Significant Accounting Policies (Cont'd)

o. Taxation on Income (Cont'd)

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.

p. 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 2011	31 December 2010
Cash / Foreign Currency	-	1
Banks	7,092	106,984
	7,092	**106,985**

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

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.

When preparing its 2010 financial statements 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 year 2010 in accordance with IAS 8. The Company has also classified previous year's profit and loss amounts as extraordinary reserves. The effects of the restatements to the prior period financial statements are summarized below:

Balance Sheet Effect:

	Previously Reported 1 January 2010	Restatement	Classification Effect	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)	(14,821)	1,720
Extraordinary Reserves	-	-	14,821	14,821
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

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

3 CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	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 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	**FC**	**TL**	**FC**
Turkish Corporate Bonds	-	6,334	-	9,008
	-	6,334	-	**9,008**

	31 December 2011			
	Carrying Amount	**Nominal**	**Interest Rate (%)**	**Maturity**
Turkish Corporate Bonds				
USD	6,334	6,296	2.47	2013
	6,334	**6,296**		

	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**		

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

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 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2011	
	TL	FC	TL	FC
Derivative Financial Assets Held for Trading	31	-	303	-
	31	**-**	**303**	**-**

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 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Derivative Financial Liabilities Held for Trading	816	-	311	-
	816	**-**	**311**	**-**

5. BANKS

Details of banks as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Demand deposits	878	6,214	3,814	3,170
Time deposits	-	-	101,349	-
	878	**6,214**	**105,163**	**3,170**

The Company does not have any time deposits as of 31 December 2011 (31 December 2010: TL 101,349, interest rate: 9%). There is no restriction on bank deposits as at 31 December 2011 and 31 December 2010.

The bank balances, excluding income accruals, with original maturities shorter than 3 months which form the basis of cash flows statement amounts to TL 7,092 as of 31 December 2011 (31 December 2010: TL 106,984).

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

6. FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are composed of unquoted equity share investments and public debt securities held as collateral as at 31 December 2011 and 31 December 2010. 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 2011			31 December 2010		
	Carrying Value			Carrying Value		
Investments in shares	**TL**	**FC**	**Share Percentage (%)**	**TL**	**FC**	**Share Percentage (%)**
Garanti Finansal Kiralama A.Ş. (*)	-	-	-	4,155	-	5.86
International Factors Group SC	-	2	1.43	-	13	0.25
	-	**2**		**4,155**	**13**	

(*) The Company sold 5.86% of the paid-in capital of Garanti Finansal Kiralama A.Ş. at a total face value of TL 4,278 thousand to T. Garanti Bankasi A.Ş for a consideration of TL 34,574 thousand on 5 December 2011. The profit on sale of equity instruments amounting to TL 30,296 thousand is recorded in other operating income (see Note 20).

	31 December 2011			
	Carrying Amount	Nominal	Interest rate (%)	Maturity
Public Debt Securities				
Turkish Lira	3,590	3,712	8.30	2012
	3,590	**3,712**		

(31 December 2010: The Company has no Public Debt Securities.)

7. FACTORING RECEIVABLES AND PAYABLES

Factoring Receivables

Details of factoring receivables as at 31 December 2011, 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Domestic factoring receivables	1,088,273	146,771	1,258,797	146,400
Export and import factoring receivables	-	22,521	18	27,153
Unearned interest income	(10,089)	(152)	(5,070)	-
Factoring receivables, net	**1,078,184**	**169,140**	**1,253,745**	**173,553**

Factoring receivables with revised payment plan amounts to TL 1,659 thousand as at 31 December 2011 (31 December 2010: TL 2,425 thousand). The Company has received a mortgage with a fair value of TL 1,659 thousand (31 December 2010: TL 2,245 thousand) for these factoring receivables.

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

7. FACTORING RECEIVABLES AND PAYABLES (Cont'd)

Factoring Receivables (Cont'd)

The amount of past due but not impaired receivables of the Company is TL 1,896 Thousand (31 December 2010: None):

	31 December 2011
Overdue for 1 Month	1,355
Overdue for 1-3 Months	541
	1,896

Factoring Payables

Details of short term factoring payables as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Factoring payables	318	2,718	1,489	155
	318	**2,718**	**1,489**	**155**

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

8. NON-PERFORMING RECEIVABLES

Details of the Company's non-performing factoring receivables and the provisions allocated for them as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Non-performing factoring receivables	15,445	-	13,723	-
Specific provisions	(13,287)	-	(6,927)	-
Non-performing receivables, net	**2,158**	-	**6,796**	-

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

8. NON-PERFORMING RECEIVABLES (cont'd)

Aging of non- performing factoring receivables and specific provision allocated for them as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	Total non -performing factoring receivables	**Provision allocated**	**Total non-performing factoring receivables**	**Provision allocated**
Overdue for 1-3 months	1,252	1,252	-	-
Overdue for 3-6 months	578	578	-	-
Overdue for 6-12 months	293	293	93	53
Overdue for 1 year and over	13,322	11,164	13,630	6,784
Total	**15,445**	**13,287**	**13,723**	**6,927**

Amount of collaterals received for non-performing factoring receivables capped with the exposure is TL 9,940 thousand (31 December 2010: TL 9,946 thousand).

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

	31 December 2011	31 December 2010
Balance as at 1 January	**6,927**	**6,369**
Provision provided for the period	6,631	565
Amount transferred from generic to specific provision during the period	-	1,000
Collections during the period	(271)	(1,007)
Balance at the end of the year	**13,287**	**6,927**

9. TANGIBLE ASSETS

The movement of tangible assets for the period ended as at 31 December 2011 is as follows:

	1 January 2011	Additions	Disposals	31 December 2011
Acquisition Cost				
Furniture and fixtures	3,408	210	-	3,618
Vehicles	19	-	-	19
Leasehold improvements	1,091	17	-	1,108
	4,518	**227**	**-**	**4,745**

	1 January 2011	Charge for the year	Disposals	31 December 2011
Accumulated Depreciation				
Furniture and fixture	2,265	385	-	2,650
Vehicles	5	3	-	8
Leasehold improvements	913	30	-	943
	3,183	**418**	**-**	**3,601**
Net book value	**1,335**			**1,144**

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

9. TANGIBLE ASSETS (cont'd)

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

	1 January 2010	Additions	Disposals	31 December 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**

	1 January 2010	Charge for the year	Disposals	31 December 2010
Accumulated Depreciation				
Furniture and fixtures	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**

As of 31 December 2011 the insurance on tangible assets amounts to TL 1,390 thousand (31 December 2010: TL 795 thousand) and the insurance premium amounts to TL 4 thousand (31 December 2010: TL 3 thousand).

	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 2011 is as follows:

	1 January 2011	Additions	Disposals	31 December 2011
Acquisition Cost				
Rights	2,864	208	-	3,072
Other (Software)	666	621	-	1,287
	3,530	**829**	**-**	**4,359**

	1 January 2011	Charge for the year	Disposals	31 December 2011
Accumulated Amortization				
Rights	1,422	251	-	1,673
Other (Software)	666	610	-	1,276
	2,088	**861**	**-**	**2,949**
Net book value	**1,442**			**1,410**

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

10. INTANGIBLE ASSETS (cont'd)

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**

	1 January 2010	Charge for the year	Disposals	31 December 2010
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 Company does not have internally generated intangible asset as at 31 December 2011 and 31 December 2010.

	Useful lives
Rights	3-5
Other	5

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 2011 is 20% (2010: 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 2011 (2010: 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 responsibles who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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

11. TAX ASSETS AND LIABILITIES (Cont'd)

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.

Reconciliation of tax charge:

	31 December 2011	31 December 2010
Reported profit before taxation	39,461	5,206
Calculated taxation on reported profit	(7,892)	(1,041)
Permanent differences:		
Nondeductible expenses	(234)	(27)
Other non-taxable income	4,598	1
Other	(1,399)	-
Tax Charge	**(4,927)**	**(1,067)**

The corporate tax payable as at 31 December 2011 and 31 December 2010 is as follows:

	1 January-31 December 2011	1 January-31 December 2010
Corporate tax provision	6,040	903
Advance taxes	(3,253)	(2,924)
Witholding income taxes	(198)	-
Corporate Tax Payable	**2,589 (**)**	**(2,021) (*)**

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

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

	31 December 2011	31 December 2010
Current tax charge	(6,040)	(903)
Deferred tax (charge)/benefit	1,113	(164)
	(4,927)	**(1,067)**

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 2011 (31 December 2010: 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%.

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

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 2011, 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Temporary Differences		
Unearned factoring interest income	10,241	5,070
Factoring receivable provisions and adjustments	10,787	11,420
Retirement pay provision	145	151
Unused vacation accrual	583	449
Valuation differences of derivative financial assets	785	8
Temporary differences related to deferred tax assets	**22,541**	**17,098**
Temporary differences on tangible and intangible assets	889	908
Valuation differences of funds borrowed	11	50
Valuation differences of time deposits	-	17
Other	-	56
Temporary differences related to deferred tax liabilities	**900**	**1,031**
Deferred tax assets / (liabilities)		
Unearned factoring interest income	2,048	1,014
Factoring receivable provisions and adjustments	2,157	2,284
Retirement pay provision	29	31
Unused vacation accrual	117	90
Valuation differences of derivative financial assets	157	1
Deferred tax assets	**4,508**	**3,420**
Temporary differences on tangible and intangible assets	(178)	(182)
Valuation differences of funds borrowed	(2)	(10)
Valuation differences of time deposits	-	(3)
Other	-	(10)
Deferred tax liabilities	**(180)**	**(205)**
Deferred tax assets (net)	**4,328**	**3,215**

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

11. TAX ASSETS AND LIABILITIES (Cont'd)

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

	1 January-31 December 2011	1 January-31 December 2010
1 January	3,215	3,379
Deferred tax income/ (expense)	1,113	(164)
31 December	**4,328**	**3,215**

12. OTHER ASSETS

Details of other assets as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Advance corporate tax (*)	-	-	2,021	-
Commission return receivable	-	-	1,300	-
Prepaid expenses	372	-	240	-
Guarantees Given (Turkish Derivatives Exchange)	848	-	-	-
Other	235	162	105	-
	1,455	162	3,666	-

* The advance corporate tax as of 31 December 2011 is net off from corporate tax provision amounting to TL 3,253 thousand is net (Please refer to Note 11).

13. FUNDS BORROWED

Details of funds borrowed as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Funds Borrowed	875,653	304,452	830,487	680,464
	875,653	**304,452**	**830,487**	**680,464**

31 December 2011				
	Original Amount	Interest Rate (%)*	TL Equivalent Up to 1 Year	TL Equivalent 1 Year and over
TL	875,653	12.36-16.28	875.653	-
USD	112,320	2.20-5.41	212.162	-
EURO	37,765	3.63-3.98	92.290	-
Total			**1.180.105**	-

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

13. FUNDS BORROWED (Cont'd)

	31 December 2010			
		Interest Rate	TL Equivalent	
	Original Amount	(%)*	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**	**-**

* These rates represent the interest rate range of outstanding funds borrowed with fixed and floating rates as at 31 December 2011 and 31 December 2010.

There is no guarantee given for the funds borrowed as at 31 December 2011 and 31 December 2010.

14. SUNDRY CREDITORS AND OTHER LIABILITIES

Details of sundry creditors as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Sundry creditors	483	21	247	1
Transitory liability accounts	287	109	29	-
	770	**130**	**276**	**1**
Guarantee payments to customers	-	306	-	-
Other Liabilities	-	**306**	-	-

15. TAXES PAYABLE

Details of taxes payable and liabilities as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Corporate tax payable*	2,589	-	-	-
Income tax payable	409	-	482	-
Premium payable	464	-	188	-
Stamp tax payable	10	-	12	-
V.A.T payable	23	-	10	-
Banking and Insurance Transactions Tax (BITT) payable	622	-	484	-
	4,117	**-**	**1,176**	**-**

*Income tax provision amounting to TL 6,040 thousand presented by netting the advance corporate tax amounting to TL 3,253 thousand and prepaid income tax amounting to TL 198 thousand, as at 31 December 2011.

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

16. PROVISIONS

Details of provisions as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Provision for employee benefits	728	-	1,139	-
Other provisions	500	-	50	-
	1,228	-	**1,189**	-

16.1. Provision for Employee Benefits

Provision for employee benefits include retirement pay provision amounting to TL 145 thousand (31 December 2010: TL 151 thousand), unused vacation accrual amounting to TL 583 thousand (31 December 2010: TL 449 thousand) and there is no personnel premium provision as at 31 December 2011 (31 December 2010: TL 539 thousand).

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 2,731.85 (full) for each period of service as at 31 December 2011 (31 December 2010: TL 2,517.01 (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 2011, 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 2010: inflation rate of 5.1%, discount rate of 10%, real discount rate of 4.66%). Estimated ratio for retirement pay amounts that would not be paid because of voluntary leave is 86.8%. The company, effective from 1 January 2012 the calculation of retirement pay provision for the TL 2,805.04 (full) ceiling amount has taken into consideration (31 December 2010: TL 2,623.23 (full) ceiling amount has taken into consideration announced on 1 January 2011).

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

16. PROVISIONS (Cont'd)

16.1. Provision for Employee Benefits (Cont'd)

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

	31 December 2011	31 December 2010
Balance at 1 January	**151**	**87**
Payments during the period	(86)	(76)
Provision provided for the period	80	140
Balance at the end of the period	**145**	**151**

Personnel Bonus Provision

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

	31 December 2011	31 December 2010
Balance at 1 January	**539**	**441**
Paid in the period	(380)	(1,940)
Provision reversal	(159)	-
Provision provided for the period	-	2,038
Balance at the end of the period	**-**	**539**

Unused Vacation Accrual

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

	31 December 2011	31 December 2010
Balance at 1 January	**449**	**314**
Paid in the period	(57)	(33)
Provision provided for the period	191	168
Balance at the end of the period	**583**	**449**

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

16. PROVISIONS (Cont'd)

16.2. Provision for Employee Benefits (cont'd)

Other Provisions

As of 31 December 2011, other provisions amounting to TL 500 thousand is provided for ongoing lawsuits and fines. The movement of other provisions during the period is as follows:

	31 December 2011	31 December 2010
Balance at 1 January	**50**	**1,037**
Paid in the period	(50)	(37)
Transfer to generic provision	-	(1,000)
Provision provided for the period	500	50
Balance at the end of the period	**500**	**50**

17. SHAREHOLDERS' EQUITY

17.1 Paid-in Capital

As at 31 December 2011, the Company's share capital amounts to TL 21,000 thousand (31 December 2010: TL 21,000 thousand). As at 31 December 2011 the Company has 2,100,000,000 (31 December 2010: 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 Kuruş (KR=0.01 TL) 1 each (31 December 2010: Kr 1).

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.

17. SHAREHOLDERS' EQUITY (Cont'd)

17.2. Capital Reserves

Capital reserves includes the capital reserves from inflation adjustments to paid-in capital amounting to TL 2,122 thousand as of 31 December 2011 (31 December 2010: TL 2,122 thousand) and TL 29 thousand marketable securities revaluation differences as at 31 December 2011 (31 December 2010: none).

17.3. Profit Reserves

The Company's profit reserves comprise of the first legal reserves amounting to TL 1,614 thousand (31 December 2010: TL 1,408 thousand) and extraordinary reserves amounting to TL 25,281 thousand (31 December 2010: TL 21,348) as at 31 December 2011.

17.4. Profit Distribution

Retained earnings on statutory books can be distributed except for the 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 standards and the figures recorded to the statutory 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 the statutory books should be distributed. If loss is incurred as per the Company's CMB financial statements or in the statutory books, no profit distribution is made.

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

18. OPERATING INCOME

The details of operating income for the periods ended as of 31 December 2011 and 31 December 2010 are as follows:

	1 January-31 December 20111	**1 January-31 December 2010**
Factoring interest income	84,311	76,614
Factoring commission income (net)	19,276	16,274
Commission income	*20,726*	*17,021*
Commission expense	*(1,450)*	*(747)*
Balance at the end of the year	**103,587**	**92,888**

19. OPERATING EXPENSES

The details of operating expenses for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January-31 December 2011	**1 January-31 December 2010**
Personnel expenses	14,990	13,270
Customer referral commission expenses	1,683	321
Vehicle expenses	2,263	1,340
Depreciation and amortization charges	1,279	1,138
Communication expenses	958	849
Advertising expenses	176	887
Consultancy expenses	346	676
Rent expenses	1,067	696
Data processing maintenance and contract expenses	325	947
Travel expenses	323	534
Maintenance and repair expenses	290	320
Subscription expenses	269	277
Printed paper and stationery expenses	201	293
Taxes and duties expenses	982	258
Retirement pay provision	80	140
Representation expenses	206	233
Training expenses	85	134
Law-suit expenses	16	26
Cleaning expenses	125	82
Lighting expenses	72	41
Security expenses	52	15
Food and beverage expenses	48	55
Insurance expenses	96	8
Other	588	108
	26,520	**22,648**

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

19. OPERATING EXPENSES (Cont'd)

The details of personnel expenses classified under operating expenses for the years end as at 31 December 2011 and 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Salaries	10.888	8,562
Bonuses	1.470	2,038
Social security premium employer's share	1.174	952
Meal expenses	553	466
Transportation expenses	12	407
Insurance expenses	322	225
Overtime expenses	143	230
Unemployment insurance employer's share	152	112
Compensation expenses	86	5
Other	190	273
	14.990	**13,270**

20. OTHER OPERATING INCOME

The details of other operating income for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Foreign exchange gains	188,941	2,117,454
Interest income on bank deposits	9,215	23,934
Income on derivative financial transactions	40,724	68,325
Interest income on financial assets held for trading	291	515
Financial assets available for sale (Note:6)	30,296	-
Other	565	1,276
	270,032	**2,211,504**

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

21. FINANCE EXPENSES

The details of finance expenses for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Interest expenses on funds borrowed	70,486	72,543
Fees and commissions paid	345	631
Other interest expenses	6	-
	70,837	**73,174**

22. SPECIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES

The details of provision for non-performing receivables for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Specific provision expenses	6,631	565
	6,631	**565**

23. OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Foreign exchange losses	186,079	2,119,147
Losses on derivative financial transactions	43,504	83,634
Other provision expenses	500	-
Other	87	18
	230,170	**2,202,799**

24. EARNINGS PER SHARE

Calculation of earnings per share for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Profit for the period	34,534	4,139
Weighted average share with 1 KR of nominal value (thousand)	2,100,000	2,100,000
Earnings per thousand shares (KR)	**1,644.48**	**197.10**

25. EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS

The details of receivables and payables due from related parties as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Bank balances				
Türkiye Garanti Bankası A.Ş.	491	3,049	3,194	1,661
Demand deposits	*491*	*3,049*	*3,194*	*1,661*
Garantibank International NV	12	71	12	57
Demand deposits	*12*	*71*	*12*	*57*
	503	**3,120**	**3,206**	**1,718**

The amount of cheques and notes at custody by Türkiye Garanti Bankası A.Ş. related with factoring receivables as at 31 December 2011 is TL 366,778 thousand (31 December 2010: TL 300,986 thousand).

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Factoring receivables				
Doğuş Yayın Grubu A.Ş.	14,857	-	34,626	-
	14,857	**-**	**34,626**	**-**

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Loans received				
Türkiye Garanti Bankası AŞ	118,106	-	-	190,968
Garantibank International NV	58,335	-	-	-
	176,441	**-**	**-**	**190,968**

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

25. EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS (Cont'd)

	31 December 2011		31 December 2010	
	TL	**FC**	**TL**	**FC**
Other receivables				
Türkiye Garanti Bankası A.Ş. (*)	-	-	1,300	-
	-	**-**	**1,300**	**-**

(*) Receivable is related to the commission returns.

	31 December 2011		31 December 2010	
	TL	**FC**	**TL**	**FC**
Sundry creditors				
Garanti Bilişim Teknolojisi ve Ticaret A.Ş.	35			
Garanti Finansal Kiralama A.Ş.	50	-	-	-
Türkiye Garanti Bankası A.Ş.	48			
Garanti Emeklilik ve Hayat A.Ş.	-	20	-	-
Garanti Filo Yönetimi A.Ş.	11	-	1	-
Eureko Sigorta AŞ	6	-	-	-
	150	**20**	**1**	**-**

The Company has made purchases amounting to TL 659 thousand from Garanti Bilişim Teknolojisi ve Ticaret A.Ş for the period ended as at 31 December 2011 (31 December 2010: TL 186 thousand).

Income and expenses from related parties for the periods ended as at 31 December 2011 and 31 December 2010 are as follows:

	1 January- 31 December 2011	1 January- 31 December 2010
Factoring interest income		
Doğuş Yayın Grubu A.Ş.	4,052	2,421
	4,052	**2,421**
Interest income on bank deposits		
Türkiye Garanti Bankası A.Ş.	1,685	3,050
	1,685	**3,050**
Factoring commission income		
Doğuş Yayın Grubu A.Ş.	542	301
Doğuş Grubu İletişim Yayın A.Ş.	37	-
	579	**301**
Interest expenses on funds borrowed		
Türkiye Garanti Bankası A.Ş.	2,974	3,821
Garanti Bank International NV	9,646	4,635
	12,620	**8,456**

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

25. EXPLANATIONS REGARDING RELATED PARTY TRANSACTIONS (Cont'd)

	1 January- 31 December 2011	1 January- 31 December 2010
Fees and commissions given		
Türkiye Garanti Bankası A.Ş.	134	321
	134	**321**

General Administrative Expenses	1 January- 31 December 2011	1 January- 31 December 2010
Türkiye Garanti Bankası AŞ (Customer referral commission expenses and rent expenses)	1,995	878
Garanti Filo Yönetim Hizmetleri AŞ (Car rental expenses)	1,035	856
Garanti Bilişim Teknolojisi ve Ticaret AŞ (Data processing expenses)	263	903
Garanti Finansal Kiralama AŞ (Office rent expenses)	439	224
	3,732	**2,861**

Salary and other benefits provided to top management

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 2011 is TL 1,642 thousand (31 December 2010: TL 959 thousand).

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

26. CONTINGENT ASSETS AND LIABILITIES

26.1. Guarantees Received

Guarantees received for the Company's factoring receivables as at 31 December 2011 and 31 December 2010 is as follows:

	31 December 2011		31 December 2010	
	TL	**FC**	**TL**	**FC**
Customer notes	71,266	1,497,814	81,527	640,226
Mortgage	41,636	-	40,661	-
Letters of guarantee	3,002	24,255	-	1,722
	115,904	**1,522,069**	**122,188**	**641,948**

26.2. Guarantees Given

Guarantees given as at 31 December 2011 and 31 December 2010 consist of letters of guarantee given to the institutions below:

	31 December 2011		31 December 2010	
	TL	**FC**	**TL**	**FC**
Tax authority	1,008	-	1,008	-
Law court	279	-	236	-
Other	7	-	7	-
	1,294	-	**1,251**	-

26.3. Investments in Debt Securities

TL equivalent of nominal values of commitments given related to credit linked note (Please refer to Note 4) as at 31December 2011 is as follows:

	31 December 2011		31 December 2010	
	TL	**FC**	**TL**	**FC**
Commitments given related to the Credit Linked Notes	-	6,296	-	8,972
Foreign exchange commitments	206	203	-	-
	206	**6,499**	-	**8,972**

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

26. CONTINGENT ASSETS AND LIABILITIES (Cont'd)

26.4. Currency Swap Buy-Sell Agreements

The details of currency swap buy and sell agreements as at 31 December 2011 and 31 December 2010 is as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Currency swap buy transactions	-	59,030	12,449	394,741
Currency swap sell transactions	59,315	583	392,851	14,550
Forward buy transactions	3,537	-	-	-
Forward sell transactions	-	3,506	-	-
Futures buy transactions	-	-	-	-
Futures sell transactions	-	-	-	-
	62,852	**63,119**	**405,300**	**409,291**

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

27.1. Financial Risk Management Purposes and Policies (Cont'd)

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. As at the balance sheet date, there were no significant industry or geographical concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

27.1.2 Liquidity Risk

Liquidity risk arises in the general funding of the Company's activities. 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 derivative instruments 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.

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

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

27.2 Explanations on Risk Management (cont'd)

27.2.1. Credit Risk

31 December 2011	Factoring Receivables		Non-performing receivables		Other Assets					
	Related Party	Others	Related Party	Others	Related Party	Others	Banks	Financial Assets Held for Trading	Derivative Financial Assets Held for Trading	Financial Assets Available for Sale
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	**14,857**	**1,232,467**	**-**	**2,158**	**-**	**1,245**	**7,092**	**6,334**	**31**	**3,592**
A. Carrying value of financial assets that are not past due nor impaired	14,857	1,230,571	-	-	-	1,245	7,092	6,334	31	3,592
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		1,896								
-carrying value	-	1,896	-	-	-	-	-	-	-	-
- the part under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
D.Net book value of impaired assets	-	-	-	2,158	-	-	-	-		-
- Past due (gross carrying value)	-	-	-	15,445	-	-	-	-	-	-
- Impairment (-)	-	-	-	(13,287)	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	2,158	-	-	-	-	-	-
- 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	-	-	-	-	-	-	-	-	-	-

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

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

27.2 Explanations on Risk Management (cont'd)

27.2.1 Credit Risk (cont'd)

31 December 2010	Factoring Receivables		Non-performing receivables		Other Assets					
	Related Party	Others	Related Party	Others	Related Party	Others	Banks	Financial Assets Held for Trading	Derivative Financial Assets Held for Trading	Financial Assets Available for Sale
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	**34,626**	**1,392,672**	**-**	**6,796**	**1,300**	**2,126**	**108,333**	**9,008**	**303**	**4,168**
A. Carrying value of financial assets that are not past due nor impaired	34,626	1,392,672	-	-	1,300	2,126	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	-	-	-	-	-	-	-	-	-	-

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

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 2011

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	**1,184,041**	**1,189,574**	**987,488**	**202,086**	**-**	**-**
Funds borrowed	1,180,105	1,185,638	938,552	202,086	-	-
Factoring payables	3,036	3,036	3,036	-	-	-
Sundry creditors	900	900	900	-	-	-

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
Derivative financial liabilities	**(834)**	**(834)**	**(834)**	**-**	**-**	**-**
Derivative cash inflows	62,773	62,773	62,773	-	-	-
Derivative cash outflows	(63,607)	(63,607)	(63,607)	-	-	-

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	-	-	-

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 Months	3-12 month	1-5 year	More than 5 years
Derivative financial liabilities	**(211)**	**(211)**	**(211)**	**-**	**-**	**-**
Derivative cash inflows	407,190	407,190	407,190	-	-	-
Derivative cash outflows	(407,401)	(407,401)	(407,401)	-	-	-

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

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 2011 and 31 December 2010.

Foreign currency assets and liabilities as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011 (TL equivalent in thousands)	31 December 2010 (TL equivalent in thousands)
A. Foreign currency monetary assets	252,652	300,259
B. Foreign currency monetary liabilities	(307,606)	(680,620)
C. Derivative financial instruments	54,738	380,192
Net foreign currency position (A+B+C)	**(216)**	**(169)**

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

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 2011 and 31 December 2010. Carrying amounts of the Company's foreign currency monetary assets and liabilities are presented with their original currencies:

31 December 2011	**USD**	**EURO**	**GBP**	**Other**	**Total**
Assets					
Financial assets held for trading	6,334	-	-	-	6,334
Banks	2,336	2,466	1,412	-	6,214
Financial assets available for sale	-	2	-	-	2
Factoring receivables (*)	166,763	73,057	120	-	239,940
Other assets	50	96	16	-	162
Total Assets	**175,483**	**75,621**	**1,548**	-	**252,652**
Liabilities					
Funds borrowed	212,162	92,290	-	-	304,452
Factoring payables	1,358	1,012	348	-	2,718
Sundry creditors	106	320	10	-	436
Total liabilities	**213,626**	**93,622**	**358**	-	**307,606**
Net foreign currency position	**(38,143)**	**(18,001)**	**1,190**	-	**(54,954)**
Derivative financial instruments	37,982	17,339	(583)		54,738
Net position	**(161)**	**(662)**	**(607)**	-	**(216)**

* Includes the foreign currency indexed factoring receivables amounting to TL 70,800 thousand that are presented in TL column on the balance sheet.

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

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)

31 December 2010	**USD**	**EURO**	**GBP**	**Other**	**Total**
Assets					
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
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 on the balance sheet.

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

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 2011 results with a decrease in profit before tax for the period amounting to TL 22 thousand (31 December 2010: TL 17 thousand decrease). This analysis is made with the assumption that the other variables were held constant as of 31 December 2011 and 31 December 2010.

Profit / (Loss)	**31 December 2011**	**31 December 2010**
USD	(17)	27
EURO	(66)	29
GBP	61	(76)
Other	-	3
Total	**(22)**	**(17)**

Interest Rate Risk

Weighted average effective interest rates applied to financial instruments as at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011				**31 December 2010**			
	USD (%)	**EURO (%)**	**GBP (%)**	**TL (%)**	**USD (%)**	**EURO (%)**	**GBP (%)**	**TL (%)**
Assets								
Banks								
Time deposits	-	-	-	-	-	-	-	*9.00*
Financial instruments held for trading	2.47	-	-	-	2.35	9.50	-	-
Financial instruments available for sell	-	-	-	8,30	-	-	-	-
Factoring receivables	7.09	7.56	-	16.42	3.77	3.57	-	8.67
Liabilities								
Funds borrowed	3.65	3.83	-	14.18	2.93	3.57	-	7.68

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

7. 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)

Interest Rate Sensitivity Analysis

The Company's financial instruments that have interest rate sensitivity as at 31 December 2011 and 31 December 2010 are as follows:

	Carrying Value	
Fixed Rate	**31 December 2011**	**31 December 2010**
Factoring receivables	1,011,447	1,252,604
Time deposits	-	101,349
Factoring payables	3,590	-
Funds borrowed	1,028,764	1,444,300
Floating Rate		
Factoring receivables	235,877	174,694
Financial investments	6,334	9,008
Funds borrowed	151,341	66,651

If interest rates of the floating rate instruments denominated in USD and EURO were 100 basis points higher/lower at the date of reissue and all other variables were constant, net income for the period would decrease/increase by TL 909 thousand TL (31 December 2010: TL 487 thousand) as a result of higher/lower interest expense from floating interest rate financial instruments. In addition, if interest rates were 100 basis points higher/lower as of 31 December 2011, the market price of government bonds in financial assets would be affected and securities valuation differences in the equity would be TL 10 thousand lower/higher.

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 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.

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

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.

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 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets available for sale	3,590	-		3,590
Financial assets held for trading	-	6,334	-	6,334
Derivative financial assets held for trading	-	31	-	31
	3,590	**6,365**	-	**9,955**
Derivative financial liabilities held for trading	-	816	-	816
	-	**816**	**-**	**816**

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**

29. SUBSEQUENT EVENTS

None.