Fiba Faktoring Hizmetleri Anonim Şirketi

Financial Statements
31 December 2006
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

2 March 2007

This report includes 1 pages of independent auditors' report and 33 pages of financial statements together with its explanatory notes.

Fiba Faktoring Hizmetleri Anonim Şirketi

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KPMG

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Independent Auditors' Report

To the Board of Directors of
Fiba Faktoring Hizmetleri Anonim Şirketi

Report on the financial statements

We have audited the accompanying financial statements of Fiba Faktoring Hizmetleri Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the the Company as at 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

2 March 2007
İstanbul, Turkey

KPMG Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Fiba Faktoring Hizmetleri Anonim Şirketi

Income Statement

For the Year Ended 31 December 2006

(Currency: New Turkish Lira ("YTL"))

	Notes	2006	2005
Factoring interest income		48,937,348	20,258,715
Factoring commission income		3,256,139	953,872
Factoring commission expense		(411,339)	(148,610)
Income from factoring operations		**51,782,148**	**21,063,977**
Interest expense on bank borrowings		(15,591,341)	(9,197,143)
Foreign exchange losses		(17,438,122)	(4,733,961)
Other finance income / (expenses)		805,577	(1,652,223)
Provision for impaired factoring receivables	*8*	(593,993)	(942,750)
Income after interest expense, foreign exchange losses, other finance income / (expenses) and provision for impaired factoring receivables		**18,964,269**	**4,537,900**
Interest income other than on factoring transactions		1,257,660	683,915
Dividend income		8,822,832	975,957
Net gain on sale of investments available for sale		104,607,944	15,345,448
Other operating income		891,342	45,738
Operating profit		**134,544,047**	**21,588,958**
Salaries and employee benefits		(2,739,698)	(1,099,480)
Administrative expenses	*5*	(4,362,352)	(5,072,395)
Depreciation and amortisation expenses	*10, 11*	(416,154)	(329,509)
Other expenses		(348,472)	(169,176)
Operating expenses		**(7,866,676)**	**(6,670,560)**
Gain on net monetary position		-	730,528
Profit before income taxes		**126,677,371**	**15,648,926**
Income tax expense	*6*	(7,971,193)	(3,500,295)
Net profit for the year		**118,706,178**	**12,148,631**

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

Fiba Faktoring Hizmetleri Anonim Şirketi

Balance Sheet

As at 31 December 2006

(Currency: New Turkish Lira ("YTL"))

	Notes	2006	2005
Assets			
Cash and cash equivalents	*7*	34,108,987	652,214
Factoring receivables	*8*	691,126,307	111,550,277
Due from related parties	*20*	585,000	899,371
Other assets	*9*	524,199	621,199
Property and equipment, net	*10*	3,703,391	3,671,507
Intangible assets	*11*	493,710	98,286
Investments	*12*	105,516,825	193,014,640
Deferred tax assets	*6*	-	432,450
Total assets		**836,058,419**	**310,939,944**
Equity			
Share capital	*17*	44,378,194	44,378,194
Fair value reserve	*17*	64,222,481	127,348,831
Retained earnings	*17*	127,551,475	8,845,297
Total shareholders' equity		**236,152,150**	**180,572,322**
Liabilities			
Loans and borrowings	*13*	301,152,427	98,337,298
Factoring payables	*14*	287,632,840	19,634,595
Due to related parties	*20*	2,493,265	230,074
Other liabilities	*15*	2,617,476	11,771,293
Income taxes payable	*6*	2,195,740	239,319
Deferrred tax liabilities	*6*	3,558,942	-
Employee benefits	*16*	255,579	155,043
Total liabilities		**599,906,269**	**130,367,622**
Total equity and liabilities		**836,058,419**	**310,939,944**
Commitments and contingencies	*19*		

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

Fiba Faktoring Hizmetleri Anonim Şirketi

Statement of Cash Flows

For the Year Ended 31 December 2006

(Currency: New Turkish Lira ("YTL"))

	Notes	2006	2005
Cash flows from operating activities			
Net profit for the year		118,706,178	12,148,631
Components of net profit not generating or using cash			
Deferred taxation charge	*6*	611,261	2,956,315
Current corporation tax charge	*6*	7,359,932	543,980
Depreciation and amortisation	*10,11*	416,154	329,509
Provision for doubtful receivables	*8*	595,993	942,750
Loss on fair value of currency swap contracts	*15*	-	1,404,234
Time deposit accruals		(224,271)	-
Interest expense accrual on bank borrowings		1,463,234	(770,684)
Gain on sale of property and equipment	*10*	(33,432)	-
Gain on sale of equity securities		(104,607,944)	(15,345,448)
Factoring interest income accrual		(596,393)	428,681
Provision (reversal of provision) for employee benefits	*16*	89,223	(38,433)
Changes in operating assets and liabilities			
Due from related parties		314,371	2,872,396
Other assets		97,000	3,514,014
Employee severance paid	*16*	(37,161)	-
Due to related parties		2,263,191	230,074
Other liabilities		(9,344,662)	1,835,172
Factoring receivables		(579,575,630)	(24,714,399)
Factoring payables		267,998,245	320,011
Taxes paid	*6*	(5,164,192)	(304,661)
Inflationary effects on cash flows from operating activities		-	3,046,912
Net cash used in operating activities		**(299,668,903)**	**(10,600,946)**
Investing activities:			
Investments		(12,201,760)	(6,754,303)
Purchase of property and equipment	*10*	(444,706)	(3,619,697)
Purchase of intangible assets		(422,540)	(100,965)
Proceeds from disposal of property and equipment	*10*	57,216	-
Proceeds from disposal of equity securities	*12*	144,561,300	42,069,996
Inflationary effects on cash flows from investing activities		-	3,605,093
Net cash provided by investing activities		**131,549,510**	**35,200,124**
Financing activities:			
Net change in loans and bank borrowings		201,351,895	(19,458,194)
Inflationary effects on cash flows from financing activities		-	(5,388,652)
Net cash provided by / (used in) financing activities		**201,351,895**	**(24,846,846)**
Net increase / (decrease) in cash and cash equivalents		33,232,502	(247,668)
Cash and cash equivalents at 1 January		652,214	899,882
Cash and cash equivalents at 31 December		**33,884,716**	**652,214**

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

Notes to the financial statements

1 Reporting entity

Fiba Faktoring Hizmetleri Anonim Şirketi (Fiba Faktoring or "the Company") was established in 1992 to provide factoring services to industrial and commercial firms, and is registered in Turkey.

The address of the registered office of Fiba Faktoring is as follows:

1. Levent Plaza A Blok Kat: 2 Büyükdere Caddesi No: 173 1. Levent 34330 Istanbul-Turkey

The number of employees of the Company at 31 December 2006 is 47 (31 December 2005: 40).

2 Basis of preparation

(a) Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira ("YTL") in accordance with the Turkish Uniform Chart of Accounts, the Turkish Commercial Code ("the TCC"), and Tax Legislation. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments in equity securities classified available-for-sale.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 4 – Determination of fair values
- Note 6 – Taxation
- Note 16 – Employee benefits
- Note 19 – Commitments and contingencies

(Currency: New Turkish Lira ("YTL"))

3 Significant accounting policies

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

(a) Accounting in hyperinflationary economies

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

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

The financial statements of income and cash flows for the year ended 31 December 2005 have been adjusted for the effects of inflation in YTL units current at 31 December 2005. Such recent indices and conversion factors used to restate the statements of income and cash flows for the year ended 31 December 2005 are given below:

Date	*Index*	*Conversion factor*
31 December 2005	8,785.74	1.000
31 December 2004	8,403.80	1.045
31 December 2003	7,382.10	1.190

The main procedures for the application of IAS 29 are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities, which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant (monthly, yearly average, year end) conversion factors. Additions to property and equipment in the year of acquisition are restated using the relevant conversion factors.
- All items in the statement of income are restated by applying the monthly conversion factors except for those amounts deriving from non-monetary items, which are calculated, based on the restated values of the related items.

The effect of general inflation on the Company's monetary position is included in the income statement as of and for the year ended 31 December 2005 as "Gain on net monetary position".

3 Significant accounting policies *(continued)*

(b) Foreign currency transactions

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

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise factoring receivables, investment in equity securities, other assets, cash and cash equivalents, loans and borrowings and overdrafts, factoring payables and other liabilities.

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

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

Cash and cash equivalents comprise cash balances and deposits.

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

Factoring receivables and other assets

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

3 Significant accounting policies *(continued)*

(c) Financial Instruments *(continued)*

Loans and borrowings

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

Investments in equity securities

Investments in equity securities are classified as available-for-sale assets. Available-for-sale assets are financial assets that are not held for trading purposes, or held to maturity. Except for investments in equity securities which have a quoted market price in an active market, they are measured at cost as their fair values cannot be estimated reasonably.

When equity investments are disposed of, any resulting gain or loss is recognized in the income statement as the difference between the sales price and the carrying amount of the investment.

Other

Other non-derivative financial investments including factoring payables and time deposits are measured at amortized cost using the effective interest method.

Demand deposits and other payables are measured at cost.

(ii) Share capital

Ordinary shares

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

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

(Currency: New Turkish Lira ("YTL"))

3 Significant accounting policies *(continued)*

(d) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Buildings	50 years
Furniture and fixtures	5 years
Motor vehicles	5 years

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

(e) Intangible assets

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

(f) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Company's balance sheet.

The Company adopted IFRIC 4 "Determining whether an Arrangement Contains a Lease", which is mandatory for annual periods beginning on or after 1 January 2006, in its 2005 financial statements.

3 Significant accounting policies *(continued)*

(g) Impairment

(i) Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial assets is calculated by reference to its current for value.

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

All impairment losses are recognised in income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For available for sale financial assets that are equity securities and whose fair value is reliably measured, the reversal is recognized directly inequity.

(ii) Non-financial assets

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

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

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

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

3 Significant accounting policies *(continued)*

(h) Employee benefits

(i) Reserve for employee severance payments

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

(ii) Short-term benefits

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

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

(i) Provisions

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

(j) Offsetting

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

(k) Related Parties

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

3 Significant accounting policies *(continued)*

(l) Revenue and Cost recognition

(i) Factoring interest and commission income

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

(ii) Factoring commission expense

Factoring commission charges are recorded as expense when the related receivables are received.

(iii) Other income and expenses

Other income and expenses are recognized on the accrual basis.

(iv) Finance income / (expenses)

Finance income includes interest income from time deposits and foreign exchange gains.

Finance expenses include foreign exchange losses and other financial expenses.

(m) Income tax

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

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

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

3 Significant accounting policies *(continued)*

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these financial statements:

- *IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements*: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require additional disclosures with respect to Company's financial instruments and share capital.

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.

- *IFRIC 8 Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Company's 2007 financial statements, with retrospective application required. IFRIC 8 is not expected to have any impact on the financial statements.

- *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.

- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Company's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Company first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004). The adoption of IFRIC 10 will not have any impact on the financial statements.

(Currency: New Turkish Lira ("YTL"))

4 Determination of fair values

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

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

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

At 31 December 2006, the carrying amounts and fair values of financial instruments are as follows:

	Carrying amount	**Fair value**
Financial assets		
Cash and cash equivalents	34,108,987	34,108,987
Factoring receivables	691,126,307	691,126,307
Financial liabilities		
Loans and borrowings	301,152,427	300,910,658
Factoring payables	287,632,840	287,632,840

(Currency: New Turkish Lira ("YTL"))

5 Administrative expenses

For the years ended 31 December 2006 and 2005, administrative expenses comprised the following:

	2006	**2005**
Donations	1,608,460	3,120,764
Consultancy expenses	1,227,562	140,318
Travel expenses	380,960	144,796
Miscellaneous office expenses	241,870	471,408
Leasing expenses	84,236	143,461
Tax penalty	-	767,024
Others	819,264	284,624
	4,362,352	**5,072,395**

Donations include expenditures donated to Hüsnü M. Özyeğin Foundation amounting to YTL 1,600,000, for the year ended 31 December 2006 (31 December 2005: donations include expenditures to the Ministry of Education after the completion of construction amounting to YTL 1,900,553 and donations to Hüsnü M. Özyeğin Foundation amounting to YTL 1,220,211).

6 Taxation

As of 31 December 2006, corporate income tax is levied at the rate of 20% (31 December 2005: 30%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, has been redefined according to the cabinet decision numbered 2006/10731, which has been announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent has been increased to 15% from 10%.

With introduction of inflation accounting in the Turkish tax practice beginning from 1 January 2004, all restatement differences on non-monetary items from inception date to 31 December 2003 are not subject to corporation tax and they became permanent differences. Accordingly, deferred taxes computed on such restatement differences until 1 January 2004 were reversed through the statement of income for the year ended 31 December 2003. All restatement differences that are arising from inflation accounting for the year beginning from 1 January 2004 are subject to corporation tax. According to the announcement made by the Ministry of Finance, the inflation accounting for tax purposes has been ceased effective from 1 January 2005.

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

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

(Currency: New Turkish Lira ("YTL"))

6 Taxation *(continued)*

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

	2006		2005	
	Amount	**%**	**Amount**	**%**
Reported profit before income taxes	126,677,371		15,648,926	
Taxes on reported profit per statutory tax rate	(25,335,474)	(20)	(4,694,678)	(30)
Permanent differences:				
Non-deductible expenses	(2,199,015)	(2)	(632,867)	(4)
Effect of change in tax rate	(144,150)	-	-	-
Tax exempt revenues	17,810,857	14	2,238,363	14
Restatement of non-monetary items	-	-	(186,662)	(1)
Tax penalty	-	-	(224,451)	(1)
Other permanent differences	1,896,589	2	-	-
Income tax expense	**(7,971,193)**	**(6)**	**(3,500,295)**	**(22)**

The income tax expense for the years ended 31 December 2006 and 2005 comprised the following items:

	2006	**2005**
Current corporation and income taxes	(7,359,932)	(543,980)
Deferred taxes on taxable temporary differences	(611,261)	(2,956,315)
Taxation charge	**(7,971,193)**	**(3,500,295)**

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

The taxes payable on income as of 31 December 2006 and 2005 comprised the following:

	2006	**2005**
Taxes on income	7,359,932	543,980
Less: Corporation taxes paid in advance	(5,164,192)	(304,661)
Income taxes payable	**2,195,740**	**239,319**

(Currency: New Turkish Lira ("YTL"))

6 Taxation *(continued)*

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

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

	2006		**2005**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Factoring receivables	143,633	-	6,985	-
Changes in fair values of available for sale assets	-	3,380,131	-	-
Reserve for employee severance indemnity	51,116	-	46,513	-
Effect of applying IAS 39	-	66,818	793,996	1,857
Fair value loss on forward contracts	-	-	421,270	-
Restatement of non-monetary assets	-	303,567	-	826,769
Other temporary differences	-	3,175	-	7,688
	194,749	**3,753,691**	**1,268,764**	**836,314**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts as of 31 December 2006 and 2005, determined after appropriate offsetting, are shown in the balance sheet:

	2006			**2005**		
	Gross	**Offsetting**	**Net**	**Gross**	**Offsetting**	**Net**
DTA	194,749	(194,749)	-	1,268,764	(836,314)	432,450
DTL	3,753,691	(194,749)	3,558,942	836,314	(836,314)	-
DTA/(DTL), net	**(3,558,942)**	**-**	**(3,558,942)**	**432,450**	**-**	**432,450**

The movement of deferred assets and (liabilities) for the year ended 31 December 2006 is as follows:

	2006
Balance at 1 January 2006	432,450
Deferred income expense recognized in the income statement	(611,261)
Deferred income expense recognized in equity	(3,380,131)
Balance at 31 December 2006	**(3,558,942)**

(Currency: New Turkish Lira ("YTL"))

7 Cash and cash equivalents

At 31 December 2006 and 2005, cash and cash equivalents comprised the following:

	2006	2005
Cash at banks		
- demand deposits	4,627,199	651,531
- time deposits	29,481,771	-
Cash on hand	17	683
Total cash and cash equivalents	**34,108,987**	**652,214**

Cash and cash equivalents include cash balances on hand, demand deposits with original maturity periods of less than three months and time deposits with maturity periods less than six months.

As at 31 December 2006, YTL denominated time deposits amounting to YTL 20,000,000 are comprised of daily bank placements having interest rates varying between 17.50% and 18.25% (31 December 2005: nil) for YTL. As at 31 December 2006, foreign currency time deposits (original amount EUR 5,000,000) has a maturity of 6 April 2007 with 5.70% interest rate (31 December 2005: nil).

At 31 December 2006, the Company has cash at banks from related parties amounting to YTL 33,680,088 (31 December 2005: YTL 568,345)

As at 31 December 2006 and 2005, there is no restriction on cash at banks.

For the purposes of the cash flow statement, cash and cash equivalents amounts to YTL 33,884,716 are comprised of cash and due from banks excluding accrued interest.

8 Factoring receivables

At 31 December 2006 and 2005, factoring receivables comprised the following:

	2006	2005
Domestic factoring receivables	658,557,393	98,883,182
Export factoring receivables	42,994,584	14,375,779
Bad and doubtful receivables	593,993	942,750
Factoring receivables, gross	702,145,970	114,201,711
Unearned factoring income	(10,425,670)	(1,708,684)
Allowance for bad and doubtful receivables	(593,993)	(942,750)
Factoring receivables	**691,126,307**	**111,550,277**

Factoring receivables by their current and non-current portions were as follows:

	2006	2005
Short-term factoring receivables	691,126,307	110,978,512
Long-term factoring receivables	-	571,765
	691,126,307	**111,550,277**

(Currency: New Turkish Lira ("YTL"))

8 Factoring receivables *(continued)*

The Company has obtained the following collaterals for its receivables at 31 December 2006 and 2005:

	2006	2005
Customer notes and cheques obtained as collateral	411,604,521	57,554,587
Receivables transferred	135,717,914	16,310,162
Mortgages	20,710,000	5,160,000
	568,032,435	**79,024,749**

Movements in the allowance for bad and doubtful receivables during the years ended 31 December 2006 and 2005 were as follows:

	2006	2005
Balance at the beginning of the year	942,750	7,743,401
Restatement effect of the opening balance	-	(336,627)
Allowance for the year	593,993	942,750
Factoring receivables written-off during the year	(942,750)	(7,406,774)
Balance at the end of the year	**593,993**	**942,750**

The breakdown of the factoring receivables by industrial groups is as follows:

	2006	%	2005	%
Textile	143,884,826	21	70,954,383	64
Construction and electricity	106,429,861	15	8,084,183	7
Wood stuff	78,472,569	11	4,841,778	5
Communication	71,726,214	10	4,508,975	4
Heavy metals	55,849,383	8	3,444,868	3
Investment and finance	47,241,503	7	-	-
Automotive	47,224,808	7	-	-
Trading and service	42,526,868	6	5,470,952	5
Petroleum and derivatives	25,521,464	4	-	-
Chemicals	20,869,965	3	649,507	1
Other	13,014,011	2	2,500,811	2
Tourism	12,537,855	2	324,338	-
Transportation	8,360,797	1	2,132,674	2
Health	6,773,113	1	1,440,727	1
Mining, energy and technology	5,609,479	1	5,727,953	5
Food	5,083,591	1	1,469,128	1
	691,126,307	**100**	**111,550,277**	**100**

(Currency: New Turkish Lira ("YTL"))

9 Other assets

At 31 December 2006 and 2005, other assets comprised the following:

	2006	2005
Prepaid expenses	417,413	373,567
Deposits given	43,953	103
Others	62,833	247,529
	524,199	**621,199**

10 Property and equipment, net

Movement of property and equipment and related accumulated depreciation during the year ended 31 December 2006 was as follows:

	1 January 2006	Additions	Disposals	31 December 2006
Cost				
Buildings	2,595,515	-	-	2,595,515
Motor vehicles	233,335	-	(164,361)	68,974
Furniture and fixtures	835,255	111,763	-	947,018
Leasehold improvements	1,381,737	332,943	-	1,714,680
Total cost	**5,045,842**	**444,706**	**(164,361)**	**5,326,187**

Less: Accumulated depreciation	1 January 2006	Current year charge	Disposals	31 December 2006
Buildings	43,519	51,910	-	95,429
Motor vehicles	171,566	24,971	(140,577)	55,960
Furniture and fixtures	648,248	89,014	-	737,262
Leasehold improvements	511,002	223,143	-	734,145
Total accumulated depreciation	**1,374,335**	**389,038**	**(140,577)**	**1,622,796**
Net carrying value	**3,671,507**			**3,703,391**

(Currency: New Turkish Lira ("YTL"))

10 Property and equipment, net *(continued)*

Movement of property and equipment and related accumulated depreciation during the year ended 31 December 2005 was as follows:

	1 January 2005	Additions	Disposals	31 December 2005
Cost				
Buildings	-	2,595,515	-	2,595,515
Motor vehicles	233,335	-	-	233,335
Furniture and fixtures	710,538	144,106	(19,389)	835,255
Leasehold improvements	494,479	887,258	-	1,381,737
Total cost	**1,438,352**	**3,626,879**	**(19,389)**	**5,045,842**
Less: Accumulated depreciation				
Buildings	-	43,519	-	43,519
Motor vehicles	125,672	45,894	-	171,566
Furniture and fixtures	587,185	80,452	(19,389)	648,248
Leasehold improvements	379,109	131,893	-	511,002
Total accumulated depreciation	**1,091,966**	**301,758**	**(19,389)**	**1,374,335**
Net carrying value	**346,386**			**3,671,507**

At 31 December 2006, property and equipment, net were insured to the extent of YTL 4,371,226 (31 December 2005: YTL 5,581,340) in total.

(Currency: New Turkish Lira ("YTL"))

11 Intangible assets

At 31 December 2006 and 2005, intangible assets comprised of computer software. The total amount of amortization expense of intangible assets amounts to YTL 27,114 (31 December 2005: YTL 27,751).

12 Investments

At 31 December 2006 and 2005, the Company holds equity securities in the following companies:

	2006		2005	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Finansbank A.Ş. (Finansbank)	93,574,748	1.27	184,459,138	3.27
Fiba Gayrimenkul Gel. İnş. ve Yat. A.Ş.	7,022,202	28.32	5,606,035	28.32
Finans Sigorta A.Ş.	4,095,161	9.63	2,170,161	9.63
Fiba Alışveriş Mer. Paz. Tic. A.Ş.	485,709	3.35	485,709	3.35
Girişim Faktoring A.Ş.	105,304	0.5	67,804	0.5
Finans Yatırım Menkul Değ. A.Ş.	98,083	0.2	94,683	0.2
Anchor Mall Development and Man. S.A.	91,768	0.77	91,768	0.77
Finans Leasing S.A.	35,140	2.5	33,545	2.5
Others	8,710		5,797	
Total	**105,516,825**		**193,014,640**	

The investments above are classified as available-for-sale and except for Finansbank, others do not have a quoted market price in an active market and other methods of reasonably estimating their values would be inappropriate and unworkable, accordingly they are stated at cost, including the restatement for the effects of inflation till 1 January 2006, less impairment losses.

In 2006, the Company sold its 2% shares in Finansbank at an amount of YTL 144,561,300 to National Bank of Greece.

In 2005, the Company sold its shares in Gima Gıda İhtiyaç Mad. A.Ş. and Endi Tüketim Mal. Tic. ve San. A.Ş. at an amount of YTL 42,069,996 to Carrefour Sabancı Ticaret Merkezi A.Ş.

(Currency: New Turkish Lira (“YTL”))

13 Loans and borrowings

At 31 December 2006 and 2005, short-term loans and borrowings comprised the following:

	2006	2005
Loans and borrowings in Euro	132,844,213	47,838,793
Loans and borrowings in USD	114,110,828	32,823,505
Loans and borrowings in other currencies	4,163,459	6,709,868
Total short-term loans and borrowings	**251,118,500**	**87,372,166**

Short-term loans and borrowings mature on various dates between 8 January 2007 and 27 December 2007 (31 December 2005: 5 January 2006 and 21 December 2006). At 31 December 2006, the interest rates applied to short-term loans and borrowings range between 4.35% to 6.86% (31 December 2005: 3.71% to 7.00%) for Euro and 5.50% to 8.30% (31 December 2005: 3.30% to 7.00%) for USD.

At 31 December 2006 and 2005, long-term loans and borrowings comprised the following:

	2006			2005
	Interest rate (%)	**Original amount**	**Amount in YTL**	**Amount in YTL**
Loans and borrowings in Euro	-	-	-	7,975,371
Loans and borrowings in USD	6.19–7.11	27,995,945	51,834,493	3,355,005
		27,995,945	**51,834,493**	**11,330,376**
Less: Short-term portion of long-term loans and borrowings			(1,800,566)	(365,244)
Total long-term loans and borrowings			**50,033,927**	**10,965,132**

The redemption schedules of long-term loans and borrowings at 31 December 2006 and 2005 were summarized below:

	2006	2005
2006	-	365,244
2007	1,800,566	10,965,132
2008	50,033,927	-
	51,834,493	**11,330,376**

(Currency: New Turkish Lira ("YTL"))

14 Factoring payables

At 31 December 2006 and 2005, factoring payables comprised the following:

	2006	2005
Domestic payables	272,462,355	18,832,050
Foreign payables	15,170,485	802,545
	287,632,840	**19,634,595**

15 Other liabilities

At 31 December 2006 and 2005, other liabilities comprised the following:

	2006	2005
Withholding taxes and duties payable	1,102,782	137,351
Due to personnel	682,582	-
Lease obligations	116,607	1,386,057
Provision for tax penalty	-	8,346,386
Fair value losses on derivatives	-	1,404,234
Others	715,505	497,265
	2,617,476	**11,771,293**

The movements in the provision for tax penalty during the year 2006 were as follows:

Balance at the beginning of the year	8,346,386
Tax penalty paid in 2006	(8,346,386)
Balance at the end of the year	**-**

(Currency: New Turkish Lira ("YTL"))

16 Employee benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of YTL 1,857.43 at 31 December 2006 (31 December 2005: YTL 1,727.15) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

The liability is not funded, as there is no funding requirement.

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

	2006	**2005**
Expected inflation rate	5%	6%
Expected rate of salary/limit increase	11%	12%
Turnover rate to estimate the probability of retirement	-	-

At 31 December 2006 and 2005, employee benefits comprised the following:

	2006	**2005**
Reserve for employee severance payments	132,540	80,478
Vacation pay liability	123,039	74,565
	255,579	**155,043**

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

	2006	**2005**
Balance at the beginning of the year	80,478	124,315
Restatement effect of the opening balance	-	(5,404)
Paid during the year	(37,161)	-
Increase during the year	89,223	-
Reversal of provision	-	(38,433)
Balance at the end of the year	**132,540**	**80,478**

(Currency: New Turkish Lira ("YTL"))

17 Equity

For the years ended 31 December 2006 and 2005, movements in equity were as follows:

	Nominal paid-in capital	Inflationary effect on paid-in capital	Fair value reserve	Retained Earnings/ (Accumulated Losses)	Net profit for the year	Total equity
Balances as at 31 December 2004	**14,000,000**	**30,378,194**	**4,807,750**	**(41,318,903)**	**27,212,184**	**35,079,225**
Transfers	-	-	-	27,212,184	(27,212,184)	-
Change in fair value of investments available-for-sale, net	-	-	122,541,081	10,803,385	-	133,344,466
Net profit for the year	-	-	-	-	12,148,631	12,148,631
Balances as at 31 December 2005	**14,000,000**	**30,378,194**	**127,348,831**	**(3,303,334)**	**12,148,631**	**180,572,322**
Transfers	-	-	-	12,148,631	(12,148,631)	-
Change in fair value of investments available-for-sale, net	-	-	(63,126,350)	-	-	(63,126,350)
Net profit for the year	-	-	-	-	118,706,178	118,706,178
Balances as at 31 December 2006	**14,000,000**	**30,378,194**	**64,222,481**	**8,845,297**	**118,706,178**	**236,152,150**

17.1 Paid-in capital

At 31 December 2006, the paid-in capital of the Company amounted to YTL 44,378,194 (31 December 2005: YTL 44,378,194) as restated in terms of YTL units current at 31 December 2006 pursuant to IAS 29 in the accompanying financial statements.

At 31 December 2006, the nominal paid-in capital of the Company comprises 14,000,000,000 shares (31 December 2005: 14,000,000,000 shares) of Ykr 0.1 each.

At 31 December 2006 and 2005, the composition of the authorized and paid-in share capital was as follows:

	2006		2005	
	Share (%)	**YTL**	**Share (%)**	**YTL**
Fiba Holding A.Ş.	93.54	13,096,436	93.54	13,096,436
Fina Holding A.Ş.	4.95	693,000	4.95	693,000
Görüş Yeminli Mali Müşavirlik A.Ş.	1.50	210,000	1.50	210,000
Others	0.01	564	0.01	564
	100.00	**14,000,000**	**100.00**	**14,000,000**

(Currency: New Turkish Lira ("YTL"))

17 Equity *(continued)*

17.2 Legal Reserves

The legal reserves, which are included in retained earnings, are established by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the legal reserves amounted to YTL 1,862,435 (historical) as of 31 December 2006 (31 December 2005: YTL 1,531,388 historical).

17.3 Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investment is derecognised.

For the years ended 31 December 2006 and 2005, the movements in the fair value reserve are as follows:

	2006	**2005**
Balance at the beginning of the year	127,348,831	4,807,750
Restatement effect of the opening balance	-	(209,006)
Disposals of available for sale assets during the year	(59,746,219)	122,750,087
Deferred income taxes	(3,380,131)	-
Balance at the end of the year	**64,222,481**	**127,348,831**

18 Financial instruments

Counter party 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. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. A special software programme has been developed to monitor the credit risk of the Company.

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

(Currency: New Turkish Lira ("YTL"))

18 Financial instruments *(continued)*

Liquidity risk

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

The following tables provide an analysis of monetary assets and monetary liabilities of the Company into relevant maturity holdings based on the remaining periods to repayment

	2006					
Monetary Assets	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Over 1 year**	**Total**
New Turkish Lira:						
Factoring receivables	212,367,207	321,160,743	72,205,963	-	-	605,733,913
Due from related parties	-	585,000	-	-	-	585,000
Other assets	163,233	-	-	-	-	163,233
Cash and cash equivalents	1,686,919	20,029,137	-	-	-	21,716,056
Total YTL monetary assets	**214,217,359**	**341,774,880**	**72,205,963**	**-**	**-**	**628,198,202**
Foreign Currencies:						
Factoring receivables	29,938,136	45,275,135	10,179,123	-	-	85,392,394
Other assets	-	217,314	143,652	-	-	360,966
Cash and cash equivalents	2,940,297	9,452,634	-	-	-	12,392,931
Total foreign currency monetary assets	**32,878,433**	**54,945,083**	**10,322,775**	**-**	**-**	**98,146,291**
Total monetary assets	**247,095,792**	**396,719,963**	**82,528,738**	**-**	**-**	**726,344,493**

	2006					
Monetary Liabilities	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Over 1 year**	**Total**
New Turkish Lira:						
Deferred Tax Liability	-	-	-	-	3,558,942	3,558,942
Employee benefits	-	-	-	-	255,579	255,579
Factoring payables	91,724,666	138,714,269	31,186,868	-	-	261,625,803
Taxes payable on income	-	-	2,195,740	-	-	2,195,740
Due to related parties	-	-	2,493,265	-	-	2,493,265
Other liabilities	1,791,910	537,059	-	-	-	2,328,969
Total YTL monetary liabilities	**93,516,576**	**139,251,328**	**35,875,873**	**-**	**3,814,521**	**272,458,298**
Foreign Currencies:						
Loans and borrowings	11,106,728	46,744,363	49,723,174	143,544,235	50,033,927	301,152,427
Factoring payables	9,117,934	13,788,958	3,100,145	-	-	26,007,037
Other liabilities	288,507	-	-	-	-	288,507
Total foreign currency monetary liabilities	**20,513,169**	**60,533,321**	**52,823,319**	**143,544,235**	**50,033,927**	**327,447,971**
Total monetary liabilities	**114,029,745**	**199,784,649**	**88,699,192**	**143,544,235**	**53,848,448**	**599,906,269**

(Currency: New Turkish Lira ("YTL"))

18 Financial instruments *(continued)*

	2005					
Monetary Assets	**Up to 1 Month**	**1 to 3 Month**	**3 to 6 Month**	**6 to 12 Month**	**Over 1 year**	**Total**
New Turkish Lira:						
Deferred tax assets	-	-	-	-	432,450	432,450
Factoring receivables	12,556,348	24,755,358	15,007,130	4,227,401	359,849	56,906,086
Due from related parties	-	-	899,371	-	-	899,371
Other assets	125,715	109,685	-	34,029	10,212	279,641
Cash and cash equivalents	141,299	-	-	-	-	141,299
Total YTL monetary assets	**12,823,362**	**24,865,043**	**15,906,501**	**4,261,430**	**802,511**	**58,658,847**
Foreign Currencies:						
Factoring receivables	12,317,210	23,829,344	14,269,907	3,896,084	331,646	54,644,191
Other assets	-	56,603	-	284,955	-	341,558
Cash and cash equivalents	510,915	-	-	-	-	510,915
Total foreign currency monetary assets	**12,828,125**	**23,885,947**	**14,269,907**	**4,181,039**	**331,646**	**55,496,664**
Total monetary assets	**25,651,487**	**48,750,990**	**30,176,408**	**8,442,469**	**1,134,157**	**114,155,511**

	2005					
Monetary Liabilities	**Up to 1 Month**	**1 to 3 Month**	**3 to 6 Month**	**6 to 12 Month**	**Over 1 year**	**Total**
New Turkish Lira:						
Loans and borrowings	2,001,672	-	-	-	-	2,001,672
Employee benefits	-	-	-	-	155,043	155,043
Factoring payables	2,494,104	4,286,313	2,598,438	731,961	62,307	10,173,123
Taxes payable on income	-	239,319	-	-	-	239,319
Due to related parties	57,906	96,927	58,044	17,197	-	230,074
Other liabilities	82,184	9,585,421	-	680,368	-	10,347,973
Total YTL monetary liabilities	**4,635,866**	**14,207,980**	**2,656,482**	**1,429,526**	**217,350**	**23,147,204**
Foreign Currencies:						
Loans and borrowings	8,783,534	35,093,819	9,713,761	31,779,380	10,965,132	96,335,626
Factoring payables	2,132,687	4,125,977	2,470,790	674,595	57,423	9,461,472
Other liabilities	144,493	182,375	311,836	674,316	110,300	1,423,320
Total foreign currency monetary liabilities	**11,060,714**	**39,402,171**	**12,496,387**	**33,128,291**	**11,132,855**	**107,220,418**
Total monetary liabilities	**15,696,580**	**53,610,151**	**15,152,869**	**34,557,817**	**11,350,205**	**130,367,622**

(Currency: New Turkish Lira ("YTL"))

18 Financial instruments *(continued)*

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 reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

The tables below summarises average effective interest rates by major currencies for monetary financial instruments at 31 December 2006 and 2005:

	2006			**2005**		
	USD (%)	**EUR (%)**	**YTL (%)**	**USD (%)**	**EUR (%)**	**YTL (%)**
Assets						
Factoring receivables	6.28	6.59	24.14	7.56	8.02	23.04
Liabilities						
Loans and borrowings	6.90	5.38	19.35	6.55	5.26	15.20

(Currency: New Turkish Lira ("YTL"))

18 Financial instruments *(continued)*

Foreign currency risk

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

At 31 December 2006 and 2005, the currency risk exposures of the Company were as follows (YTL equivalents):

	2006			
	USD	**Euro**	**Other Currencies**	**YTL Total**
Foreign currency monetary assets				
Cash and cash equivalents	744,976	11,357,518	290,437	12,392,931
Factoring receivables	42,881,585	28,659,148	13,851,661	85,392,394
Other assets	229,226	131,740	-	360,966
Total foreign currency monetary assets	**43,855,787**	**40,148,406**	**14,142,098**	**98,146,291**
Foreign currency monetary liabilities				
Loans and borrowings	182,878,140	114,110,828	4,163,459	301,152,427
Factoring payables	6,118,126	12,147,587	7,741,324	26,007,037
Other liabilities	116,607	171,900	-	288,507
Total foreign currency liabilities	**189,112,873**	**126,430,315**	**11,904,783**	**327,447,971**
Net On Balance Sheet Position	**(145,257,086)**	**(86,281,909)**	**2,237,315**	**(229,301,680)**
Off Balance Sheet Net Notional Position	-	-	-	-
Net Open Position	**(145,257,086)**	**(86,281,909)**	**2,237,315**	**(229,301,680)**

	2005			
	USD	**Euro**	**Other Currencies**	**YTL Total**
Foreign currency monetary assets				
Cash and cash equivalents	115,763	393,539	1,613	510,915
Factoring receivables	40,784,763	10,529,851	3,329,577	54,644,191
Other assets	341,558	-	-	341,558
Total foreign currency monetary assets	**41,242,084**	**10,923,390**	**3,331,190**	**55,496,664**
Foreign currency monetary liabilities				
Loans and borrowings	36,178,510	55,814,164	4,342,952	96,335,626
Factoring payables	7,061,755	1,823,211	576,506	9,461,472
Other liabilities	1,386,144	26,809	10,367	1,423,320
Total foreign currency liabilities	**44,626,409**	**57,664,184**	**4,929,825**	**107,220,418**
Net On Balance Sheet Position	**(3,384,325)**	**(46,740,794)**	**(1,598,635)**	**(51,723,754)**
Off Balance Sheet Net Notional Position	53,672,000	-	-	53,672,000
Net Long Position	**50,287,675**	**(46,740,794)**	**(1,598,635)**	**1,948,246**

(Currency: New Turkish Lira ("YTL"))

19 Commitments and contingencies

Commitments and contingent liabilities arising in the ordinary course of business comprised the following items as at 31 December 2006 and 2005:

	2006	2005
Obtained from banks for obtaining loans	29,608,600	12,444,750
Given to government organizations	1,694,775	1,033,143
	31,303,375	**13,477,893**

As of 31 December 2006, the Company does not have any commitments for purchase and sale of foreign currencies under forward agreements (31 December 2005: YTL 53,672,000).

20 Related party disclosures

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

At 31 December 2006 and 2005 the Company had the following balances outstanding from its related parties:

	2006	2005
Due from related parties	585,000	899,371
Bank borrowings	78,310,515	38,512,493
Due to related parties	2,493,265	230,074

For the years ended 31 December 2006 and 2005, the Company earned income and was charged for expenses in relation to their transactions with its related parties as summarized below:

	2006	2005
Factoring income	443,801	975,957
Other operating income		11,704
Factoring interest income	-	521,857
Interest income	261,339	-
Dividend income	8,822,742	-
Administrative expenses	3,056,988	1,263,188
Financial expense	4,909,742	3,483,162

Total benefit of key management for the years ended 31 December 2006 and 2005 amounted to YTL 405,011 and YTL 114,293, respectively.

21 Subsequent events

On the General Assembly of the year 2006 held on 16 February 2007, the Company has decided to make cash dividend payment amounting to YTL 29,000,000, YTL 4,389,567 of which will be provided from extraordinary reserves and the remaining from 2006 profit. The above mentioned decision has been registered on 20 February 2007 and announced on 23 February 2007 dated and 6752 numbered Trade Registry Gazette. The dividend payment has been made on 1 March 2007 in cash.