Fiba Faktoring Hizmetleri Anonim Şirketi

Financial Information
As of and For the Year Ended
31 December 2008
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

27 March 2009

This report includes 1 page of independent auditors' report of financial information and 37 pages of financial statements together with its explanatory notes.

Fiba Faktoring Hizmetleri Anonim Şirketi

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Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Independent auditors' report

To the Board of Directors of
Fiba Faktoring Hizmetleri Anonim Şirketi

We have audited the accompanying financial statements of Fiba Faktoring Hizmetleri Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2008, the income statement, the statement of shareholders' equity, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 Company as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Akis Bağımsız Denetim ve SMMM AŞ

27 March 2009
İstanbul, Turkey

Fiba Faktoring Hizmetleri Anonim Şirketi

Balance Sheet
As of 31 December 2008
(Currency: New Turkish Lira ("YTL"))

	Notes	31 December 2008	31 December 2007
Assets			
Cash and cash equivalents	9	414,068,394	37,101,576
Derivative financial instruments	10	-	15,106
Factoring receivables	11	391,799,555	444,336,009
Investments	12	51,950,637	122,730,179
Property and equipment	13	5,104,060	4,998,327
Intangible assets	14	298,082	417,590
Deferred tax assets	7	2,648,881	-
Other assets	15	6,070,391	1,027,935
Total assets		**871,940,000**	**610,626,722**
Liabilities			
Factoring payables	11	746,435	-
Loans and borrowings	16	722,867,059	356,647,605
Current tax liabilities	7	5,478,684	-
Deferred tax liabilities	7	-	2,486,292
Employee benefits	17	437,407	1,540,611
Other liabilities	18	2,303,747	5,798,050
Total liabilities		**731,833,332**	**366,472,558**
Equity			
Share capital	19	44,378,194	44,378,194
Fair value reserve	19	-	63,907,043
Retained earnings		95,728,474	135,868,927
Total shareholders' equity		**140,106,668**	**244,154,164**
Total liabilities and equity		**871,940,000**	**610,626,722**
Commitments and contingencies	21		

The notes on pages 5 to 37 are an integral part of these financial statements.

Fiba Faktoring Hizmetleri Anonim Şirketi

Income Statement
For the Year Ended 31 December 2008
(Currency: New Turkish Lira ("YTL"))

	Notes	2008	2007
Interest income			
Interest income on factoring receivables		90,878,155	97,907,508
Interest income on cash and cash equivalents		11,576,696	4,235,350
Total interest income		**102,454,851**	**102,142,858**
Interest expense			
Interest expense on loans and borrowings		(25,456,027)	(23,303,227)
Total interest expense		**(25,456,027)**	**(23,303,227)**
Net interest income		**76,998,824**	**78,839,631**
Fee and commission income on factoring transactions		5,537,834	4,431,302
Fee and commission expense on factoring transactions		(628,465)	(521,860)
Commission expense on letters of guarantee		(891,464)	(3,636,482)
Fee and commission income, net		**4,017,905**	**272,960**
Net trading (loss) / income	*8*	(107,155,064)	38,671,934
Dividend income		211,480	180,000
Gain on sale of investments	*12*	87,942,972	-
Other operating income		4,424,966	851,486
		(14,575,646)	**39,703,420**
Operating income		**66,441,083**	**118,816,011**
Net impairment loss on financial assets	*11*	(10,309,703)	(9,227,560)
Personnel expenses		(6,824,674)	(5,410,249)
Administrative expenses	*5*	(3,568,569)	(2,593,277)
Depreciation and amortisation	*13, 14*	(616,078)	(561,331)
Other expenses	*6*	(34,563,337)	(53,795,137)
Profit before income taxes		**10,558,722**	**47,228,457**
Income tax expense	*7*	(9,444,608)	(9,911,005)
Net profit for the year		**1,114,114**	**37,317,452**

The notes on pages 5 to 37 are an integral part of these financial statements.

Fiba Faktoring Hizmetleri Anonim Şirketi

Statement of Shareholders' Equity
For the Year Ended 31 December 2008
(Currency: New Turkish Lira ("YTL"))

	Nominal paid-in capital	Inflation effect on paid-in capital	Fair value reserve	Retained earnings	Total equity
Balances as at 31 December 2006	**14,000,000**	**30,378,194**	**64,222,481**	**127,551,475**	**236,152,150**
Change in fair value of available-for-sale investments, net	-	-	(315,438)	-	(315,438)
Dividend paid	-	-	-	(29,000,000)	(29,000,000)
Net profit for the year	-	-	-	37,317,452	37,317,452
Balances as at 31 December 2007	**14,000,000**	**30,378,194**	**63,907,043**	**135,868,927**	**244,154,164**
Transfer of fair value reserve to profit or loss	-	-	(63,907,043)	-	(63,907,043)
Dividend paid	-	-	-	(41,254,567)	(41,254,567)
Net profit for the year	-	-	-	1,114,114	1,114,114
Balances as at 31 December 2008	**14,000,000**	**30,378,194**	**-**	**95,728,474**	**140,106,668**

The notes on pages 5 to 37 are an integral part of these financial statements.

Fiba Faktoring Hizmetleri Anonim Şirketi

Statement of Cash Flows
For the Year Ended 31 December 2008
(Currency: New Turkish Lira ("YTL"))

	Notes	**2008**	**2007**
Cash flows from operating activities:			
Net profit for the year		1,114,114	37,317,452
Components of net profit not generating or using cash			
Depreciation and amortisation	*13, 14*	616,078	561,331
Provision for employee severance payments	*17*	175,297	38,821
Employee severance paid	*17*	(150,321)	(3,705)
Provision for vacation pay liability	*17*	54,539	67,197
Provision for personnel bonus		(1,182,719)	1,182,719
Derivative financial instruments		15,106	(15,106)
Net interest, fee and commission income		(81,016,729)	(79,112,591)
Dividend income		(211,480)	(180,000)
Income tax expense	*7*	9,444,608	9,911,005
Provision for doubtful receivables	*11*	10,798,057	9,336,158
Gain on sale of investments		(87,942,972)	-
Changes in operating assets and liabilities			
Change in factoring receivables		41,738,397	(48,138,253)
Change in factoring payables		746,435	-
Change in other assets		67,336	763,164
Change in other liabilities		(3,494,105)	687,309
Interest, fee and commission received		106,503,678	104,673,395
Interest, fee and commission paid		(23,007,732)	(27,877,248)
Income tax paid		(10,851,801)	(13,857,298)
Net cash used in operating activities		**(36,584,214)**	**(4,645,650)**
Investing activities:			
Acquisition of investments		(40,000,400)	(17,532,789)
Proceeds from disposals of investments		131,456,585	-
Purchase of property and equipment	*13*	(601,525)	(1,739,806)
Purchase of intangible assets	*14*	(778)	(40,341)
Dividend received		211,480	180,000
Net cash provided by / (used in) investing activities		**91,065,362**	**(19,132,936)**
Financing activities:			
Net change in loans and bank borrowings		362,251,230	55,910,857
Dividend paid		(41,254,567)	(29,000,000)
Net cash provided by financing activities		**320,996,663**	**26,910,857**
Net increase in cash and cash equivalents		**375,477,811**	**3,132,271**
Cash and cash equivalents at 1 January		37,016,987	33,884,716
Cash and cash equivalents at 31 December		**412,494,798**	**37,016,987**

The notes on pages 5 to 37 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, 7 Büyükdere Caddesi No: 173 1. Levent 34330 Istanbul-Turkey.

The number of employees of the Company at 31 December 2008 is 111 (31 December 2007: 70).

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 accompanying 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 the following:

- derivative financial instruments are measured at fair value
- investments classified as available-for-sale which have a quoted market price in an active market.

(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 digit.

(d) Use of estimates and judgments

The preparation of the 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 year in which the estimate is revised and in any future years affected.

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

- Note 4 – Financial assets and liabilities – Determination of fair values
- Note 7 – Taxation
- Note 11 – Factoring receivables – Allowance for doubtful receivables
- Note 13 – Property and equipment
- Note 14 – Intangible assets
- Note 17 – Employee benefits
- Note 21 – Commitments and contingencies

3 Significant accounting policies

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

(a) Accounting in hyperinflationary economies

International Accounting Standard ("IAS") No. 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 years 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. 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 categorise 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 2008 and 2007.

(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 recognised 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 realised during the course of the year.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, factoring receivables, investments, factoring payables and loans and borrowings.

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.

3 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(i) Non-derivative financial instruments *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, time and demand deposits at banks.

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

Accounting for interest 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.

Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

Investments

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 less impairment losses as their fair values cannot be estimated reasonably.

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

Other

Other assets and payables are measured at cost.

(ii) Derivatives held for risk management purposes

The Company holds derivative financial instruments for risk management purposes which include all derivative assets and liabilities that are not classified as trading assets and liabilities.

Derivatives held for risk management purposes are recognised initially at fair value; attributable transaction costs are recognised in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Other non-trading derivatives

When a derivative is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net trading (loss) / income.

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

3 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(iii) 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.

(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 after 1 January 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 recognised 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 years are as follows:

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

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

(e) Intangible assets

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

The estimated useful lives for the current and comparative years are between 3 and 15 years.

3 Significant accounting policies *(continued)*

(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.

(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 available-for-sale financial assets is calculated by reference to its current fair value.

Financial assets are tested for impairment on an individual basis.

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 recognised directly in equity.

(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 years 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, or to realise 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) Interest income and expense recognition

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

(m) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed.

Other fees and commission expense are expensed as the services are received.

(n) Dividends

Dividend income is recognised when the right to receive income is established.

(o) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 recognised 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 recognised 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 realised. Currently enacted tax rates are used to determine deferred taxes on income.

3 Significant accounting policies *(continued)*

(p) 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 2008, and have not been applied in preparing these financial statements:

- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Company's 2009 financial statements, is not expected to have any impact on the financial statements.

- Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Company's 2009 financial statements, with retrospective application. However, it is not expected to have any impact on the financial statements.

- Revised IFRS 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Company's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

  - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.

  - Transaction costs, other than share and debt issue costs, will be expensed as incurred.

  - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.

  - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  Revised IFRS 3, becomes mandatory for the Company's 2010 financial statements. However, it is not expected to have any impact on the financial statements.

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Company's 2009 financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently, the Company's principal activity is to provide factoring services mainly in one geographical segment (Turkey). Therefore, it is not expected to have any impact on the financial statements.

3 Significant accounting policies *(continued)*

(p) New standards and interpretations not yet adopted *(continued)*

- Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Company's 2009 financial statements, is expected to have a significant impact on the presentation of the financial statements. The Company plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 financial statements.

- Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements. However, it is not expected to have any impact on the financial statements.

- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Company's 2010 financial statements, are not expected to have an impact on the financial statements.

- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Company's 2009 financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for theses amendments vary by standard and most will be applicable to the Company's 2009 financial statements. The Company does not expect these amendments to have any significant impact on the financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendments will become mandatory for the Company's 2010 financial statements, with retrospective application required. The Company does not expect these amendments to have any significant impact on the financial statements.

3 Significant accounting policies *(continued)*

(p) New standards and interpretations not yet adopted *(continued)*

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation clarifies that:
  - net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation
  - the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged
  - on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.
- The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. IFRIC 16, which becomes mandatory for the Company's 2009 financial statements, applies prospectively to the Company's existing hedge relationships and net investments. The Company does not expect these amendments to have any significant impact on the financial statements.

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

4 Financial assets and liabilities

Accounting classification and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities.

	Trading	Loans and receivables	Available for sale	Total carrying amount	Fair value
31 December 2008					
Cash and cash equivalents	-	414,068,394	-	414,068,394	414,068,394
Factoring receivables	-	391,799,555	-	391,799,555	391,799,555
Investments	-	-	51,950,637	51,950,637	51,950,637
	-	**805,867,949**	**51,950,637**	**857,818,586**	**857,818,586**
Factoring payables	-	746,435	-	746,435	746,435
Loans and borrowings	-	722,867,059	-	722,867,059	725,981,267
	-	**723,613,494**	**-**	**723,613,494**	**726,727,702**

	Trading	Loans and receivables	Available for sale	Total carrying amount	Fair value
31 December 2007					
Cash and cash equivalents	-	37,101,576	-	37,101,576	37,101,576
Derivative financial instruments	15,106	-	-	15,106	15,106
Factoring receivables	-	444,336,009	-	444,336,009	444,336,009
Investments	-	-	122,730,179	122,730,179	122,730,179
	15,106	**481,437,585**	**122,730,179**	**604,182,870**	**604,182,870**
Loans and borrowings	-	356,647,605	-	356,647,605	355,928,193
	-	**356,647,605**	**-**	**356,647,605**	**355,928,193**

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

4 Financial assets and liabilities *(continued)*

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, judgment 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-term nature except for loans and borrowings.

The investments are classified as available-for-sale and except for Finansbank A.Ş., others do not have a quoted market price in an active market and other methods of reasonably estimating their market values would be inappropriate and unworkable, accordingly they are stated at cost, including the restatement for the effects of inflation till 31 December 2005, less impairment losses.

5 Administrative expenses

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

	2008	2007
Travel expenses	808,024	600,374
Consultancy expenses	493,745	424,980
Rent expenses	387,149	180,243
Communication expenses	296,426	153,488
Taxes and duties other than on income	291,310	163,956
IT expenses	186,610	136,034
Office building contribution expenses	150,686	116,501
Miscellaneous office expenses	127,786	292,470
Stationary expenses	78,714	121,579
Advertising expenses	66,524	60,942
Cleaning expenses	64,726	56,964
Insurance expenses	29,208	35,186
Others	587,661	250,560
	3,568,569	**2,593,277**

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

6 Other expenses

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

	2008	2007
Donations	34,387,747	50,510,811
Others	175,590	3,284,326
	34,563,337	**53,795,137**

Donations include expenditures made to Özyeğin University amounting to YTL 5,000,000 for the year ended 31 December 2008 (31 December 2007: donations include expenditures donated Özyeğin University amounting to YTL 30,000,000 and to Hüsnü M. Özyeğin Foundation amounting to YTL 4,176,680), YTL 121,820 to Sabancı University and to other various donations YTL 1,775,894 (31 December 2007: YTL 4,199,194) and progress payments of donated school constructions in progress amounting to YTL 27,490,033 (31 December 2007: YTL 12,134,937).

7 Taxation

As of 31 December 2008, corporate income tax is 20% (31 December 2007: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15^{th} and 30^{th} 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%.

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 years.

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

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

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

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

7 Taxation *(continued)*

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

	2008	2007
Current tax expense		
Current year	-	(10,979,658)
Adjustment to prior years	(11,220,693)	-
	(11,220,693)	**(10,979,658)**
Deferred tax income		
Origination and reversal of temporary differences	1,776,085	1,068,653
	1,776,085	**1,068,653**
Income tax	**(9,444,608)**	**(9,911,005)**

Adjustment to prior years includes the tax penalty for the years 2002 and 2003.

The reported income tax 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:

	2008		2007	
	Amount	**%**	**Amount**	**%**
Profit before income tax	10,558,722		47,228,457	
Income taxes using the domestic tax rate	2,111,744	20.00	9,445,691	20.00
Adjustment to prior years	11,220,693	106.27	-	-
Tax exempt income	(14,386,112)	(136.25)	(436,875)	(0.92)
Non-deductible expenses	10,498,283	99.43	902,189	1.91
Income tax	**9,444,608**	**89.45**	**9,911,005**	**20.99**

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 current tax liabilities as at 31 December comprised the following:

	31 December 2008	31 December 2007
Taxes on income	-	10,979,658
Adjustment to prior years	5,478,684	-
Less: Tax paid in advance	-	(11,661,558)
Current tax liabilities / (Prepaid taxes)*	**5,478,684**	**(681,900)**

* As at 31 December 2008, the Company has not any taxable profit. YTL 4,427,892 of prepaid taxes paid during the year was included in Note 14 "Other assets". This amount is not netted-off with the tax liabilities payable resulting from the tax penalty for the years 2002 and 2003.

As at 31 December 2007, prepaid tax is included in other assets (Note 15).

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

7 Taxation *(continued)*

Deferred 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.

At 31 December, deferred tax assets and liabilities were attributable to the items detailed in the table below:

At 31 December	2008	2007	2008	2007	2008	2007
	Assets		Liabilities		Net	
Tax loss carry forwards	2,080,582	-	-	-	2,080,582	-
Factoring receivables	596,350	588,938	-	-	596,350	588,938
Investments	-	-	72,433	3,440,829	(72,433)	(3,440,829)
Employee benefits	87,481	308,122	-	-	87,481	308,122
Loans and borrowings	21,182	88,207	-	-	21,182	88,207
Derivative financial instruments	-	-	-	3,021	-	(3,021)
Tangible and intangible assets	-	-	64,281	70,863	(64,281)	(70,863)
Others	-	43,154	-	-	-	43,154
	2,785,595	**1,028,421**	**136,714**	**3,514,713**	**2,648,881**	**(2,486,292)**

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 the deferred income taxes relate to the same fiscal authority.

The movement of deferred assets and (liabilities) for the years ended 31 December are as follows:

	2008	2007
Balance at 1 January	(2,486,292)	(3,558,942)
Deferred tax income recognised in the income statement	1,776,085	1,068,653
Deferred tax income recognised in equity	3,359,088	3,997
Balance at 31 December	**2,648,881**	**(2,486,292)**

8 Net trading (loss) / income

	2008	2007
Net (loss) / income from derivative financial instruments	(33,968,458)	110,022
Foreign exchange (losses) / gains	(73,186,606)	38,561,912
	(107,155,064)	**38,671,934**

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

9 Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

	31 December 2008	31 December 2007
Cash at banks		
- demand deposits	2,182,638	2,028,208
- time deposits	411,884,560	35,073,117
Cash on hand	1,196	251
Total cash and cash equivalents	**414,068,394**	**37,101,576**

As at 31 December 2008, cash and cash equivalents include cash balances on hand, demand deposits and time deposits with original maturity periods of less than one month and over-night time deposits.

As at 31 December 2008, YTL denominated time deposits are amounting to YTL 213,900,000 have a maturity of ranges between 2 January 2009 and 16 January 2009 with interest rates of ranges between 15.75% and 21.10% (31 December 2007: YTL 32,500,000 with a maturity of ranges between 2 January 2008 and 3 January 2008 with interest rates of 19.00%). As at 31 December 2008, foreign currency time deposits (original amount of USD 86,801,000, Euro 30,228,000, GBP 196,000) has maturities between 2 January and 16 January 2009 within a range of interest rates of 1.75% to 5.75% (31 December 2007: original amount of USD 996,000, GBP 130,000 and Euro 600,000 with a maturity of 2 January 2008 and within interest rates of 4.60% and 5.81%).

At 31 December 2008, the Company has cash at banks from related parties amounting to YTL 343,942,701 (31 December 2007: YTL 1,567,829).

For the years ended 31 December, there is no restriction on cash at banks.

For the purposes of the statement of cash flows, cash and cash equivalents amounts to YTL 412,494,798 for the year ended 31 December 2008 are comprised of cash and due from banks excluding accrued interest (31 December 2007: YTL 37,016,987).

10 Derivative financial instruments

The Company uses derivatives not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risk.

As at 31 December, the Company has positions in the following types of derivative:

Swaps

Swaps are contractual agreements between two parties to exchange one stream of cash flow for another in two different currencies.

	31 December 2008			31 December 2007		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Currency swaps	-	-	-	15,106	-	15,055,164
	-	**-**	**-**	**15,106**	**-**	**15,055,164**

As at 31 December 2007, all derivative financial instruments mature in three months.

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

11 Factoring receivables

As at 31 December, factoring receivables comprised the following:

	31 December 2008	31 December 2007
Domestic factoring receivables	388,309,227	434,651,952
Export factoring receivables	10,663,394	18,069,280
Doubtful receivables	20,255,428	9,945,725
Factoring receivables, gross	**419,228,049**	**462,666,957**
Allowance for doubtful factoring receivables	(20,255,428)	(9,945,725)
Unearned income on factoring transactions	(7,173,066)	(8,385,223)
Factoring receivables, net	**391,799,555**	**444,336,009**

As at 31 December 2008 and 2007, all factoring receivables mature within one year.

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

	31 December 2008	31 December 2007
Customer notes and cheques obtained as collateral	685,239,165	446,383,088
Receivables transferred	199,746,327	221,343,923
Mortgages	23,505,000	31,739,400
	908,490,492	**699,466,411**

Movements in the allowance for doubtful receivables for the years ended 31 December was as follows:

	2008	2007
Balance at 1 January	9,945,725	718,165
Provision, net of recoveries	10,309,703	9,227,560
Allowance for the year	10,798,057	9,336,158
Recoveries of amounts previously	(488,354)	(108,598)
Balance at 31 December	**20,255,428**	**9,945,725**

At 31 December 2008, YTL 746,435 of factoring payables represent the amounts collected on behalf of but not yet paid to the factoring customers at the balance sheet date.

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

12 Investments

For the years ended 31 December, the Company holds equity securities in the following companies:

	31 December 2008		31 December 2007	
	Carrying value	**% of ownership**	**Carrying value**	**% of ownership**
Girişim Varlık Yönetimi A.Ş.	40,000,400	49.00	-	-
Fiba Gayrimenkul Gel. İnş. ve Yat. A.Ş.	7,049,702	28.32	7,049,702	28.32
Fiba Sigorta A.Ş.	4,095,161	9.63	4,095,161	9.63
Fiba Alışveriş Mer. Gel. İnş. ve Paz. Tic. A.Ş.	504,426	0.25	504,426	0.25
Girişim Faktoring A.Ş.	105,304	0.50	105,304	0.50
Finans Yatırım Menkul Değerler A.Ş.	98,083	0.20	98,083	0.20
Anchor Grup S.A.	91,768	0.77	91,768	0.77
Finansbank A.Ş. ("Finansbank")	-	-	93,257,632	1.27
Işık Plastik San. ve Dış Tic. Paz. A.Ş.	-	-	17,493,000	48.94
Credit Europe Leasing IFN S.A.	-	-	29,118	2.50
Others	5,793		5,985	
Total	**51,950,637**		**122,730,179**	

As at 31 December, 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 market values would be inappropriate and unworkable, accordingly investments 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 impairment losses. Intangible assets acquired after 1 January 2006 are measured at cost, less impairment losses.

According to the Board of Directors' decision dated 23 December 2008 and numbered 199, the Company acquired 49.00% of Girişim Varlık Yönetimi A.Ş. to YTL 40,000,400.

In 2008, the Company sold its 1.27% shares in Finansbank at an amount of YTL 112,523,821 to National Bank of Greece which has a cost amount of YTL 25,987,090. Additionally, the Company sold its shares in Işık Plastik San. ve Dış Tic. Paz. A.Ş. to YTL 18,831,250 which has a cost amount of YTL 17,493,000 and its shares in Credit Europe Leasing IFN S.A. to YTL 101,514 which has a cost amount of YTL 33,523.

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

13 Property and equipment

	Buildings	Motor vehicles	Furniture and fixtures	Leasehold improvements	Others[1]	Total
Cost						
Balance at 1 January 2007	2,595,515	68,974	947,018	1,714,680	-	5,326,187
Additions	-	-	137,896	71,260	1,530,650	1,739,806
Disposals	-	-	-	-	-	-
Balance at 31 December 2007	**2,595,515**	**68,974**	**1,084,914**	**1,785,940**	**1,530,650**	**7,065,993**
Balance at 1 January 2008	2,595,515	68,974	1,084,914	1,785,940	1,530,650	7,065,993
Additions	-	-	388,664	212,861	-	601,525
Disposals	-	-	-	-	-	-
Balance at 31 December 2008	**2,595,515**	**68,974**	**1,473,578**	**1,998,801**	**1,530,650**	**7,667,518**
Depreciation						
Balance at 1 January 2007	95,429	55,960	737,262	734,145	-	1,622,796
Depreciation for the year	51,910	7,167	114,118	271,675	-	444,870
Disposals	-	-	-	-	-	-
Balance at 31 December 2007	**147,339**	**63,127**	**851,380**	**1,005,820**	**-**	**2,067,666**
Balance at 1 January 2008	147,339	63,127	851,380	1,005,820	-	2,067,666
Depreciation for the year	52,053	5,847	160,742	277,150	-	495,792
Disposals	-	-	-	-	-	-
Balance at 31 December 2008	**199,392**	**68,974**	**1,012,122**	**1,282,970**	**-**	**2,563,458**
Carrying amounts						
At 1 January 2007	2,500,086	13,014	209,756	980,535	-	3,703,391
At 31 December 2007	**2,448,176**	**5,847**	**233,534**	**780,120**	**1,530,650**	**4,998,327**
At 1 January 2008	2,448,176	5,847	233,534	780,120	1,530,650	4,998,327
At 31 December 2008	**2,396,123**	**-**	**461,456**	**715,831**	**1,530,650**	**5,104,060**

[1] Others comprised of paintings which are not amortised.

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

14 Intangible assets

	Software
Cost	
Balance at 1 January 2007	1,194,639
Additions	40,341
Balance at 31 December 2007	**1,234,980**
Balance at 1 January 2008	1,234,980
Additions	778
Balance at 31 December 2008	**1,235,758**
Amortisation	
Balance at 1 January 2007	700,929
Amortisation for the year	116,461
Balance at 31 December 2007	**817,390**
Balance at 1 January 2008	817,390
Amortisation for the year	120,286
Balance at 31 December 2008	**937,676**
Carrying amounts	
At 1 January 2007	493,710
At 31 December 2007	**417,590**
At 1 January 2008	417,590
At 31 December 2008	**298,082**

15 Other assets

As at 31 December, other assets comprised the following:

	31 December 2008	31 December 2007
Prepaid taxes (Note 7)	4,427,892	681,900
Due from related parties (Note 22)	802,838	118,437
Job advances given	517,647	88,438
Prepaid expenses	261,170	-
Others	60,844	139,160
	6,070,391	**1,027,935**

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

16 Loans and borrowings

As at 31 December, short-term loans and borrowings comprised the following:

	31 December 2008				
			YTL amount		
	Original amount	Nominal interest rate (%)	Up to 1 year	1 year and over	Total loans and borrowings
YTL	50,493,208	16.50 – 23.00	50,493,208	-	50,493,208
USD	289,733,320	3.37 - 10.75	365,409,118	72,754,582	438,163,700
Euro	109,191,638	6.01 - 8.46	233,757,458	-	233,757,458
GBP	206,483	6.22	452,693	-	452,693
Total			**650,112,477**	**72,754,582**	**722,867,059**

	31 December 2007				
			YTL amount		
	Original Amount	Nominal interest rate (%)	Up to 1 year	1 year and over	Total loans and borrowings
YTL	37,199,871	16.00 – 16.30	37,199,871	-	37,199,871
USD	192,445,481	5.31 - 8.09	224,141,252	-	224,141,252
Euro	55,002,809	5.22 - 6.12	94,065,804	-	94,065,804
GBP	533,418	5.31	1,240,678	-	1,240,678
Total			**356,647,605**	**-**	**356,647,605**

As at 31 December 2008, loans and borrowings amounting to USD 285,500,000 and Euro 22,000,000 are secured by Fiba Holding A.Ş. (31 December 2007: USD 166,000,000 and Euro 27,750,000).

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

17 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 2,173 at 31 December 2008 (31 December 2007: YTL 2,030) 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 statistical assumptions were used in the calculation of the following liability:

	31 December 2008	**31 December 2007**
Expected inflation rate	6.26%	5.71%
Expected rate of salary/limit increase	5.40%	5.00%
Turnover rate to estimate the probability of retirement	100%	100%

As at 31 December, employee benefits comprised the following:

	31 December 2008	**31 December 2007**
Bonus provision	-	1,182,719
Reserve for employee severance payments	192,632	167,656
Vacation pay liability	244,775	190,236
	437,407	**1,540,611**

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

	2008	**2007**
Balance at 1 January	167,656	132,540
Paid during the year	(150,321)	(3,705)
Increase during the year	175,297	38,821
Balance at 31 December	**192,632**	**167,656**

For the years ended 31 December, movements in the vacation pay liability were as follows:

	2008	**2007**
Balance at 1 January	190,236	123,039
Increase during the year	54,539	67,197
Balance at 31 December	**244,775**	**190,236**

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

18 Other liabilities

As at 31 December, other liabilities comprised the following:

	31 December 2008	31 December 2007
Withholding taxes and duties payable	959,965	689,910
Payables to suppliers	807,276	455,633
Due to related parties (Note 22)	383,864	3,060,968
Others	152,642	1,591,539
	2,303,747	**5,798,050**

19 Equity

19.1 Paid-in capital

At 31 December 2008 and 2007, the paid-in capital amounted to YTL 44,378,194 as restated in terms of YTL units current at 31 December 2005 pursuant to IAS 29 in the accompanying financial statements.

At 31 December 2008 and 2007, the nominal paid-in capital of the Company comprises 14.000.000 shares of YTL 1 each.

For the years ended 31 December, the composition of the authorised and paid-in share capital was as follows:

	31 December 2008		31 December 2007	
	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
Others	1.51	210,564	1.51	210,564
	100.00	**14,000,000**	**100.00**	**14,000,000**

19.2 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 10,625,548 as at 31 December 2008 (31 December 2007: YTL 6,119,485).

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

19 Equity *(continued)*

19.3 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, the movements in the fair value reserve are as follows:

	31 December 2008	31 December 2007
Balance at 1 January	63,907,043	64,222,481
Decrease in fair value of assets	-	(319,435)
Deferred income taxes	-	-
Transfer to profit or loss	(63,907,043)	3,997
Balance at 31 December	**-**	**63,907,043**

20 Financial instruments

Counter party credit risk

The Company is subject to credit risk through its factoring operations. Risk Management and Analysis Department 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. A special software program has been developed to monitor the credit risk of the Company.

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

At 31 December, the detail of the breakdown of the net factoring receivables by industrial groups is as follows:

	31 December 2008	%	31 December 2007	%
Construction	83,080,277	21	97,142,604	22
Telecommunication	58,720,729	15	56,424,588	14
Textile	53,676,634	14	52,559,092	12
Production	48,062,039	12	12,876,860	3
Wood products	20,299,902	5	19,017,762	4
Finance	15,728,097	4	28,258,453	6
Metal and metal processing	11,182,781	3	37,680,774	8
Plastic products	10,007,303	3	8,968,599	2
Hotels and restaurants	9,384,090	2	23,737,617	5
Food and beverages	8,384,741	2	11,073,854	2
Health	3,480,538	1	9,452,173	2
Mining industry	3,481,916	1	9,292,892	2
Transportation	2,521,881	1	13,550,694	3
Other	63,788,627	16	64,300,047	15
	391,799,555	**100**	**444,336,009**	**100**

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

20 Financial instruments *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	Over 1 year
31 December 2008					
Non-derivative financial liabilities					
Factoring payables	746,435	746,435	746,435	-	-
Loans and borrowings	722,867,059	755,191,067	241,485,390	433,633,494	80,072,183
Other liabilities(*)	1,343,782	1,343,782	1,343,782	-	-
Derivative financial liabilities					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	Over 1 year
31 December 2007					
Non-derivative financial liabilities					
Loans and borrowings	356,647,605	364,304,446	171,670,128	192,634,318	-
Other liabilities(*)	5,108,140	5,108,140	5,108,140	-	-
Derivative financial liabilities					
- Outflow	-	(14,861,987)	(14,861,987)	-	-
- Inflow	15,106	15,055,164	15,055,164	-	-

(*) Other liabilities exclude withholding taxes and duties payable.

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

20 Financial instruments *(continued)*

Market risk

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

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows of fair values of financial instruments because of a change in market interest rates. All the financial instruments have fixed interest rates except for the loans which have floating interest rate.

31 December 2008	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Cash and cash equivalents	414,068,394	-	-	-	-	414,068,394
Factoring receivables	129,014,693	197,098,314	48,982,821	16,703,727	-	391,799,555
Factoring payables	-	(746,435)	-	-	-	(746,435)
Loans and borrowings	(143,427,142)	(68,403,579)	(28,060,935)	(410,220,821)	(72,754,582)	(722,867,059)
	399,655,945	**127,948,300**	**20,921,886**	**(393,517,094)**	**(72,754,582)**	**82,254,455**

31 December 2007	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Cash and cash equivalents	37,101,576	-	-	-	-	37,101,576
Factoring receivables	70,340,203	103,800,972	117,492,846	144,917,342	7,784,646	444,336,009
Loans and borrowings	(95,983,490)	(71,917,310)	(21,307,525)	(167,439,280)	-	(356,647,605)
	11,458,289	**31,883,662**	**96,185,321**	**(22,521,938)**	**7,784,646**	**124,789,980**

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

20 Financial instruments *(continued)*

Interest rate risk *(continued)*

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 year end 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 summarise average effective interest rates by major currencies for monetary financial instruments at 31 December:

	31 December 2008				**31 December 2007**			
	USD	**EUR**	**GBP**	**YTL**	**USD**	**EUR**	**GBP**	**YTL**
Assets								
Time deposits	2.25	3.40	2.00	19.77	4.66	4.75	5.81	19.00
Factoring receivables	8.06	8.68	8.31	27.65	6.41	6.21	6.01	23.53
Liabilities								
Loans and borrowings	5.82	7.95	6.32	21.40	6.17	5.61	7.05	16.05

Interest rate profile

At 31 December, the interest rate profile of the interest-bearing financial instruments was:

	Carrying amount	
	31 December 2008	**31 December 2007**
Fixed rate instruments		
Financial assets	633,891,970	255,720,488
Financial liabilities	593,680,370	236,862,790
Variable rate instruments		
Financial assets	169,045,710	223,688,638
Financial liabilities	129,186,689	119,784,815

Financial assets comprised of time deposits and net factoring receivables.

Financial liabilities comprised of loans and borrowings.

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

20 Financial instruments *(continued)*

Interest rate risk *(continued)*

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Company does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore a change in interest rates at the reporting date would not directly affect equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2007.

	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2008				
Variable rate instruments	398,590	(398,590)	398,590	(398,590)
31 December 2007				
Variable rate instruments	1,039,038	(1,039,038)	1,039,038	(1,039,038)

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

20 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, the currency risk exposures were as follows (YTL equivalents):

	31 December 2008			
	USD	**Euro**	**GBP**	**YTL Total**
Cash and cash equivalents	131,543,864	65,624,662	1,098,179	198,266,705
Factoring receivables	53,425,523	30,684,791	2,862,879	86,973,193
Other assets	10,084	779,376	27,341	816,801
Factoring payables	0	(162,592)	0	(162,592)
Loans and borrowings	(438,163,700)	(233,757,458)	(452,693)	(672,373,851)
Other liabilities	(14,236)	(77,638)	(38,595)	(130,469)
Gross balance sheet exposure	**(253,198,465)**	**(136,908,859)**	**3,497,111**	**(386,610,213)**
Derivative financial instruments	-	-	-	-
Net exposure	**(253,198,465)**	**(136,908,859)**	**3,497,111**	**(386,610,213)**

	31 December 2007			
	USD	**Euro**	**Other currencies**	**YTL Total**
Cash and cash equivalents	1,280,694	2,274,262	556,516	4,111,472
Factoring receivables	33,088,025	31,591,003	4,767,939	69,446,967
Other assets	1,165	855	-	2,020
Loans and borrowings	(224,141,252)	(94,065,804)	(1,240,678)	(319,447,734)
Other liabilities	(1,527,606)	(66,028)	(31,848)	(1,625,482)
Gross balance sheet exposure	**(191,298,974)**	**(60,265,712)**	**4,051,929**	**(247,512,757)**
Derivative financial instruments	(11,647,000)	3,280,164	(3,214,987)	(11,581,823)
Net exposure	**(202,945,974)**	**(56,985,548)**	**836,942**	**(259,094,580)**

The following significant exchange rates applied for the years ended 31 December 2008 and 2007:

	Average rate		Reporting date	
YTL	**2008**	**2007**	**31 December 2008**	**31 December 2007**
USD	1.2929	1.2930	1.5123	1.1647
Euro	1.8958	1.7768	2.1408	1.7102
GBP	2.3831	2.6010	2.1924	2.3259

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

20 Financial instruments *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

A 10 percent weakening of YTL against the foreign currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 31 December 2007.

31 December 2008	Equity	Profit or loss
USD	(25,319,847)	(25,318,423)
Euro	(13,690,886)	(13,673,996)
GBP	349,711	353,570
	(38,661,021)	**(38,638,849)**

31 December 2007	Equity	Profit or loss
USD	(20,294,597)	(20,294,597)
Euro	(5,698,555)	(5,698,555)
Other currencies	83,694	83,694
	(25,909,458)	**(25,909,458)**

A 10 percent strengthening of the YTL against the foreign currencies at 31 December 2008 and 31 December 2007 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements.

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

21 Commitments and contingencies

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

	31 December 2008	31 December 2007
Given to government organisations	850,161	1,559,630
	850,161	**1,559,630**

Commitments and contingent liabilities arising in the operating lease commitment as at 31 December comprised the following:

	31 December 2008	31 December 2007
Operating lease commitment – rent commitments		
Within one year	-	198,158
After one year not more than five years	-	582,427
	-	**780,585**

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

22 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.

As at 31 December, the Company had the following balances outstanding from its related parties:

	31 December 2008	31 December 2007
Cash and cash equivalents	343,942,701	1,567,829
Derivative financial instruments	-	15,106
Factoring receivables	-	5,988,191
Other assets	802,838	118,437
Loans and borrowings	162,589,848	16,507,738
Other liabilities	383,864	3,060,968

For the years ended 31 December, the transactions with the related parties are summarised below:

	2008	2007
Interest income on factoring receivables	-	85,881
Interest income on cash and cash equivalents	2,257,794	872,374
Net trading (loss) / income.	(3,334,273)	110,022
Dividend income	211,480	180,000
Other operating income	701,991	341,927
Interest expense on loans and borrowings	1,068,265	5,587,993
Administrative expenses	1,945,450	137,202
Financial expenses	358,904	-
Other expenses	19,276	2,417,466
Donations (included in other expenses)	5,728,600	35,820,430

Total benefit of key management for the years ended 31 December 2008 and 2007, amounted to YTL 1,529,431 and YTL 679,000, respectively.

23 Subsequent event

According to the decree of the Council of Ministers numbered 2007/11963 and dated 4 April 2007, for the currency unit of the Republic of Turkey, the term "New" in the name of the national currency was removed beginning from 1 January 2009.