Fiba Faktoring Hizmetleri Anonim Şirketi

Financial Statements
As at 31 December 2009
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

1 April 2010

This report includes 1 page of independent auditors' report of financial information and 36 pages of financial statements together with its explanatory notes.

Fiba Faktoring Hizmetleri Anonim Şirketi

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Independent auditors' report

To the Board of Directors of
Fiba Faktoring Hizmetleri Anonim Şirketi

We have audited the accompanying statement of financial position of Fiba Faktoring Hizmetleri Anonim Şirketi ("the Company") as at 31 December 2009 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Fiba Faktoring Hizmetleri Anonim Şirketi as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

1 April 2010
Istanbul, Turkey

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

Fiba Faktoring Hizmetleri Anonim Şirketi

Statement of financial position
As at 31 December
(Currency: Turkish Lira ("TL") unless otherwise restated)

	Notes	**2009**	**2008**
Assets			
Cash and cash equivalents	*10*	92,469,837	414,068,394
Factoring receivables	*11*	647,988,962	391,799,555
Investment securities	*12*	94,491,894	51,950,637
Property and equipment	*13*	4,609,663	5,104,060
Intangible assets	*14*	281,505	298,082
Other assets	*15*	488,294	6,070,391
Derivative financial instruments	*19*	809,026	-
Deferred tax assets	*8*	2,005,571	2,648,881
Total assets		**843,144,752**	**871,940,000**
Liabilities			
Loans and borrowings	*16*	674,701,359	722,867,059
Factoring payables	*17*	674,129	746,435
Other liabilities	*18*	1,692,054	2,303,747
Derivative financial instruments	*19*	223,375	-
Current tax liabilities	*8*	275	5,478,684
Employee benefits	*20*	613,743	437,407
Total liabilities		**677,904,935**	**731,833,332**
Equity			
Share capital	*21*	44,378,194	44,378,194
Legal reserves		10,625,548	10,625,548
Retained earnings		110,236,075	85,102,926
Total equity		**165,239,817**	**140,106,668**
Total liabilities and equity		**843,144,752**	**871,940,000**

The notes on pages 5 to 36 are an integral part of these financial statements.

Fiba Faktoring Hizmetleri Anonim Şirketi

Statement of Comprehensive Income
For the Year Ended 31 December
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Notes	**2009**	**2008**
Interest income			
Interest income on factoring receivables		97,239,847	90,878,155
Interest income on cash and cash equivalents		12,029,600	11,576,696
Total interest income		**109,269,447**	**102,454,851**
Interest expense			
Interest expense on loans and borrowings		(52,485,124)	(25,456,027)
Total interest expense		**(52,485,124)**	**(25,456,027)**
Net interest income		**56,784,323**	**76,998,824**
Fee and commission income on factoring transactions		4,457,154	5,537,834
Fee and commission expense on factoring transactions		(282,863)	(628,465)
Commission expense on letters of guarantee		(614,760)	(891,464)
Fee and commission income, net		**3,559,531**	**4,017,905**
Net trading loss	*9*	(3,310,134)	(107,155,064)
Dividend income	*24*	4,403,342	211,480
Gain / (loss) on sale of investments	*12*	(235,469)	87,942,972
Other operating income		132,948	4,424,966
		990,687	**(14,575,646)**
Operating income		**61,334,541**	**66,441,083**
Net impairment loss on financial assets	*11*	(13,590,592)	(10,309,703)
Personnel expenses	*5*	(9,169,249)	(6,824,674)
Administrative expenses	*6*	(4,680,639)	(3,568,569)
Depreciation and amortisation	*13, 14*	(588,691)	(616,078)
Other expenses	*7*	(5,492,638)	(34,563,337)
Profit before income taxes		**27,812,732**	**10,558,722**
Income tax expense	*8*	(2,679,583)	(9,444,608)
Net profit for the period		**25,133,149**	**1,114,114**
Other comprehensive income			
Other comprehensive income for the period, net of income tax		**-**	**-**
Total comprehensive income for the period		**25,133,149**	**1,114,114**

The notes on pages 5 to 36 are an integral part of these financial statements.

Fiba Faktoring Hizmetleri Anonim Şirketi

Statement of Changes in Equity
For the Year Ended 31 December
(Currency: Turkish Lira ("TL") unless otherwise stated)

	Notes	Share capital	Fair value reserve	Legal reserves	Retained earnings	Total Equity
Balances at 1 January 2008		**44,378,194**	**63,907,043**	**6,119,485**	**129,749,442**	**244,154,164**
Total comprehensive income for the period:						
Profit or loss		-	-	-	1,114,114	1,114,114
Other comprehensive income						
Transfer of fair value reserve to profit or loss, net of taxes	*21*	-	(63,907,043)	-	-	(63,907,043)
Total other comprehensive income		-	(63,907,043)	-	-	(63,907,043)
Total comprehensive income for the period		**44,378,194**	**-**	**6,119,485**	**130,863,556**	**181,361,235**
Transactions with owners, recorded directly in equity:						
Transfer to legal reserves		-	-	4,506,063	(4,506,063)	-
Dividend paid		-	-	-	(41,254,567)	(41,254,567)
Contributions by and distributions to owners		-	-	4,506,063	(45,760,630)	(41,254,567)
Balances at 31 December 2008		**44,378,194**	**-**	**10,625,548**	**85,102,926**	**140,106,668**
Total comprehensive income for the period:						
Profit or loss		-	-	-	25,133,149	25,133,149
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	25,133,149	25,133,149
Transactions with owners, recorded directly in equity:						
Transfer to other reserves		-	-	-	-	-
Contributions by and distributions to owners		-	-	-	-	-
Balances at 31 December 2009		**44,378,194**	**-**	**10,625,548**	**110,236,075**	**165,239,817**

The notes on pages 5 to 36 are an integral part of these financial statements.

Fiba Faktoring Hizmetleri Anonim Şirketi

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

	Notes	**2009**	**2008**
Cash flows from operating activities:			
Net profit for the period		25,133,149	1,114,114
Adjustments for:			
Depreciation and amortisation	*13, 14*	588,691	616,078
Provision for employee severance payments	*20*	193,213	175,297
Provision for vacation pay liability	*20*	67,357	54,539
Provision for personnel bonus		-	(1,182,719)
Derivative financial instruments	*19*	(585,651)	15,106
Net interest, fee and commission income		(60,562,510)	(81,016,729)
Dividend income	*24*	(4,403,342)	(211,480)
Income tax expense	*8*	2,679,583	9,444,608
Provision for doubtful receivables	*11*	14,092,730	10,798,057
Impairment of debt securities		136,099	-
Loss / (gain) on sale of investments	*12*	235,469	(87,942,972)
Changes in operating assets and liabilities			
Change in factoring receivables		(270,565,619)	41,250,043
Change in factoring payables		(72,306)	746,435
Change in other assets		1,154,205	67,336
Change in other liabilities		(611,693)	(3,494,105)
Interest, fee and commission received		115,271,077	106,503,678
Interest, fee and commission paid		(53,441,804)	(23,007,732)
Employee severance paid	*20*	(84,234)	(150,321)
Taxes paid		(3,086,790)	(10,851,801)
Proceeds from recoveries of impaired factoring receivables		502,138	488,354
Net cash used in operating activities		**(233,360,238)**	**(36,584,214)**
Cash flows from investing activities:			
Acquisition of investments		(49,727,058)	(40,000,400)
Proceeds from disposals of investments		6,814,233	131,456,585
Purchase of property and equipment	*13*	(35,592)	(601,525)
Purchase of intangible assets	*14*	(42,125)	(778)
Dividend received		4,403,342	211,480
Net cash provided from / (used in) investing activities		**(38,587,200)**	**91,065,362**
Cash flows from financing activities:			
Net change in loans and bank borrowings		(48,106,643)	362,251,230
Dividend paid		-	(41,254,567)
Net cash provided from / (used in) financing activities		**(48,106,643)**	**320,996,663**
(Decrease) / increase in cash and cash equivalents		**(320,054,081)**	**375,477,811**
Cash and cash equivalents at 1 January	*10*	412,494,798	37,016,987
Cash and cash equivalents at 31 December	***10***	**92,440,717**	**412,494,798**

The notes on pages 5 to 36 are an integral part of these financial statements.

Notes to the financial statements **Page**

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 İstanbul-Turkey.

The number of employees of the Company as at 31 December 2009 is 117 (31 December 2008: 111).

The Company's principal activity is to provide factoring services substantially in one geographical segment (Turkey).

2 Basis of preparation

(a) Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish 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 as issued by International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, as adjusted for the effects of inflation that ended at 31 December 2005 except for the derivative financial instruments and financial assets at fair value through profit or loss which are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency. Except as otherwise indicated, all financial information presented in TL 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 3(d) – Useful life of assets
- Note 4 – Determination of fair values
- Note 8 – Taxation
- Note 11 – Factoring receivables – Allowance for doubtful receivables
- Note 20 – Employee benefits
- Note 19 – Derivative financial instruments

2 Basis of preparation *(continued)*

(e) Changes in accounting policies

Presentation of financial statements

The Company applies revised IAS 1 "Presentation of Financial Statements (2007)", which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings.

(f) Other accounting developments

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Company has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee could be called. Since IFRS 7 only impacts disclosure aspects, there is no impact on earnings.

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 reporting 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 at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute. This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilization, decrease in the interest rates and the appreciation of TL 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 at and for the year ended 31 December 2009 and 2008.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to TL at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to TL at the exchange rates ruling at the reporting date announced by Central Bank of Turkey (CBT). Gains and losses arising from foreign currency transactions are recognised to the statement of comprehensive income.

3 Significant accounting policies *(continued)*

(b) Foreign currency transaction *(continued)*

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

	2009	2008
USD	1.5057	1.5123
Euro	2.1603	2.1408
GBP	2.3892	2.1924

(c) Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances, demand deposits and time deposits at banks having original maturity less than 3 months and readily to be used by the Company or not blocked for any other purpose.

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 uncollectibility and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately.

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 statement of comprehensive income over the period of the borrowings.

3 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

Investments

Investment in debt securities are classified as financial asset at fair value through profit or loss and are measured at fair value, and changes therein are recognised in profit or loss.

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. Investments in equity securities 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 statement of comprehensive income as the difference between the sales price and the carrying amount of the investment.

Other

Other assets and payables are measured at cost.

Derivatives held for risk management purposes

The Company holds derivative financial instruments for risk management purposes. In accordance with its treasury policy, the Company engages in currency swap, forward and option contracts. However, these derivatives do not qualify for hedge accounting and are accounted for as trading instruments.

Derivatives held for risk management purposes are recognised initially at fair value; attributable transaction costs are recognised in profit and loss 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 financial instrument 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.

Share capital

Ordinary shares

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

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

Recognition and measurement

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

Gains and losses on disposal of an item at property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other income" in the statement of comprehensive income.

3 Significant accounting policies *(continued)*

(c) Property and equipment *(continued)*

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 statement of comprehensive income as incurred.

Depreciation

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

The estimated useful lives for the current and comparative 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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(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 TL 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 comprehensive income 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.

(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 statement of financial position.

(g) Impairment

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.

3 Significant accounting policies *(continued)*

(g) Impairment *(continued)*

Financial assets *(continued)*

All impairment losses are recognised in profit or loss. 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 comprehensive income. For available-for-sale financial assets that are equity securities and whose fair value is reliably measured, the reversal is recognised directly in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax 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 comprehensive income.

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.

(h) Employee benefits

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.

As at 31 December, the assumptions used in the calculation are as follows:

	2009	**2008**
Discount rate	5.92%	6.26%
Expected salary / limit increase	4.8%	5.4%
Turnover rate to estimate the probability of retirement	100%	100%

Short-term benefits

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

3 Significant accounting policies *(continued)*

(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 statement of financial position 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.

(l) Interest income and expense recognition

Interest income and expense are recognised in comprehensive income 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 statement of comprehensive income 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) Net trading loss

Net trading loss comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

3 Significant accounting policies *(continued)*

(p) Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in profit and loss, 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 reporting date, and any adjustment to tax payable in respect of previous years.

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

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.

(r) Subsequent events

Subsequent events are events that occur between reporting date and the authorization date for the issuance of the financial statements and may impact the company positively or negatively. If there is evidence of such events as at reporting date or if such events occur after reporting date and if adjustments are necessary, Company's financial statements are adjusted according to the new situation. The Company discloses the post-reporting date events that are not adjusting events but material.

(s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations which are not effective as of 31 December 2009 have not been applied in preparing these financial statements and not expected to have any impact on the financial statements of the Company except for IFRS 9.

IFRS 9 – *Financial Instruments*, is published by International Accounting Standards Board in October 2009 as a part of a broad project that aims to bring new regulations to replace IAS 39 – *Financial Instruments: Recognition and Measurement*.

Developing a new standard for financial reporting for financial assets that is principle-based and less complex is aimed by this project. The objective of IFRS 9, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity's future cash flows. With IFRS 9 an entity shall classify financial assets as subsequently measured at either amortised cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial asset. It is stated that IAS 39 standards related to impairment of financial asset and hedge accounting will continue to be effective.

An entity shall apply IFRS 9 for annually periods beginning on or after 1 January 2013. An earlier application is permitted. If an entity applies this IFRS in its financial statements for a period beginning before 1 January 2013, it shall disclose this fact and shall apply this IFRS to its prior period financial statements.

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

4 Determination of fair values

Accounting classification and 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 statement of financial position instruments is not materially different than their recorded values due to their short-term nature except for long term receivables and loans and borrowings.

The investments that are classified as available-for-sale 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.

Financial assets at fair value through profit or loss are measured based on quoted market prices at the reporting date.

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

	2009		**2008**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	92,469,837	92,469,837	414,068,394	414,068,394
Factoring receivables	647,988,962	642,068,130	391,799,555	391,799,555
Investments	94,491,894	94,491,894	51,950,637	51,950,637
Derivative financial assets	809,026	809,026	-	-
Financial liabilities				
Loans and borrowings	674,701,359	674,485,481	722,867,059	725,981,267
Factoring payables	674,129	674,129	746,435	746,435
Derivative financial liabilities	223,375	223,375	-	-

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

4 Financial assets and liabilities *(continued)*

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment in debt securities	49,590,959	-	-	49,590,959
Derivative financial assets	-	809,026	-	809,026
Total financial assets	**49,590,959**	**809,026**	**-**	**50,399,985**
Derivative financial liabilities	-	223,375	-	223,375
Total financial liabilities	**-**	**223,375**		**223,375**

5 Personnel expenses

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

	2009	**2008**
Salary expenses	7,324,210	5,271,067
Social security premium employer's share	789,291	696,056
Meal expenses	326,761	237,573
Provision for employee severance payments *(Note 20)*	193,213	175,297
Healthy expenses	169,256	125,786
Provision for vacation pay liability *(Note 20)*	67,357	54,539
Others	299,161	264,356
	9,169,249	**6,824,674**

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

6 Administrative expenses

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

	2009	**2008**
Traveling expenses	1,146,680	808,024
Consultancy expenses	517,036	493,745
Rent expenses	502,963	387,149
Lawsuit expenses	353,710	227,629
IT expenses	305,126	186,610
Communication expenses	291,113	296,426
Subscription expense	209,400	-
Office building contribution expenses	176,199	150,686
Miscellaneous office expenses	121,498	127,786
Taxes and duties other than on income	106,961	63,681
Advertising expenses	101,244	66,524
Cleaning expenses	89,727	64,726
Stationary expenses	58,216	78,714
Insurance expenses	26,726	29,208
Others	674,040	587,661
	4,680,639	**3,568,569**

7 Other expenses

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

	2009	**2008**
Donations	4,915,980	34,387,747
Tax penalty provision expense	400,000	-
Others	176,658	175,590
	5,492,638	**34,563,337**

As at 31 December 2009, donations include expenditures made to "Kızılay-Şükrü-Nurten Topçuoğlu Rehabilitation Center" amounting to TL 2,976,696, to "AÇEV" amounting TL 805,200 (31 December 2008: 703,600 TL), to "Hüsnü Özyeğin Foundation" amounting TL 978,220 (31 December 2008: 25,000 TL) and to other various donations by TL 155,864 (31 December 2008: "Özyeğin University" amounting to TL 5,000,000, Sabancı University amounting to TL 121,820, to other various donations TL 1,047,294 and progress payments of donated school constructions in progress amounting to TL 27,490,033).

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

8 Taxation

As at 31 December 2009, corporate income tax is 20% (31 December 2008: 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.

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

	2009	2008
Current tax expense		
Current year	(1,670,527)	-
Tax penalty	(365,746)	-
Adjustment to prior years (*)	-	(11,220,693)
	(2,036,273)	**(11,220,693)**
Deferred tax (expense) / income		
Origination and reversal of temporary differences	(643,310)	1,776,085
	(643,310)	**1,776,085**
Income tax expense	**(2,679,583)**	**(9,444,608)**

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

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

8 Taxation *(continued)*

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:

	2009		2008	
	Amount	**%**	**Amount**	**%**
Profit before income tax	27,812,732		10,558,722	
Income taxes using the domestic tax rate	(5,562,546)	(20)	(2,111,744)	(20)
Adjustment to prior years	-	-	(11,220,693)	(106)
Non-deductible expenses	(355,419)	(1)	(10,498,283)	(99)
Tax exempt income	866,533	3	14,386,112	136
Under / (over) provided in prior year	2,371,849	8	-	-
Income tax expense	**(2,679,583)**	**(10)**	**(9,444,608)**	**(89)**

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

The current tax liabilities as at 31 December comprised the following:

	2009	2008
Taxes on income	1,670,527	-
Adjustment to prior years	-	5,478,684
Less: Tax paid in advance	(1,670,252)	-
Current tax liabilities / (Prepaid taxes)*	**275**	**5,478,684**

(*) As at 31 December 2008, the Company has not any taxable profit. TL 4,427,892 of prepaid taxes paid during the year was included in Note 15 "Other assets". This amount is not netted-off with the tax liabilities payable resulting from the tax penalty for the years 2002 and 2003. In 2009, the amount is received as cash from tax office.

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

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

At 31 December	2009	2008	2009	2008	2009	2008
	Assets		Liabilities		Net	
Factoring receivables	2,068,614	596,350	-	-	2,068,614	596,350
Employee benefits	122,749	87,481	-	-	122,749	87,481
Derivative financial instruments	44,675	-	157,698	-	(113,023)	-
Investments	4,712	-	-	72,433	4,712	(72,433)
Loans and borrowings	-	21,182	20,509	-	(20,509)	21,182
Tangible and intangible assets	-	-	63,443	64,281	(63,443)	(64,281)
Tax loss carry forwards	-	2,080,582	-	-	-	2,080,582
Others	6,471	-	-	-	6,471	-
	2,247,221	**2,785,595**	**241,650**	**136,714**	**2,005,571**	**2,648,881**

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

8 Taxation *(continued)*

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:

	2009	2008
Balance at 1 January	2,648,881	(2,486,292)
Deferred tax income recognised in profit or loss	(643,310)	5,135,173
Balance at 31 December	**2,005,571**	**2,648,881**

9 Net trading loss

	2009	2008
Net (loss) / gain from derivative financial instruments	2,203,141	(33,968,458)
Foreign exchange (loss) / gain	(5,513,275)	(73,186,606)
	(3,310,134)	**(107,155,064)**

10 Cash and cash equivalents

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

	2009	2008
Cash at banks		
- demand deposits	3,480,251	2,182,638
- time deposits	88,989,491	411,884,560
Cash on hand	95	1,196
Total cash and cash equivalents	**92,469,837**	**414,068,394**
Accrued interest on time deposits	(29,120)	(1,573,596)
Cash and cash equivalents in the statement of cash flows	**92,440,717**	**412,494,798**

As at 31 December 2009 and 2008, cash and cash equivalents include cash balances on hand, demand deposits and time deposits with original maturity periods of less than three month and over-night time deposits.

As at 31 December 2009, TL denominated time deposits are amounting to TL 290,000 have a maturity of 4 January 2010 with interest rates of 7.50% (31 December 2008: TL 213,900,000 with a maturity of ranges between 2 January 2009 and 16 January 2009 with interest rates of 15.75% and 21.10%). As at 31 December 2009, foreign currency time deposits (original amount of USD 58,290,000, GBP 378,000) has maturities on 4 January 2010 within a range of interest rates of 0.37% to 4.10% (31 December 2008: original amount of USD 86,801,000, Euro 30,228,000, GBP 196,000 with a maturity of 2 January and 16 January 2009 and within interest rates of 1.75% to 5.75%). For the years ended 31 December, there is no restriction on cash at banks.

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

11 Factoring receivables

As at 31 December, factoring receivables comprised the following:

	2009	2008
Domestic factoring receivables	626,499,837	388,309,227
Export factoring receivables	25,138,143	10,663,394
Impaired factoring receivables	20,292,488	20,255,428
Factoring receivables, gross	**671,930,468**	**419,228,049**
Unearned income on factoring transactions	(6,954,410)	(7,173,066)
Allowance for impaired factoring receivables	(16,987,096)	(20,255,428)
Factoring receivables, net	**647,988,962**	**391,799,555**

As at 31 December 2009 and 2008, all factoring receivables, except restructured factoring receivables mature within one year. Restructured factoring receivables amounting to 72,944,394 TL matures between 2011 and 2019.

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

	2009	2008
Balance at 1 January	20,255,428	9,945,725
Transfers(*)	(16,858,924)	-
Provision, net of recoveries	13,590,592	10,309,703
Allowance for the year	14,092,730	10,798,057
Recoveries of amounts previously provided	(502,138)	(488,354)
Balance at 31 December	**16,987,096**	**20,255,428**

(*)As at 31 December 2009, the Company sold its fully impaired factoring receivables portfolio amounting to TL 16,858,924 to Girişim Varlık Yönetimi AŞ at amount of TL 105,000.

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

	2009	2008
Overdue 1 to 3 months	43,802	-
Overdue 3 to 6 months	60,033	6,714,533
Overdue 6 to 12 months	478,846	2,372,859
Overdue over 1 year	19,709,807	11,168,036
	20,292,488	**20,255,428**

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

12 Investment securities

12.1 Investments in debt securities carried at fair value through profit or loss

As at 31 December 2009, investments in debt securities carried at fair value through profit or loss are as follows:

	2009				
	Carrying value	*Cost*	*Notional*	*Notional interest rate (%)*	*Maturity profile*
Debt securities					
Irish government bonds					
EUR	49,590,959	49,727,058	45,366,300	5.90%	18 October 2019
	49,590,959	**49,727,058**	**45,366,300**		

As at 31 December 2009, investments in debt securities carried at fair value through profit or loss comprised of Irish government bonds with a total carrying value of TL 49,590,959 (31 December 2008: None). The Company disposed the bond on 4 January 2010 at EUR 23,028,773, which has a cost amounting to EUR 23,005,011.

12.2 Investments in equity securities available for sale

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

	2009		2008	
	Carrying value	% of ownership	Carrying value	% of ownership
Girişim Varlık Yönetimi AŞ	40,000,400	49.00	40,000,400	49.00
Fiba Sigorta AŞ	4,095,161	9.63	4,095,161	9.63
Fiba Alışveriş Mer. Gel. İnş. ve Paz. Tic. AŞ	504,426	0.25	504,426	0.25
Girişim Faktoring AŞ	105,304	0.50	105,304	0.50
Finans Yatırım Menkul Değerler AŞ	98,083	0.20	98,083	0.20
Anchor Grup S.A.	91,768	0.77	91,768	0.77
Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ	-	-	7,049,702	28.32
Others	5,793		5,793	
Total	**44,900,935**		**51,950,637**	

As at 31 December, the investments above are classified as available-for-sale 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 TL units current at 31 December 2005 pursuant to IAS 29, less impairment losses.

According to the Board of Directors' decision dated 9 March 2009 and numbered 12, the Company sold its 28.32% shares at Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ which has a cost amount of TL 7,049,702 at TL 6,814,233 to Fina Holding AŞ.

According to the Board of Directors' decision dated 23 December 2008 and numbered 199, the Company acquired 49.00% of Girişim Varlık Yönetimi AŞ at TL 40,000,400. Since the Company does not have significant influence on the management of Girişim Varlık Yönetimi AŞ, its investment at Girişim Varlık Yönetimi AŞ is classified as available-for-sale.

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

13 Property and equipment

	Buildings [2]	Motor vehicles	Furniture and fixtures	Leasehold improvements	Others[1]	Total
Cost						
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**
Balance at 1 January 2009	2,595,515	68,974	1,473,578	1,998,801	1,530,650	7,667,518
Additions	-	-	25,562	10,030	-	35,592
Disposals	-	-	-	-	-	-
Balance at 31 December 2009	**2,595,515**	**68,974**	**1,499,140**	**2,008,831**	**1,530,650**	**7,703,110**
Depreciation						
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**
Balance at 1 January 2009	199,392	68,974	1,012,122	1,282,970	-	2,563,458
Depreciation for the year	51,910	-	171,641	306,438	-	529,989
Disposals	-	-	-	-	-	-
Balance at 31 December 2009	**251,302**	**68,974**	**1,183,763**	**1,589,408**	**-**	**3,093,447**
Carrying amounts						
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**
At 1 January 2009	2,396,123	-	461,456	715,831	1,530,650	5,104,060
At 31 December 2009	**2,344,213**	**-**	**315,377**	**419,423**	**1,530,650**	**4,609,663**

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

[2] As at 31 December 2009, TL 2,344,213 (31 December 2008: TL 2,396,123) of net book value of building is acquired under finance lease contracts.

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

14 Intangible assets

	Software
Cost	
Balance at 1 January 2008	1,234,980
Additions	778
Balance at 31 December 2008	**1,235,758**
Balance at 1 January 2009	1,235,758
Additions	42,125
Balance at 31 December 2009	**1,277,883**
Amortisation	
Balance at 1 January 2008	817,390
Amortisation for the year	120,286
Balance at 31 December 2008	**937,676**
Balance at 1 January 2009	937,676
Amortisation for the year	58,702
Balance at 31 December 2009	**996,378**
Carrying amounts	
At 1 January 2008	417,590
At 31 December 2008	**298,082**
At 1 January 2009	298,082
At 31 December 2009	**281,505**

15 Other assets

As at 31 December, other assets comprised the following:

	2009	**2008**
Advances given	268,412	530,955
Prepaid expenses	172,307	261,170
Due from related parties *(Note 24)*	8,989	802,838
Prepaid taxes *(Note 8)*	8,053	4,427,892
Others	30,533	47,536
	488,294	**6,070,391**

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

16 Loans and borrowings

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

			2009		
			TL amount		
	Original amount	**Nominal interest rate (%)***	**Up to 1 year**	**1 year and over**	**Total loans and borrowings**
TL	427,268,627	7.10 – 12.75	427,268,627	-	427,268,627
USD	133,402,875	3.13 – 9.50	186,055,261	14,809,448	200,864,709
Euro	21,556,276	3.27 – 3.93	1,700,192	44,867,831	46,568,023
Total			**615,024,080**	**59,677,279**	**674,701,359**

			2008		
			TL amount		
	Original Amount	**Nominal interest rate (%)***	**Up to 1 year**	**1 year and over**	**Total loans and borrowings**
TL	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**

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

As at 31 December 2009, loans and borrowings amounting to TL 417,840,000, USD 128,000,000 and Euro 21,500,000 are secured by Fiba Holding AŞ (31 December 2008: USD 285,500,000 and Euro 22,000,000).

17 Factoring payables

As at 31 December, factoring payables are as follows:

	2009	**2008**
Domestic factoring payables	634,448	583,843
Export factoring payables	39,681	162,592
	674,129	**746,435**

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

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

18 Other liabilities

As at 31 December, other liabilities comprised the following:

	2009	**2008**
Withholding taxes and duties payable	952,859	959,965
Provision for tax penalty	400,000	-
Payables to suppliers	292,493	807,276
Due to related parties *(Note 24)*	-	383,864
Others	46,702	152,642
	1,692,054	**2,303,747**

19 Derivative financial instruments

The Company uses the currency swap, forward and option derivative instruments. "Currency swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell (put option) to the writer a specified underlying at a specified price on or before a specified date. Forward contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. The Company uses these derivative financial instruments, not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risk.

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

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

	31 December 2009		**31 December 2008**	
	Assets	***Liabilities***	***Assets***	***Liabilities***
Currency swap	788,488	-	-	-
Accumulative boosted forward transaction	20,538	-	-	-
Currency option	-	(223,375)	-	-
	809,026	**(223,375)**	**-**	**-**

As at 31 December 2009, currency swaps mature in one month, currency options mature between 2 June 2010 and 7 September 2010 and accumlative boosted forward transactions mature on December 2010.

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

20 Employee benefits

As at 31 December, employee benefits comprised the following:

	2009	2008
Reserve for employee severance payments	301,611	192,632
Vacation pay liability	312,132	244,775
	613,743	**437,407**

20.1 Reserve for employee severance payments

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 2,365 at 31 December 2009 (31 December 2008: TL 2,173) 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.

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

	2009	2008
Balance at 1 January	192,632	167,656
Interest cost	124,082	37,038
Service cost	109,909	96,821
Payment during the year	(84,234)	(150,321)
Actuarial difference	(40,778)	41,438
Balance at 31 December	**301,611**	**192,632**

20.2 Vacation pay liability

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

	2009	2008
Balance at 1 January	244,775	190,236
Increase during the year	67,357	54,539
Balance at 31 December	**312,132**	**244,775**

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

21 Equity

21.1 Paid-in capital

At 31 December 2009 and 2008, the paid-in capital amounted to TL 44,378,194 as restated in terms of TL units current at 31 December 2005 pursuant to IAS 29 in the accompanying financial statements.

At 31 December 2009 and 2008, the nominal paid-in capital of the Company comprises 14.000.000 shares of TL 1 each.

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

	2009		2008	
	Share (%)	**Number of shares**	**Share (%)**	**Number of shares**
Fiba Holding AŞ	93.54	13.096.436	93.54	13.096.436
Fina Holding AŞ	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**

21.2 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 TL 10,625,548 as at 31 December 2009 (31 December 2008: TL 10,625,548).

21.3 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:

	2009	2008
Balance at 1 January	-	63,907,043
Transfer to profit or loss	-	(63,907,043)
Balance at 31 December	**-**	**-**

21.4 Retained earnings

75% of gains on disposal of equity shares and immovables which were held for at least 2 years within the assets of acquired entities after acquisition, are exempt from taxation if such gains are added to paid-in capital or kept under equity as restricted funds for at least 5 years. As of 31 December 2009, retained earnings balance is comprised of restricted funds amounting to TL 154,902,418 (31 December 2008: TL 88,342,398).

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

22 Financial risk management

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 reporting 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 statement of financial position. Since the Company operates only in Turkey, geographic concentration of the maximum exposure to credit risk for factoring receivables at the reporting date is mainly domestic.

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

	2009	**%**	**2008**	**%**
Construction	216,742,650	33	83,080,277	21
Telecommunication	72,565,392	11	58,720,729	15
Health and social services	56,228,707	9	3,480,538	1
Textile industry	49,154,870	8	53,676,634	14
Finance	48,589,541	7	15,728,097	4
Hotels and restaurants	35,332,255	5	9,384,090	2
Wood products	28,780,306	4	20,299,902	5
Transportation	19,667,194	3	14,513,678	4
Chemicals	15,222,728	2	10,874,343	3
Food and beverages	12,929,272	2	8,384,741	2
Metal and metal processing	7,683,372	1	11,182,781	3
Production	6,251,612	1	48,062,039	12
Plastic products	6,203,283	1	10,007,303	3
Mining industry	4,188,646	1	3,481,916	1
Other	68,449,134	12	40,922,487	10
	647,988,962	**100**	**391,799,555**	**100**

Investments in debt securities are preferred to be in liquid securities and easily convertible to cash.

Transactions involving derivatives are mainly with related parties.

The Company establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of factoring receivables. This allowance includes the specific loss component that relates to individual customer exposures.

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

	2009	**2008**
Customer notes and cheques obtained as collateral	944,668,830	685,239,165
Receivables transferred	435,675,860	199,746,327
Mortgages	7,500,000	23,505,000
	1,387,844,690	**908,490,492**

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

22 Financial risk management *(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 Company monitors its liquidity position on a periodic basis, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient liquid assets to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To manage liquidity risk arising from financial liabilities, the Company holds liquid assets mainly comprising cash and cash equivalents and investments in debt securities for which there is an active market. These assets can be readily sold to meet liquidity requirements.

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

31 December 2009	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	Over 1 year
Non-derivative financial liabilities					
Loans and borrowings	674,701,359	681,975,064	509,707,437	108,266,604	64,001,023
Factoring payables	674,129	674,129	674,129	-	-
Derivative financial liabilities	223,375	223,375	223,375	-	-
Other liabilities(*)	339,195	339,195	339,195	-	-

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

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

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

22 Financial risk management *(continued)*

Liquidity risk *(continued)*

The table below shows the notional amounts of derivative instruments analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

	2009				
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 year**	**Total**
Currency swaps:					
Purchases	115,635,555	-	-	-	115,635,555
Sales	114,737,712	-	-	-	114,737,712
Currency options:					
Purchases	-	51,835,500	81,171,000	-	133,006,500
Sales	-	51,835,500	83,814,000	-	135,649,500
Accumulated boosted forwards: (*)					
Purchases	2,080,800	4,556,808	18,074,060	-	24,711,668
Sales	2,164,917	4,741,149	18,803,019	-	25,709,085
Total of purchases	117,716,355	56,392,308	99,245,060	-	273,353,723
Total of sales	116,902,629	56,576,649	102,617,019	-	276,096,297
Total of transactions	**234,618,984**	**112,968,957**	**201,862,079**	**-**	**549,450,020**

(*) The minimum notional amounts are presented in the table and the maximum notional amount can be maximum three times of the presented balances.

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.

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.

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

22 Financial risk management *(continued)*

Market risk *(continued)*

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

	2009				2008			
	USD	**EUR**	**GBP**	**TL**	**USD**	**EUR**	**GBP**	**TL**
Assets								
Time deposits	4.08	-	0.51	7.50	2.25	3.40	2.00	19.77
Investment in debt securities	-	5.90	-	-	-	-	-	-
Factoring receivables	6.61	6.69	7.41	16.49	8.06	8.68	8.31	27.65
Liabilities								
Loans and borrowings	5.97	3.25	-	7.90	5.82	7.95	6.32	21.40

Interest rate profile

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

	Carrying amount	
	2009	**2008**
Fixed rate instruments		
Factoring receivables	368,629,396	222,753,845
Time deposits	88,989,491	411,884,560
Investments in debt securities	49,590,959	-
Factoring payables	674,129	746,435
Loans and borrowings	529,749,407	593,680,370
Variable rate instruments		
Factoring receivables	279,359,566	169,045,710
Loans and borrowings	144,951,952	129,186,689

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.

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

22 Financial risk management *(continued)*

Market risk *(continued)*

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 2008.

	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2009				
Investments in debt securities	(1,615,223)	1,775,758	(1,615,223)	1,775,758
Variable rate instruments	1,350,426	(1,350,426)	1,350,426	(1,350,426)
	(264,797)	425,332	(264,797)	425,332
31 December 2008				
Variable rate instruments	392,178	(392,178)	392,178	(392,178)

Foreign currency risk

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

At 31 December, the currency risk exposures were as follows (TL equivalents):

	2009			
	USD	**Euro**	**GBP**	**TL Total**
Foreign currency monetary assets				
Cash and cash equivalents	88,462,349	290,880	945,539	89,698,768
Factoring receivables	68,584,560	56,664,668	3,985,473	129,234,701
Investment in debt securities	-	49,590,959	-	49,590,959
Total foreign currency monetary assets	157,046,909	106,546,507	4,931,012	268,524,428
Foreign currency monetary liabilities				
Loans and borrowings	200,864,709	46,568,023	-	247,432,732
Factoring payables	20,168	2,206	17,307	39,681
Other liabilities	8	34,100	7,669	41,777
Total foreign currency monetary liabilities	200,884,885	46,604,329	24,976	247,514,190
Net on statement of financial position	**(43,837,976)**	**59,942,178**	**4,906,036**	**21,010,238**
Off balance sheet net notional position (*)	(33,494,598)	(36,295,200)	(3,873,462)	(73,663,260)
Net position	**(77,332,574)**	**23,646,978**	**1,032,574**	**(52,653,022)**

(*) Accumulated boosted forward transactions are presented with minimum notional amounts.

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

22 Financial risk management *(continued)*

Market risk *(continued)*

Foreign currency risk (continued)

	2008			
	USD	**Euro**	**GBP**	**TL Total**
Foreign currency monetary assets				
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
Total foreign currency monetary assets	184,979,471	97,088,829	3,988,399	286,056,699
Foreign currency monetary liabilities				
Factoring payables	-	162,592	-	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
Total foreign currency monetary liabilities	438,177,936	233,997,688	491,288	672,666,912
Net on statement of financial position	**(253,198,465)**	**(136,908,859)**	**3,497,111**	**(386,610,213)**
Off balance sheet net notional position	-	-	-	-
Net position	**(253,198,465)**	**(136,908,859)**	**3,497,111**	**(386,610,213)**

Foreign currency sensitivity analysis

A 10 percent weakening of TL 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 2008.

31 December 2009	**Equity**	**Profit or loss**
USD	(7,733,257)	(7,733,257)
Euro	2,364,698	2,364,698
GBP	103,257	103,257
	(5,265,302)	**(5,265,302)**

31 December 2008	**Equity**	**Profit or loss**
USD	(25,319,846)	(25,318,423)
Euro	(13,690,886)	(13,673,996)
GBP	349,711	353,570
	(38,661,021)	**(38,638,849)**

A 10 percent strengthening of the TL against the foreign currencies at 31 December 2009 and 31 December 2008 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.

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

22 Financial risk management *(continued)*

Market risk *(continued)*

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements. The minimum share capital requirement of the Company is TL 5,000,000 as at 31 December 2009.

23 Commitments and contingencies

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

	2009	2008
Given to government organisations	415,343	850,161
	415,343	**850,161**

24 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:

	2009	2008
Cash at banks		
Credit Europe Bank Suisse – time (*)	87,338,563	262,350,400
Credit Europe Bank Suisse - demand	8,785	3,109
Credit Europe Bank NV - time	1,169,642	81,581,663
Credit Europe Bank NV - demand	14,568	7,529
	88,531,558	**343,942,701**

(*) Time deposits at Credit Europe Bank Suisse is the fiduciary account of the Company. Credit Europe Bank Suisse make placements of the funds to third parties on behalf of the Company.

	2009	2008
Other assets		
Fiba Sigorta AŞ	8,989	-
Credit Europe Bank NV	-	784,282
Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ	-	2,582
Girişim Faktoring AŞ	-	15,974
	8,989	**802,838**
Loans and borrowings		
Credit Europe Bank NV	-	162,589,848
	-	**162,589,848**
Other liabilities		
Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ	-	354,105
Fiba Holding AŞ	-	29,759
	-	**383,864**

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

24 Related party disclosures *(continued)*

As at 31 December 2009, derivative transactions with related parties are as follows:

Derivative financial instruments	**2009**	
	Purchase	**Sale**
Credit Europe Bank Suisse – currency swap	30,422,367	30,244,200
Credit Europe Bank NV – currency swap	15,256,250	15,057,000
Credit Europe Bank NV – currency option	117,750,250	120,592,500
Credit Europe Bank Suisse – accumulative boosted forward transaction (*)	8,744,418	9,071,100
Credit Europe Bank NV– accumulative boosted forward transaction (*)	15,967,250	16,637,985
	188,140,535	**191,602,785**

(*)Accumulative boosted forward transactions are presented with minimum notional amounts.

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

	2009	**2008**
Interest income on cash and cash equivalents		
Credit Europe Bank NV	6,277,839	773,330
Credit Europe Bank Suisse	4,996,189	1,484,464
	11,274,028	**2,257,794**
Dividend income		
Fiba Sigorta AŞ	4,331,250	-
Anchor Grup SA	70,676	52,154
Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ	1,416	-
Girişim Faktoring AŞ	-	158,093
Çevik Gayrimenkul Proje Geliştirme Yatırım Ltd.Şti.	-	1,233
	4,403,342	**211,480**
Interest expense on loans and borrowings		
Credit Europe Bank NV	16,237,364	1,068,265
Credit Europe Bank Suisse	5,016	-
	16,242,380	**1,068,265**
Administrative expenses		
Fiba Holding AŞ	301,894	279,093
Fiba Sigorta AŞ	26,726	29,208
Fiba Gayrimenkul Gel. İnş. ve Yat. AŞ	2,461	1,625,469
Finans Yatırım Menkul Değerler AŞ	-	11,680
	331,081	**1,945,450**

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

24 Related party disclosures *(continued)*

	2009	2008
Donations (included in other expenses)		
Hüsnü Özyeğin Foundation	978,220	25,000
ACEV	805,200	703,600
Hüsnü Özyeğin University	-	5,000,000
	1,783,420	**5,728,600**
Other expenses		
Girişim Varlık Yönetimi AŞ	3,380	6,939
Anadolu Japan Turizm AŞ	-	6,232
Marka Mağazacılık AŞ	-	6,105
	3,380	**19,276**

Total benefit of key management for the years ended 31 December 2009 and 2008, amounted to TL 996,497 and TL 1,529,431, respectively.

25 Subsequent event

The Company disposed the Irish bond classifed as investments in debt securities at fair value through profit or loss on 4 January 2010 at EUR 23,028,773, which has a cost amounting to EUR 23,005,011.