

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2006

To the Board of Directors of
DESTEK FINANS FAKTORING HİZMETLERİ A.Ş.
İstanbul

INDEPENDENT AUDITOR'S REPORT

1. We have audited the consolidated accompanying balance sheet of Destek Finans Faktoring Hizmetleri A.Ş. ("the Company") and its subsidiaries as of 31 December 2006 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as at 31 December 2006, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

İstanbul, 30 March 2007

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

(Amounts expressed in thousands of US Dollar)

<u>ASSETS</u>	Notes	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
CURRENT ASSETS			
Cash and cash equivalents	4	59	225
Factoring receivables (net)	5	40,109	44,008
Other receivables and other current assets	7	167	1,168
Total Current Assets		40,335	45,401
NON CURRENT ASSETS			
Available for sale investments	8	18	18
Property, plant and equipment (net)	9	2,620	3,845
Intangible assets (net)	10	32	5
Total Non-Current Assets		2,670	3,868
TOTAL ASSETS		43,005	49,269

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

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

(Amounts expressed in thousands of US Dollar)

<u>LIABILITIES AND EQUITY</u>	Notes	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
CURRENT LIABILITIES			
Borrowings	11	14,145	24,916
Other payables and unearned income	12	937	440
Current tax liabilities(net)	13	597	710
Deferred tax liability	13	211	157
Total Current Liabilities		15,890	26,223
NON CURRENT LIABILITIES			
Provision for employment termination benefits	14	60	54
Total Non-Current Liabilities		60	54
EQUITY			
Share capital	15	4,118	4,118
Legal reserves		1,335	918
Retained earnings		22,550	17,953
Cumulative translation adjustment		(951)	-
Equity Attributable to Equity Holders of the Parent		27,052	22,989
Minority interests		3	3
Total Equity		27,055	22,992
TOTAL LIABILITIES AND EQUITY		43,005	49,269

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

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2006
(Amounts expressed in thousands of US Dollar)

		Year Ended 31 December 2006	Year Ended 31 December 2005
	Notes	<u>000 USD</u>	<u>000 USD</u>
OPERATING INCOME			
Factoring interest income and other operational income		12,303	14,167
Commission income		141	159
GROSS PROFIT		<u>12,444</u>	<u>14,326</u>
General administrative expenses (-)	16	(1,611)	(2,181)
Finance expenses (-) (net)	17	(4,004)	(2,648)
Other operating expenses (-) (net)	18	(146)	(945)
PROFIT BEFORE TAXATION		<u>6,683</u>	<u>8,552</u>
Translation loss		-	(59)
Taxation(-)	13	(1,327)	(2,564)
NET PROFIT FOR THE YEAR		<u>5,356</u>	<u>5,929</u>
NET PROFIT ATTRIBUTABLE TO:			
Minority interest		-	1
Equity holders of the parent		<u>5,356</u>	<u>5,928</u>
		<u>5,356</u>	<u>5,929</u>

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

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006**

(Amounts expressed in thousands of US Dollar)

	Capital	Legal	Retained	Cumulative	Minority	Total
	<u>000 USD</u>	<u>Reserves</u>	<u>Earnings</u>	<u>Translation</u>	<u>Interests</u>	<u>000 USD</u>
		<u>000 USD</u>	<u>000 USD</u>	<u>Adjustment</u>		<u>000 USD</u>
Balance as of 31 December 2004	3,486	559	13,281	-	2	17,328
Transfer to capital	632	-	(632)	-	-	-
Dividends	-	-	(265)	-	-	(265)
Legal reserves	-	359	(359)	-	-	-
Net profit for the year	-	-	5,928	-	1	5,929
Balance as of 31 December 2005	4,118	918	17,953	-	3	22,992
Balance as of 31 December 2005	4,118	918	17,953	-	3	22,992
Cumulative translation adjustment	-	-	-	-	-	-
Transfer to capital	-	-	-	-	-	-
Dividends	-	-	(342)	-	-	(342)
Translation difference	-	-	-	(951)	-	(951)
Legal reserves	-	417	(417)	-	-	-
Net profit for the year	-	-	5,356	-	-	5,356
Balance as of 31 December 2006	4,118	1,335	22,550	(951)	3	27,055

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

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2006
(Amounts expressed in thousands of US Dollar)

	Not	Year ended 31 December 2006 000 USD	Year ended 31 December 2005 000 USD
OPERATING ACTIVITIES			
Net income for the year		5,356	5,929
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation for property, plant and equipment	9	286	238
Amortization for intangible assets	10	8	3
Change in retirement pay provisions	14	6	2
Loss on disposal of property, plant and equipment		13	-
Cumulative translation adjustment		(951)	-
Doubtful receivables provision	5	207	211
Operating cash flow before changes in working capital			
Factoring receivables		3,899	(6,185)
Due from related parties		1,058	-
Other receivables and current assets		(56)	(1,079)
Trade payables		12	-
Other payables and unearned income		372	(427)
Due to related parties		110	-
Accrued taxation		1,327	-
Corporate tax paid		(1,378)	-
Retirement benefits paid		(20)	-
Net cash used in operating activities		10,249	(1,308)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	(65)	(329)
Purchases of intangible assets	10	(36)	(2)
Proceeds from sales of building		799	2
Net cash provided from investing activities		698	(329)
FINANCING ACTIVITIES			
Change in borrowings	11	(10,771)	2,044
Dividend payment		(342)	(265)
Net cash used in financing activities		(11,113)	1,779
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(166)	142
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	225	83
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	4	59	225

Ekteki dipnotlar bu mali tabloların tamamlayıcı bir parçasıdır.

DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Destek Finans Faktoring Hizmetleri A.Ş. (the Company) was incorporated in Istanbul on July 18, 1996, to provide factoring services to industrial and commercial firms. The Company is registered in Turkey.

The Company is engaged in recourse type of factoring transaction in which the Company does not assume the risk for the insolvency of the debtors. Accordingly, the Company may claim the repayment of the debts purchased from the customers in the event that the debtors default.

Destek Finansal Kiralama A.Ş. and Destek Kıymetli Madenler Tic. A.Ş. are subsidiaries of the Company (see note 2.b) and their financial statements are consolidated in the accompanying financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a. Basis of Presentation of Financial Statements

The Company maintains its books of account and prepares its statutory financial statements in accordance with Turkish commercial practice and tax regulations. Such financial statements are prepared in Turkish Lira, the currency of the country the Company is incorporated in and in which it operates. The accompanying consolidated financial statements are based on these statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting principles generally accepted in the United States of America.

b. Consolidation

Destek Finansal Kiralama A.Ş. (Destek Leasing) and Destek Kıymetli Madenler Tic. A.Ş. (Kıymetli Madenler) which is 99.87% and 96.97% owned subsidiaries of the Company respectively, and are included in the attached consolidated financial statements. All significant transactions and balances between parent and subsidiary companies are eliminated upon consolidation.

Destek Leasing was established on 11 August 1997, and operates in leasing sector. The Company is not operating since 2002.

Kıymetli Madenler is a brokerage company that provides services to the investors who make transactions in Istanbul Gold Market and international gold, currency markets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)
- c. Principles of translation of financial statements into US Dollar

Remeasurement of local currency denominated financial statements into US Dollar has been performed in accordance with the provisions of SFAS No 52 “Foreign Currency Translation”, as they relate to hyperinflationary economies. The objective of this remeasurement process is to produce the same results that would have been reported if the accounting records had been kept in US Dollar.

SFAS 52 defines a hyperinflationary economy as one that has cumulative inflation of approximately 100% or more over a three-year period. Such cumulative rates in Turkey is 32.8 % for the three years ended December 31, 2006 based on the wholesale price index announced by the Turkish State Institute of Statistics. On 22 November 2005, American Institute of Certified Public Accountants (AICPA) International Practices Task Force in its highlights memorandum declared that Turkey will come off its highly inflationary status as of the first period beginning after 15 December 2005. Based on these considerations SFAS 52 has not been applied to the accompanying financial statements as at 31 December 2006.

Until 1 January 2006, non-monetary assets and liabilities and revenues and expenses related to non-monetary items have been translated to US \$ at historical exchange rates prevailing on the transaction date. Monetary assets and liabilities have been translated at the exchange rates prevailing at balance sheet dates. All exchange gains and losses arising from remeasurement of monetary assets and liabilities that are not denominated in US \$ have been included in the determination of net income as “Translation gain or loss”.

The comparison of the periodical change of the value of TL against the US \$ with the Turkish countrywide Wholesale Price Index (“WPI”) is set out below:

<u>Years</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Currency devaluation USD -%	(0.02%)	(3.85%)	(14.6%)	13.5%
WPI inflation -%	4.5%	13.8%	13.9%	30.8%

DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the accompanying financial statements are as follows:

a. Business Combinations

FAS 141 “Business Combinations”, does not apply to a business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Since, one of the consolidated companies, Destek Finans and Kıymetli Madenler is controlled by the same party as the holding company, FAS 141 has not been applied and no goodwill was recognized on the consolidated financial statements.

b. Related parties

For the purpose of the accompanying consolidated financial statements, shareholders of the Company, the other companies owned by them, their directors and key management personnel and other companies in the group to which they are known to be related, are considered and referred to as related parties.

c. Income and Expense Recognition

Interest and other income and expenses are recognized on the accrual basis, except for fees and commissions for factoring services rendered which are recognized as income when received. Income and expenses are recognized at fair value or amortized cost basis. For the purposes of convenience, certain income and expenses are recognized on a straight-line basis where that does not materially differ from fair value or the amortized cost method.

d. Financial instruments

The term financial instruments include both financial assets and financial liabilities. Financial assets and financial liabilities are recognized on the Company’s balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are fundamental to the Company’s business and constitute the core element of its operations. The risks associated with financial instruments are a significant component of the risks faced by the Company. Financial instruments create, modify or reduce the liquidity, credit and market risks of the Company’s balance sheet.

DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Financial instruments(cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances with central banks, amounts due from other banks.

Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows at initial recognition.

Financial liabilities and equity

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

Funds borrowed

Bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Off balance sheet commitments and contingencies

The Company deals with off-balance sheet risk in the normal course of business such as letters of guarantee. The Company's exposure to credit losses arising from these instruments is represented by the contractual amount of those instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2006

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
- d. Financial instruments (cont'd)

Fair value considerations

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Fair value is best evidenced by a market price, being the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

Various financial instruments are accounted at amortized cost but disclosure is required of fair value for comparison purposes, wherever practicable.

For the financial assets and liabilities carried at amortized cost, the fair values are assumed not to differ significantly from cost as the profit shares applicable to those receivables are in line with the market rates due to the short-term nature of the items involved.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Balances with banks: The carrying amount is a reasonable estimate of fair value.

Factoring, leasing receivables and advances to the customers: The major portion of the due from financing activities is short-term and has pre-determined interest rates that are not subject to fluctuation at short notice in accordance with the prevailing interest rates in the market. Therefore, the management believes that the fair values of due from financing activities do not materially differ from their respective book values.

Funds borrowed: Borrowings are initially recognized at cost. After initial recognition, all liabilities are subsequently measured at amortized cost.

- e. Factoring Receivables and Payables

Factoring receivables are recognized at original factored receivable amount, which represents the fair value of consideration given, and subsequently remeasured at amortized cost less reserve for factoring receivable losses. Factoring payables are recognized at original factored amount less advances extended against factoring receivables, interest and factoring commissions charged, and then carried at amortized cost.

The allowance for doubtful receivables is based on management's evaluation of the receivables, including such factors as the volume type of receivable outstanding, collateral obtained, past experience and economic conditions. Bad debt is written off during the year in which they are identified.

DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Factoring Receivables and Payables (cont'd)

The factoring receivables of the Company are of a “with recourse” nature on which the Company does not assume the risk for the insolvency of the debtors. Accordingly, the Company may claim the repayment of the debts purchased from the customers in the event that the debtors default.

f. Property, plant and equipment

Property, plant and equipment are carried at cost expressed in terms of purchasing power on 31 December 2006 less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight line basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment with respect to their restated amounts are included in the related income and expense accounts, as appropriate.

g. Impairment of Long-Lived Assets

The Company evaluates impairment of long-lived assets in accordance with the provisions of FASB Statement No.144, Accounting for the Impairment or Disposal of Long-Lived Assets. The Company records impairment losses on long-lived assets used in the operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. The impairment loss is measured by comparing the fair values of the asset to its carrying amount.

h. Leasing

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

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of return on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets.

i. Borrowing costs

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j. Taxation

The Company is subject to Turkish corporation and income withholding taxes on its taxable income. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes." Pursuant to the provisions of SFAS No. 109, deferred income taxes are provided for all temporary differences between book cost and tax basis of assets and liabilities that will result in a future tax consequence. Valuation allowances are recorded when it is more likely than not that a deferred tax asset will not be realized in the future.

k. Retirement benefits

Under Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. Such payments are based on number of years' service and final salary at the date of retirement or leaving. A provision is maintained for the present value of the defined benefit obligation, in respect of service up to the balance sheet date, based on the projected unit credit method. The charge in the income statement comprises current service cost and interest on the obligation.

l. Offsetting

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

m. Use of Estimates

The preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

n. Dividends

Dividends receivable are recognized as income in the period when they are declared and dividends payable are recognized as an appropriation of profit in the period in which they are declared.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. CASH AND CASH EQUIVALENTS

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Cash	3	2
Demand deposits	56	223
	<u>59</u>	<u>225</u>

5. FACTORING RECEIVABLES (NET)

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Receivables	40,109	44,008
Doubtful receivables	704	497
Doubtful receivables provision(-)	(704)	(497)
	<u>40,109</u>	<u>44,008</u>

Movements in the doubtful receivable provisions:

	2006 <u>000 USD</u>	2005 <u>000 USD</u>
Provision at the beginning of the year	497	286
Charge for the year	313	
Collection	(106)	(23)
Provision at the end of year	<u>704</u>	<u>497</u>

6. RELATED PARTY TRANSACTIONS AND BALANCES

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
<u>Due from related parties</u>		
Altunç Kumova	60	1,118
<u>Due to related parties</u>		
Altunç Kumova	285	175
<u>Interest income from related parties</u>		
Altunç Kumova	-	13

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Prepaid expenses	36	9
Advances given	38	6
Receivables from shareholders	60	1,118
Other receivables	33	35
	<u>167</u>	<u>1,168</u>

8. AVAILABLE FOR SALE INVESTMENTS

The Company's shares in available for sale investments as of 31 December 2006 and 2005 were as follows:

	Share	31 December 2006 <u>000 USD</u>	Share	31 December 2005 <u>000 USD</u>
<u>Company</u>	<u>%</u>		<u>%</u>	
İstanbul Altın Rafinerisi	1<	9	1<	9
Emlak Bankası	1<	9	1<	9
		<u>18</u>		<u>18</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

9. PROPERTY, PLANT AND EQUIPMENT (NET)

	<u>Buildings</u> <u>000 USD</u>	<u>Vehicles</u> <u>000 USD</u>	<u>Furniture and</u> <u>fixtures</u> <u>000 USD</u>	<u>Leasehold</u> <u>Improvements</u> <u>000 USD</u>	<u>Other fixed</u> <u>assets</u> <u>000 USD</u>	<u>Total</u> <u>000 USD</u>
<u>Tangible asset values</u>						
Balance as of 1 January 2005	3,884	397	185	92	205	4,763
Purchases	-	220	10	-	99	329
Balance as of 31 December 2005	3,884	617	195	92	304	5,092
Translation difference	(176)	(164)	(9)	(4)	(13)	(366)
Purchases	-	19	43	-	3	65
Disposals	(1,083)	-	(47)	-	(5)	(1,135)
Balance as of 31 December 2006	2,625	472	182	88	289	3,720
<u>Accumulated depreciation</u>						
Balance as of 1 January 2005	491	190	157	92	79	1,009
Current depreciation	138	69	11	-	20	238
Balance as of 31 December 2005	629	259	168	92	99	1,247
Translation difference	26	(148)	(7)	(4)	(4)	(138)
Current depreciation	148	86	11	-	33	286
Disposals	(300)	-	(47)	-	(5)	(352)
Balance as of 31 December 2006	503	197	125	88	123	1,068
Net book value as of 31 December 2005	3,255	358	27	-	205	3,845
Net book value as of 31 December 2006	2,122	275	57	-	166	2,620

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2006

9. PROPERTY, PLANT AND EQUIPMENT (NET) (cont'd)

The Company has given, the office in the Yapı Kredi Plaza, as a pledge amounting to USD 2,100,000.

The depreciation rates for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Useful lives</u>
Buildings	25
Vehicles	5
Furniture and fixtures	5
Leasehold improvement	5

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
31 DECEMBER 2006

10. INTANGIBLE ASSETS (NET)

	Rights <u>000 USD</u>	Other intangible assets <u>000 USD</u>	Total <u>000 USD</u>
<u>Intangible asset values</u>			
Balance as of 1 January 2006	15	15	30
Translation difference	(1)	(1)	(2)
Purchases	-	36	36
Balance as of 31 December 2006	<u>14</u>	<u>50</u>	<u>64</u>
<u>Accumulated depreciation</u>			
Balance as of 1 January 2006	15	10	25
Translation difference	(1)	-	(1)
Current depreciation	-	8	8
Balance as of 31 December 2006	<u>14</u>	<u>18</u>	<u>32</u>
Net book value as of 31 December 2005	<u>-</u>	<u>4</u>	<u>4</u>
Net book value as of 31 December 2006	<u>-</u>	<u>32</u>	<u>32</u>
	Rights <u>000 USD</u>	Other intangible assets <u>000 USD</u>	Total <u>000 USD</u>
<u>Intangible asset values</u>			
Balance as of 1 January 2005	15	17	32
Purchases	-	2	2
Disposals	-	(4)	(4)
Balance as of 31 December 2005	<u>15</u>	<u>15</u>	<u>30</u>
<u>Accumulated depreciation</u>			
Balance as of 1 January 2005	15	8	23
Current depreciation	-	3	3
Disposals	-	(1)	(1)
Balance as of 31 December 2005	<u>15</u>	<u>10</u>	<u>25</u>
Net book value as of 31 December 2004	<u>-</u>	<u>8</u>	<u>8</u>
Net book value as of 31 December 2005	<u>-</u>	<u>4</u>	<u>4</u>

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11. BORROWINGS

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Borrowings	14,012	24,704
Interest accruals	133	212
Total borrowings	<u>14,145</u>	<u>24,916</u>

Analysis of long term loan repayments is as follows:

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Due in 0 – 1 year	<u>14,145</u>	<u>24,916</u>
	<u>14,145</u>	<u>24,916</u>

Currency	Interest Rate %	31 December 2006 FC Amount(000')	31 December 2006 000 USD
YTL	19.3%-20.75%	14,014	9,972
USD	9.25%	260	260
EUR	5.85%-8%	2,972	3,913
			<u>14,145</u>

Currency	Interest Rate %	31 December 2005 FC Amount(000')	31 December 2005 000 USD
YTL	14%-18%	22,660	16,888
USD	7%-8%	3,956	3,956
EUR	6%-9%	3,442	4,072
			<u>24,916</u>

12. OTHER PAYABLES AND UNEARNED INCOME

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Taxes and dues payable	235	180
Social security premiums payable	2	2
Payable to personnel	2	2
Unearned income	50	48
Payables to shareholders	285	175
Other payables	363	33
	<u>937</u>	<u>440</u>

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13. TAXATION ON INCOME

	31 December 2006 000 USD	31 December 2005 000 USD
<u>Current Tax Liability:</u>		
Current corporate tax provision	1,	2,567
Less: Prepaid taxes and funds	(668)	(1,857)
	<u>597</u>	<u>710</u>
<u>Income tax expense:</u>		
Current corporate tax	1,265	2,567
Deferred tax charge / (benefit)	54	(3)
Translation gain	8	-
	<u>1,327</u>	<u>2,564</u>

Corporate tax

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2006 is 20% (2005: 30%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2006 is 20% (2005: 30%).

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13. TAXATION ON INCOME (cont'd)

Corporate tax (cont'd)

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Company files its tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. However, 19.8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Such allowances may be used to relieve corporation tax liability until the profits reach the calculated level of exemption. If companies fail to make a profit or incur losses, any investment allowance outstanding may be carried forward to following years so as to be deducted from taxable income of subsequent profitable years.

Inflation adjusted legal tax calculation:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as at 31 December 2005 and 2006, no further inflation adjustment made to the Company's statutory financial statements in 2005 and 2006.

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13. TAXATION ON INCOME (cont'd)

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising from the differences between its financial statements as reported for US GAAP purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for US GAAP and tax purposes and are calculated over accounts like retirement pay provision and provision for doubtful receivables.

Temporary differences subject to deferred tax arise from the differences in income and expense recorded for accounting and tax purposes.

For calculation of deferred tax asset and liabilities, the rate of 20% (2005:30%) is used.

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
<u>Temporary differences subject to deferred tax:</u>		
Useful life difference on fixed assets	1,133	576
Retirement pay provision	(60)	(54)
Unused vacation provision	(16)	-
	<u>1,057</u>	<u>522</u>
<u>Components of Deferred Tax(Assets)/Liabilities:</u>		
Useful life difference on fixed assets	227	173
Retirement pay provision	(12)	(16)
Unused vacation provision	(3)	-
	<u>211</u>	<u>157</u>
<u>Movement of Deferred Tax(Assets)/Liabilities:</u>		
Opening balance as of 1 January	157	160
Tax rate change effect	(52)	-
Taxation charge/(benefit) on deferred tax	98	(3)
Translation gain	8	-
Closing balance as of 31 December	<u>211</u>	<u>157</u>

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14. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries registered in Turkey arising from the retirement of employees. US GAAP requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

- The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2006, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5 % and a discount rate of 11 %, resulting in a real discount rate of approximately 5.71 %. (The provisions at 31 December 2005 have been calculated assuming an annual inflation rate of 6.175% and a discount rate of 12%, resulting in a real discount rate of approximately 5.49%)

	31 December 2006	31 December 2005
	<u>000 USD</u>	<u>000 USD</u>
Provision at 1 January 2006	54	52
Provision for the year	26	29
Retirement pay provision paid	(20)	(27)
Provision at 31 December 2006	<u>60</u>	<u>54</u>

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15. CAPITAL AND LEGAL RESERVES

As of 31 December 2006 and 31 December 2005 the share capital is held as follows:

<u>Shareholders</u>	<u>(%)</u>	31 December	<u>(%)</u>	31 December
		2006		2005
		<u>000 USD</u>		<u>000 USD</u>
Altunç Kumova		4,117	99.99	4,117
Other		1	0.01	1
		<u>4,118</u>		<u>4,118</u>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20 % of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

16. GENERAL ADMINISTRATIVE EXPENSES

	Year ended	Year ended
	31 December	31 December
	2006	2005
	<u>000 USD</u>	<u>000 USD</u>
Personnel expenses	(770)	(825)
Office expenses	(45)	(133)
Amortization and depreciation expenses	(294)	(241)
Lease expenses	(78)	(39)
Transportation and communication expenses	(77)	(54)
Maintenance expenses	(22)	(12)
Traveling expenses	(111)	(125)
Advertisement expenses	(20)	(7)
Insurance expenses	(19)	(27)
Tax and funds expenses	(42)	(95)
Consulting expenses	(66)	(50)
Bank expenses	(55)	(68)
Undeductable expenses	(6)	(458)
Marketing expenses	-	(30)
Other expenses	(6)	(17)
	<u>(1,611)</u>	<u>(2,181)</u>

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17. FINANCE EXPENSES (NET)

	Year ended 31 December 2006 <u>000 USD</u>	Year ended 31 December 2005 <u>000 USD</u>
Interest income	10	17
Foreign exchange (loss)/gain(net)	(964)	452
Borrowing costs (-)	(3,050)	(3,117)
	<u>(4,004)</u>	<u>(2,648)</u>

18. OTHER OPERATING EXPENSES (NET)

	Year ended 31 December 2006 <u>000 USD</u>	Year ended 31 December 2005 <u>000 USD</u>
Provision expenses (-)	(441)	(238)
Gain/(loss) on sale of marketable securities	113	(977)
Commission expenses	(2)	(50)
Other income	184	320
	<u>(146)</u>	<u>(945)</u>

19. COMMITMENT AND CONTINGENCIES

	31 December 2006 <u>000 USD</u>	31 December 2005 <u>000 USD</u>
Pledges given (see note 10)	<u>2,100,000</u>	<u>1,400,000</u>

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20. RISK MANAGEMENT

Credit Risk

The Company's credit risk is primarily attributable to its factoring receivables. Factoring receivables presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current environment.

Price Risk

The Company is exposed to exchange rate fluctuations between foreign currencies and Turkish Lira due to the nature of its business. Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Company is exposed to interest rate fluctuations on domestic and international markets. The Company manages the interest rate fluctuations by reflecting those changes to its customers.

Liquidity Risk

The Company is generally raising funds by liquidating its short term financial instruments such as collecting its receivables. The Company's proceedings from these instruments generally approximate their fair values.

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20. RISK MANAGEMENT (cont'd)

Liquidity Risk (cont'd)

As at 31 December 2006 the estimated maturity analysis for certain assets and liabilities is as follows;

	Up to 3 Months <u>000 USD</u>	3 to 12 Months <u>000 USD</u>	Over 1 Year <u>000 USD</u>	No Maturity <u>000 USD</u>	Total <u>000 USD</u>
ASSETS					
Cash and cash equivalents	-	-	-	59	59
Factoring receivables	40,109	-	-	-	40,109
Other receivables and other current assets	60	-	-	107	167
Available for sale investments	-	-	-	18	18
Property, plant and equipment (net)	-	-	-	2,620	2,620
Intangible assets (net)	-	-	-	32	32
Total	<u>40,169</u>	<u>-</u>	<u>-</u>	<u>2,836</u>	<u>43,005</u>
LIABILITIES					
Borrowings	6,300	7,845	-	-	14,145
Other payables and unearned income	937	-	-	-	937
Current tax liabilities(net)	597	-	-	-	597
Deferred tax liability	-	-	-	211	211
Provision for employment termination benefits	-	-	-	60	60
Total equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,055</u>	<u>27,055</u>
Total	<u>7,833</u>	<u>7,845</u>	<u>-</u>	<u>27,326</u>	<u>43,005</u>

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20. RISK MANAGEMENT (cont'd)

Liquidity Risk (cont'd)

As at 31 December 2005 the estimated maturity analysis for certain assets and liabilities is as follows;

	Up to 3 Months <u>000 USD</u>	3 to 12 Months <u>000 USD</u>	Over 1 Year <u>000 USD</u>	No Maturity <u>000 USD</u>	Total <u>000 USD</u>
ASSETS					
Cash and cash equivalents	-	-	-	225	225
Factoring receivables	44,008	-	-	-	44,008
Other receivables and other current assets	50	-	-	1,118	1,168
Available for sale investments	-	-	-	18	18
Property, plant and equipment (net)	-	-	-	3,845	3,845
Intangible assets (net)	-	-	-	5	5
Total	<u>44,058</u>	<u>-</u>	<u>-</u>	<u>5,211</u>	<u>49,269</u>
LIABILITIES					
Borrowings	13,919	10,997	-	-	24,916
Other payables and unearned income	440	-	-	-	440
Current tax liabilities(net)	710	-	-	-	710
Deferred tax liability	-	-	-	157	157
Provision for employment termination benefits	-	-	-	54	54
Total equity	-	-	-	22,992	22,992
Total	<u>15,069</u>	<u>10,997</u>	<u>-</u>	<u>23,203</u>	<u>49,269</u>

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20. RISK MANAGEMENT (cont'd)

Interest Rate Risk

The Company is exposed to interest rate risk either through the timing discordancy in its assets and liabilities that are going to mature or repriced. The Company manages this risk by matching the repricing of assets and liabilities through risk management strategies.

The below table summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the repricing date:

31.12.2006	Up to 3 Months <u>000 USD</u>	3 to 12 Months <u>000 USD</u>	Over 1 Year <u>000 USD</u>	No Maturity <u>000 USD</u>	Total <u>000 USD</u>
ASSETS					
Cash and cash equivalents	-	-	-	59	59
Factoring receivables	40,109	-	-	-	40,109
Other receivables and other current assets	60	-	-	107	167
Available for sale investments	-	-	-	18	18
Property, plant and equipment (net)	-	-	-	2,620	2,620
Intangible assets (net)	-	-	-	32	32
Total	40,169	-	-	2,836	43,005
LIABILITIES					
Borrowings	6,300	7,845	-	-	14,145
Other payables and unearned income	937	-	-	-	937
Current tax liabilities(net)	597	-	-	-	597
Deferred tax liability	-	-	-	211	211
Provision for employment termination benefits	-	-	-	60	60
Total equity	-	-	-	27,055	27,055
Total	7,833	7,845	-	27,326	43,005

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20. RISK MANAGEMENT (cont'd)

Interest Rate Risk (cont'd)

31.12.2005	Up to 3 Months <u>000 USD</u>	3 to 12 Months <u>000 USD</u>	Over 1 Year <u>000 USD</u>	No Maturity <u>000 USD</u>	Total <u>000 USD</u>
ASSETS					
Cash and cash equivalents	-	-	-	225	225
Factoring receivables	44,008	-	-	-	44,008
Other receivables and other current assets	50	-	-	1,118	1,168
Available for sale investments	-	-	-	18	18
Property, plant and equipment (net)	-	-	-	3,845	3,845
Intangible assets (net)	-	-	-	5	5
Total	<u>44,058</u>	<u>-</u>	<u>-</u>	<u>5,211</u>	<u>49,269</u>
LIABILITIES					
Borrowings	13,919	10,997	-	-	24,916
Other payables and unearned income	440	-	-	-	440
Current tax liabilities(net)	710	-	-	-	710
Deferred tax liability	-	-	-	157	157
Provision for employment termination benefits	-	-	-	54	54
Total equity	-	-	-	22,992	22,992
Total	<u>15,069</u>	<u>10,997</u>	<u>-</u>	<u>23,203</u>	<u>49,269</u>

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21. FOREIGN CURRENCY POSITION

31 December 2006	YTL	USD	EUR	Total
ASSETS				
Cash and cash equivalents	58	1	-	59
Factoring receivables	40,093		16	40,109
Available for sale investments	18	-	-	18
Property, plant and equipment (net)	2,620	-	-	2,620
Intangible assets (net)	32	-	-	32
Other receivables and current assets	167	-	-	167
Total	42,988	1	16	43,005
LIABILITIES				
Borrowings	9,972	260	3,913	14,145
Current tax liabilities(net)	597	-	-	597
Deferred tax liability	211	-	-	211
Other payables and unearned income	937	-	-	937
Provision for employment termination benefits	60	-	-	60
Total equity	27,055	-	-	27,055
Total	38,832	260	3,913	43,005
Net foreign currency position	4,156	(259)	(3,897)	-

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21. FOREIGN CURRENCY POSITION (cont'd)

31 December 2005	YTL	USD	EUR	Total
ASSETS				
Cash and cash equivalents	83	135	7	225
Factoring receivables	43,332	534	142	44,008
Available for sale investments	18	-	-	18
Property, plant and equipment (net)	3,845	-	-	3,845
Intangible assets (net)	5	-	-	5
Other receivables and current assets	1,168	-	-	1,168
Total	48,451	669	149	49,269
LIABILITIES				
Borrowings	16,888	3,956	4,072	24,916
Current tax liabilities(net)	710	-	-	710
Deferred tax liability	157	-	-	157
Other payables and unearned income	440	-	-	440
Provision for employment termination benefits	54	-	-	54
Total equity	22,992	-	-	22,992
Total	41,241	3,956	4,072	49,269
Net foreign currency position	7,210	(3,287)	(3,923)	-