

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

**CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2007**

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

Tel : (212) 366 60 00
Fax : (212) 366 60 10
www.deloitte.com.tr

INDEPENDENT AUDITOR'S REPORT

1. We have audited the accompanying consolidated balance sheet of Destek Finans Faktoring Hizmetleri A.Ş. ("the Company") and its subsidiaries (together "the Group") as of 31 December 2007 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 Group'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 2007, 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.

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

İstanbul, 14 April 2008

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

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

(Amounts expressed in thousands of US Dollar)

<u>ASSETS</u>		31 December 2007 000 USD	31 December 2006 000 USD
	Notes		
CURRENT ASSETS			
Cash and cash equivalents	4	1,630	59
Factoring receivables (net)	5	89,807	40,109
Other receivables and other current assets	7	605	167
Total Current Assets		92,042	40,335
NON CURRENT ASSETS			
Available for sale investments	8	18	18
Property, plant and equipment (net)	9	2,925	2,620
Intangible assets (net)	10	26	32
Total Non-Current Assets		2,969	2,670
TOTAL ASSETS		95,011	43,005

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

**DESTEK FINANS FAKTORİNG HİZMETLERİ A.Ş. AND
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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

(Amounts expressed in thousands of US Dollar)

<u>LIABILITIES AND EQUITY</u>	Notes	31 December 2007 000 USD	31 December 2006 000 USD
CURRENT LIABILITIES			
Borrowings	11	54,141	14,145
Other payables and unearned income	12	895	937
Current tax liabilities(net)	13	1	597
Deferred tax liability	13	227	211
Total Current Liabilities		55,264	15,890
NON CURRENT LIABILITIES			
Provision for employment termination benefits	14	81	60
Total Non-Current Liabilities		81	60
EQUITY			
Share capital	15	4,118	4,118
Legal reserves		1,558	1,335
Retained earnings		28,294	22,550
Cumulative translation adjustment		5,655	(951)
Equity Attributable to Equity Holders of the Parent		39,625	27,052
Minority interests		41	3
Total Equity		39,666	27,055
TOTAL LIABILITIES AND EQUITY		95,011	43,005

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 2007
(Amounts expressed in thousands of US Dollar)

		Year Ended 31 December 2007 000 USD	Year Ended 31 December 2006 000 USD
	Notes		
OPERATING INCOME			
Factoring interest income and other operational income		16,779	12,303
Commission income		232	141
GROSS PROFIT		<u>17,011</u>	<u>12,444</u>
General administrative expenses (-)	16	(2,257)	(1,611)
Finance expenses (-) (net)	17	(4,984)	(4,004)
Other operating expenses (-) (net)	18	(2,036)	(146)
PROFIT BEFORE TAXATION		<u>7,734</u>	<u>6,683</u>
Taxation (-)	13	(1,767)	(1,327)
NET PROFIT FOR THE YEAR		<u>5,967</u>	<u>5,356</u>
NET PROFIT ATTRIBUTABLE TO:			
Minority interest		(38)	-
Equity holders of the parent		6,005	5,356
		<u>5,967</u>	<u>5,356</u>

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

**DESTEK FINANS FAKTORING HİZMETLERİ A.Ş. AND
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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

(Amounts expressed in thousands of US Dollar)

	Capital 000 USD	Legal Reserves 000 USD	Retained Earnings 000 USD	Cumulative Translation Adjustment 000 USD	Minority Interests 000 USD	Total 000 USD
Balance as of 31 December 2005	4,118	918	17,953	-	3	22,992
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
Translation difference	-	-	-	6,606	-	6,606
Legal reserves	-	223	(223)	-	-	-
Change in minority	-	-	-	-	36	36
Net profit for the year	-	-	5,967	-	2	5,969
Balance as of 31 December 2007	4,118	1,558	28,294	5,655	41	39,666

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

DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in thousands of US Dollar)

	Notes	Year ended 31 December 2007 000 USD	Year ended 31 December 2006 000 USD
OPERATING ACTIVITIES			
Net income for the year		5,969	5,356
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation for property, plant and equipment	9	297	278
Amortization for intangible assets	10	18	8
Change in retirement pay provisions	14	53	26
(Gain)/ loss on disposal of property, plant and equipment		(12)	(16)
Cumulative translation adjustment		6,606	(951)
Doubtful receivables provision	5	2,269	207
Operating cash flow before changes in working capital			
Factoring receivables		(51,967)	3,692
Due from related parties		(58)	1,058
Other receivables and current assets		(380)	(57)
Trade payables		(15)	12
Other payables and unearned income		(54)	375
Due to related parties		27	110
Accrued taxation		1,811	1,319
Corporate tax paid		(2,391)	(1,378)
Retirement benefits paid		(32)	(20)
Net cash used in operating activities		(37,859)	10,019
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	(59)	(65)
Purchases of intangible assets	10	(6)	(36)
Proceeds from sales of property, plant and equipment		12	799
Effect of exchange difference on property, plant and equipment and intangible assets		(549)	230
Net cash provided from investing activities		(602)	928
FINANCING ACTIVITIES			
Change in borrowings (+/-)	11	39,996	(10,771)
Dividend payment		-	(342)
Change in minority interest		36	
Net cash used in financing activities		40,032	(11,113)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,571	(166)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	59	225
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	4	1,630	59

Ekteki dipnotlar bu mali tabloların tamamlayıcı bir parçasıdır.

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2007**

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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 Vadeli İşlemler Aracılık 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. Statement of compliance

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

b. Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

c. 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.

d. Consolidation

Destek Finansal Kiralama A.Ş. (“Destek Leasing”) and Destek Vadeli İşlemler Aracılık A.Ş. (“Vadeli İşlemler”) 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 FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2007**

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

d. Consolidation (cont'd)

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

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

e. 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. 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 and 2007.

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 YTL against the US \$ with the Turkish countrywide Wholesale Price Index ("WPI") until 2005 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%

As of the balance sheet date, the year end rate used for presentation purposes for balance sheet items is 1 USD = 1.1647 YTL (31 December 2006: 1 USD = 1.4056 YTL). For income statement, the average rate used for 2007 is 1 USD = 1.3017 YTL (2006: 1 USD = 1.4269 YTL).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 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, Destek Leasing and Vadeli İşlemler 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 Group, 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 an 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 Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are fundamental to the Group'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 Group. Financial instruments create, modify or reduce the liquidity, credit and market risks of the Group's balance sheet.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Financial instruments (cont'd)

Cash and cash equivalents

Cash and all highly liquid investments with a maturity of three months or less at the date of purchase, including cash on hand, demand deposits and short-term time deposits, are classified in cash and cash equivalents.

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 Group 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 Group 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 Group's accounting policy for borrowing costs.

Off balance sheet commitments and contingencies

The Group deals with off-balance sheet risk in the normal course of business such as letters of guarantee. The Group'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
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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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Factoring Receivables and Payables (cont'd)

The factoring receivables of the Group are of a “with recourse” nature on which the Group does not assume the risk for the insolvency of the debtors. Accordingly, the Group 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 less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

g. Intangible Assets

Intangible assets are amortized on a straight-line basis over estimated useful lives of five years.

h. Valuation of Long-Lived Assets

Assets that have an indefinite useful life are tested annually for impairment in accordance with SFAS No. 144 (Accounting for the Impairment or Disposal of Long-Lived Assets). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

i. 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Leasing

Assets held under finance leases are recognized as assets of the Group 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.

j. Borrowing costs

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

k. Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

l. Taxation and deferred income taxes

Provision is made in the financial statements for the Group's estimated liability to Turkish corporation tax on its results for the year. The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred income tax assets and liabilities are also offset.

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2007**

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1. Taxation and deferred income taxes (cont'd)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m. Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. The total provision represents the vested benefit obligation as at the balance sheet date.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

n. 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.

o. Use of Estimates

The financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States, which require the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Management believes that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

p. 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.

r. Recent accounting pronouncements

FIN 48

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48") an interpretation of FASB Statement No. 109, Accounting for Income Taxes ("SFAS 109"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for the Company beginning January 1, 2007. The adoption of this standard did not have a material impact on the Company's financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Recent accounting pronouncements (cont'd)

SFAS 157

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (“SFAS 157”), to define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP) and expand disclosures about fair value measurements. SFAS 157 requires quantitative disclosures using a tabular format in all periods (interim and annual) and qualitative disclosures about the valuation techniques used to measure fair value in all annual periods. SFAS 157 will be effective for the Company beginning January 1, 2008. Based on the Company's current operations, it does not expect that the adoption of SFAS 157 will have a material impact on its financial position or results of operations.

SFAS 159

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”). SFAS 159 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 will be effective for the Company on January 1, 2008. Based on the Company's current operations, it does not expect that the adoption of SFAS 159 will have a material impact on its financial position or results of operations.

SFAS 160

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51 (“SFAS 160”). SFAS 160 requires that ownership interests in subsidiaries held by parties other than the parent, and the amount of consolidated net income, be clearly identified, labeled, and presented in the consolidated financial statements within equity, but separate from the parent's equity. It also requires once a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. Sufficient disclosures are required to clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 will be effective for the Company beginning January 1, 2009. Based on the Company's current operations, it does not expect that the adoption of SFAS 160 will have a material impact on its financial position or results of operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
31 DECEMBER 2007

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

As of 31 December 2006, The Group has given, the office in the Yapı Kredi Plaza, as a pledge amounting to USD 2,100,000. There is no pledge given as of 31 December 2007.

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

10. INTANGIBLE ASSETS (NET)

	<u>Rights</u>	<u>Other</u>	<u>Total</u>
	<u>000 USD</u>	<u>intangible</u>	<u>000 USD</u>
		<u>assets</u>	<u>000 USD</u>
		<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>
Translation difference	3	10	13
Current depreciation	-	6	6
Balance as of 31 December 2007	<u>17</u>	<u>66</u>	<u>83</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>
Translation difference	3	4	7
Current depreciation	-	18	18
Balance as of 31 December 2007	<u>17</u>	<u>40</u>	<u>57</u>
Net book value as of 31 December 2006	<u>-</u>	<u>32</u>	<u>32</u>
Net book value as of 31 December 2007	<u>-</u>	<u>26</u>	<u>26</u>

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11. BORROWINGS

	31 December 2007 <u>000 USD</u>	31 December 2006 <u>000 USD</u>
Borrowings	53,922	14,012
Interest accruals	219	133
Total borrowings	<u><u>54,141</u></u>	<u><u>14,145</u></u>

Analysis of long term loan repayments is as follows:

	31 December 2007 <u>000 USD</u>	31 December 2006 <u>000 USD</u>
Due in 0 – 1 year	54,141	14,145
	<u><u>54,141</u></u>	<u><u>14,145</u></u>

Currency	Interest Rate %	31 December 2007 FC Amount (000')	31 December 2007 000 USD
YTL	16.9%-17.8%	56,698	48,681
USD	9%-10%	2,259	2,259
EUR	6.83%-7.50%	2,180	3,201
			<u><u>54,141</u></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><u>14,145</u></u>

12. OTHER PAYABLES AND UNEARNED INCOME

	31 December 2007 <u>000 USD</u>	31 December 2006 <u>000 USD</u>
Taxes and dues payable	503	235
Social security premiums payable	2	2
Payable to personnel	-	2
Unearned income	45	50
Payables to shareholders	312	285
Other payables	33	363
	<u><u>895</u></u>	<u><u>937</u></u>

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13. TAXATION ON INCOME

	31 December 2007 000 USD	31 December 2006 000 USD
<u>Current Tax Liability:</u>		
Current corporate tax provision	1,795	1,265
Less: Prepaid taxes and funds	(1,794)	(668)
	<u>1</u>	<u>597</u>
<u>Income tax expense:</u>		
Current corporate tax	1,795	1,265
Deferred tax charge / (benefit)	(28)	62
	<u>1,767</u>	<u>1,327</u>

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group'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 2007 is 20% (2006: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2007 is 20% (2006: 20%).

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. The Group 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.

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13. TAXATION ON INCOME (cont'd)

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. 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 Group 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, 2006 and 2007, no further inflation adjustment made to the Group's statutory financial statements in 2005, 2006 and 2007.

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13. TAXATION ON INCOME (cont'd)

Deferred tax

The Group 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% (2006: 20%) is used.

	31 December 2007 <u>000 USD</u>	31 December 2006 <u>000 USD</u>
<u>Temporary differences subject to deferred tax:</u>		
Useful life difference on fixed assets	1,227	1,133
Retirement pay provision	(81)	(60)
Unused vacation provision	(10)	(16)
	<u>1,136</u>	<u>1,057</u>
<u>Components of Deferred Tax (Assets)/Liabilities:</u>		
Useful life difference on fixed assets	245	227
Retirement pay provision	(16)	(12)
Unused vacation provision	(2)	(3)
	<u>227</u>	<u>211</u>
<u>Movement of Deferred Tax (Assets)/Liabilities:</u>		
Opening balance as of 1 January	211	157
Tax rate change effect	-	(52)
Taxation charge/(benefit) on deferred tax	(28)	98
Translation gain	44	8
Closing balance as of 31 December	<u>227</u>	<u>211</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 Group 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 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Group 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 2006 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%.)

	31 December 2007	31 December 2006
	<u>000 USD</u>	<u>000 USD</u>
Provision at 1 January	60	54
Translation gain/loss	13	(3)
Provision for the year	40	29
Retirement pay provision paid	(32)	(20)
Provision at 31 December	<u>81</u>	<u>60</u>

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15. CAPITAL AND LEGAL RESERVES

As of 31 December 2007 and 31 December 2006 the share capital is held as follows:

<u>Shareholders</u>	<u>(%)</u>	31 December	<u>(%)</u>	31 December
		2007		2006
		<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
	2007	2006
	<u>000 USD</u>	<u>000 USD</u>
Personnel expenses	(1,155)	(770)
Office expenses	(83)	(45)
Amortization and depreciation expenses	(315)	(294)
Subscription expenses	(79)	(78)
Transportation and communication expenses	(109)	(77)
Maintenance expenses	(29)	(22)
Traveling expenses	(97)	(111)
Advertisement expenses	(20)	(20)
Insurance expenses	(20)	(19)
Tax and funds expenses	(41)	(42)
Consulting expenses	(122)	(66)
Bank expenses	(62)	(55)
Undeductable expenses	(125)	(6)
Other income / (expenses)	65	(6)
	<u>(2,257)</u>	<u>(1,611)</u>

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17. FINANCE EXPENSES (NET)

	Year ended 31 December 2007 <u>000 USD</u>	Year ended 31 December 2006 <u>000 USD</u>
Interest income	93	10
Foreign exchange (loss)/gain (net)	631	(964)
Borrowing costs (-)	<u>(5,708)</u>	<u>(3,050)</u>
	<u><u>(4,984)</u></u>	<u><u>(4,004)</u></u>

18. OTHER OPERATING EXPENSES (NET)

	Year ended 31 December 2007 <u>000 USD</u>	Year ended 31 December 2006 <u>000 USD</u>
Provision expenses (-)	(2,200)	(441)
Gain/(loss) on sale of marketable securities	6	113
Commission expenses	(1)	(2)
Other income	159	184
	<u>(2,036)</u>	<u>(146)</u>

19. COMMITMENT AND CONTINGENCIES

	31 December 2007 <u>000 USD</u>	31 December 2006 <u>000 USD</u>
Pledges given (see note 9)	<u>-</u>	<u>2,100,000</u>

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20. RISK MANAGEMENT

Credit Risk

The Group'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 Group's management based on prior experience and the current environment.

The concentration of the Group's domestic factoring and export factoring receivables to industry is as follows:

	31 December 2007 %	31 December 2006 %
Paper and paper products	7,19	5,73
Textile	12,74	8,16
Automotive	4,60	-
Nutriment	11,63	3,81
Agricultural and forestry products & chemicals	16,47	47,42
Electrical equipment	3,82	5,07
Metal	8,81	17,06
Transportation	2,47	4,57
Construction	24,55	8,14
Pharmaceuticals	2,62	-
Other	5,10	0,04
	<u>100,00</u>	<u>100,00</u>

Price Risk

The Group 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 Group is exposed to interest rate fluctuations on domestic and international markets. The Group manages the interest rate fluctuations by reflecting those changes to its customers.

Liquidity Risk

The Group is generally raising funds by liquidating its short term financial instruments such as collecting its receivables. The Group'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 2007 the estimated maturity analysis for certain assets and liabilities is as follows:

31 December 2007	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	1,592	-	-	38	1,630
Factoring receivables	89,807	-	-	-	89,807
Other receivables and other current assets	118	-	-	487	605
Available for sale investments	-	-	-	18	18
Property, plant and equipment (net)	-	-	-	2,925	2,925
Intangible assets (net)	-	-	-	26	26
Total	<u>91,517</u>	<u>-</u>	<u>-</u>	<u>3,494</u>	<u>95,011</u>
LIABILITIES					
Borrowings	48,870	5,271	-	-	54,141
Other payables and unearned income	895	-	-	-	895
Current tax liabilities(net)	1	-	-	-	1
Deferred tax liability	-	-	-	227	227
Provision for employment termination benefits	-	-	-	81	81
Total equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,666</u>	<u>39,666</u>
Total	<u>49,766</u>	<u>5,271</u>	<u>-</u>	<u>39,974</u>	<u>39,974</u>

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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:

31 December 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	<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	-	-	-	27,055	27,055
Total	<u>7,834</u>	<u>7,845</u>	<u>-</u>	<u>27,326</u>	<u>43,005</u>

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20. RISK MANAGEMENT (cont'd)

Interest Rate Risk

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

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

31 December 2007	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	1,592	-	-	38	1,630
Factoring receivables	89,807	-	-	-	89,807
Other receivables and other current assets	118	-	-	487	605
Available for sale investments	-	-	-	18	18
Property, plant and equipment (net)	-	-	-	2,925	2,925
Intangible assets (net)	-	-	-	26	26
Total	<u>91,517</u>	<u>-</u>	<u>-</u>	<u>3,494</u>	<u>95,011</u>
LIABILITIES					
Borrowings	48,870	5,271	-	-	54,141
Other payables and unearned income	895	-	-	-	895
Current tax liabilities (net)	1	-	-	-	1
Deferred tax liability	-	-	-	227	227
Provision for employment termination benefits	-	-	-	81	81
Total equity	-	-	-	39,666	39,666
Total	<u>49,766</u>	<u>5,271</u>	<u>-</u>	<u>39,974</u>	<u>95,011</u>

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20. RISK MANAGEMENT (cont'd)

Interest Rate Risk (cont'd)

31 December 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	7,834	7,845	-	27,326	43,005

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21. FOREIGN CURRENCY POSITION

31 December 2007	YTL	USD	EUR	Total
ASSETS				
Cash and cash equivalents	1,630	-	-	1,630
Factoring receivables	89,807	-	-	89,807
Available for sale investments	18	-	-	18
Property, plant and equipment (net)	2,925	-	-	2,925
Intangible assets (net)	26	-	-	26
Other receivables and current assets	605	-	-	605
Total	95,011	-	-	95,011
LIABILITIES				
Borrowings	48,681	2,259	3,201	54,141
Current tax liabilities (net)	1	-	-	1
Deferred tax liability	227	-	-	227
Other payables and unearned income	895	-	-	895
Provision for employment termination benefits	81	-	-	81
Total equity	39,666	-	-	39,666
Total	89,551	2,259	3,201	95,011
Net foreign currency position	5,460	(2,259)	(3,201)	-

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21. FOREIGN CURRENCY POSITION (cont'd)

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)	-