

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

CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2009

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated balance sheet of Destek Finans Faktoring Hizmetleri A.Ş. ("the Company") and its subsidiary (together "the Group") as of 31 December 2009 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.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Destek Finans Faktoring Hizmetleri A.Ş. as of 31 December 2009, 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 2010

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

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009

(Amounts expressed in thousands of US Dollar)

<b><u>ASSETS</u></b>	<b>Notes</b>	<b>31 December 2009 000 USD</b>	<b>31 December 2008 000 USD</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	599	4,994
Factoring receivables (net)	5	109,636	48,359
Other receivables and other current assets	7	2,119	5,646
<b>Total Current Assets</b>		<b>112,354</b>	<b>58,999</b>
<b>NON CURRENT ASSETS</b>			
Available for sale investments	8	9	9
Property, plant and equipment (net)	9	2,039	2,146
Intangible assets (net)	10	250	79
Assets held for sale investments and assets related to discontinued operations	11	278	-
<b>Total Non-Current Assets</b>		<b>2,576</b>	<b>2,234</b>
<b>TOTAL ASSETS</b>		<b>114,930</b>	<b>61,233</b>

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

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

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009

(Amounts expressed in thousands of US Dollar)

<b><u>LIABILITIES AND EQUITY</u></b>	<b>Notes</b>	<b>31 December 2009 000 USD</b>	<b>31 December 2008 000 USD</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	12	64,319	23,179
Other payables and unearned income	12	3,319	2,448
Current tax liabilities( net)	14	654	227
Deferred tax liability	14	65	272
<b>Total Current Liabilities</b>		<b>68,357</b>	<b>26,126</b>
<b>NON CURRENT LIABILITIES</b>			
Provision for employment termination benefits	15	50	59
<b>Total Non-Current Liabilities</b>		<b>50</b>	<b>59</b>
<b>EQUITY</b>			
Share capital	16	4,118	4,118
Legal reserves		1,557	1,557
Retained earnings		44,195	33,455
Cumulative translation adjustment		(3,394)	(4,121)
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>46,476</b>	<b>35,009</b>
Minority interests		47	39
<b>Total Equity</b>		<b>46,523</b>	<b>35,048</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>114,930</b>	<b>61,233</b>

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 2009  
(Amounts expressed in thousands of US Dollar)

	<u>Notes</u>	<u>Year Ended 31 December 2009 000 USD</u>	<u>Year Ended 31 December 2008 000 USD</u>
<b>OPERATING INCOME</b>			
Factoring interest income and other operational income		19,097	23,865
Commission income		420	306
<b>GROSS PROFIT</b>		<u>19,517</u>	<u>24,171</u>
General administrative expenses (-)	17	(2,363)	(3,553)
Finance expenses (-) (net)	18	(3,789)	(10,658)
Other operating expenses (-) (net)	19	160	(2,617)
<b>PROFIT BEFORE TAXATION</b>		<u>13,525</u>	<u>7,343</u>
Taxation (-)	14	(2,793)	(2,193)
<b>NET PROFIT FOR THE YEAR</b>		<u>10,732</u>	<u>5,150</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>			
Minority interest		(8)	(12)
Equity holders of the parent		10,740	5,162
		<u>10,732</u>	<u>5,150</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 2009**

(Amounts expressed in thousands of US Dollar)

	Share Capital 000 USD	Legal Reserves 000 USD	Retained Earnings 000 USD	Cumulative Translation Adjustment 000 USD	Minority Interests 000 USD	Total 000 USD
<b>Balance as of 31 December 2007</b>	4,118	1,558	28,294	5,655	41	39,666
Translation difference	-	-	-	(9,776)	-	(9,776)
Total income and expense for the year recognized directly in equity	-	-	-	(9,776)	-	(9,776)
Net profit for the year	-	-	5,162	-	(12)	5,150
Rate change after merger	-	(1)	(1)	-	1	(1)
Change in minority	-	-	-	-	9	9
<b>Balance as of 31 December 2008</b>	<b>4,118</b>	<b>1,557</b>	<b>33,455</b>	<b>(4,121)</b>	<b>39</b>	<b>35,048</b>
Translation difference	-	-	-	727	-	727
Total income and expense for the year recognized directly in equity	-	-	-	727	-	727
Net profit for the year	-	-	10,740	-	(8)	10,732
Change in minority	-	-	-	-	16	16
<b>Balance as of 31 December 2009</b>	<b>4,118</b>	<b>1,557</b>	<b>44,195</b>	<b>(3,394)</b>	<b>47</b>	<b>46,523</b>

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 2009**  
(Amounts expressed in thousands of US Dollar)

	Notes	Year ended 31 December 2009 000 USD	Year ended 31 December 2008 000 USD
<b>OPERATING ACTIVITIES</b>			
Net income for the year		10,732	5,150
Depreciation for property, plant and equipment	9	256	293
Amortization for intangible assets	10	100	36
Change in retirement pay provisions	15	10	1
Accrued income/expense		-	132
Cumulative translation adjustment		559	(9,776)
Doubtful receivables provision	5	1,122	2,685
Write-off available for sale investments		-	9
Factoring receivables	5	(62,399)	38,763
Due from related parties	6	3,066	(2,948)
Other receivables and current assets	7	461	(2,093)
Other payables and unearned income	13	601	187
Due to related parties	6	270	1,270
Accrued taxation	14	2,793	2,193
Corporate tax paid	14	(2,406)	(1,844)
Retirement benefits paid	15	(18)	(5)
<b>Net cash used in operating activities</b>		<b>(44,853)</b>	<b>34,053</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	9	(151)	(188)
Purchases of intangible assets	10	(273)	(95)
Effect of exchange difference on property, plant and equipment and intangible assets		4	680
Available for sale assets and assets related to discontinued operations		(278)	-
<b>Net cash provided from investing activities</b>		<b>(698)</b>	<b>397</b>
<b>FINANCING ACTIVITIES</b>			
Change in borrowings	12	41,140	(31,087)
Change in minority interest		16	9
<b>Net cash used in financing activities</b>		<b>41,156</b>	<b>(31,078)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,395)</b>	<b>3,372</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	4	<b>4,994</b>	<b>1,622</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	4	<b>599</b>	<b>4,994</b>

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

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2009

**1. ORGANIZATION AND OPERATIONS OF THE GROUP**

Destek Finans Faktoring Hizmetleri A.Ş. (“the Company”) was incorporated in Istanbul on 18 July 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 transactions 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 of debtors default.

Destek Vadeli İşlemler Aracılık A.Ş. has acquired the “Brokerage License for the Purchase and Sale of Derivative Instruments” from the Capital Markets Board in April 2008. On 12 September 2008 the firm’s membership to the “Turkish Derivatives Exchange” was accepted and initiated its activity on 17 September 2008. Subsequently; on 20 November 2008 the company merged with Destek Finansal Kiralama A.Ş.. Following the merger, the company no longer has the authorization for financial leasing.

Destek Vadeli İşlemler Aracılık A.Ş. is subsidiary of the Company and its financial statements is 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 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.

**DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2009

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

c. Consolidation

Destek Vadeli İşlemler Aracılık A.Ş. (“Vadeli İşlemler”) is 98.24% owned subsidiary of the Company, and is included in the consolidated financial statements. All significant transactions and balances between parent and subsidiary company are eliminated upon consolidation.

Destek Leasing was established on 11 August 1997, and operates in leasing sector. The company is not operating since 2002 and merged at 20 November 2008 with Vadeli İşlemler.

Vadeli İşlemler is a brokerage company that provides services to the investors who make transactions in Turkish Derivative Exchange.

d. 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 further.

As of the balance sheet date, the year end rate used for presentation purposes for balance sheet items is 1 USD = 1.5057 TL (31 December 2008: 1 USD = 1.5123 TL). For income statement, the average rate used for 2009 is 1 USD = 1.5457 TL (2008: 1 USD = 1.2976 TL).

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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**

The firm's subsidiary company merged with Destek Finansal Kiralama A.Ş., whose %99.87 shares belonged to Destek Finans Faktoring Hizmetleri A.Ş. on 20 November 2008. The merger was realized in accordance with Turkish Trade Act's 451<sup>st</sup> and other decrees together with Corporate Tax Laws 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> decrees by means of dissolution without liquidation excluding tax; transferring all rights, receivables, debt and liabilities to the Company. This operation between businesses under common control is accounted for under the parent's financial statements through the method of mergers.

**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 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.

## **DESTEK FİNANS FAKTORİNG HİZMETLERİ A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009**

#### **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.

##### **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.

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.

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

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

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

*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 Company'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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### l. Taxation and deferred income taxes (cont'd)

##### *Deferred tax (cont'd)*

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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

#### m. Employment termination benefits

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.

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

o. Use of Estimates

The financial statements of the Group 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.

**4. CASH AND CASH EQUIVALENTS**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Cash	1	1
Demand deposits	598	600
Time deposits	-	4,393
	<u>599</u>	<u>4,994</u>
Interest accrual(-)	-	(1)
Cash and cash equivalents	<u>599</u>	<u>4,993</u>

Currency	Interest Rate (%)	31 December 2008 FC Amount(000')	31 December 2008 000 USD
TL	14%-15%	5,296	3,502
USD	1%	891	891
Total			<u>4,393</u>

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**5. FACTORING RECEIVABLES (NET)**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Factoring receivables	108,941	47,659
Doubtful receivables	5,948	5,193
Doubtful receivables provision(-)	<u>(5,253)</u>	<u>(4,493)</u>
	<u>109,636</u>	<u>48,359</u>

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.

The collaterals received in relation to factoring receivables are as follows:

	2009 <u>000 USD</u>	2008 <u>000 USD</u>
Mortgages	8,239	2,796
Pledges of assets	232	231
Cheques	29,507	-
Other	<u>738</u>	<u>781</u>
	<u>38,716</u>	<u>3,808</u>

In evaluating the collectibility of factoring receivables, the Group considers any possible changes in the credit quality of factoring receivables from the initial date until the balance sheet date. There is no credit risk concentration as the Group has a diversified customer portfolio. The Group believes that there is no additional doubtful receivable provision required for factoring receivables other than those already included in the accompanying financial statements. All collaterals presented by nominal values.

Movements in the doubtful receivable provisions:

	2009 <u>000 USD</u>	2008 <u>000 USD</u>
Provision at the beginning of year	4,493	2,973
Translation gain/loss	48	(1,064)
Charge for the year	1,122	2,685
Collection	<u>(410)</u>	<u>(101)</u>
Provision at the end of year	<u>5,253</u>	<u>4,493</u>

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**5. FACTORING RECEIVABLES (NET) (cont'd)**

The aging of doubtful receivables as of 31 December 2009 and 31 December 2008 are as follows:

	2009 <u>000 USD</u>	2008 <u>000 USD</u>
Up to 90 days	-	331
90 – 180 days	-	163
180 – 360 days	816	370
Over 360 days	5,132	4,329
	<u>5,948</u>	<u>5,193</u>

**6. RELATED PARTY TRANSACTIONS AND BALANCES**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
<u>Due from related parties</u>		
Altunç Kumova	-	3,066
(*)Financing of shareholders in current period which has given a balance at an amount of 3,000,000 USD at year end is collected in the beginning of 2009.		
<u>Due to related parties</u>		
Altunç Kumova	1,852	1,582
<u>Interest income from related parties</u>		
Altunç Kumova	59	69
<u>Other expenses</u>		
Short term benefits for top management	78	182

**7. OTHER RECEIVABLES AND OTHER CURRENT ASSETS**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Prepaid expenses	33	30
Advances given	91	141
Receivables from shareholders	-	3,066
Receivables from Derivative Exchange Market	1,891	2,300
Other receivables	104	109
	<u>2,119</u>	<u>5,646</u>

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**8. AVAILABLE FOR SALE INVESTMENTS**

The Group's shares in available for sale investments as of 31 December 2009 and 2008 are as follows:

<u>Company</u>	Share %	31 December	Share %	31 December
		2009		2008
		<u>000 USD</u>		<u>000 USD</u>
İstanbul Altın Rafinerisi	1<	9	1<	9
Emlak Bankası A.Ş.	1<	9	1<	9
Impairment		(9)		(9)
		<u>9</u>		<u>9</u>

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**9. PROPERTY, PLANT AND EQUIPMENT (NET)**

	Buildings 000 USD	Vehicles 000 USD	Furniture and fixtures 000 USD	Leasehold Improvements 000 USD	Other fixed assets 000 USD	Total 000 USD
<u>Tangible asset values</u>						
Balance as of 1 January 2008	3,168	534	248	106	351	4,407
Translation difference	(728)	(112)	(58)	(24)	(81)	(1,003)
Purchases	-	11	173	-	4	188
Disposals	-	(11)	-	-	-	(11)
Balance as of 31 December 2008	2,440	422	363	82	274	3,581
Translation difference	11	-	2	1	1	15
Purchases	-	82	29	-	40	151
Disposals	-	(48)	(6)	-	-	(54)
Balance as of 31 December 2009	2,451	456	388	83	315	3,693
<u>Accumulated depreciation</u>						
Balance as of 1 January 2008	734	280	175	106	187	1,482
Translation difference	(169)	(53)	(40)	(24)	(43)	(329)
Current depreciation	114	98	47	-	34	293
Disposals	-	(11)	-	-	-	(11)
Balance as of 31 December 2008	679	314	182	82	178	1,435
Translation difference	6	1	8	1	1	17
Current depreciation	96	72	55	-	33	256
Disposals	-	(48)	(6)	-	-	(54)
Balance as of 31 December 2009	781	339	239	83	212	1,654
Net book value as of 31 December 2008	1,761	108	181	-	96	2,146
Net book value as of 31 December 2009	1,670	117	149	-	103	2,039

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

The Group has given, the office in the Yapı Kredi Plaza, as a pledge amounting to USD 3,750,000.

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

**10. INTANGIBLE ASSETS (NET)**

	<u>Rights</u> <u>000 USD</u>	<u>Other</u> <u>intangible</u> <u>assets</u> <u>000 USD</u>	<u>Total</u> <u>000 USD</u>
<u>Intangible asset values</u>			
Balance as of 1 January 2008	17	66	83
Translation difference	(4)	(15)	(19)
Purchases	82	13	95
Balance as of 31 December 2008	<u>95</u>	<u>64</u>	<u>159</u>
Translation difference	-	1	1
Purchases	46	226	273
Balance as of 31 December 2009	<u>141</u>	<u>291</u>	<u>432</u>
<u>Accumulated depreciation</u>			
Balance as of 1 January 2008	17	40	57
Translation difference	(4)	(9)	(13)
Current depreciation	18	18	36
Balance as of 31 December 2008	<u>31</u>	<u>49</u>	<u>80</u>
Translation difference	-	2	2
Current depreciation	23	77	36
Balance as of 31 December 2009	<u>54</u>	<u>128</u>	<u>182</u>
Net book value as of 31 December 2008	<u>64</u>	<u>15</u>	<u>79</u>
Net book value as of 31 December 2009	<u>87</u>	<u>163</u>	<u>250</u>

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**11. ASSETS HELD FOR SALE**

The Group owns buildings amounting to 278 USD. (December 31, 2008: nil)

**12. BORROWINGS**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Borrowings	63,964	22,590
Interest accruals	355	589
Total borrowings	<u>64,319</u>	<u>23,179</u>

Analysis of long term loan repayments is as follows:

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Due in 0 – 1 year	<u>64,319</u>	<u>23,179</u>
	<u>64,319</u>	<u>23,179</u>

Currency	Interest Rate %	31 December 2009 FC Amount (000')	31 December 2009 000 USD
TL	7.75%-8.40%	82,162	54,567
USD	5.54%-8.248%	8,248	8,248
EUR	7.5%	1,048	1,504
			<u>64,319</u>

Currency	Interest Rate %	31 December 2008 FC Amount (000')	31 December 2008 000 USD
TL	27%-28.10%	11,374	7,521
USD	8%-11.6%	13,628	13,628
EUR	7.5%	1,434	2,030
			<u>23,179</u>

**13. OTHER PAYABLES AND UNEARNED INCOME**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Taxes and dues payable	151	151
Payables to shareholders	1,852	102
Derivative transactions payables	1,190	2,077
Other payables	126	118
	<u>3,319</u>	<u>2,448</u>

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**14. TAXATION ON INCOME**

	31 December 2009 000 USD	31 December 2008 000 USD
<u>Current Tax Liability:</u>		
Current corporate tax provision	2,833	2,070
Less: Prepaid taxes and funds	(2,179)	(1,843)
	<u>654</u>	<u>227</u>
<u>Income tax expense:</u>		
Current corporate tax	2,833	2,070
Deferred tax (benefit) /charge	(40)	123
	<u>2,793</u>	<u>2,193</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. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. 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 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their 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.

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.

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**14. 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. Deferred taxation is calculated at a rate of 20% (2008: 20%).

For calculation of deferred tax asset and liabilities, the rate of 20% (2008: 20%) is used.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
<u>Temporary differences subject to deferred tax:</u>		
Useful life difference on fixed assets	380	1,558
Retirement pay provision	(40)	(49)
Unused vacation provision	(10)	(10)
Doubtful receivables	-	(53)
Unearned income	-	(87)
Carry forward tax loss	(206)	(577)
Other	(7)	-
	<u>117</u>	<u>782</u>
Provision for deferred tax asset	206	577
Total	<u>323</u>	<u>1,359</u>
<u>Components of Deferred Tax (Assets)/Liabilities:</u>		
Useful life difference on fixed assets	76	312
Retirement pay provision	(8)	(10)
Unused vacation provision	(2)	(2)
Doubtful receivables	-	(11)
Unearned income	-	(17)
Carry forward tax loss	(41)	(115)
Other	(1)	-
	<u>24</u>	<u>157</u>
Provision for deferred tax asset	41	115
Deferred tax liability	<u>65</u>	<u>272</u>

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**14. TAXATION ON INCOME (cont'd)**

	31 December 2009	31 December 2008
	<u>000 USD</u>	<u>000 USD</u>
<u>Movement of Deferred Tax (Assets)/Liabilities:</u>		
Opening balance as of 1 January	272	227
Taxation charge/(benefit) on deferred tax	(40)	123
Translation gain	(167)	(78)
Closing balance as of 31 December	<u>65</u>	<u>272</u>

**15. 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 2009, 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 4.8% and a discount rate of 11%, resulting in a real discount rate of approximately 5.92%. (The provisions at 31 December 2008 have been calculated assuming an annual inflation rate of 5.4% and a discount rate of 12%, resulting in a real discount rate of approximately 6.26 %.)

	31 December 2009	31 December 2008
	<u>000 USD</u>	<u>000 USD</u>
Provision at 1 January	59	81
Translation gain/loss	(1)	(18)
Provision for the year	10	1
Retirement pay provision paid	(18)	(5)
Provision at 31 December	<u>50</u>	<u>59</u>

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**16. CAPITAL AND LEGAL RESERVES**

As of 31 December 2009 and 31 December 2008 the share capital is held as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>31 December</u>		<u>31 December</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		<u>000 USD</u>	<u>(%)</u>	<u>000 USD</u>	
Altunç Kumova	99.99	4,117	99.99	4,117	
Other	0.01	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.

**17. GENERAL ADMINISTRATIVE EXPENSES**

	<u>Year ended</u>	<u>Year ended</u>
	<u>31 December</u>	<u>31 December</u>
	<u>2009</u>	<u>2008</u>
	<u>000 USD</u>	<u>000 USD</u>
Personnel expenses	(1,093)	(2,008)
Office expenses	(130)	(194)
Amortization and depreciation expenses	(356)	(333)
Transportation and communication expenses	(129)	(130)
Rent expense	(9)	-
Maintenance expenses	-	(80)
Travelling expenses	(162)	(107)
Advertisement expenses	(5)	(2)
Insurance expenses	(16)	(21)
Consulting expenses	(241)	(147)
Bank expenses	-	(89)
Other income / (expenses)	(222)	(442)
	<u>(2,363)</u>	<u>(3,553)</u>

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**18. FINANCE EXPENSES (NET)**

	Year ended 31 December 2009 <u>000 USD</u>	Year ended 31 December 2008 <u>000 USD</u>
Interest income	19	206
Foreign exchange (loss)/gain (net)	54	(2,251)
Borrowing costs (-)	(3,862)	(8,613)
	<u>(3,789)</u>	<u>(10,658)</u>

**19. OTHER OPERATING INCOME/EXPENSES (NET)**

	Year ended 31 December 2009 <u>000 USD</u>	Year ended 31 December 2008 <u>000 USD</u>
Provision expenses (-)	(1,122)	(2,685)
Rent income	-	108
Commission income/expenses(net)	-	108
Other income/expenses (net)	1,282	(148)
	<u>160</u>	<u>(2,617)</u>

**20. COMMITMENT AND CONTINGENCIES**

	31 December 2009 <u>000 USD</u>	31 December 2008 <u>000 USD</u>
Mortgages	3,750	3,750
Pledges given	3,844	231
	<u>7,594</u>	<u>3,981</u>

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**21. RISK MANAGEMENT**

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

<u>Financial assets</u>	December 31, <u>2009</u>	December 31, <u>2008</u>
Cash and cash equivalents	599	4,994
Factoring receivables	109,636	48,359
<u>Financial liabilities</u>		
Borrowings	64,319	23,179

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis, and stress scenario analysis

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

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**21. RISK MANAGEMENT (cont'd)**

*Foreign currency risk management( cont'd)*

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed in Note 22.

*Foreign currency sensitivity*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the TL and the Euro.

The Group's sensitivity to a 15% increase and decrease in the US dollar against the relevant foreign currencies is 1,375,000 USD. 15% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an decrease in profit or loss and other equity where the US dollar strengthens against the relevant currency.

*Interest rate risk management*

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

*Interest rate sensitivity*

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effect of a 100 basis increase in interest rates is 298,000 USD increase in income statement.

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**21. RISK MANAGEMENT (cont'd)**

*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 2009 %	31 December 2008 %
Paper and paper products	1.39	3.19
Textile	18.04	21.35
Wood products	23.67	-
Automotive	3.26	-
Nutrimint	8.32	8.33
Agricultural and forestry products & chemicals	2.48	18.59
Electrical equipment	3.36	0.96
Metal	4.34	4.15
Transportation	9.52	3.31
Construction	9.02	28.60
Turizm	4.08	2.92
Other	9.44	8.60
	<u>100.00</u>	<u>100.00</u>

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**22. FOREIGN CURRENCY POSITION**

31 December 2009	TL	USD	EUR	Total
<b>ASSETS</b>				
Cash and cash equivalents	17	575	7	599
Factoring receivables	109,636	-	-	109,636
Available for sale investments	9	-	-	9
Property, plant and equipment (net)	2,039	-	-	2,039
Intangible assets (net)	250	-	-	250
Available for sale assets and assets related to discontinued operations	278	-	-	278
Other receivables and current assets	2,119	-	-	2,119
<b>Total</b>	<b>114,348</b>	<b>575</b>	<b>7</b>	<b>114,930</b>
<b>LIABILITIES</b>				
Borrowings	(54,569)	(8,247)	(1,503)	(64,319)
Current tax liabilities (net)	(654)	-	-	(654)
Deferred tax liability	(65)	-	-	(65)
Other payables and unearned income	(3,319)	-	-	(3,319)
Provision for employment termination benefits	(50)	-	-	(50)
Total equity	(46,523)	-	-	(46,523)
<b>Total</b>	<b>(105,180)</b>	<b>(8,247)</b>	<b>(1,503)</b>	<b>(114,930)</b>
<b>Net foreign currency position</b>	<b>9,168</b>	<b>(7,672)</b>	<b>(1,496)</b>	<b>-</b>

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**22. FOREIGN CURRENCY POSITION (cont'd)**

31 December 2008	TL	USD	EUR	Total
<b>ASSETS</b>				
Cash and cash equivalents	3,524	1,470	-	4,994
Factoring receivables	47,796	-	563	48,359
Available for sale investments	9	-	-	9
Property, plant and equipment (net)	2,146	-	-	2,146
Intangible assets (net)	79	-	-	79
Other receivables and current assets	2,628	3,018	-	5,646
<b>Total</b>	<b>56,182</b>	<b>4,488</b>	<b>563</b>	<b>61,233</b>
<b>LIABILITIES</b>				
Borrowings	(7,521)	(13,628)	(2,030)	(23,179)
Current tax liabilities (net)	(227)	-	-	(227)
Deferred tax liability	(272)	-	-	(272)
Other payables and unearned income	(2,436)	(10)	(2)	(2,448)
Provision for employment termination benefits	(59)	-	-	(59)
<b>Total equity</b>	<b>(35,048)</b>	<b>-</b>	<b>-</b>	<b>(35,048)</b>
<b>Total</b>	<b>(45,563)</b>	<b>(13,638)</b>	<b>(2,032)</b>	<b>(61,233)</b>
<b>Net foreign currency position</b>	<b>10,619</b>	<b>(9,150)</b>	<b>(1,469)</b>	<b>-</b>

**23. SUBSEQUENT EVENTS**

A licence transfer agreement has been signed with Nurol Menkul Kıymetler A.Ş. in January 2010. The Company has applied to Capital Market Board for relevant approvals.