

**DESTEK FINANS FAKTORING A.Ş.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2005

To the Board of Directors of

DESTEK FINANS FAKTORING A.Ş.
İstanbul

INDEPENDENT AUDITOR'S REPORT

1. We have audited the consolidated accompanying balance sheet of Destek Finans Faktoring A.Ş. ("the Company") and its subsidiaries as of 31 December 2005 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the Company for the year ended 31 December 2004 have been audited by other auditors whose report, expressed a qualified opinion on those statements as the subsidiaries were not consolidated. The other auditors' report has been furnished to us, and our report, insofar as it relates to the opening balances for the current year is based solely on the report of such other auditors. As the financial statements of the Company and its subsidiaries were not consolidated as of 31 December 2004, consolidated statements of income, changes in shareholders' equity and cash flows are not comparatively presented in the accompanying consolidated financial statements.

4. In our opinion, except for the matters mentioned above, 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 2005, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in United States of America.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.,
Member of DELOITTE TOUCHE TOHMATSU

İstanbul, 10 April 2006

**DESTEK FINANS FAKTORING A.Ş. AND
ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2005

(Amounts expressed in thousands of US Dollar)

| ASSETS | Notes | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|--|-------|---------------------------------------|---------------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 225 | 83 |
| Factoring receivables (net) | 5 | 44,008 | 38,034 |
| Other receivables and other current assets | 7 | 1,168 | 89 |
| Total Current Assets | | <u>45,401</u> | <u>38,206</u> |
| NON CURRENT ASSETS | | | |
| Available for sale investments | 8 | 18 | 18 |
| Property, plant and equipment (net) | 9 | 3,845 | 3,754 |
| Intangible assets (net) | 10 | 5 | 9 |
| Total Non-Current Assets | | <u>3,868</u> | <u>3,781</u> |
| TOTAL ASSETS | | <u>49,269</u> | <u>41,987</u> |

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

**DESTEK FINANS FAKTORING A.Ş. AND
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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2005

(Amounts expressed in thousands of US Dollar)

| | Notes | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|--|-------|---------------------------------------|---------------------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Borrowings | 11 | 24,916 | 22,872 |
| Other payables and unearned income | 12 | 440 | 1,087 |
| Current tax liabilities(net) | 13 | 710 | 488 |
| Deferred tax liability | 13 | 157 | 160 |
| Total Current Liabilities | | <u>26,223</u> | <u>24,607</u> |
| NON CURRENT LIABILITIES | | | |
| Provision for employment termination benefits | 14 | 54 | 52 |
| Total Non-Current Liabilities | | <u>54</u> | <u>52</u> |
| EQUITY | | | |
| Share capital | 15 | 4,118 | 3,486 |
| Legal reserves | | 918 | 559 |
| Retained earnings | | 17,953 | 13,281 |
| Minority Interests | | 3 | 2 |
| Total Equity | | <u>22,992</u> | <u>17,328</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>49,269</u> | <u>41,987</u> |

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

**DESTEK FINANS FAKTORING A.Ş. AND
ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2005
(Amounts expressed in thousands of US Dollar)

| | Notes | Year Ended 31 December 2005 <u>000 USD</u> |
|--|-------|---|
| OPERATING INCOME | | |
| Factoring interest income and other operational income | | 14,167 |
| Commission income | | 159 |
| GROSS PROFIT | | <u>14,326</u> |
| General administrative expenses(-) | 16 | (2,181) |
| Finance expenses (net) | 17 | (2,648) |
| OPERATING PROFIT | | <u>9,497</u> |
| Other expenses (-) (net) | 18 | (945) |
| PROFIT BEFORE TAX AND TRANSLATION LOSS | | <u>8,552</u> |
| Taxation | 13 | (2,564) |
| PROFIT BEFORE TRANSLATION LOSS | | <u>5,988</u> |
| Translation loss | | <u>(59)</u> |
| NET PROFIT FOR THE YEAR | | <u>5,929</u> |
| NET PROFIT ATTRIBUTABLE TO: | | |
| Minority interest | | 1 |
| Equity holders of the parent | | <u>5,928</u> |
| | | <u><u>5,929</u></u> |

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

**DESTEK FINANS FAKTORING A.Ş. AND
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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005**

(Amounts expressed in thousands of US Dollar)

| | <u>Capital</u> <u>000 USD</u> | <u>Legal</u> <u>Reserves</u> <u>000 USD</u> | <u>Retained</u> <u>Earnings</u> <u>000 USD</u> | <u>Minority</u> <u>interests</u> <u>000 USD</u> | <u>Total</u> <u>000 USD</u> |
|--------------------------------|----------------------------------|---|--|---|--------------------------------|
| Balance as of 31 December 2004 | 3,486 | 559 | 13,281 | 2 | 17,328 |
| Transfer to capital | 632 | - | (632) | - | - |
| Profit distribution: | | | | | |
| Dividends | - | - | (265) | - | (265) |
| Legal reserves | | 359 | (359) | - | - |
| Net profit for the year | | | 5,928 | 1 | 5,929 |
| Balance as of 31 December 2005 | <u>4,118</u> | <u>918</u> | <u>17,953</u> | <u>3</u> | <u>22,992</u> |

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

**DESTEK FINANS FAKTORING AND
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STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2005
(Amounts expressed in thousands of US Dollar)

| | <u>Not</u> | <u>2005</u> <u>000 USD</u> |
|---|------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the year | | 5,929 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation for property, plant and equipment | 9 | 238 |
| Amortization for intangible assets | 10 | 3 |
| Change in retirement pay provisions | 14 | 2 |
| Doubtful receivables provision | 5 | 211 |
| Net cash provided from operating activities | | <u>6,383</u> |
| Changes in operating assets and liabilities | | |
| Increase in factoring receivables | | (6,185) |
| Increase in other receivables and current assets | | (1,079) |
| Decrease in other payables and unearned income | | (427) |
| Net cash used in operating activities | | <u>(7,691)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | 9 | (329) |
| Purchases of intangible assets | 10 | (2) |
| Proceeds from sales of intangible assets | | 2 |
| Net cash provided from investing activities | | <u>(329)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in borrowings | 11 | 2,044 |
| Dividend payment | | (265) |
| Net cash used in financing activities | | <u>1,779</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | 142 |
| Cash and cash equivalents at the beginning of the year | 4 | 83 |
| CASH AND CASH EQUIVALENT AT THE END OF THE YEAR | 4 | <u>225</u> |

Ekteki dipnotlar bu mali tabloların tamamlayıcı bir parçasıdır.

DESTEK FINANS FAKTORING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a. Basis of Presentation of Financial Statements

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

b. Consolidation Method

Destek Finansal Kiralama A.Ş. (Destek Finans) and Destek Kıymetli Madenler ve Vadeli İşlemler Tic. A.Ş. (Kıymetli Madenler) which are 99.87% and 96.97% owned subsidiary 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 Finans was established on 11 August 1997, and operates in leasing sector. The Company is not operating since 2002.

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

DESTEK FINANS FAKTORING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005

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

c. Principles of translation of financial statements into US Dollar

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

Non-monetary assets, liabilities, revenues and expenses related to non-monetary items have been translated 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 re-measurement of monetary assets and liabilities that are not denominated in US Dollar have been included in the determination of net income as "Translation gain or loss".

d. Comparative figures and restatement of financial statements as at 31 December 2004

The Group has reviewed the records related with the translation to US Dollar of capital, and reserves accounts and accordingly certain reclassifications have been made in the holding company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Business Combinations

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

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

b. Related parties

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

DESTEK FINANS FAKTORING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Income and Expense Recognition

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

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. The Group does not have a securities portfolio as of 31 December 2005.

Cash and cash equivalents

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

Receivables

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

Financial liabilities and equity

Financial liabilities and equity instruments issued by the 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.

**DESTEK FINANS FAKTORING A.Ş. AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2005**

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Financial instruments (cont'd)

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.

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 amortised cost but disclosure is required of fair value for comparison purposes, wherever practicable.

For the financial assets and liabilities carried at amortised 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.

**DESTEK FINANS FAKTORING A.Ş. AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2005**

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 are written off during the year in which they are identified.

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

f. Property, plant and equipment

Property, plant and equipment are carried at cost expressed in terms of purchasing power on 31 December 2005 less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight line basis. 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 |

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

g. Impairment of Long-Lived Assets

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

DESTEK FINANS FAKTORING A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Leasing

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

Assets held under finance leases are recognised 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.

i. Borrowing costs

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

j. Taxation

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

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

Deferred taxes related to assets and liabilities that have been remeasured from Turkish Lira into US Dollars using historical exchange rates have been calculated without the impact of changes in exchange rates.

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

k. Retirement benefits

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

l. Offsetting

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

m. Use of Estimates

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

n. Dividends

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

o. New Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board ("FASB") issued SFAS No. 154, "Accounting Changes and Error Corrections," requiring retrospective application as the required method for reporting a change in accounting principle, unless impracticable or a pronouncement includes specific transition provisions. This statement also requires that a change in depreciation, amortization, or depletion method for long-lived, non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. This statement carries forward the guidance in APB Opinion No. 20, "Accounting Changes," for the reporting of the correction of an error and a change in accounting estimate. This statement is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005.

**DESTEK FINANS FAKTORING A.Ş. AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. CASH AND CASH EQUIVALENTS

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|-----------------|---------------------------------------|---------------------------------------|
| Cash | 2 | 25 |
| Demand deposits | 223 | 58 |
| | <u>225</u> | <u>83</u> |

5. FACTORING RECEIVABLES (NET)

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Receivables | 44,008 | 38,034 |
| Doubtful receivables | 497 | 286 |
| Doubtful receivables provision(-) | (497) | (286) |
| | <u>44,008</u> | <u>38,034</u> |

Movements in the doubtful receivable provisions :

| | 2005 <u>000 USD</u> | 2004 <u>000 USD</u> |
|--|------------------------|------------------------|
| Provision at the beginning of the year | 286 | 234 |
| Charge for the year | 234 | 52 |
| Collection | (23) | - |
| Provision at the end of year | <u>497</u> | <u>286</u> |

6. RELATED PARTY TRANSACTIONS AND BALANCES

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|---|---------------------------------------|---------------------------------------|
| <u>Due from related parties</u> | | |
| Altunç Kumova | 1,118 | 59 |
| <u>Due to related parties</u> | | |
| Altunç Kumova | 175 | 843 |
| <u>Interest Income from related parties</u> | | |
| Altunç Kumova | 13 | - |

**DESTEK FINANS FAKTORING A.Ş. AND
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. OTHER RECEIVABLES AND OTHER CURRENT ASSETS

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|-------------------------------|---------------------------------------|---------------------------------------|
| Prepaid expenses | 9 | 1 |
| Advances given | 6 | 12 |
| Receivables from shareholders | 1,118 | 59 |
| Other receivables | 35 | 17 |
| | <u>1,168</u> | <u>89</u> |

8. AVAILABLE FOR SALE INVESTMENTS

The Company's shares in available for sale investments as of 31 December 2005 and 2004 were as follows:

| | Share | 31 December 2005 <u>000 USD</u> | Share | 31 December 2004 <u>000 USD</u> |
|---------------------------|----------|---------------------------------------|----------|---------------------------------------|
| <u>Company</u> | <u>%</u> | | <u>%</u> | |
| İstanbul Altın Rafinerisi | 1< | 9 | 1< | 9 |
| Emlak Bankası | 1< | 9 | 1< | 9 |
| | | <u>18</u> | | <u>18</u> |

**DESTEK FINANS FAKTORING A.Ş. AND
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9. PROPERTY, PLANT AND EQUIPMENT (NET)

| | Buildings <u>000 USD</u> | Vehicles <u>000 USD</u> | Furniture and fixtures <u>000 USD</u> | Leasehold Improvements <u>000 USD</u> | Other fixed assets <u>000 USD</u> | Total <u>000 USD</u> |
|---------------------------------------|-----------------------------|----------------------------|---|---|--------------------------------------|-------------------------|
| <u>Tangible assets</u> | | | | | | |
| Balance as of 1 January 2005 | 3,884 | 397 | 185 | 92 | 205 | 4,763 |
| Purchases | - | 220 | 10 | - | 99 | 329 |
| Sales | - | - | - | - | - | - |
| Balance as of 31 December 2005 | <u>3,884</u> | <u>617</u> | <u>195</u> | <u>92</u> | <u>304</u> | <u>5,092</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Balance as of 1 January 2005 | 491 | 190 | 157 | 92 | 79 | 1,009 |
| Current depreciation | 138 | 69 | 11 | - | 20 | 238 |
| Sales | - | - | - | - | - | - |
| Balance as of 31 December 2005 | <u>629</u> | <u>259</u> | <u>168</u> | <u>92</u> | <u>99</u> | <u>1,247</u> |
| Net book value as of 31 December 2004 | <u>3,393</u> | <u>207</u> | <u>28</u> | <u>-</u> | <u>126</u> | <u>3,754</u> |
| Net book value as of 31 December 2005 | <u>3,255</u> | <u>358</u> | <u>27</u> | <u>-</u> | <u>205</u> | <u>3,845</u> |

The Group has given, the office in the Yapı Kredi Plaza, mortgage amounting to USD 1,400,000.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005

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

| | Buildings | Vehicles | Furniture and fixtures | Leasehold Improvements | Other fixed assets | Total |
|---------------------------------------|----------------|----------------|---------------------------|---------------------------|-----------------------|----------------|
| | <u>000 USD</u> | <u>000 USD</u> | <u>000 USD</u> | <u>000 USD</u> | <u>000 USD</u> | <u>000 USD</u> |
| <u>Tangible asset values</u> | | | | | | |
| Balance as of 1 January 2004 | 3,884 | 199 | 165 | 92 | 157 | 4,497 |
| Purchases | - | 198 | 20 | - | 48 | 266 |
| Sales | - | - | - | - | - | - |
| Balance as of 31 December 2004 | <u>3,884</u> | <u>397</u> | <u>185</u> | <u>92</u> | <u>205</u> | <u>4,763</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Balance as of 1 January 2004 | 354 | 129 | 147 | 92 | 70 | 792 |
| Current depreciation | 137 | 61 | 10 | - | 9 | 217 |
| Sales | - | - | - | - | - | - |
| Balance as of 31 December 2004 | <u>491</u> | <u>190</u> | <u>157</u> | <u>92</u> | <u>79</u> | <u>1,009</u> |
| Net book value as of 31 December 2003 | <u>3,530</u> | <u>70</u> | <u>18</u> | <u>-</u> | <u>87</u> | <u>3,705</u> |
| Net book value as of 31 December 2004 | <u>3,393</u> | <u>207</u> | <u>28</u> | <u>-</u> | <u>126</u> | <u>3,754</u> |

The Group has given, the office in the Yapı Kredi Plaza, mortgage amounting to USD 1,400,000.

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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 2005 | 15 | 17 | 32 |
| Purchases | - | 2 | 2 |
| Sales | - | (4) | (4) |
| Balance as of 31 December 2005 | <u>15</u> | <u>15</u> | <u>30</u> |
| <u>Accumulated depreciation</u> | | | |
| Balance as of 1 January 2005 | 15 | 8 | 23 |
| Current depreciation | - | 3 | 3 |
| Sales | - | (1) | (1) |
| Balance as of 31 December 2005 | <u>15</u> | <u>10</u> | <u>25</u> |
| Net book value as of 31 December 2004 | <u>-</u> | <u>9</u> | <u>9</u> |
| Net book value as of 31 December 2005 | <u>-</u> | <u>5</u> | <u>5</u> |

| | <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 2004 | 15 | 12 | 27 |
| Purchases | - | 5 | 5 |
| Sales | - | - | - |
| Balance as of 31 December 2004 | <u>15</u> | <u>17</u> | <u>32</u> |
| <u>Accumulated depreciation</u> | | | |
| Balance as of 1 January 2004 | 15 | 5 | 20 |
| Current depreciation | - | 3 | 3 |
| Sales | - | - | - |
| Balance as of 31 December 2004 | <u>15</u> | <u>8</u> | <u>23</u> |
| Net book value as of 31 December 2003 | <u>-</u> | <u>7</u> | <u>7</u> |
| Net book value as of 31 December 2004 | <u>-</u> | <u>9</u> | <u>9</u> |

11. BORROWINGS

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| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|-------------------|---------------------------------------|---------------------------------------|
| Borrowings | 24,704 | 22,679 |
| Interest accruals | 212 | 193 |
| Total Borrowings | <u>24,916</u> | <u>22,872</u> |

Analysis of long term loan repayments is as follows:

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|-------------------|---------------------------------------|---------------------------------------|
| Due in 0 – 1 year | 24,916 | 22,872 |
| Due in 1 – 2 year | - | - |
| Due in 2 – 3 year | - | - |
| Due in 3 – 4 year | - | - |
| Due in 4 – 5 year | - | - |
| Due in 5 – 6 year | - | - |
| | <u>24,916</u> | <u>22,872</u> |

The interest rates range from 6% to 9% (December 31,2004: from 6%-9%) for foreign currency denominated bank borrowings and from 14% to 18% (December 31,2004: from 20% to 23.5%) for Turkish Lira denominated bank borrowings.

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12. OTHER PAYABLES AND UNEARNED INCOME

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|----------------------------------|---------------------------------------|---------------------------------------|
| Taxes and dues payable | 180 | 174 |
| Social security premiums payable | 2 | 1 |
| Payable to personel | 2 | 1 |
| Deposits and guarantees received | - | 8 |
| Unearned income | 48 | 52 |
| Payables to shareholders | 175 | 844 |
| Other payables | 33 | 7 |
| | <u>440</u> | <u>1,087</u> |

13. TAXATION

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|---------------------------------|---------------------------------------|---------------------------------------|
| <u>Current Tax Payable:</u> | | |
| Corporate tax provision | 2,567 | 1,530 |
| Prepaid tax and funds | (1,857) | (1,042) |
| | <u>710</u> | <u>488</u> |
| <u>Tax provision:</u> | | |
| Current corporate tax provision | 2,567 | |
| Deferred tax benefit | (3) | |
| | <u>2,564</u> | |

The Company is subject to Turkish corporation taxes, Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporation 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 rates of tax are as follows:

- In 2002 and before:33 % (being 30% corporate tax plus a 10% surcharge of funds contribution on corporate tax)
- In 2003 : %30 (the funds contribution was abolished for 2003)
- In 2004: 33% (the corporate tax rate was increased from 30% to 33% by Law No, 5035 published in the Official Gazette on 2 January 2004),
- In 2005 :%30

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13. TAXATION (cont'd)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate has been increased from 25 % to 30 % as of 24 April 2003. This rate has been set as 33% in 2004. This rate has been 30% in 2005

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by 15 April of the next year following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

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

Deferred Tax:

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising 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 set out below.

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13. TAXATION (cont'd)

Deferred Tax: (cont'd)

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|--|---------------------------------------|---------------------------------------|
| <u>Temporary differences subject to deferred tax:</u> | | |
| Useful life difference on fixed assets | 576 | 584 |
| Retirement pay provision | (54) | (52) |
| | <u>522</u> | <u>532</u> |
| <u>Components of Deferred Tax(Assets)/Liabilities:</u> | | |
| Useful life difference on fixed assets | 173 | 175 |
| Retirement pay provision | (16) | (15) |
| | <u>157</u> | <u>160</u> |
| <u>Movement of Deferred Tax(Assets)/Liabilities:</u> | | |
| Opening balance as of 1 January | 160 | |
| Taxation benefit on deferred tax | (3) | |
| Closing balance as of 31 December | <u>157</u> | |

| | 31 December 2005 <u>000 USD</u> |
|--|---------------------------------------|
| <u>Reconciliation of Taxation:</u> | |
| Profit before taxation and translation loss | 8,552 |
| Translation loss | (59) |
| Profit after monetary loss and before taxation | <u>8,493</u> |
| Effective tax rate | 30% |
| Corporate tax | 2,548 |
| Tax effect of undeductible expenses | 136 |
| Tax effect of translation loss not taxable | (120) |
| Taxation | <u>2,564</u> |

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31 DECEMBER 2005

14. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its Subsidiaries and Joint Ventures 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 2005, 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 6.175 % and a discount rate of 12 %, resulting in a real discount rate of approximately 5.49 %.

| | 31 December 2005 <u>000 USD</u> |
|-------------------------------|---------------------------------------|
| Provision at 1 January 2005 | 52 |
| Provision for the year | 29 |
| Retirement pay provision paid | <u>(27)</u> |
| At 31 December 2005 | <u><u>54</u></u> |

15. CAPITAL AND LEGAL RESERVES

As of 31 December 2005 and 31 December 2004 the share capital is held as follows:

| <u>Shareholders</u> | <u>(%)</u> | 31 December 2005 | | 31 December 2004 | |
|---------------------|------------|---------------------|------------|---------------------|--|
| | | <u>000 USD</u> | <u>(%)</u> | <u>000 USD</u> | |
| Altunç Kumova | 99.99 | 4,117 | 99.99 | 3,485 | |
| Other | 0.01 | <u>1</u> | 0.01 | <u>1</u> | |
| | | <u><u>4,118</u></u> | | <u><u>3,486</u></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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
31 DECEMBER 2005

16. GENERAL ADMINISTRATIVE EXPENSES

| | 2005 <u>000 USD</u> |
|---|------------------------|
| Personel expenses | (825) |
| Office expenses | (133) |
| Amortization and depreciation expenses | (241) |
| Lease expenses | (39) |
| Transportation and communication expenses | (54) |
| Maintenance expenses | (12) |
| Travelling expenses | (125) |
| Advertisement expenses | (7) |
| Insurance expenses | (27) |
| Tax and funds expenses | (95) |
| Consulting expenses | (50) |
| Bank expenses | (68) |
| Undeductable expenses | (458) |
| Marketing expenses | (30) |
| Other expenses | (17) |
| | <u>(2,181)</u> |

17. FINANCE EXPENSES (NET)

| | 2005 <u>000 USD</u> |
|----------------------------|------------------------|
| Interest income | 17 |
| Foreign exchange gain(net) | 452 |
| Borrowing costs (-) | (3,117) |
| | <u>(2,648)</u> |

18. OTHER EXPENSES (NET)

| | 2005 <u>000 USD</u> |
|---------------------------------------|------------------------|
| Provision expenses (-) | (238) |
| Loss on sale of marketable securities | (977) |
| Commission expenses | (50) |
| Other income | 320 |
| | <u>(945)</u> |

**DESTEK FINANS FAKTORING A.Ş. AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
31 DECEMBER 2005

19. COMMITMENT AND CONTINGENCIES

| | 31 December 2005 <u>000 USD</u> | 31 December 2004 <u>000 USD</u> |
|-------------------------------|---------------------------------------|---------------------------------------|
| Mortgages given (see note 10) | <u>1,400,000</u> | <u>1,000,000</u> |

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

Price Risk

The Group is exposed to exchange rate fluctuations between foreign currencies and Turkish Lira due to the nature of its business. The Group's borrowings are in foreign currencies. 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.

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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
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20. RISK MANAGEMENT (cont'd)

Liquidity Risk (cont'd)

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
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20. RISK MANAGEMENT (cont'd)

Liquidity Risk (cont'd)

As at 31 December 2004 the estimated maturity analysis for certain assets and liabilities is as follows;

| | Up to 3 Months <u>000 USD</u> | 3 to 12 Months <u>000 USD</u> | Over 1 Year <u>000 USD</u> | No Maturity <u>000 USD</u> | Total <u>000 USD</u> |
|--|-------------------------------------|-------------------------------------|----------------------------------|----------------------------------|-------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | - | - | - | 83 | 83 |
| Factoring receivables | 38,034 | - | - | - | 38,034 |
| Other receivables and other current assets | 89 | - | - | - | 89 |
| Available for sale investments | - | - | - | 18 | 18 |
| Property, plant and equipment (net) | - | - | - | 3,754 | 3,754 |
| Intangible assets (net) | - | - | - | 9 | 9 |
| Total | <u>38,123</u> | <u>-</u> | <u>-</u> | <u>3,864</u> | <u>41,987</u> |
| LIABILITIES | | | | | |
| Borrowings | 16,939 | 5,933 | - | - | 22,872 |
| Other payables and unearned income | 243 | - | - | 844 | 1,087 |
| Current tax liabilities(net) | 488 | - | - | - | 488 |
| Deferred tax liability | - | - | - | 160 | 160 |
| Provision for employment termination benefits | - | - | - | 52 | 52 |
| Total Equity | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,328</u> | <u>17,328</u> |
| Total | <u>17,670</u> | <u>5,933</u> | <u>-</u> | <u>18,384</u> | <u>41,987</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:

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT
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20. RISK MANAGEMENT (cont'd)

Interest Rate Risk (cont'd)

| 31.12.2004 | 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 | - | - | - | 83 | 83 |
| Factoring receivables | 38,034 | - | - | - | 38,034 |
| Other receivables and other current assets | 89 | - | - | - | 89 |
| Available for sale investments | - | - | - | 18 | 18 |
| Property, plant and equipment (net) | - | - | - | 3,754 | 3,754 |
| Intangible assets (net) | - | - | - | 9 | 9 |
| Total | <u>38,123</u> | <u>-</u> | <u>-</u> | <u>3,864</u> | <u>41,987</u> |
| LIABILITIES | | | | | |
| Borrowings | 16,939 | 5,933 | - | - | 22,872 |
| Other payables and unearned income | 243 | - | - | 844 | 1,087 |
| Current tax liabilities(net) | 488 | - | - | - | 488 |
| Deferred tax liability | - | - | - | 160 | 160 |
| Provision for employment termination benefits | - | - | - | 52 | 52 |
| Total Equity | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,328</u> | <u>17,328</u> |
| Total | <u>17,670</u> | <u>5,933</u> | <u>-</u> | <u>18,384</u> | <u>41,987</u> |