LİDER FAKTORİNG HİZMETLERİ A.Ş.

FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT
AT 31 DECEMBER 2012

pwc

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lider Faktoring Hizmetleri A.Ş.

1. We have audited the accompanying financial statements of Lider Faktoring Hizmetleri A.Ş. ("the Company") which comprise the balance sheet as at 31 December 2012, the statements of comprehensive income, changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lider Faktoring Hizmetleri A.Ş. as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

5. The financial statements of the Company for the year ended 31 December 2011 were audited by another firm of auditors whose report, dated 20 February 2012, expressed an unmodified opinion on those statements.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM
Partner

Istanbul, 27 February 2013

LİDER FAKTORİNG HİZMETLERİ A.Ş.

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BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2012

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicate

	Notes	2012	2011
ASSETS			
Cash and due from banks	5	953,818	17,649,244
Factoring receivables	6	621,502,320	466,061,322
Property and equipment, net	8	16,415,316	15,942,810
Intangible assets, net	9	177,279	150,074
Other assets and prepaid expenses	7	3,495,989	1,018,027
Deferred tax assets	14	2,313,814	-
Total assets		**644,858,536**	**500,821,477**
LIABILITIES AND EQUITY			
Borrowings	10	405,458,533	379,162,090
Bonds issued	11	149,069,326	47,736,603
Factoring payables	6	1,002,509	422,150
Current tax liabilities	14	2,050,683	872,003
Employment benefit obligations	13	1,798,679	1,450,091
Other liabilities	12	1,596,411	2,006,501
Deferred tax liabilities	14	-	137,309
Total liabilities		**560,976,141**	**431,786,747**
EQUITY			
Share capital	15	30,000,000	30,000,000
Adjustment to share capital	15	5,873,808	5,873,808
Asset revaluation reserve	16	12,350,666	9,824,200
Legal reserves	16	4,154,587	3,558,812
Retained earnings		31,503,334	19,777,910
Total Equity		**83,882,395**	**69,034,730**
Total liabilities and equity		**644,858,536**	**500,821,477**

These financial statements as at and for the period ended 31 December 2012 has been approved for issue by the Board of Directors on 15 February 2013 General Assembly has the ability to amend the financial statements.

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

LİDER FAKTORİNG HİZMETLERİ A.Ş.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED AT 31 DECEMBER 2012

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

	Notes	2012	2011
Factoring interest income		93,466,362	48,250,440
Interest income on placements and transactions with banks		328,711	55,377
Total interest income		**93,795,073**	**48,305,817**
Interest expense on bank borrowings		(48,812,275)	(34,554,021)
Interest expense on debt securities		(12,839,758)	(5,703,597)
Total interest expense		**(61,652,033)**	**(40,257,618)**
Net interest income		**32,143,040**	**8,048,199**
Fee and commission income	19	19,893,093	28,907,912
Fee and commission expense	19	(1,485,784)	(457,168)
Net fee and commission income		**18,407,309**	**28,450,744**
Foreign exchange gains and losses, including net gain or losses from dealing in foreign currency		311,611	(237,135)
Impairment loss on factoring receivables	6	(8,915,108)	(3,353,534)
Other operating income	17	1,062,709	1,413,062
Operating profit		**43,009,561**	**34,321,336**
Operating expenses	18	(27,506,196)	(22,468,784)
Profit before income taxes		**15,503,365**	**11,852,552**
Taxation on income	14	(3,182,166)	(2,402,904)
Net profit for the year		**12,321,199**	**9,449,648**
Other comprehensive income:			
Other comprehensive income		2,526,466	3,357,625
- Gains on revaluation of buildings	*8*	*720,450*	*4,197,033*
- Deferred tax effect on fair value changes	*14*	*1,806,016*	*839,408*
Other comprehensive income for the year, net of tax		**2,526,466**	**3,357,625**
Total comprehensive income		**14,847,665**	**12,807,273**
Earnings per share from net profit attributable to the equity holders of the company		**0.410**	**0.315**

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

LİDER FAKTORİNG HİZMETLERİ A.Ş.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2012

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

	Notes	Share capital	Adjustment to share capital	Assets revaluation reserve	Legal reserves	Retained earnings	Total Equity
Balance at 1 January 2011		**30,000,000**	**5,873,808**	**6,466,575**	**3,222,159**	**10,664,915**	**56,227,457**
Transfers		-	-	-	336,653	(336,653)	-
Total comprehensive income for the year		-	-	3,357,625	-	9,449,648	12,807,273
Balance at 31 December 2011		**30,000,000**	**5,873,808**	**9,824,200**	**3,558,812**	**19,777,910**	**69,034,730**
Balance at 1 January 2012		**30,000,000**	**5,873,808**	**9,824,200**	**3,558,812**	**19,777,910**	**69,034,730**
Transfers	16	-	-	-	595,775	(595,775)	-
Total comprehensive income for the year	16	-	-	2,526,466	-	12,321,199	14,847,665
Balance at 31 December 2012		**30,000,000**	**5,873,808**	**12,350,666**	**4,154,587**	**31,503,334**	**83,882,395**

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2012

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

	Notes	2012	2011
Cash flows from operating activities			
Net profit for the year		**12,321,199**	**9,449,648**
Adjustments for:			
Depreciation and amortisation	8, 9	489,710	575,154
Provision for employment termination benefits	13	242,462	218,315
Provision for unused vacation	13	285,176	320,428
Net interest income		(32,143,040)	(8,048,199)
Interest received		92,612,462	48,305,817
Interest paid		(59,791,007)	(39,680,884)
Provision for impaired factoring receivables	6	13,352,409	4,468,687
Deferred tax expense / (income)	14	645,107	-
Provision for taxes	14	2,537,058	2,402,904
Cash flows from operating profit before changes in operating assets and liabilities		**30,551,536**	**18,011,870**
Changes in operating asset and liabilities:			
Change in factoring receivables		(142,088,589)	(115,337,827)
Change in factoring payables	6	580,359	214,457
Change in other assets	7	(2,477,962)	(402,003)
Change in other liabilities		889,563	1,010,627
Income taxes paid	14	(1,478,703)	(2,444,115)
Net cash used in from operating activities		**(144,575,332)**	**(116,958,861)**
Cash flows used in from investing activities			
Purchase of property and equipment	8	(182,563)	(478,194)
Purchase of intangible assets	9	(86,407)	(99,993)
Proceeds from disposal of equipment		62,376	-
Net cash used in investing activities		**(206,594)**	**(578,187)**
Cash flows from financing activities			
Net cash flow provided from loans and borrowings		29,604,666	116,944,984
Net cash flow provided from issuance of debt securities		67,930,298	-
Net cash provided from financing activities		**97,534,964**	**116,944,984**
Effects of foreign exchange-rate changes on cash and cash equivalents		-	97,517
Net (decrease) / increase in cash and cash equivalents	5	(16,695,426)	17,142,289
Cash and cash equivalents at beginning of the year	5	17,649,244	409,438
Cash and cash equivalents at end of the period	**5**	**953,818**	**17,649,244**

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

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Şetat Faktoring A.Ş. was incorporated on 20 September 1992 in Turkey to provide factoring services to industrial and commercial firms. The name of Şetat Faktoring A.Ş. was changed to Lider Faktoring Hizmetleri A.Ş. (the "Company") and the change was announced on the Trade Registry Gazzette dated 12 June 2002 and numbered 5568.

The Company's head office is located at Büyükdere Caddesi 100 Maya Akar Center K: 25 Esentepe - Istanbul. The Company has 178 employees as at 31 December 2012 (31 December 2011: 179). The Company's principal activity is to provide factoring services substantially in Turkey.

The operations of the Company is being conducted on one geographical location (Turkey) and in one sector (factoring).

These financial statements as at and for the year ended 31 December 2012 has been approved for issue by the Board of Directors on 15 February 2013 General Assembly has the ability to amend the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adapted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation of financial statements

The Company maintains its books of account and prepares its financial statements in Turkish Lira ("TL") in accordance with the Communiqué on the Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies ("Financial Statement's Communiqué") issued by the Banking Regulation and Supervision Agency ("BRSA") in Official Gazette No. 26525, dated 17 May 2007; and in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and their additions and comments issued by the Turkish Accounting Standards Board ("TASB") and with the Communiqué: on Procedures Regarding Provisions to be Provided for Loans of Leasing, Factoring and Consumer Finance Companies ("Provisions Communiqué") issued by the BRSA in Official Gazette No. 26588, dated 20 July 2007. The financial statements are derived from statutory financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Those significant policies has been disclosed in Note 3.

2.2 Currency used and the functional currency

Financial statements of the Company have been presented using the currency (functional currency) of the economic environment in which the Company operates. Financial position and the results of operations of the Company have been presented in Turkish Lira ("TL").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Accounting for effects of hyperinflation

Prior to 1 January 2006, the adjustments and reclassifications made to the statuary records for the purpose of fair presentation in accordance with IFRS included the restatement of balances and transactions for the changes in the general purchasing power of the TL in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies”. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. As the characteristics of the economic environment of the Turkey indicate that hyperinflation has ceased, effective from 1 January 2006, the Company no longer applies the provisions of IAS 29. Accordingly, the amounts expressed in the measuring unit current at 31 December 2005 are treated as the basis for the carrying amounts in these financial statements.

2.4 Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period so that the reclassification will result in a more appropriate presentation of events or transactions. financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods is also reclassified in line with the related changes.

2.3 Changes in standards and interpretations

The Company adopted the standards, amendments and interpretations published by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretation Committee (“IFRIC”) and which are mandatory for the accounting periods beginning on or after 1 January 2012 which are related to the Company’s operations.

Standards, amendments and IFRICs applicable to 31 December 2012 year ends

- IFRS 7 (amendment), “Financial instruments: Disclosures on transfers of assets”, is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets. Comparative information is not needed in the first year of adoption. Earlier adoption is permitted.

- IFRS 1 (amendment), “First-time adoption of IFRS”, is effective for annual periods beginning on or after 1 July 2011. These amendments include two changes to IFRS 1. The first replaces references to a fixed date of 1 January 2004 with ‘the date of transition to IFRSs’, thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. Earlier adoption is permitted.

- IAS 12 (amendment), “Income taxes” on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, “Income taxes - recovery of revalued non-depreciable assets”, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. Early adoption is permitted.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New IFRS standards, amendments and IFRICs effective after 1 January 2013

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted.

- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Early adoption is permitted.

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2012. The amendment also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

- IAS 32 (amendment), "'Financial instruments: Presentation', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2013. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

Early adoption of standards

The Company did not early-adopt new or amended standards at 31 December 2012.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Significant accounting policies

Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise cash and due from banks with less than 90 days original maturity.

Related parties

For the purpose of these financial statements, the shareholders, key management personnel and Board of Directors members are considered and referred to as related parties (Note 20).

Factoring receivables

Factoring receivables originated by the Company by providing money directly to the borrowers are considered as factoring receivables and are carried at amortised cost. All factoring receivables are recognised when cash is advanced to borrowers against their domestic and foreign receivables.

Allowance for impairment of factoring receivables

A credit risk provision for impairment of the factoring receivables and accounts receivables are established if there is objective evidence that the Company will not be able to collect all amounts due as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the receivables. The amount of the provision for impaired receivables is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

The provision also covers losses where there is objective evidence that probable losses are present in components of the portfolio at the balance sheet date. These have been estimated based upon historical loss experience which is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The provision made during the year is charged against the income for the period.

Factoring receivables and accounts receivables that cannot be recovered are written off and charged against the provision for impaired receivables. Such receivables are written off after all the necessary legal procedures have been completed and the amount of the loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction of the charge for provision for impairment of factoring and accounts receivables for the period (Note 6).

Foreign currency transactions

Transactions denominated in foreign currency are recorded in TL at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for leases (where the Company is a lessor)

When assets are sold under a finance lease, the present value of the lease payments is recognized as a receivable. All costs that are directly attributable to the investment in direct finance lease are capitalized at initial recognition as part of the investment in direct finance lease and amortized via effective interest rate method. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The profit recognized on sale of leased assets is recorded as gain on liquidation of investments. Future gross lease rentals receivable, net of unearned future lease income, are classified as the net finance lease receivables.

To date, the Company has not entered into operating leases over Company assets.

Property and equipment

The Company's presented the buildings at the fair value based on valuation report of an independent licensed valuation company. Accumulated depreciation concerning the buildings is restated proportionate to the change in the gross carrying amount of the asset such that the net book value of the asset after revaluation equals its revaluated amount.

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation funds" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised as income.

All property and equipment is carried at cost less accumulated depreciation. Depreciation is calculated over the restated amounts of property and equipment by using the straight-line method to write down the restated cost of each asset to their residual values over their estimated useful life as follows:

Buildings	50 years
Furniture and fixtures	4 - 5 years
Office equipment and motor vehicles	5 years
Leasehold improvements	Shorter of lease period or useful lives

Where the carrying amount of an asset is greater than its estimated recoverable amount ("higher of net selling price" and "value in use"), it is written down immediately to its recoverable amount. The recoverable amount of the impaired property and equipment represents the net selling price.

Expenses for the repair of property and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Intangible assets

Intangible assets mainly comprise rights and are carried at cost less accumulated amortization. Expenditure to acquire software licenses is capitalized and amortized by using the straight-line method over their useful lives of 5 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent liabilities and assets

Contingent liabilities that do not have a high possibility of outflow of resources are not recognised in financial statements but are disclosed in notes. Contingent assets which have a high possibility of economic return are not recognised in financial statements but are disclosed in notes.

Financial liabilities

Financial liabilities including borrowings are recognised initially at fair value, net off transaction costs incurred. Subsequently, financial liabilities are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method.

Bonds Issued

Bonds issued are initially recognised at fair value less transaction costs incurred. Bonds issued are subsequently measured at amortised cost and any difference between net proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the bond using the effective yield method (Note 11).

Revenue recognition

Factoring services income is interest income on advances to customers. Commission income is a percentage of the value of invoices subject to factoring. Factoring services income, other income and expenses are recognised on the accrual basis.

Interest income and expense

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Fee and commission income and expenses

Fees and commissions are recognized in the income statement on an accrual basis over the life of the transaction to which they refer or on a cash basis at the time the service is received/ the transaction is performed, whichever is more appropriate. Fees and commission income including commitment fees are recognized as the related services are performed.

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised under operating expenses.

Current tax assets and liabilities are offset when a legal right exists for it or the assets and liabilities related to income taxes levied by the same taxation authority are offset accordingly.

Offsetting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

The principal temporary differences arise from the provision for impaired factoring receivables, deferred commission income, employment benefit obligations and the differences between carrying amounts and tax bases of plant, property and equipment, barrowing amounts and issued debt securities (Note 14).

Deferred tax liabilities and assets are recognised when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Company. Deferred tax assets resulting from temporary differences in the recognition of expense for income tax, and for financial reporting purposes are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Reserve for employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law, are recognised in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Company arising from the retirement of the employees (Note 13).

Notice pay liability

In accordance with the social security legislation in Turkey, the Company is required to give notice of between two and eight weeks to employees for termination of employment or to make payments for the notice period calculated on the basis of the current salary of the employee.

No provision for notice pay has been made in the financial statements, as the management do not expect the Company to make any significant terminations in the foreseeable future.

Reporting of cash flows

For the purposes of statement of cash flows, cash and cash equivalents include cash and due from banks with original maturity periods of less than three months (Note 5).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per share

Earnings per share disclosed in the income statements are determined by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period concerned.

Subsequent events

Certain subsequent events that require an adjustment are provided with additional information regarding the position of Company as of the balance sheet date are recognised in the financial statements. Events that do not require an adjustment are presented at the notes to these financial statements, if they meet a certain level of importance (Note 22).

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 Capital management

According to 23rd Article of "Regulation on the Establishment and Operations of Factoring, Leasing, and Consumer Finance Companies" which was published in the Official Gazette dated 10 October 2006, total volume of factoring receivables granted by factoring companies cannot exceed thirty times of the statutory equity. As of 31 December 2012, total volume of factoring receivables granted by the Company does not exceed thirty times of statutory equity.

3.2 Financial risk factors

The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

As of 31 December 2012 and 31 December 2011, the Company's all assets and liabilities consists of receivables in Turkey except the borrowings from Credit Suisse amounting to TL 240,091,700 (31 December 2011: TL 131,018,805).

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of the Company's assets classified under due from banks, factoring receivables and other assets.

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

Market risk

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

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

Currency risk

The Company undertakes certain transactions denominated in foreign currency. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through asset-liability balancing transactions.

Exchange rates are as follows:

	31 December 2012	31 December 2011
US$	1.7826	1.8889
EUR	2.3517	2.4438

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising from various currency exposures. The Company does not have foreign currency position as of 31 December 2012. Thus, no foreign currency risk has been calculated.

The table below shows the Company's sensitivity against 10% change in US$, JPY and EUR rates against TL in the income statement. In this analysis it has been assumed that all other variables, especially interest rates, are being held constant.

	Profit/Loss 31 December 2012	Profit/Loss 31 December 2011
US$	-	47,467
EUR	-	7,028
JPY	-	(114,004)

Interest rate risk

The Company is exposed to interest rate risk due to floating interest rates of borrowings and bonds issued. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and factoring receivables.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The following tables detail the Company's remaining contractual maturity for the Company's assets and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2012	Book value	1 -3 months	3 - 12 months	1 year or more	No Maturity	Total Contractual Cash Outflows
Borrowings	405,458,533	172,579,586	41,808,755	239,504,347	-	453,892,688
Bonds issued	149,069,326	3,422,991	69,831,001	95,561,290	-	168,815,282
Total liabilities	**554,527,859**	**176,002,577**	**111,639,756**	**335,065,637**	**-**	**622,707,970**

31 December 2011	Book value	1 -3 months	3 - 12 months	1 year or more	No Maturity	Total Contractual Cash Outflows
Borrowings	379,162,090	211,553,732	35,839,357	175,418,753	-	422,811,842
Bonds issued	47,736,603	-	53,234,347	-	-	53,234,347
Total liabilities	**426,898,693**	**211,553,732**	**89,073,704**	**175,418,753**	**-**	**476,046,189**

Interest rate profile

As at 31 December 2012 and 31 December 2011, the interest rate profiles of the interest-bearing financial instruments were as follows:

	Carrying Amount	
	31 December 2012	**31 December 2011**
Fixed rate instruments:		
Factoring receivables, net	621,502,320	466,061,322
Borrowings	165,366,833	248,143,285
Floating rate instruments:		
Borrowings	240,091,700	131,018,805
Bonds issued	149,069,326	47,736,603

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate sensitivity

The sensitivity analysis below has 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. 0.5% 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.

If interest rates had been 100 basis higher/lower and all other variables were held constant, the Company's:

- Profit for the period ended at 31 December 2012 would decrease/increase by TL 871.554 (31 December 2011: TL 1.787.554). This is mainly attributable to the Company's exposure to interest rates on its variable rate receivables and borrowings;

The tables below summarises average effective interest rates by major currencies for monetary financial instruments at 31 December 2012 and 31 December 2011:

	31 December 2012		31 December 2011	
	JPY (%)	**TL (%)**	**JPY (%)**	**TL (%)**
Assets				
Cash and due from banks				
- time deposits	-	-	-	10.07
Factoring receivables	-	16.87	-	30.25
Liabilities				
Borrowings	-	10.04	3.00	15.44
Bonds issued	-	9.99	-	13.39

Operational risk

The most comprehensive meaning of operational risk is considered to be any risk which is not classified as market and credit risk. In managing operational risk, increasing the skills of the staff, improving the job technology and job definitions, establishing the necessary internal controls and insurance are employed as main methods.

Fair value of financial instruments

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial assets is measured according to the assumptions based on quoted bid prices of similar assets, or amounts derived from cash flow models.

The fair values of certain financial assets carried at cost, including cash and due from banks are considered to approximate their respective carrying values due to their short-term nature.

The fair value of factoring receivables and payables are also considered to approximate the carrying value due to their short-term nature,

	31 December 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	953,818	953,818	17,649,244	17,649,244
Factoring receivables	621,502,320	621,502,320	466,061,322	466,061,322
Financial liabilities				
Loans and borrowings	405,458,533	405,126,394	379,162,090	379,162,090
Debt securities	149,069,326	147,612,873	47,736,603	52,050,871
Factoring payables	1,002,509	1,002,509	422,150	422,150

Fair value hierarchy

IFRS 7 requires classification of line items at fair value presented at financial statements according to the defined levels. These levels depend on the availability of data used during fair value calculations. Classification for fair value is generated as follows below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Company has no financial assets and liabilities carried at their fair value as of 31 December 2012 and 31 December 2011.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results.

Deferred tax recognition

Deferred tax assets can only be recognised if a tax benefit if possible. Future taxable income and the amount of possible tax benefit depend on the Company’s medium-term business plans and expectations arising from that. The business plan is based on the rational expectations of the Company according to its circumstances**.**

In this framework, the Company decided not to distribute any possible profit that would arise from the sales of its tangible assets that are measured at their fair values.

Allowance for impairment of factoring receivables

A credit risk provision for impairment of factoring receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The estimates used in evaluating the adequacy of the provision for impairment of factoring receivables are based on the aging of these receivable balances and the trend of collection performance. Regarding the portfolio provision, the Company uses historical probability of default and loss given default rates based on the statistical data which characterises the current market conditions and quality of the loan portfolio of the Company (Note 6).

Property and equipment

The buildings are shown at fair value, based on valuations performed by an valuation report of an independent valuation company which has regulatory licences about real estate valuation, at the end of each financial reporting period. As of the date of these financial statements, the net carrying amounts of buildings are shown with their fair based on expertise report performed on January 2013.

Contingent assets and liabilities

The Company has recognised the amounts that is paid to the taxation authority, which are related with the tax litigation that is going on between the taxation authority, as assets in its financial statements based on its assessment that the inflow of economic benefits from these assets is virtually certain (Note 7).

On the other hand, the other tax penalties which are subject to litigations between the Company and and taxation authority and which has not been paid by the Company are disclosed as contingent liabilities based on the Company's assessment that the loosing of these litigations (ie. the outflow of economic benefits) is not probable (Note 21).

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 5 - CASH AND DUE FROM BANKS

At 31 December 2012 and 31 December 2011 cash and due from banks comprised of the following:

	2012	2011
Cash	11,232	2,858
Due from banks	942,586	17,646,386
- demand deposits	942,586	14,139,187
- time deposits	-	3,507,199
	953,818	**17,649,244**

The Company has no blocked deposits as of 31 December 2012 and 31 December 2011.

For the purposes of the cash flow statement, cash and cash equivalents amounting to TL 953,818 (31 December 2011: TL 17,649,244) comprised from cash and due from banks excluding accrued interest.

NOTE 6 - FACTORING RECEIVABLES

	2012	2011
Domestic factoring receivables	642,581,804	485,958,195
Impaired factoring receivables	19,747,362	11,826,418
Factoring payables	(1,002,509)	(422,150)
Gross factoring receivables	**661,326,657**	**497,362,463**
Less: unearned revenue	(21,079,484)	(19,896,873)
Less: provision for impairment	(19,747,362)	(11,826,418)
Factoring receivables, net	**620,499,811**	**465,639,172**

Unearned revenue represents advance collections of factoring fees, recognised on pro-rata basis over the term of the collection of factoring receivables.

As of 31 December 2012 and 31 December 2011 the Company has no floating rate receivables. Against factoring receivables from customers, as of 31 December 2012, the Company has cheques and debentures in total amounted to TL 642,946,750 (31 December 2011: TL 485,412,154).

Maturity analysis of the net factoring receivables is as follows:

	2012	2011
Up to 1 month	182,594,400	176,667,463
1 month to 3 month	279,715,061	191,238,609
3 month to 1 year	179,271,109	117,495,082
1 year and over	1,001,234	557,041
	642,581,804	**485,958,195**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 6 - FACTORING RECEIVABLES (Continued)

Factoring receivables can be analysed as follows:

	2012	2011
Neither past due nor impaired	621,502,320	466,061,322
Past due but not impaired	-	-
Impaired	19,747,362	11,826,418
Gross	**641,249,682**	**477,887,740**
Less: provision for impairment	(19,747,362)	(11,826,418)
Net factoring receivables	**621,502,320**	**466,061,322**

Aging analysis of the impaired factoring receivables is as follows:

	2012 Total impaired Factoring receivables	Provision amount	2011 Total impaired Factoring receivables	Provision amount
1-3 months	3,186,905	3,186,905	2,349,175	2,349,175
3-6 months	1,446,546	1,446,546	635,231	635,231
6 months and over	15,113,911	15,113,911	8,842,012	8,842,012
Total	**19,747,362**	**19,747,362**	**11,826,418**	**11,826,418**

Movement in the provision for impaired factoring receivables during the year is as follows:

	2012	2011
Balance at 1 January	**11,826,418**	**9,750,289**
Charge for the year	13,352,409	4,468,687
Recoveries of amounts previously provided	(5,348,685)	(2,325,657)
Write- offs	(82,780)	(66,901)
Balance at 31 December	**19,747,362**	**11,826,418**

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. There are no renegotiated factoring receivables that would otherwise be past due or impaired at 31 December 2012 and 31 December 2011.

As of 31 December 2012 and 31 December 2011 the Company obtained the following collaterals from its customers against their outstanding exposures:

	2012	2011
Guarantee cheques and notes received	8,175,000	130,000
	8,175,000	**130,000**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 6 - FACTORING RECEIVABLES (Continued)

The distribution of the gross factoring receivables by the industrial segments is as belows;

	2012	%	2011	%
Iron and steel	86,868,239	14	55,486,780	11
Textile	78,033,856	12	69,328,870	14
Construction	61,354,262	10	50,490,583	10
Tourism	45,664,204	7	35,287,421	7
Food	43,715,129	7	41,904,743	9
Paper and printing	40,360,235	6	26,591,726	5
Trading	38,527,389	6	40,915,713	8
Rubber and plastics	38,124,182	6	20,176,530	4
Electrics and electronics	37,594,883	6	32,771,923	7
Automotive	31,237,144	5	15,446,891	3
Chemicals	30,000,452	5	20,207,407	4
Machinery	23,837,509	4	20,028,390	4
Leather products	14,072,241	2	7,319,770	3
Agricultural products	13,610,957	2	10,564,824	2
Wood products	7,058,471	1	3,862,039	2
Other	52,522,651	7	35,574,585	7
	642,581,804	**100**	**485,958,195**	**100**

NOTE 7 - OTHER ASSETS AND PREPAID EXPENSES

	2012	2011
Receivables from tax authority	2,455,313	-
Advances given	740,359	808,300
Prepaid expenses	134,625	122,142
Other	165,692	87,585
	3,495,989	**1,018,027**

Regarding the finalised tax base difference which was claimed in the tax inspection (limited) report No. 2012-A-998-14 dated 12 September 2012 issued by Mecidiyeköy Tax Office ("Tax authority") after the tax inspection on the company's records for the year 2009, the tax authority has issued a payment order with main tracking number of 20121128665090000001 amounting to TL 1,718,894 excluding the late payment interest. The company has paid a total of TL 2,417,229, which consists of the amount stated in this payment order plus the relevant late payment interest to the tax authority with reservation and then filed a lawsuit with file no. 2012/3104 E. at the Istanbul 2nd Tax Court with the request of annulment of the payment order. This lawsuit is still going on.

Furthermore, the tax authority has accrued to the company a late payment interest of TL 38,090 in relation to the relevant tax base difference with the payment order No. 20121128665080000001 dated 28 November 2012 and issued the payment order with the main tracking number 20121127665080000001 dated 27 November 2012. The company paid the mentioned amount with reservation and then filed a lawsuit at Istanbul 2nd Tax Court with file number 2012/3104 E. for annulment of the payment order. The relevant lawsuit is still going on.

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 7 - OTHER ASSETS AND PREPAID EXPENSES (Continued)

As described in detail above, the Company recognised the total amount paid with reservation which corresponds to TL 2,455,318 in its financial statements under "other assets" as it is virtually certain that the Company would win the relevant lawsuits.

In addition to these payments made to the tax authority with reservation, the tax authority levied an additional Corporate Income Tax of TL 169,016 and a tax loss penalty of TL 169,016 for the year 2009 with the tax/ penalty notice No. 20121127135080000002. The lawsuit filed against the said tax/ penalty notice is still in progress at Istanbul 8th Tax Office with File No. 2012/3327 E. Through the tax/ penalty notice No. 20121127135080000001, the tax authority levied a Corporate Income Tax of TL 313,486 for the year 2010 and a tax loss penalty of TL 313,486. The lawsuit filed against the said tax/ penalty notice is still in progress at Istanbul 8th Tax Office with File No. 2012/3328 E.

The Company has not made any payments for the tax penalties, in relation to the notices with No. 20121127135080000002 and 20121127135080000002 as the former petitions for offsetting have not been processed; and it has not allocated a provision in its financial statements as the likelihood of loosing those litigations is considered remote.

NOTE 8 - PROPERTY AND EQUIPMENT

	1 January 2012	Additions	Revaluation	Transfers	Disposals	31 December 2012
Cost:						
Buildings (*)	15,189,157	67,665	608,780	-	-	15,865,602
Furniture and fixtures	1,708,608	104,051	-	-	(214,443)	1,598,216
Motor vehicles	142,432	-	-	-	(142,432)	-
Leasehold improvements	590,195	10,847	-	-	(392,774)	208,268
	17,630,392	**182,563**	**608,780**	**-**	**(749,649)**	**17,672,086**
Accumulated depreciation:						
Buildings (*)	-	(111,671)	111,671	-	-	-
Furniture and fixtures	(1,073,875)	(263,866)	-	-	214,443	(1,123,298)
Motor vehicles	(142,432)	-	-	-	142,432	-
Leasehold improvements	(471,275)	(54,971)	-	-	392,774	(133,472)
	(1,687,582)	**(430,508)**	**111,671**	**-**	**749,649**	**(1,256,770)**
Net book value	**15,942,810**					**16,415,316**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 8 - PROPERTY AND EQUIPMENT (Continued)

	1 January 2011	Additions	Revaluation	Transfers	Disposals	31 December 2011
Cost:						
Buildings (*)	11,928,259	4,976	3,255,922	-	-	15,189,157
Furniture and fixtures	1,332,027	376,581	-	-	-	1,708,608
Motor vehicles	142,432	-	-	-	-	142,432
Leasehold improvements	493,559	96,636	-	-	-	590,195
	13,896,277	**478,193**	**3,255,922**	**-**	**-**	**17,630,392**
Accumulated depreciation:						
Buildings (*)	(673,419)	(267,692)	941,111	-	-	-
Furniture and fixtures	(869,042)	(204,833)	-	-	-	(1,073,875)
Motor vehicles	(142,432)	-	-	-	-	(142,432)
Leasehold improvements	(430,796)	(40,479)	-	-	-	(471,275)
	(2,115,689)	**(513,004)**	**941,111**	**-**	**-**	**(1,687,582)**
Net book value	**11,780,588**					**15,942,810**

There is no collateral or lien tied on the tangible assets of the Company. The total insurance amount over the tangible assets is amounted to TL 5,571,540 (31 December 2011: TL 5,217,618).

(*) The net book values of the Company's buildings are presented with their fair value amounts based on the valuation report obtained on December 2011 and September 2012 and January 2013, from TSKB Real Estate Appraisal, which is a licenced valuation expertise company.

If lands and buildings were stated on the historical cost basis, the amounts would be as follows:

	2012	2011
Cost	2,864,900	2,908,906
Accumulated depreciation	(703,415)	(591,744)
Net value	**2,161,485**	**2,317,162**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 9 - INTANGIBLE ASSETS

	1 January 2012	Additions	Disposals	31 December 2012
Cost				
Rights	380,813	86,407	-	467,220
Accumulated amortisation				
Software	(230,739)	(59,202)	-	(289,941)
Net book value	**150,074**			**177,279**

	1 January 2011	Additions	Disposals	31 December 2011
Cost				
Rights	280,820	99,993	-	380,813
Accumulated amortisation				
Software	(168,589)	(62,150)	-	(230,739)
Net book value	**112,231**			**150,074**

NOTE 10 - BORROWINGS

Borrowings at 31 December 2012 and 31 December 2011 are set out below according to their currencies:

	2012			2011		
	Effective Interest %	Original Currency	TL	Effective Interest %	Original Currency	TL
TL	5.08-12.57	405,458,533	405,458,533	10.50 - 16.00	378,022,055	378,022,055
JPY	-	-	-	3.00	46,837,913	1,140,035
			405,458,533			**379,162,090**

NOTE 11 - BONDS ISSUED

	2012	2011
Bonds issued	149,069,326	47,736,603
	149,069,326	**47,736,603**

The list of bonds issued by the Company is as follows:

ISIN CODE	Issue Date	Issued Nominal Amount	Maturity Date	Sales Type	Coupon Payment Period
TRSLDFK41317	17 April 2012	20.000.000	18 April 2013	Public Offering	Coupon payment per month
TRSLDFKK1312	8 May 2012	40.000.000	8 November 2013	Public Offering	Coupon payment per month
TRSLDFK51415	8 May 2012	40.000.000	8 May 2014	Public Offering	Coupon payment quarterly
TRSLDFK61153	29 June 2012	20.000.000	29 June 2015	Private placement	Coupon payment quarterly
TRSLDFK21418	22 November 2012	30.000.000	21 February 2014	Public Offering	Coupon payment per month

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 11 - BONDS ISSUED (Continued)

The bonds issued by the Company has floating coupon rates which is recalculated at the beginning of each coupon period with the reference rates of the government debt securities that were issued by the Turkish Undersecretariat of Treasury. The calculations are performed according to the calculation methods defined in related offering circulars of the bonds. All announcements related with the issued bonds are released in the website of the Public Disclosure Platform ("PDP").

NOTE 12 - OTHER LIABILITIES

	2012	2011
Banking Insurance Transaction Tax (BITT)	467,900	649,034
Personnel income tax	426,757	434,255
Social security premiums	281,310	436,674
Stamp tax	10,527	10,443
VAT payable	1,552	1,110
Factoring fees payable	1,473	31,918
Taxes and duties other than income	**1,189,519**	**1,563,434**
Payables to suppliers	366,059	279,215
Payable to personnel	19,581	159,600
Other	21,252	4,252
Others	**406,892**	**443,067**
	1,596,411	**2,006,501**

NOTE 13 - EMPLOYMENT BENEFIT OBLIGATIONS

	2012	2011
Reserve for employment termination benefits	1,006,395	942,983
Reserve for unused vacation	792,284	507,108
	1,798,679	**1,450,091**

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL 3,033.98 as of 31 December 2012 (31 December 2011: TL 2,731.85) for each year of service.

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 13 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of its employees.

IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability as at 31 December 2012 and 31 December 2011:

	2012	**2011**
Discount rate (%)	2.36	3.91
Turnover rate to estimate the probability of retirement (%)	96	100

The principal assumption is that the maximum liability for each year service will increase in line with inflation. As the maximum liability is revised semi-annually the maximum amount of TL 3,129.25 (1 January 2012: TL 2,917.27) which is effective from 1 January 2013 has been taken into consideration in calculating the provision for employment termination benefits of the Company.

Movement of the reserve for employment termination benefits for the period is as follows:

	2012	**2011**
1 January	**942,983**	**724,668**
Provision cancellation	(179,050)	-
Provision for the period (Note 18)	242,462	218,315
31 December	**1,006,395**	**942,983**

Movement of the reserve for unused vacation provision for the period is as follows:

	2012	**2011**
1 January	**507,108**	**186,680**
Provision for the period	285,176	320,428
31 December	**792,284**	**507,108**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 14 - TAXATION

The taxation on income for the periods ended 31 December 2012 and 2011 are summarized as follows:

	2012	**2011**
Current tax liability	3,529,386	2,812,147
Less: prepaid taxes	(1,478,703)	(1,940,144)
Current tax liability	**2,050,683**	**872,003**

	2012	**2011**
Current period tax expense	(3,490,132)	(2,812,147)
Taxation difference in respect of prior year	(337,141)	-
Deferred tax income / (expense)	645,107	409,243
Taxation expense	**(3,182,166)**	**(2,402,904)**

The Corporate Tax Law has been amended with the law dated 13 June 2006 and numbered 5520. Many articles of the Corporate Tax Law numbered 5520 have been effective from 1 January 2006. Accordingly, the corporate tax rate in Turkey is 20% for the year 2012 (2011: 20%). Corporate tax rate is calculated on the total income of the company after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (Provisions of bilateral tax treaties are reserved for non-residents). An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% (2011: 20%) on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end and advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

Under the Turkish corporate tax law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

75% of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or booked in a special reserve account for at least 5 years in accordance with the Corporate Tax Law and if the main business activity of the Company is not equity/immovable trading. The company estimates that it will comply with these requirements and has calculated the deferred tax liability with the 5% effective taxation rate (31 December 2011: 20%).

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 14 - TAXATION (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The current tax charge for the Company can be reconciled as follows:

	2012	2011
Income before taxation	15,503,365	11,852,552
Theoretical tax expense (20%)	(2,880,944)	(2,370,510)
Taxation difference in respect of prior year	(337,142)	-
Disallowable expenses	26,674	32,394
Deductions	9,245	-
Taxable income for Turkish tax legislation	**(3,182,166)**	**(2,402,904)**

Under IAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realised. The deferred tax asset and deferred tax liability have been net off in these financial statements.

Deferred taxes

The breakdown of deductible and taxable temporary differences is as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	2012	**2011**	**2012**	**2011**
Provision for factoring receivables	9,228,691	4,380,478	1,845,738	876,096
Deferred commission income	2,856,991	5,740,888	571,398	1,148,178
Difference between carrying values and tax base of property and equipment	1,886,467	1,665,727	377,293	333,145
Employment benefit obligations	1,798,679	1,450,091	359,736	290,018
Other	644,865	11,688	128,973	2,338
Deferred tax asset			**3,283,138**	**2,649,775**
Valuation difference between carrying values and tax base of property and equipment (*)	13,000,702	12,280,251	650,034	2,456,050
Difference between carrying values and tax base of bonds issued and borrowings	1,596,451	1,655,169	319,290	331,034
Deferred tax liability			**969,324**	**2,787,084**
Deferred tax asset, net			**2,313,814**	**(137,309)**

(*) The deferred tax charges derived from the revaluation reserve of the buildings are recognized under the comprehensive income statement on the section of "other comprehensive income". For the current year period the deferred tax liability amount has been calculated with the effective taxation rate of 5%.

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 14 - TAXATION (Continued)

The movement of deferred assets / (liabilities) are as follows:

	2012	2011
Balance at 1 January	**(137,309)**	**292,856**
Deferred tax income / (expense) recognised in the statement of comprehensive income:		
- under taxation on income	645,107	409,243
- under other comprehensive income	1,806,016	(839,408)
	2,313,814	**(137,309)**

NOTE 15 - SHARE CAPITAL

As at 31 December 2012 and 31 December 2011, the nominal value of the Company's authorised and paid-in share capital amount is TL 30,000,000 comprising 30,000,000 registered shares of par value of TL1. As at 31 December 2012 and 31 December 2011, the composition of the authorised and paid-in share capital is as follows:

					2012		2011
	Share (%)	Shares Group A	Shares Group B	Shares Group C	Total	Share (%)	Total
Yuda Elenkave	39.82	20,000	11,925,130	-	11,945,130	39.82	11,945,130
Nedim Menda	34.85	10,000	10,445,000	-	10,455,000	34.85	10,455,000
Jak Sucaz	10.20	10,000	3,050,000	-	3,060,000	10.20	3,060,000
Raşel Elenkave	5.11	10,000	1,520,000	-	1,530,000	5.11	1,530,000
Credit Suisse Investments (Netherlands) B.V.	9.90	-	-	2,970,000	2,970,000	9.90	2,970,000
Can Güney	0.04	-	13,290	-	13,290	0.04	13,290
Ayşe Bayoğlu	0.04	-	13,290	-	13,290	0.04	13,290
İbrahim Betil	0.04	-	13,290	-	13,290	0.04	13,290
Share capital	**100.00**	**50,000**	**26,980,000**	**2,970,000**	**30,000,000**	**100.00**	**30,000,000**
Adjustment to share capital					**5,873,808**		**5,873,808**
Total paid-in share capital					**35,873,808**		**35,873,808**

According to the share agreement of the Company, Group A shareholders have the right to appoint a simple majority of the members of the Board, Group B shareholders have economic rights to dividends/distributions and pre-emptive rights with respect to future share issuances as well as the ordinary rights of a shareholder, Group C shareholders have the right to appoint one member of the Board and have extensive veto rights over strategic and financial decisions of the Company including: (a) approval of annual budgets and financial statements; (b) material acquisitions/disposals; (c) amount of total indebtedness; (d) appointment of senior management; and (e) related party transactions and changes to the Company's share capital structure.

(Amounts expressed in Turkish lira (“TL”), unless otherwise indicated)

NOTE 16 - RETAINED EARNINGS AND LEGAL RESERVES

The legal reserves consist of first and second reserves, appropriated in accordance with Turkish Commercial Code (“TCC”). TCC stipulates that the first legal reserve is appropriated out of statutory profits at a rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at a rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

At 31 December 2012 and 31 December 2011, reserves held by the Company in the statutory financial statements which were adjusted for the effects of inflation in accordance with tax law are as follows:

	2012	**2011**
Legal reserves	4,154,587	3,558,812

Inflation adjustment to shareholders’ equity can only be net off against prior years’ losses and used as an internal source in capital increase where extraordinary reserves can be net off against prior years’ losses, used in distribution of bonus shares and distribution of dividends to shareholders.

The asset revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. For the periods ended on 31 December 2012 and 31 December 2011, the movements in the revaluation fund are as follows:

	2012	**2011**
Balance at 1 January	**9,824,200**	**6,466,576**
Revaluation of buildings	720,450	4,197,032
Deferred tax effect of revaluation of buildings (Note 14)	1,806,016	(839,408)
	12,350,666	**9,824,200**

NOTE 17 - OTHER OPERATING INCOME

	2012	**2011**
Collections from written-off factoring receivables	911,384	1,210,504
Capital gains from fixed asset sales	62,376	-
Rent income	61,560	61,750
Other	27,389	140,808
	1,062,709	**1,413,062**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 18 - OPERATING EXPENSES

	2012	2011
Personnel expenses	19,670,135	16,948,687
Advertising expenses	2,145,690	970,966
Rent expenses	1,307,045	1,054,868
Unused vacation expense (Note 13)	792,284	320,428
Office expenses	561,860	518,083
Consultancy expenses	537,672	701,706
Travelling expenses	554,380	532,367
Taxes and other duties expense	514,939	212,985
Depreciation and amortisation (Note 8, 9)	489,710	575,154
Communication expenses	457,984	370,243
Employment termination benefits expense (Note 13)	242,462	218,315
Maintenance and repair expenses	169,735	35,662
Other	62,300	9,320
	27,506,196	**22,468,784**

The details of the personnel expenses as of 31 December 2012 and 2011 is as follows:

	2012	2011
Salary expenses	12,099,446	10,117,852
Remuneration of top management (Note 20)	5,315,028	5,045,846
Social security premium employer's share	1,590,783	1,245,705
Meal expenses	655,985	532,170
Audit committee salary expense	8,893	7,114
	19,670,135	**16,948,687**

NOTE 19 - FEE AND COMMISSION INCOME/ (EXPENSE)

	2012	2011
Fee and commission income on:		
Factoring commission income	19,893,093	28,907,912
	19,893,093	**28,907,912**
Fee and commission expense on:		
Commission expenses for banking transactions	(1,482,832)	(456,512)
Other	(2,952)	(656)
	(1,485,784)	**(457,168)**
Net fee and commission income	**18,407,309**	**28,450,744**

(Amounts expressed in Turkish lira ("TL"), unless otherwise indicated)

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. A number of transactions were entered into with related parties in the normal course of business.

a) Balances with related parties

	2012	**2011**
Borrowings		
Credit Suisse AG London Branch	240,091,700	131,018,805
	240,091,700	**131,018,805**

b) Transactions with related parties	**2012**	**2011**
Interest expense on borrowings		
Credit Suisse AG London Branch	26,964,777	8,630,924
	26,964,777	**8,630,924**
Remuneration of top management		
Remuneration of top management	5,315,028	5,045,846

Total remuneration of top management consists of gross salary and bonus premium and other benefits provided to general manager and other key executives.

NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of activities, the Company undertakes commitments and incurs certain contingent liabilities that are not presented in these financial statements. The following is a summary of significant commitments and contingent liabilities at 31 December 2012 and 31 December 2011.

	2012	**2011**
Guarantees given		
Guarantees given to legal courts	263,800	20,700
Guarantees given to banks for borrowings	-	474,687,921
	263,800	**474,708,621**

There are ongoing litigations against the Company. As of the date of these financial statements, since the likelihood of loosing those litigations is considered remote, the Company did not calculate a provision in respect of these contingent events.

NOTE 22 - SUBSEQUENT EVENTS

None.

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