

**TEK FAKTORİNG
HİZMETLERİ A.Ş.**

FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH THE
CMB COMMUNIQUE SERIAL NO: XI/25
FOR THE YEAR ENDED
31 DECEMBER 2007

(Translated into English from
the Original Turkish Report)

**INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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

1. We have audited the accompanying balance sheet of TEK Faktoring Hizmetleri A.Ş. (“the Company”) as at December 31, 2007, and the related statements of income, cash flows, and changes in equity 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 financial reporting standards announced by the Capital Market Board which is disclosed by the Banking Regulation and Supervision Agency (“BRSA”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the regulation on “Licensing and Operations of Audit Firms in Banking” published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our 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 judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion the accompanying financial statements give a true and fair view of the financial position of TEK Faktoring Hizmetleri A.Ş. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards issued by the Capital Markets Board (Note 2).

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

İstanbul, 14 April 2008

Sibel Türker

Partner

TEK FAKTORİNG HİZMETLERİ A.Ş.

BALANCE SHEET AS OF 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless other wise indicated.)

ASSETS	Notes	31 December 2007 <u>TRY</u>	31 December 2006 <u>TRY</u>
Current Assets		58.434.462	37.994.976
Cash and cash equivalents	4	859.315	868.669
Marketable securities (net)	5	-	-
Trade receivables (net)	7	57.153.591	37.099.662
Due from related parties (net)	9	97.155	-
Other receivables (net)	10	292.018	-
Biological assets (net)	11	-	-
Inventory (net)	12	-	-
Receivables from construction in progress (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	32.383	26.645
Non-Current Assets		272.414	323.184
Trade receivables (net)	7	-	-
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	-	26.800
Investment property (net)	17	7.350	7.350
Tangible assets (net)	18	94.844	97.302
Intangible assets (net)	19	23.284	9.259
Deferred tax assets	14	146.936	182.473
Other long-term assets	15	-	-
Total Assets		<u>58.706.876</u>	<u>38.318.160</u>

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

TEK FAKTORİNG HİZMETLERİ A.Ş.**BALANCE SHEET AS OF 31 DECEMBER 2007**

(Amounts expressed in New Turkish Lira (TRY) unless other wise indicated.)

<u>LIABILITIES AND EQUITY</u>	<u>Notes</u>	<u>31 December 2007</u>	<u>31 December 2006</u>
		<u>TRY</u>	<u>TRY</u>
Short-term Liabilities		43.393.559	31.553.037
Short-term borrowings (net)	6	35.939.120	30.421.014
Short-term portions of long-term borrowings (net)	6	-	-
Finance lease payables (net)	8	-	-
Other financial liabilities (net)	10	6.207.548	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	112.135	-
Advances received	20	-	-
Construction contracts progress billings (net)	13	-	-
Provisions (net)	22	383.908	380.408
Deferred tax liabilities	14	-	-
Other short-term liabilities (net)	15	750.848	751.615
Long-term Liabilities		56.637	17.733
Long-term borrowings (net)	6	-	-
Finance lease payables (net)	8	-	-
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	-	-
Advances received	20	-	-
Provisions (net)	22	56.637	17.733
Deferred tax liabilities	14	-	-
Other long-term liabilities (net)	15	-	-
Shareholders' Equity		15.256.680	6.747.390
Capital	23	8.000.000	5.669.000
Capital reserves	24	5.909.211	5.909.211
- Premium in excess of par		-	-
- Gain on cancellation of equity shares		-	-
- Revaluation fund		-	-
- Valuation fund on financial assets		-	-
- Shareholders' equity inflation restatement differences		5.909.211	5.909.211
Profit reserves	25	601.630	601.630
- Legal reserves		30.082	30.082
- Statutory reserves		-	-
- Extraordinary reserves		571.548	571.548
- Special reserves		-	-
- Gain on sale of properties and equity participations transferred to capital		-	-
- Currency translation reserve		-	-
Net profit / (loss) for the period		6.178.290	769.760
Retained earnings	26	(5.432.451)	(6.202.211)
TOTAL LIABILITIES AND EQUITY		58.706.876	38.318.160

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

TEK FAKTORİNG HİZMETLERİ A.Ş.**STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2007**

(Amounts expressed in New Turkish Lira (TRY) unless other wise indicated.)

STATEMENT OF INCOME	Notes	1 January - 31 December 2007 <u>TRY</u>	1 January - 31 December 2006 <u>TRY</u>
OPERATING INCOME			
Sales revenue (net)		-	-
Cost of sales (-)		-	-
Income from services (net)	34	20.473.440	11.540.089
Other operating income / (expenses) (net)		-	-
GROSS PROFIT		20.473.440	11.540.089
Operating expenses (-)	35	(4.774.671)	(2.903.668)
NET OPERATING PROFIT		15.698.769	8.636.421
Other income and profits	36	273.290	464.270
Other expenses and losses (-)	36	(2.163.106)	(2.748.153)
Finance income / (expenses) (net)	37	(5.866.083)	(5.149.748)
OPERATING PROFIT		7.942.870	1.202.790
Net monetary gain / (loss)		-	-
PROFIT BEFORE TAXATION		7.942.870	1.202.790
Taxation	39	(1.764.580)	(433.030)
NET PROFIT / (LOSS) FOR THE PERIOD		6.178.290	769.760
EARNINGS PER SHARE		-	-

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

TEK FAKTORİNG HİZMETLERİ A.Ş.

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

	<u>Capital</u> <u>TRY</u>	<u>Inflation</u> <u>Restatement</u> <u>Differences</u> <u>TRY</u>	<u>Profit</u> <u>Reserves</u> <u>TRY</u>	<u>Retained</u> <u>Earnings</u> <u>TRY</u>	<u>Total</u> <u>TRY</u>
Balance as of 1 January 2006	4.625.000	5.909.211	601.630	(6.202.211)	4.933.630
Payment of capital commitments	1.044.000	-	-	-	1.044.000
Profit for the year	-	-	-	769.760	769.760
Balance as of 31 December 2006	5.669.000	5.909.211	601.630	(5.432.451)	6.747.390
Payment of capital commitments	2.331.000	-	-	-	2.331.000
Profit for the year	-	-	-	6.178.290	6.178.290
Balance as of 31 December 2007	8.000.000	5.909.211	601.630	745.839	15.256.680

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

TEK FAKTORİNG HİZMETLERİ A.Ş.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

CASH FLOW STATEMENT	Notes	1 January- 31 December 2007	1 January- 31 December 2006
		TRY	TRY
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		6.178.290	769.760
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization expenses	18,19	33.699	22.625
Retirement pay provision	22	38.904	26.424
Losses on investment property	36	-	408.500
Provision for doubtful receivables	36	1.552.351	686.444
Provision for unused vacation accrual		47.495	29.310
Loan discount expenses		610.754	310.009
Discount income		(46.147)	-
Interest expense		6.948.298	3.881.844
Impairment expense of financial assets	36	-	1.343.200
Tax provision	39	1.764.580	433.030
Operating cash flows before movements in working capital		17.128.224	7.911.146
Change in factoring receivables		(21.560.133)	(23.169.271)
Change in due from related parties		(97.155)	-
Change in other receivables		(292.018)	-
Other current assets		(5.738)	1.230
Change in other liabilities		(767)	483.792
Change in due to related parties		112.135	-
Taxes paid		(1.773.038)	(438.991)
Retirement benefits paid		-	(53.780)
Net cash used in operating activities		(6.488.490)	(15.265.874)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of tangible and intangible assets	18,19	(45.266)	(45.615)
Sales of investment property		-	280.000
Change in financial assets		26.800	-
Net cash (used in)/ provided from investing activities		(18.466)	234.385
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase		2.331.000	1.044.000
Change in borrowings		4.750.402	18.129.580
Change in other financial liabilities		6.162.770	-
Interest paid		(6.746.571)	(3.648.479)
Cash provided from financing activities		6.497.601	15.525.101
NET CHANGE IN CASH AND CASH EQUIVALENTS		(9.355)	493.612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR			
	4	868.669	375.057
CASH AND CASH EQUIVALENTS AT THE END OF YEAR			
	4	859.315	868.669

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

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

1. GENERAL INFORMATION

TEK Faktoring Hizmetleri A.Ş. ("the Company") was incorporated in 1998 and has been providing domestic factoring services to industrial and commercial enterprises. After ceasing factoring operations in 2001, the Company has restarted its activities in December 2004. The head office is located at Ömer Avni Mah. İnebolu Sok. Ekemen Han No:1 K:2 Kabataş İstanbul -Turkey.

The Company's main share holder is ABC Holding Anonim Şirketi. The number of the personnel working for the Company is 50 as of 31 December 2007 (31 December 2006 : 26).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

CMB has issued Communiqué No: XI/25 "Communiqué about CMB Accounting Standards" on 15 November 2003. This Communiqué has become effective on the date of issuance in order to be applied to the first interim financial statements after 1 January 2005.

The Company maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. The accompanying financial statements include adjustments and reclassifications to the statutory records in accordance with the Communiqué No: XI/25 issued by the CMB.

The Company's financial statements were prepared in accordance with the CMB rules for accounting and reporting ("CMB Accounting Standards").

Basis of Preparation of Financial Statements:

Communiqué No: XI/25 issued by the CMB, provides a detailed set of accounting principles. The Communiqué declared that as an alternative the compliance with the accounting standards issued by International Accounting Standards Board ("IASB") and International Accounting Standards Committee ("IASC") will be counted as in compliance to the CMB Accounting Standards. The accompanying financial statements were prepared in accordance with the CMB's above Communiqué and with the CMB's announcement on 20 December 2004 regarding the format of the financial statements and notes.

Preparation of Financial Statements in Hyperinflationary Periods:

Restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, in accordance with the CMB's Communiqué No: XI/20 "Communiqué on the Principles of Preparation of Financial Statements in Hyperinflationary Periods" ("Communiqué No: XI/20") for the financial statements prepared before 1 January 2005. Communiqué No: XI/20 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date.

In the CMB's meeting numbered 11/367 on 17 March 2005, it was denoted that hyperinflationary period, as defined in the Communiqué No: XI/20 paragraph 6 and the Communiqué No: XI/25 paragraph 375 is over. In addition, other criteria regarding the continuation of hyperinflationary period deemed to be no longer valid therefore, preparation of financial statements according to inflation accounting has been ceased in 2005 and inflation accounting has not been applied for the periods subsequent to 1 January 2005.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

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

Comparative Information and Restatement of Prior Period Financial Statements:

The financial statements are comparatively presented with the prior year in order enable the determination of financial position and performance trends. Whenever the classification or presentation of financial statements is changed, certain reclassifications are made to the prior year financial statements to comply with the current period presentation.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies used to prepare the accompanying financial statements are as follows:

a. 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. Commission income is recognized as income as received, all other income and expenses are recognized on the accrual basis.

b. Inventory

None.

c. Property, plant and equipment

Property, plant and equipment acquired before 1 January 2005 are carried at cost expressed in terms of purchasing power on 1 January 2005 are stated at cost less accumulated depreciation and any accumulated impairment losses. The ones acquired in or after 1 January 2005 are carried at cost less accumulated depreciation and any impairment loss.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives, acquisition and assembly dates.

Depreciation rates used are summarized below:

	<u>Depreciation Rates (%)</u>
Vehicles	20
Furniture and fixtures	20
Leasehold improvements	20-33,3

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Intangible assets

Intangible assets that are acquired before 1 January 2005 are carried at restated historical cost and purchases in the following periods are carried at acquisition cost, less any accumulated amortization and impairment.

Intangible assets are amortized principally on a straight-line basis considering expected useful lives (3-5 years). Intangible assets are amortized when they are ready to use.

e. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its all kind of assets except deferred tax asset and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If the carrying amount of an asset is less than its recoverable amount, impairment should be provided. Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is calculated as the sum of the present values of the estimated future cash inflows and the sales value at the end of the useful life of the asset.

f. Borrowing costs

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

g. Financial instruments

Financial instruments include financial assets, financial liabilities and derivatives. Financial instruments constitute the basis of the Company's commercial operations and activities. These instruments and associated risks constitute the majority of the Company's total risk. Financial instruments affect the market risk over the balance sheet of the company.

After initial recognition, all financial assets are valued at their fair values other than trade receivables, held-to-maturity investments, assets that do not have a quoted market price in an active market and whose fair values can not be reliably estimated. Financial assets which are not valued at their fair values with certain maturities are recorded at amortized cost and assets without certain maturities are recorded at cost. Valuations of financial assets are checked periodically for the allowance for impairment.

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. Market value is the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

The estimated fair values of financial instruments have been determined by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value.

Balances with banks and receivables are important financial instruments which would have negative effects on the financial structure of the Company if the other party failed to comply with the terms and conditions of the agreement.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd)

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 fair value.

Cash and cash equivalents: Cash and bank balances denominated in foreign currencies are translated at period-end exchange rates. The carrying amounts of the remaining cash and bank balances are reasonable estimates of their fair value.

Factoring Receivables and Factoring Payables: The book value of the factoring receivables net of allowances for doubtful factoring receivables and the book value of the factoring payables are assumed to be the fair value of these instruments.

Due to/from related parties: The carrying value of due to and due from related parties are estimated to be their fair values.

Financial liabilities: Foreign currency borrowings are valued by year end foreign currency rates, interest rates of bank loans can fluctuate since they are subject to market rates. Bank loans are recorded at the proceeds received. Finance charges are accounted for on accrual basis and according to the interest rates in the market and reflects the estimated fair value.

Market risk: The market risk is the change of interest rates and foreign currency rates that can affect the Company negatively. The main risks for the Company are fluctuation in interest rates and foreign currency rates.

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

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd)

Segment distribution of domestic and abroad factoring receivables of the Company is as follows :

	2007	2006
Textile	6.321.226	8.119.447
Construction	12.245.085	8.050.423
Iron, steel and other materials	3.344.892	2.832.042
Film, advertising	3.379.068	2.743.475
Transportation	3.910.642	2.741.112
Automotive	3.231.784	2.421.891
Chemistry, Medicine, Medical devices	2.556.023	1.492.132
Food	8.161.186	1.408.154
Machinery, Equipment, Spare Part	2.624.491	1.385.695
Petroleum Distribution	1.088.117	1.057.531
Rubber and Plastic Industry	1.461.687	869.170
Lumber and Other Forestry Products	815.657	827.818
Durable Consumer Goods	719.590	501.865
Trade	909.453	473.048
Health and Cleaning	650.757	310.649
Electrical Equipment	666.441	302.967
Tourism	883.087	287.496
Paper and Other Tree Products	1.242.311	191.090
Agricultural Products	164.212	140.569
Stationary Goods	486.277	137.812
Education	15.655	55.860
Shoe	1.078	45.000
Cosmetic	119.635	43.957
Furniture	529.929	23.380
Paint	210.020	22.800
Financial intermediation	63.176	6.000
Computer and software	545.035	-
Cement	270.488	-
Electronic	549.375	-
Health service	273.589	-
Other	2.114.164	2.287.501
Deferred Interest Income	(2.400.539)	(1.679.222)
	57.153.591	37.099.662

Liquidity risk: The Company is generally raising funds by liquidating its short-term financial instruments such as collecting its receivables and disposing of deposits at banks. The Company's proceedings from these instruments generally approximate their fair values.

The Company provides funds from creditors in case of cash need.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd)

Liquidity risk (cont'd):

As at 31 December 2007 the estimated maturity analysis of certain assets and liabilities is as follows:

31 December 2007:

	<u>Up to 3 months</u>	<u>3 months to 12 months</u>	<u>Over 1 year</u>	<u>No maturity</u>	<u>Total</u>
Cash and cash equivalents	278.080	-	-	581.235	859.315
Trade receivables (net)	51.775.379	5.378.212	-	-	57.153.591
Due from related parties	-	-	-	97.155	97.155
Other receivables (net)	-	-	-	292.018	292.018
Investment securities	-	-	-	7.350	7.350
Property, plant and Equipment (net)	-	-	-	94.844	94.844
Intangible assets (net)	-	-	-	23.284	23.284
Deferred tax assets	-	-	-	146.936	146.936
Other receivables and current assets	-	-	-	32.383	32.383
Total	52.053.459	5.378.212	-	1.275.205	58.706.876
Trade payables (net)	-	-	-	-	-
Payables due to related parties (net)	112.135	-	-	-	112.135
Financial liabilities (net)	30.567.001	5.272.119	-	100.000	35.939.120
Other financial liabilities (net)	6.207.548	-	-	-	6.207.548
Provisions	307.104	76.804	56.637	-	440.545
Other payables (net)	750.848	-	-	-	750.848
Total Equity	-	-	-	15.256.680	15.256.680
Total	37.944.636	5.348.923	56.637	15.356.680	58.706.876

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd)

Liquidity risk (cont'd)

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

31 December 2006:

	<u>up to</u> <u>3 months</u>	<u>3 months</u> <u>to 12</u> <u>months</u>	<u>Over 1</u> <u>year</u>	<u>No</u> <u>maturity</u>	<u>Total</u>
Cash and cash equivalents	-	-	-	868.669	868.669
	34.740.02				
Trade receivables (net)	3	2.359.639	-	-	37.099.662
Due from related parties (net)	-	-	-	-	-
Other receivables (net)	-	-	-	-	-
Financial assets	-	-	-	26.800	26.800
Investment securities (net)	-	-	-	7.350	7.350
Property, plant and Equipment (net)	-	-	-	97.302	97.302
Intangible assets (net)	-	-	-	9.259	9.259
Deferred tax assets (net)	-	-	-	182.473	182.473
Other receivables and current assets	24.178	2.467	-	-	26.645
	34.764.20				
Total	1	2.362.106	-	1.191.853	38.318.160
	21.293.58				
Financial payables (net)	9	9.127.425	-	-	30.421.014
Provisions	380.408	-	17.733	-	398.141
Other short-term liabilities	520.599	-	-	231.016	751.615
Total equity	-	-	-	6.747.390	6.747.390
	22.194.59				
Total	6	9.127.425	17.733	6.978.406	38.318.160

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd)

Interest rate risk:

The Company is sensitive against interest rate risk because of the maturity or repricing mismatches of assets and liabilities. The company manages this risk by applying risk management strategies in order to balance the timing of assets' and liabilities' interest rate change.

The table below shows interest rate risk as of 31 December 2007.

	<u>Up to 3 months</u>	<u>3 months to 12 months</u>	<u>Over 1 year</u>	<u>No interest</u>	<u>Toplam</u>
ASSETS					
Cash and cash equivalents	278.080	-	-	581.235	859.315
Trade receivables (net)	51.775.379	5.378.213	-	-	57.153.592
Due from related parts (net)				97.155	97.155
Other receivables (net)				292.018	292.018
Financial assets (net)	-	-	-	-	-
Investment securities (net)	-	-	-	7.350	7.350
Tangible assets (net)	-	-	-	94.844	94.844
Intangible assets (net)	-	-	-	23.284	23.284
Deferred tax assets (net)	-	-	-	146.936	146.936
Other receivables and current assets	-	-	-	32.382	32.382
Total	<u>52.053.459</u>	<u>5.378.213</u>	<u>-</u>	<u>1.275.204</u>	<u>58.706.876</u>
LIABILITIES					
Trade payables (net)	-	-	-	112.135	112.135
Financial liabilities (net)	30.567.001	5.272.119		100.000	35.939.120
Other financial liabilities (net)	6.207.548				6.207.548
Provisions	-	-	-	440.545	440.545
Other short-term liabilities	-	-	-	750.848	750.848
Deferred tax liabilities (net)	-	-	-	-	-
Total equity	-	-	-	15.256.680	15.256.680
Total	<u>36.774.549</u>	<u>5.272.119</u>	<u>-</u>	<u>16.660.208</u>	<u>58.706.876</u>

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial instruments (cont'd):

The table below shows the interest rate risk as of 31 December 2006.

	<u>Up to 3 months</u>	<u>3 months to 12 months</u>	<u>Over 1 year</u>	<u>No interest</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	-	-	-	868.669	868.669
Trade receivables (net)	34.740.023	2.359.639	-	-	37.099.662
Financial assets (net)	-	-	-	26.800	26.800
Investment securities (net)	-	-	-	7.350	7.350
Tangible assets (net)	-	-	-	97.302	97.302
Intangible assets (net)	-	-	-	9.259	9.259
Deferred tax assets (net)	-	-	-	182.473	182.473
Other receivables and current assets	24.178	2.467	-	-	26.645
Total	<u>34.764.201</u>	<u>2.362.106</u>	<u>-</u>	<u>1.191.853</u>	<u>38.318.160</u>
LIABILITIES					
Financial payables (net)	21.293.589	9.127.425	-	-	30.421.014
Provisions	-	-	-	398.141	398.141
Other liabilities (net)	-	-	-	751.615	751.615
Total equity	-	-	-	6.747.390	6.747.390
Total	<u>21.293.589</u>	<u>9.127.425</u>	<u>-</u>	<u>7.897.146</u>	<u>38.318.160</u>

h. Mergers and Acquisitions:

None.

i. Foreign Currency Transactions:

Transactions in foreign currencies are translated into TRY at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated into TRY at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

j. Earnings per Share:

Earning per share is the portion of the net profit or loss that accounts for the common share, which divided by the weighted average number of common shares.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Subsequent Events to the Balance Sheet Date:

Subsequent events cover the events which arise between the reporting date and the balance sheet date even though they occur subsequent to any public disclosures of the net profit for the period or other selected financial information.

The Company adjusts its financial statements if such subsequent events arise which require to adjust financial statements.

l. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

m. Change in Accounting Policies, Accounting Estimates and Errors:

Changes in accounting policies or fundamental accounting errors are applied retrospectively and the financial statements for the prior periods are restated. If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively.

n. Financial Lease:

There is no tangible asset acquired through financial lease.

o. Related Parties:

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

p. Segmental Information:

Since the Company predominantly operates in Turkey and only in factoring sector, the accompanying financial statements do not include segmental information.

r. Construction Contracts:

None.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s. Discontinued Operations:

None.

t. Government Grants and Incentives:

None.

u. Investment property:

Investment properties, held for the purpose of providing rent and/or capital gain, are showed with fair values in accompanying financial statements as of balance sheet date. Gain or loss from the change in fair value is added to net profit / loss in the period net profit / loss exists. Since the properties owned by the Company are held for providing rent and/or capital gain, they are showed as investment properties as of balance sheet date.

v. Taxation:

Taxes on income in the accompanying financial statements comprise of current tax and the change in deferred taxes.

Provision is made in the accompanying financial statements for the estimated current taxation, income tax and other liabilities based on the results for the year. Current taxation is calculated from the statutory accounting profit by adding back non-deductible expenses and taking into consideration of other income exemptions.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and recorded as profit or loss in income statement.

Corporate tax payable and prepaid corporate tax are offset since they are interrelated and levied by the same taxation authority. Deferred tax assets and liabilities are also offset for the same reasons.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

y. Employee Benefits / Retirement Pay Provision:

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Communiqué No: XI/25, Standard No: 29 “Employee Benefits” defines the Turkish retirement pay application as a defined benefit system. Future retirement payments are discounted to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate per Communiqué No: XI/25, Part 29.

z. Pension Plans:

None.

aa. Agricultural Operations:

None.

ab. Statement of Cash Flows:

In the statement of cash flows, changes in cash and cash equivalents in the current period are grouped as from operating, investing and financing activities. Cash and cash equivalents are assets like cash and banks that are held for current liabilities and not used for investing and other purposes.

4. CASH AND CASH EQUIVALENTS

	31 December <u>2007</u>	31 December <u>2006</u>
Cash	2.449	536
Demand deposits	578.786	868.133
Time deposits (*)	278.080	-
	<u>859.315</u>	<u>868.669</u>

(*) This amount consists of the payment made to the bank by the company for the loss from the forward transaction which was terminated before the due date. This money will be kept by the bank as restricted deposit until the due date; at the due date the money will stay at the bank and the interest calculated on this money will be paid to the Company. The Company has recorded this amount as income accrual.

5. MARKETABLE SECURITIES (NET)

None (31 December 2006 : None).

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

6. BORROWINGS (NET)

	31 December 2007 <u>TRY</u>	31 December 2006 <u>TRY</u>
<u>Borrowings</u>		
Short-term borrowings	35.939.120	30.421.014
Total Borrowings	<u>35.939.120</u>	<u>30.421.014</u>

Interest rate range of the borrowings is as follows:

Currency Type	Interest Rate	31 December 2007 FC Amount	31 December 2007 TRY Amount
Euro	9,73% - 9,77%	1.985.181	3.469.276
US Dollars	6,19% - 11,00%	8.549.905	10.212.266
TRY	1,39%- 25,50%	22.109.756	22.257.578
Total			<u>35.939.120</u>

Currency Type	Interest Rate	31 December 2006 FC Amount	31 December 2006 TRY Amount
Euro	-	-	-
US Dollars	6,75% - 11,00%	7.638.657	10.736.896
TRY	19,00%- 26,00%	19.684.118	19.684.118
Total			<u>30.421.014</u>

7. TRADE RECEIVABLES AND PAYABLES (NET)

31 December 2007	TRY	Foreign Currency	Total
Factoring receivables (*)	61.427.687	556.227	61.983.914
Less: Unearned interest income	(2.400.539)	-	(2.400.539)
Less: Doubtful receivable provision	(2.429.784)	-	(2.429.784)
Factoring receivables (net)	<u>56.597.364</u>	<u>556.227</u>	<u>57.153.591</u>
Factoring payments	-	-	-
Factoring receivables and payables (net)	<u>56.597.364</u>	<u>556.227</u>	<u>57.153.591</u>

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

7. TRADE RECEIVABLES AND PAYABLES (NET) (cont'd)

<u>31 December 2006</u>	<u>TRY Amount</u>	<u>FC Amount</u>	<u>Total</u>
Factoring Receivables	38.787.242	1.141.785	39.929.027
Less: Unearned interest income	(1.679.223)	-	(1.679.223)
Less: Doubtful receivable provision	(1.004.297)	-	(1.004.297)
Factoring receivables (net)	<u>36.103.722</u>	<u>1.141.785</u>	<u>37.245.507</u>
Factoring payments	(145.845)	-	(145.845)
Factoring receivables and payables (net)	<u>35.957.877</u>	<u>1.141.785</u>	<u>37.099.662</u>

(*) Factoring receivables from related parties in 2007 is TRY 1.473.793 (pls. see disclosure "9") (31 December 2006 : TRY 1.267.052)

As of 31 December 2007 and 31 December 2006, the detail of the guarantees received by the Company for its factoring receivables is as follows:

	<u>31 December 2007 TRY</u>	<u>31 December 2006 TRY</u>
Notes and cheques	61.708.180	39.497.486

The distribution of factoring receivables in foreign currencies are as follows;

Foreign Currency	<u>2007</u>		<u>2006</u>	
	<u>Foreign Currency Amount</u>	<u>TRY Amount</u>	<u>Foreign Currency Amount</u>	<u>TRY Amount</u>
US Dollars	477.572	556.227	812.311	1.141.785

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

7. TRADE RECEIVABLES AND PAYABLES (NET)(cont'd)

Movement of allowance for doubtful factoring receivables as of 31 December 2007 and 31 December 2006 is as follows:

	2007 <u>TRY</u>	2006 <u>TRY</u>
Allowance at the beginning of the year (1 January)	1.004.297	317.853
Provision provided for factoring receivables	1.552.351	686.444
Collections	(126.864)	-
Allowance at the end of the year (31 December)	<u>2.429.784</u>	<u>1.004.297</u>

As of 31 December 2007 and 31 December 2006 provision for factoring receivables is presented in other expenses / losses in accompanying income statement.

	31 December 2007 <u>TRY</u>	31 December 2006 <u>TRY</u>
TRADE PAYABLES		
<u>Short-term trade payables</u>		
Domestic factoring payables (*)	-	-
	<u>-</u>	<u>-</u>

(*) This amount is presented net of factoring receivables in the accompanying financial statements.

8. FINANCE LEASE RECEIVABLES AND PAYABLES (NET)

There is no finance lease transaction made by the Company.

9. DUE FROM / TO RELATED PARTIES (NET)

Due from/ to related parties as of 31 December 2007 and 31 December 2006 are as follows:

	31 December 2007 <u>TRY</u>	31 December 2006 <u>TRY</u>
<u>Factoring receivables from related parties</u>		
Başer Kimya San.ve Tic. A.Ş.	1.473.793	1.141.785
Güney Mensucat ve Ticaret A.Ş.	-	115.000
Cey-Sey Mali Sanayi Yatırımlar A.Ş.	-	10.267
	<u>1.473.793</u>	<u>1.267.052</u>
<u>Other receivables due from related parties</u>		
Güney Enerji Üretim A.Ş.	26.800	-
Optima Faktoring Hizmetleri A.Ş.	6.780	-
Advances given to the personnel	63.575	-
	<u>97.155</u>	<u>-</u>

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

9. DUE FROM / TO RELATED PARTIES (NET) (cont'd)

	31 December 2007 TRY	31 December 2006 TRY
<u>Factoring payables due to the related parties</u>		
Başer Kimya San.ve Tic. A.Ş.	-	48.843
Güney Mensucat San.ve Tic.A.Ş.	-	157
Petroline Dış Ticaret Limited Şti.	-	8
	<u>-</u>	<u>49.008</u>
<u>Other payables due to the related parties</u>		
Başer Kimya San.ve Tic.A.Ş.	27	-
Güney Mensucat San.ve Tic.A.Ş.	157	-
Payables due to shareholders	111.100	-
Payables due to personnel	851	-
	<u>112.135</u>	<u>-</u>

Factoring receivables and payables are not presented in “due from/ to related parties” account in the accompanying financial statements not to disjoin the financial statements and not to mislead financial statement users.

10. OTHER RECEIVABLES AND LIABILITIES (NET)

	31 December 2007 TRY	31 December 2006 TRY
<u>Other short term receivables</u>		
Deposits and guarantees given	292.018	-
	<u>292.018</u>	<u>-</u>
<u>Other financial payables</u>		
	31 December 2007 TRY	31 December 2006 TRY
Payables to factoring companies (*)	6.207.548	-
	<u>6.207.548</u>	<u>-</u>

(*) Other financial payables consist of the payables to other factoring companies for the ceding of the invoices that were ceded by the customers to the Company.

11. BIOLOGICAL ASSETS

None (31 December 2006 : None.).

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

12. INVENTORIES

None (31 December 2006 : None).

13. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None (31 December 2006 : None).

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements prepared in accordance with Communiqué No: XI/25 and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for Communiqué No: XI/25 and tax purposes.

The temporary differences subject to deferred tax and corporate tax are as follows;

	31 December 2007 <u>TRY</u>	31 December 2006 <u>TRY</u>
<u>Temporary differences subject to deferred tax:</u>		
Useful life differences of tangible and intangible assets	16.377	10.275
Retirement pay provision and unused vacation accrual	(133.441)	(47.045)
Allowance for doubtful receivable	(685.079)	(536.290)
Discount of loans	21.318	(310.009)
Other	46.147	(29.296)
	<u>(734.678)</u>	<u>(912.365)</u>
<u>Deferred tax (assets)/ liabilities:</u>		
Useful life differences of tangible and intangible assets	3.275	2.055
Retirement pay provision and unused vacation accrual	(26.688)	(9.409)
Allowance for doubtful receivable	(137.016)	(107.258)
Discount of loans	4.264	(62.002)
Other	9.229	(5.859)
Deferred tax	<u>(146.936)</u>	<u>(182.473)</u>
<u>Movement of deferred tax (assets) / liabilities</u>		
Opening balance, 1 January	(182.473)	90.438
Effect of changing tax rate	-	(30.166)
Deferred tax (benefit) / expense	35.537	(242.745)
Closing balance, 31 December	<u>(146.936)</u>	<u>(182.473)</u>

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

15. OTHER CURRENT / LONG TERM ASSETS AND CURRENT / LONG TERM LIABILITIES

	31 December 2007 TRY	31 December 2006 TRY
<u>Other current assets</u>		
Prepaid expenses	12.253	13.802
Income accruals	-	12.843
Other	20.130	-
	<u>32.383</u>	<u>26.645</u>
	31 December 2007 TRY	31 December 2006 TRY
<u>Other payables (net)</u>		
Short term:		
Taxes and dues payable	187.048	187.606
Expense accruals (*)	285.906	351.880
Social Security Premiums payable	55.985	54.704
Other	221.909	157.425
	<u>750.848</u>	<u>751.615</u>

(*) TRY 277.053 of expense accruals consists of the payment made to the bank by the company for the loss from the forward transaction which was terminated before the due date (Note 4). This money will be kept by the bank as restricted deposit until the due date; at the due date the money will stay at the bank and the interest calculated on this money will be paid to the Company.

16. FINANCIAL ASSETS (NET)

	31 December 2007 TRY	31 December 2006 TRY
Participations	-	26.800
	<u>-</u>	<u>26.800</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

16. FINANCIAL ASSETS (NET) (cont'd)

The detail of the financial assets held for sale as of 31 December 2007 ve 31 December 2006 is as follows:

<u>Company Name</u>	31 December 2007		31 December 2006	
	Amount	Shareholding ratio (%)	Amount	Shareholding ratio (%)
Başer Petrokimya A.Ş.	2.294.467	19,2	2.294.467	19,2
Güney Polgat A.Ş. (*)	-	-	1.370.000	2,7
	2.294.467		3.664.467	
Provision for diminution in value of investments in associates	(2.294.467)		(3.637.667)	
Total	-		26.800	

(*)The shares were sold with a price of TRY 26.800 in February 2007.

No cash payment is made in Başer Petrokimya acquisition. This participation is transferred as a result of transactions between Başer Group companies.

As Başer Petrokimya is a loss making company, 100% provision is provided.

17. INVESTMENT PROPERTIES

	31 Aralık 2007	31 Aralık 2006
<u>Land</u>		
Opening balance	2.350	2.350
Inflation adjustments	5.000	5.000
	7.350	7.350
Loss of impairment	-	-
	7.350	7.350

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

18. TANGIBLE ASSETS (NET)

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Acquisition cost</u>				
Opening balance, 1 January 2007	60.119	135.104	16.912	212.135
Additions	-	25.926	-	25.926
Closing balance, 31 December 2007	<u>60.119</u>	<u>161.030</u>	<u>16.912</u>	<u>238.061</u>
<u>Accumulated depreciation</u>				
Opening balance, 1 January 2007	15.030	85.192	14.611	114.833
Charge for the period	12.024	15.652	708	28.384
Closing balance, 31 December 2007	<u>27.054</u>	<u>100.844</u>	<u>15.319</u>	<u>143.217</u>
Net book value as of 31 December 2007	<u>33.065</u>	<u>60.186</u>	<u>1.593</u>	<u>94.844</u>
Net book value as of 31 December 2006	<u>45.089</u>	<u>49.912</u>	<u>2.301</u>	<u>97.302</u>

19. INTANGIBLE ASSETS

<u>Cost</u>	<u>Softwares</u>	<u>Total</u>
Opening balance as of 1 January 2007	63.125	63.125
Additions	19.340	19.340
Disposals	-	-
Closing balance as of 31 December 2007	<u>82.465</u>	<u>82.465</u>
<u>Accumulated Depreciation</u>		
Opening balance as of 1 January 2007	53.866	53.866
Charge for the period	5.315	5.315
Disposals	-	-
Closing balance as of 31 December 2007	<u>59.181</u>	<u>59.181</u>
Net book value as of 31.12.2007	<u>23.284</u>	<u>23.284</u>
Net book value as of 31.12.2006	<u>9.259</u>	<u>9.259</u>

Useful lives used for intangible assets are 5 and 3 years.

20. ADVANCES RECEIVED

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

None (31 December 2006: None).

21. RETIREMENT BENEFITS

None (31 December 2006: None).

22. PROVISIONS

	31 December 2007 TRY	31 December 2006 TRY
<u>Short– term provisions</u>		
Corporate tax provision (Note:39)	1.729.043	705.941
Prepaid corporate tax	(1.421.939)	(354.842)
Unused vacation accrual	76.804	29.309
Total provisions	<u>383.908</u>	<u>380.408</u>
	31 December 2007 TRY	31 December 2006 TRY
<u>Long term provisions</u>		
Retirement pay provision	<u>56.637</u>	<u>17.733</u>
	<u>56.637</u>	<u>17.733</u>

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed, are required to be paid their retirement pay provisions.

The amount payable consists of one month's salary limited to a maximum of TRY 2.030,19 for each period of service at 31 December 2007 (31 December 2006: TRY 1.857,44).

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. Communiqué No: XI/25, No: 29 (Employee Benefits) requires actuarial valuation methods to be developed to estimate the entity's obligation under the 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 parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

TEK FAKTORİNG HİZMETLERİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts expressed in New Turkish Lira (TRY) unless otherwise indicated)

22. PROVISIONS (cont'd)

The provisions at 31 December 2007 is calculated assuming an annual inflation rate of 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71% (31 December 2006: inflation rate was 5%, discount rate was 11% and real discount rate was 5,71%). The maximum liability is revised semi annually and maximum amount of TRY 2.087,92 effective from 1 January 2008 has been taken into consideration in provision measurement for employment termination benefits.

The retirement pay provision movement throughout the year is as follows:

	2007 TRY	2006 TRY
Opening balance, 1 January	17.733	45.089
Retirement benefits paid	-	(53.780)
Provision provided for the period	38.904	26.424
Ending balance, 31 December	<u>56.637</u>	<u>17.733</u>

23. CAPITAL

The capital structure as of 31 December 2007 and 31 December 2006 is shown below:

<u>Shareholders</u>	%	31 December		31 December	
		2007 TRY	%	2006 TRY	
Başer Holding A.Ş.	9,00	720.000	12,7	720.000	
Beta Kimyasal Maddeler Yatırım A.Ş.	9,00	720.000	12,7	720.000	
ABC Holding A.Ş.	64,41	5.152.930	72,4	4.101.930	
Other	17,59	1.407.070	2,2	127.070	
Total Nominal Capital	100,00	<u>8.000.000</u>	100,0	<u>5.669.000</u>	

The nominal capital of the Company is TRY 8.000.000 (historic value) as at 31 December 2007 and the capital of the Company consists of 8.000.000 shares with a value of TRY 1 each. (31 December 2006: 5.669.000 shares with a value of TRY 1 each).

There are no preferred shares as of 31 December 2007 (31 December 2006: None).

The Company has increased its capital from 3.500.000 TRY to 8.000.000 TRY on 13 June 2005 with TRY 4.500.000 capital commitment. TRY 1.125.000 of the amount was paid on 4 July 2005, TRY 1.044.000 of the amount was paid on 5 December 2006, 2.331.000 TRY of the amount was paid on 24 January 2007, 12 March 2007, 16 May 2007 and 23 May 2007 in amounts of TRY 906.432, TRY 896.000, TRY 396.150 and TRY 132.418 respectively .

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24. CAPITAL RESERVES

As of 31 December 2007 and 31 December 2006, capital reserves are as follows:

	31 December 2007 TRY	31 December 2006 TRY
Shareholders' equity inflation restatement differences	5.909.211	5.909.211
	<u>5.909.211</u>	<u>5.909.211</u>

25. PROFIT RESERVES

As of 31 December 2007 and 31 December 2006, profit reserves are as follows:

	31 December 2007 TRY	31 December 2006 TRY
Legal reserves	30.082	30.082
Extraordinary reserves	571.548	571.548
	<u>601.630</u>	<u>601.630</u>

26. RETAINED EARNINGS

	31 December 2007 TRY	31 December 2006 TRY
Accumulated deficits	(5.432.451)	(6.202.211)
	<u>(5.432.451)</u>	<u>(6.202.211)</u>

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27. FOREIGN CURRENCY POSITION

<u>31 December 2007</u>	<u>US Dollars</u>	<u>Euro</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	15.142	280.464	295.606
Trade receivables (net)	556.227	-	556.227
Total	<u>571.369</u>	<u>280.464</u>	<u>851.833</u>
LIABILITIES			
Borrowings (net)	10.212.266	3.469.276	13.681.542
Other financial liabilities (net)	1.178.245	-	1.178.245
Other liabilities	-	285.906	285.906
Total	<u>11.390.511</u>	<u>3.755.182</u>	<u>15.145.693</u>
Net foreign currency position	<u>(10.819.142)</u>	<u>(3.474.718)</u>	<u>(14.293.860)</u>
31 December 2006			
<u>31 December 2006</u>	<u>USD Dollars</u>	<u>Euro</u>	<u>Total</u>
ASSETS			
Cas and cash equivalents	212.987	-	212.987
Trade receivables (net)	1.141.785	-	1.141.785
Total	<u>1.354.772</u>	<u>-</u>	<u>1.354.772</u>
LIABILITIES			
Borrowings (net)	10.736.896	-	10.736.896
Total	<u>10.736.896</u>	<u>-</u>	<u>10.736.896</u>
Net foreign currency position	<u>(9.382.124)</u>	<u>-</u>	<u>(9.382.124)</u>

28. GOVERNMENT GRANTS AND INCENTIVES

None (31 December 2006 : None).

29. COMMITMENTS AND CONTINGENCIES

As of 31 December 2007 there is no letter of guarantee given to legal authorities by the Company (31 December 2006: TRY 373).

As of 31 December 2007 there is no letter of guarantee received from the customers by the Company (31 December 2006: TRY 350).

As of 31 December 2007 there is no guarantee received by the Company for its receivables (31 December 2006: TRY 5.850).

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30. MERGERS

None (31 December 2006 : None.).

31. SEGMENTAL INFORMATION

Since the Company predominantly operates in Turkey and only in factoring sector, the accompanying financial statements do not include segmental information.

32. SUBSEQUENT EVENTS

The retirement payment ceiling is raised to TRY 2.087,92 after balance sheet date.

33. DISCONTINUED OPERATIONS

None (31 December 2006: None).

34. OPERATING INCOME (NET)

	1 January- 31 December 2007 TRY	1 January- 31 December 2006 TRY
<u>Income from services</u>		
Factoring interest income	17.905.031	9.864.402
Factoring commission income	2.568.409	1.675.687
	<u>20.473.440</u>	<u>11.540.089</u>

35. OPERATING EXPENSES

Marketing, Selling and Distribution expenses

None.

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35. OPERATING EXPENSES (cont'd)

General Administrative Expenses

	1 January – 31 December 2007	1 January – 31 December 2006
Personnel expenses	3.304.133	1.811.839
Tax expenses	49.989	24.129
Donation expenses	51.527	65.295
Depreciation and amortization expenses	33.699	22.625
Bank expenses	124.091	67.965
Training expenses	24.379	24.002
Court expenses	38.867	17.733
Insurance expenses	21.465	59.226
Outsourcing	214.231	289.184
Communication expenses	103.167	55.721
Rent expenses	82.374	60.872
Vehicle expenses	393.961	210.758
Presentation, celebration expenses	81.101	20.424
Transportation expenses	38.168	11.914
Operation fixed expenses	159.492	23.790
Non-deductable expenses	54.027	33.053
Other expenses	-	105.138
Total	<u>4.774.671</u>	<u>2.903.668</u>

36. OTHER INCOME/ EXPENSES AND PROFITS/LOSSES

	1 January- 31 December 2007 TRY	1 January- 31 December 2006 TRY
Other Income and Profits		
Interest income	38.449	9.196
Reversal of provisions	126.864	-
Interest accrual income	46.147	454.689
Other income	61.830	385
	<u>273.290</u>	<u>464.270</u>

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36. OTHER INCOME/ EXPENSES AND PROFITS/LOSSES (cont'd)

<u>Other Expenses and Losses</u>	<u>1 January- 31 December 2007 TRY</u>	<u>1 January- 31 December 2006 TRY</u>
Allowance of impairment on financial assets	-	1.343.200
Doubtful receivable provision expenses	1.552.351	686.444
Interest discount expenses	610.755	310.009
Loss on sale of investment property	-	408.500
	<u>2.163.106</u>	<u>2.748.153</u>

37. FINANCE EXPENSES (NET)

	<u>1 January- 31 December 2007</u>	<u>1 January- 31 December 2006</u>
Loan interest expense	(6.948.298)	(3.881.844)
Foreign currency gains/losses	1.082.215	(1.267.904)
	<u>(5.866.083)</u>	<u>(5.149.748)</u>

38. NET MONETARY GAIN / (LOSS)

In accordance with the resolution of the CMB No: 11/367 dated 17 March 2005, the application of inflation accounting has been ceased beginning from 1 January 2005, therefore there is no monetary gain or loss in the accompanying financial statements as of 31 December 2007.

39. TAXES

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated liabilities on the Company's current operational results.

Corporate tax rate 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 tax rate in 2007 is 20% (2006: 20%).

In Turkey, advance tax returns are filed and accrued on a quarterly basis. For the year 2007 temporary tax is calculated as 20% of corporate income (2006: 20%).

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39. TAXES (cont'd)

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 between 1 - 25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. All companies apply 10% of income withholding tax for the period 24 April 2003-22 July 2006. As of 23 June 2006, this rate is changed as 15%. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities. Investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentives due to inadequate profit, such outstanding investment incentives can be carried forward to the following years as of 31 December 2005 so as to be deducted from the taxable income of subsequent profitable years. However, companies can deduct the carried forward outstanding allowances from the 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from the 2008 taxable income will not be carried forward to the following years.

Tax rate that companies can use in case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be forfeited.

Inflation Adjusted Tax Calculation:

For 2003 and previous years, except for the fixed assets and their depreciation amounts' annual revaluation, taxable profits were calculated without making any inflation adjustment to the statutory records,. Law No: 5024 published in the Official Gazette No: 25332 on 30 December 2003 requires the application of inflation accounting in Turkey for 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles that do not differ substantially from the principles in the Communiqué No: XI/20. As inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements in 2004 in accordance with the Law No: 5024 and such inflation adjusted balances were taken as the opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds in 2005 and following periods, inflation accounting has not been applied.

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39. TAXES (cont'd)

	1 January- 31 December 2007 TRY	1 January- 31 December 2006 TRY
<u>Tax provision:</u>		
Current corporate tax provision	1.729.043	705.941
Deferred tax benefit / (charge)(Note 14)	35.537	(272.911)
	<u>1.764.580</u>	<u>433.030</u>

40. EARNINGS PER SHARE

According to the Communiqué No: XI/25, Section 16, Article 412 companies whose shares are not traded on stock exchange do not have to disclose earnings per share. As the Company's shares are not traded on stock exchange, earnings per share are not calculated and disclosed in the accompanying financial statements.

41. OTHER ISSUES THAT HAS SIGNIFICANT EFFECT ON THE UNDERSTANDING AND INTERPRETING OF FINANCIAL STATEMENTS

As of 31 December 2007 and 2006 there is no other issue that has significant effect on the understanding and interpreting of financial statements.