Destek Faktoring AŞ and Its Subsidiary

As at and for the year ended 31 December 2012
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

13 May 2013

This report includes 1 page of independent auditors' report and 28 pages of consolidated financial statements together with explanatory notes.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Destek Faktoring AŞ
Istanbul

We have audited the accompanying consolidated balance sheet of Destek Faktoring AŞ ("the Company") and its subsidiary (together "the Group") as at 31 December 2012 and the related consolidated statements of income, stockholders' equity and comprehensive income and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Destek Faktoring AŞ and its subsidiary as at 31 December 2012, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG Akis Bağımsız Denetim ve SMMM A.Ş.

Istanbul,
13 May 2013

DESTEK FAKTORİNG AŞ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2012
(Amounts expressed in thousands of US Dollars)

ASSETS	*Notes*	**2012**	**2011**
CURRENT ASSETS			
Cash and cash equivalents	*4*	7,662	3,210
Factoring receivables (net)	*5*	260,281	178,875
Other receivables and other current assets	*7*	9,820	10,864
Deferred tax assets	*15*	1	18
Total current assets		**277,764**	**192,967**
NON-CURRENT ASSETS			
Available for sale investments	*8*	1	1
Assets held for sale	*11*	442	385
Property and equipment (net)	*9*	2,283	1,214
Intangible assets (net)	*10*	394	438
Total non-current assets		**3,120**	**2,038**
TOTAL ASSETS		**280,884**	**195,005**

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

DESTEK FAKTORİNG AŞ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2012
(Amounts expressed in thousands of US Dollars)

LIABILITIES AND EQUITY	*Notes*	**2012**	**2011**
CURRENT LIABILITIES			
Borrowings	*12*	137,531	124,701
Debt securities issued	*13*	42,111	--
Other payables and unearned income	*14*	10,483	10,971
Current tax liabilities (net)	*15*	1,702	814
Total current liabilities		**191,827**	**136,486**
NON-CURRENT LIABILITIES			
Provision for employment termination benefits	*16*	218	82
Deferred tax liability	*15*	3	94
Total non-current liabilities		**221**	**176**
STOCKHOLDERS' EQUITY			
Share capital	*17*	23,955	23,955
Legal reserves		2,180	1,557
Retained earnings		73,541	49,041
Translation reserve	*17*	(11,027)	(16,301)
Equity attributable to equity holders of the parent		**88,649**	**58,252**
Non-controlling interest		187	91
Total equity		**88,836**	**58,343**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**280,884**	**195,005**

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

DESTEK FAKTORİNG AŞ AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012
(Amounts expressed in thousands of US Dollars)

	Notes	**2012**	**2011**
OPERATING INCOME			
Factoring interest income and other operational income		47,352	31,728
Commissions income		824	595
GROSS PROFIT		**48,176**	**32,323**
General administrative expenses (-)	*18*	(2,849)	(2,826)
Finance expenses (-) (net)	*19*	(16,279)	(15,606)
Other operating expenses (-) (net)	*20*	2,734	3,321
PROFIT BEFORE TAXATION		**31,782**	**17,212**
Taxation	*15*	(6,603)	(3,085)
NET PROFIT FOR THE YEAR		**25,179**	**14,127**
NET PROFIT ATTRIBUTABLE TO:			
Non-controlling interest		56	(47)
Equity holders of the parent		25,123	14,174

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

DESTEK FAKTORİNG AŞ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012
(Amounts expressed in thousands of US Dollars)

	Share Capital	Legal Reserves	Retained Earnings	Translation Reserve	Total	Non-controlling Interest	Total Equity
Balances as at 1 January 2011	**4,118**	**1,557**	**54,704**	**(5,093)**	**55,286**	**46**	**55,332**
Foreign currency translation difference	--	--	--	(11,208)	(11,208)	--	(11,208)
Total income and expense for the year recognized directly in equity	--	--	--	*(11,208)*	*(11,208)*	--	*(11,208)*
Share capital increase from retained earnings	19,837	--	(19,837)	--	--	--	--
Net profit for the year	--	--	14,174	--	14,174	(47)	14,127
Increase in share capital of subsidiary	--	--	--	--	--	92	92
Balances as at 31 December 2011	**23,955**	**1,557**	**49,041**	**(16,301)**	**58,252**	**91**	**58,343**
Foreign currency translation difference	--	--	--	5,274	5,274	40	5,314
Total income and expense for the year recognized directly in equity	--	--	--	*5,274*	*5,274*	*40*	*5,314*
Transfer to legal reserves	--	623	(623)	--	--	--	--
Net profit for the year	--	--	25,123	--	25,123	56	25,179
Balances as at 31 December 2012	**23,955**	**2,180**	**73,541**	**(11,027)**	**88,649**	**187**	**88,836**

DESTEK FAKTORİNG AŞ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012
(Amounts expressed in thousands of US Dollars)

	Notes	**2012**	**2011**
OPERATING ACTIVITIES			
Net income for the year		25,179	14,127
Depreciation for property and equipment	*9*	268	330
Amortization for intangible assets	*10*	110	162
Change in retirement pay provision	*16*	163	43
Translation difference		4,114	(10,785)
Allowance for doubtful receivables	*5*	(456)	95
Factoring receivables	*5*	(80,950)	(25,306)
Due from related parties	*6*	607	1,113
Other receivables and current assets	*7*	3,235	(6,691)
Other payables and unearned income	*14*	290	1,283
Due to related parties	*6*	(75)	1,141
Accrued taxation	*15*	6,603	3,085
Corporate tax paid	*15*	(5,152)	(1,964)
Retirement benefits paid	*16*	(35)	(5)
Net cash used in operating activities		**(46,099)**	**(23,372)**
INVESTING ACTIVITIES			
Purchases of property and equipment	*9*	(143)	(74)
Purchases of intangible assets	*10*	(52)	(72)
Assets held for sale		(57)	(17)
Net cash used in investing activities		**(252)**	**(163)**
FINANCING ACTIVITIES			
Change in borrowings	*12*	12,076	24,230
Change in debt securities issued	*13*	40,754	--
Change in non-controlling interest		--	92
Net cash provided from financing activities		**52,830**	**24,322**
Net increase in cash and cash equivalents		**6,479**	**787**
Cash and cash equivalents at the beginning of the year	*4*	1,472	685
Cash and cash equivalents at the end of the year	*4*	**7,951**	**1,472**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

In accordance with the decision taken in the Board of Directors meeting, held on 20 March 2012, it was decided to change the title of the Company as "Destek Faktoring Anonim Şirketi". Amendment of the Articles of Association concerning change in the title, was approved in the Ordinary General Meeting of the year 2011 held on 18 April 2012.

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

Destek Vadeli İşlemler Aracılık AŞ has acquired the "Brokerage License for the Purchase and Sale of Derivative Instruments" from the Capital Markets Board in April 2008. On 12 September 2008 the firm's membership to the "Turkish Derivatives Exchange" was accepted and the firm initiated its activity on 17 September 2008. Subsequently; on 20 November 2008 the company merged with Destek Finansal Kiralama AŞ. Following the merger, the company no longer has the authorization for financial leasing. The company has acquired Portfolio Management licence from the Capital Markets Board on 2 September 2010. The company's legal name has changed to Destek Menkul Değerler AŞ ("Destek Menkul") and this change was issued in the Trade Registry Gazette on 17 June 2010.

Destek Menkul Değerler AŞ is the subsidiary of the Company and its financial statements are consolidated in the accompanying financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a. Statement of Compliance

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

b. Basis of Presentation of Financial Statements

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL"), the currency of the country the Company is incorporated in and in which it operates, in accordance with the Turkish Accounting Standards as promulgated by the Banking Regulation and Supervision Agency ("BRSA") and also the Turkish Commercial Code (collectively, "Turkish GAAP"). Destek Menkul maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Accounting Standards as promulgated by the Capital Market Board ("CMB") and also the Turkish Commercial Code (collectively, "Turkish GAAP").

The accompanying consolidated financial statements are based on these statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting principles generally accepted in the United States of America.

(Amounts expressed in thousands of US Dollars)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

c. Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by Destek Faktoring AŞ. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The subsidiary included in consolidation and its shareholding percentages at 31 December are as follows:

	2012	2011
Destek Menkul Değerler AŞ	98.24%	98.24%

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

d. Principles of translation of financial statements into US Dollar

Statement of Financial Accounting Standards ("SFAS") 52, "Foreign Currency Translation" requires that the financial statements of an entity are measured in its functional currency. An entity's functional currency is the currency of the primary economic environment in which that entity operates; normally, that is the currency of the environment in which an entity primarily generates and expends cash. The Turkish Lira is the primary economic environment in which the Company operates. Remeasurement of local currency denominated financial statements into US Dollar has been performed in accordance with the provisions of SFAS 52. The objective of this remeasurement process is to provide information that is generally compatible with the expected economic effects of a rate change on an enterprise's cash flows and equity and to reflect in consolidated statements the financial results and relationships of the individual consolidated entities as measured in their functional currencies in conformity with U.S. generally accepted accounting principles.

SFAS 52 defines a hyperinflationary economy as one that has cumulative inflation of approximately 100% or more over a three-year period. On 22 November 2005, American Institute of Certified Public Accountants (AICPA) International Practices Task Force in its highlights memorandum declared that Turkey will come off its highly inflationary status as of the first period beginning after 15 December 2005. Based on these considerations SFAS 52 has not been applied to the accompanying financial statements as at 31 December 2006 and further.

The assets and liabilities are translated to US Dollar at exchange rates at the reporting date. The income and expenses are translated to US Dollar at yearly average exchange rate for 2011. Foreign currency differences are recognised in other comprehensive income, and presented in the translation reserve in equity. As at the balance sheet date, the year end rate used for presentation purposes for balance sheet items is 1 US Dollar=1.7826 TL (31 December 2011: 1 US Dollar=1.8889 TL). For income statement, the average rate used for 2012 is 1 US Dollar=1.8296 TL (31 December 2011: 1 US Dollar=1.6710 TL).

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Business Combinations

The Company's subsidiary merged with Destek Finansal Kiralama AŞ, whose 99.87% shares belonged to Destek Faktoring AŞ, on November 2008. The merger was realized in accordance with Turkish Trade Act's 451st and other decrees together with Corporate Tax Laws 18th, 19th and 20th decrees by means of dissolution without liquidation to the Company. This operation between businesses under common control is accounted for under the parent's financial statements through the method of mergers.

b. Related Parties

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

c. Income and Expense Recognition

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

d. Financial Instruments

The term financial instruments include both financial assets and financial liabilities. Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments. Financial instruments are fundamental to the Group's business and constitute the core element of its operations. The risks associated with financial instruments are significant component of the risks faced by the Group. Financial instruments create, modify or reduce the liquidity, credit and market risks of the Group's balance sheet.

Cash and Cash Equivalents

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

Receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Financial Instruments (continued)

Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities are set out below.

Borrowings and Debt Securities Issued

Borrowings and debt securities issued are initially measured at fair value, and are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Off Balance Sheet Commitments and Contingencies

The Group deals with off-balance sheet risks in the normal course of business such as letters of guarantee. The Group's exposure to credit losses arising from these instruments is represented by the contractual amount of those instruments.

Fair Value Considerations

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value is best evidenced by a market price, being the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

Various financial instruments are accounted at amortized cost but disclosure is required of fair value for comparison purposes, wherever practicable.

For the financial assets and liabilities carried at amortized cost, the fair values are assumed not to differ significantly from cost as the profit shares applicable to those receivables are in line with the market rates due to the short-term nature of the items involved.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Balances with banks: the carrying amount is a reasonable estimate of fair value.

Factoring receivables and other receivables: The major portion of the due from financial activities is short-term and has pre-determined interest rates that are not subject to fluctuation at short notice in accordance with the prevailing interest rates in the market. Therefore, the management believes that the fair values of due from financing activities do not materially differ from their respective book values.

Funds borrowed and debt securities issued: Borrowings and debt securities issued are initially recognized at cost. After initial recognition, all liabilities are subsequently measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e. Factoring Receivables and Payables

Factoring receivables are recognized at original factored receivable amount, which represents the fair value of consideration given, and subsequently remeasured at amortized cost less reserve for factoring receivable losses. Factoring payables are recognized at original factored amount less advances extended against factoring receivables, interest and factoring commissions charged, and then carried at amortized cost.

The allowance for doubtful receivables is based on management's evaluation of the receivables, including such factors as the volume type of receivable outstanding, collateral obtained, past experience and economic conditions. Bad debt is written off during the year in which they are identified.

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

f. Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

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

g. Intangible Assets

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

h. Valuation of Long-Lived Assets

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

i. Leasing

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

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of return on the remaining balance of the liability. Finance charges are directly charged to profit or loss, unless they are directly attributable to qualifying assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j. Borrowing Costs

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

k. Provisions

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

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

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

l. Taxation and deferred income taxes

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

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

Current Tax

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

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductable temporary differences to the extent that it is probable that taxable profits will be available against which those deductable temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l. Taxation and deferred income taxes *(continued)*

Deferred Tax (continued)

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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

m. Employment Termination Benefits

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

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

n. Offsetting

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

o. Assets held for sale

Assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale.

p. Use of Estimates

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

q. Dividends

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

(Amounts expressed in thousands of US Dollars)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2012 and 31 December 2011 is as follows:

	2012	2011
Cash	1	1
Demand deposits	2,953	3,209
Time deposits	4,708	--
Cash and cash equivalents on the statement of financial position	**7,662**	**3,210**
Receivables from money market operations	325	465
Accruals	(6)	--
Customer assets (*)	(30)	(2,203)
Cash and cash equivalents on the statement of cash flows	**7,951**	**1,472**

(*) As at 31 December 2012 and 31 December 2011, customer assets comprise foreign currency reserves and current accounts without interest yield of the customers those are not directed to any investment yet. Therefore, these amounts are not regarded as cash equivalents in the statement of cash flows.

As at 31 December 2012, the detail of time deposits at banks is as follows:

Currency	Interest Rate (%)	Maturity	2012
USD	3.55%- 3.60%	18-30 January 2013	4,708
Total			**4,708**

As at 31 December 2011, the Group does not have any time deposits.

5. FACTORING RECEIVABLES (NET)

Factoring receivables (net) as at 31 December 2012 and 31 December 2011 are as follows:

	2012	2011
Factoring receivables	259,336	178,386
Doubtful receivables	7,049	5,121
Allowance for doubtful receivables	(6,104)	(4,632)
Total	**260,281**	**178,875**

The allowance for doubtful receivables is based on management's evaluation of the receivables, including such factors as the volume type of receivable outstanding, collateral obtained, past experience and economic conditions. Bad debt is written off during the year in which they are identified.

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

	2012	2011
Cheques	505,107	387,664
Mortgages	60,964	5,373
Contract pledges	5,273	3,706
Pledges of assets	615	565
Other	465	185
Total	**572,424**	**397,493**

(Amounts expressed in thousands of US Dollars)

5. FACTORING RECEIVABLES (NET) *(continued)*

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

Movement in the allowance for doubtful receivables:

	2012	2011
Provisions at the beginning of year	4,632	5,448
Translation gain/loss	307	(1,011)
Charge for the year	1,374	423
Collection	(209)	(228)
Provision at the end of the year	**6,104**	**4,632**

The aging of doubtful receivables as at 31 December 2012 and 31 December 2011 are as follows:

	2012	2011
Up to 90 days	--	--
90-180 days	327	236
180-360 days	1,192	107
Over 360 days	5,530	4,778
Total	**7,049**	**5,121**

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions and balances as at 31 December 2012 and 31 December 2011 are as follows:

	2012	2011
Due from related parties		
Altunç Kumova	--	607
Due to related parties		
Altunç Kumova	3,758	3,833
Other expenses		
Short term benefits for top management	289	372

(Amounts expressed in thousands of US Dollars)

7. OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Other receivables and other current assets as at 31 December 2012 and 31 December 2011 are as follows:

	2012	2011
Receivables from Derivative Exchange Market	9,008	9,138
Receivables from money market operations	325	465
Prepaid expenses	35	71
Advances given	2	4
Other receivables	450	1,186
Total	**9,820**	**10,864**

8. AVAILABLE FOR SALE INVESTMENTS

The Group's shares in available for sale investments as at 31 December 2012 and 31 December 2011 are as follows:

Company	Share %	2012	Share %	2011
Istanbul Gold Refinery	1<	1	1<	1
Total		**1**		**1**

(Amounts expressed in thousands of US Dollars)

9. PROPERTY AND EQUIPMENT (Net)

	Buildings	Vehicles	Furniture and fixtures	Leasehold Improvements	Other fixed assets	Total
Cost						
Balances as at 1 January 2011	**2,387**	**440**	**433**	**84**	**368**	**3,712**
Translation difference	(433)	(79)	(13)	(29)	(75)	(629)
Purchases	--	29	41	--	4	74
Disposals	--	(13)	--	--	--	(13)
Balances as at 31 December 2011	**1,954**	**377**	**461**	**55**	**297**	**3,144**
Translation difference	905	(6)	15	218	(197)	935
Purchases	--	--	134	--	9	143
Disposals	--	(20)	(35)	--	--	(55)
Balances as at 31 December 2012	**2,859**	**351**	**575**	**273**	**109**	**4,167**
Accumulated depreciation						
Balances as at 1 January 2011	**995**	**353**	**243**	**84**	**223**	**1,898**
Translation difference	(204)	(70)	55	(29)	(45)	(293)
Current depreciation	200	45	54	--	31	330
Disposals	--	(5)	--	--	--	(5)
Balances as at 31 December 2011	**991**	**323**	**352**	**55**	**209**	**1,930**
Translation difference	(396)	29	(9)	55	36	(285)
Current depreciation	181	21	62	--	11	275
Disposals	--	(29)	(4)	(1)	(2)	(36)
Balances as at 31 December 2012	**776**	**344**	**401**	**109**	**254**	**1,884**
Net book value as at 31 December 2011	**963**	**54**	**109**	**--**	**88**	**1,214**
Net book value as at 31 December 2012	**2,083**	**7**	**174**	**19**	**--**	**2,283**

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

The depreciation rates for property and equipment, which approximate the useful lives of such assets, are as follows:

	Useful lives
Buildings	25
Vehicles	5
Furniture and fixtures	5
Leasehold improvements	5

(Amounts expressed in thousands of US Dollars)

10. INTANGIBLE ASSETS (Net)

	Rights	Other intangible assets	Total
Cost			
Balances as at 1 January 2011	**575**	**380**	**955**
Translation difference	(105)	(69)	(174)
Purchases	12	60	72
Balances as at 31 December 2011	**482**	**371**	**853**
Translation difference	24	35	59
Purchases	13	38	51
Disposals	(13)	--	(13)
Balances as at 31 December 2012	**506**	**444**	**950**
Accumulated amortization			
Balances as at 1 January 2011	**94**	**239**	**333**
Translation difference	(22)	(58)	(80)
Current amortization	45	117	162
Balances as at 31 December 2011	**117**	**298**	**415**
Translation difference	41	(12)	29
Current amortization	35	77	112
Balances as at 31 December 2012	**193**	**363**	**556**
Net book value as at 31 December 2011	**365**	**73**	**438**
Net book value as at 31 December 2012	**315**	**79**	**394**

11. ASSETS HELD FOR SALE

The Group owns buildings amounting to USD 442 (31 December 2011: USD 385) which are held for sale.

12. BORROWINGS

Borrowings as at 31 December 2012 and 31 December 2011 are as follows:

	2012	2011
Borrowings	135,002	122,926
Interest accrual	2,529	1,775
Total	**137,531**	**124,701**

Analysis of loan repayments is as follows:

	2012	2011
Due in 1 year	137,531	124,701
Total	**137,531**	**124,701**

(Amounts expressed in thousands of US Dollars)

12. BORROWINGS *(continued)*

Currency distribution of borrowings as at 31 December 2012 and 31 December 2011 are as follows:

Currency	Interest Rate (%)	2012 FC Amount	2012 USD
TL	6.95%-15.00%	227,287	127,504
USD	4.46%-9.28%	4,918	4,918
EUR	5.50%	3,873	5,109
Total			**137,531**

Currency	Interest Rate (%)	2011 FC Amount	2011 USD
TL	13.00%-19.00%	198,377	105,022
USD	3.61%-9.00%	6,129	6,129
EUR	5.30%-10.00%	10,472	13,550
Total			**124,701**

13. DEBT SECURITIES ISSUED

The Company has issued floating rate debt securities amounting to TL 60,000 at 13 September 2012 with 1.5 years maturity and three-months period interest payment, and a discounted bond amounting to TL 15,000 with 178 days maturity and fixed interest rate. As at 31 December 2012, debt securities and bonds are as follows:

			2012			
	Currency	**Maturity**	**Interest Type**	**Interest rate (*)**	**Nominal Value (USD)**	**Carrying Value (USD)**
Debt Securities	TL	2014	Floating (**)	2.846%	33,659	33,832
						33,832

			2012			
	Currency	**Maturity**	**Interest type**	**Interest rate (***)**	**Nominal Value (USD)**	**Carrying Value (USD)**
Bond	TL	2013	Fixed	4.4899%	8,415	8,279
						8,279

(*) Represents the quarter interest rate applicable for the first coupon payment term.

(Amounts expressed in thousands of US Dollars)

13. DEBT SECURITIES ISSUED *(continued)*

(**) The second coupon payment interest rate for the next three-month is 2.464%. The "Benchmark Interest" that will constitute the base of the interest rate of the Security will be the day coupon interest is declared and the last 2 business days weighted arithmetic mean of the weighted trade price of the zero coupon government bond with the same maturity at Istanbul Stock Exchange Bills Market Outright Purchases and Sales Market issued by the Treasury. The same procedure will be repeated to present the "Benchmark Interest" on each coupon payment day and the valid Coupon Interest Rate will constitute the base of the next coupon payment. The Coupon Interest Rate will be calculated by adding 4.25% additional rate of return per annum to the "Benchmark Interest Rate".

(***) Represents interest rate for 178 days.

14 OTHER PAYABLES AND UNEARNED INCOME

Other payables and unearned income as at 31 December 2012 and 31 December 2011 are as follows:

	2012	2011
Derivative transactions payables	5,675	6,119
Payables to shareholders	3,757	3,833
Taxes and dues payable	436	486
Other payables	615	533
Total	**10,483**	**10,971**

15. TAXATION ON INCOME

	2012	2011
Current tax liability		
Current corporate tax provision	6,854	2,778
Less: Prepaid taxes and funds	(5,152)	(1,964)
Total	**1,702**	**814**
Income tax expense		
Current corporate tax	6,679	3,141
Deferred tax (benefit) / charge	(76)	(56)
Total	**6,603**	**3,085**

15. TAXATION ON INCOME *(continued)*

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductable expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2012 is 20% (31 December 2011: 20%).

In Turkey advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2012 is 20% (31 December 2011: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessment within five years.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from the differences between its financial statements as reported for US GAAP purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for US GAAP and tax purposes and are calculated over accounts like retirement pay provision and provision for doubtful receivables. Deferred taxation is calculated at a rate of 20 % (31 December 2011: 20%).

(Amounts expressed in thousands of US Dollars)

15. TAXATION ON INCOME *(continued)*

Deferred tax *(continued)*

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

	2012	**2011**
Temporary differences subject to deferred tax:		
Revaluation fund under equity	533	615
Foreign exchange revenue recognition	--	259
Useful life differences on fixed assets	75	96
Retirement pay provision	(218)	(82)
Unused vacation provision	(28)	(25)
Derivative financial instruments	45	--
Other	--	(112)
Total	**407**	**751**

	2012	**2011**
Components of deferred tax (assets)/liabilities		
Foreign exchange revenue recognition	--	52
Revaluation fund under equity	28	31
Useful life differences on fixed assets	15	19
Retirement pay provision	(44)	(16)
Unused vacation provision	(6)	(5)
Derivative financial instruments	9	--
Other	--	(5)
Total	**2**	**76**

As at 31 December 2012 and 31 December 2011, deferred tax assets and liabilities are presented on financial statements as follows:

	2012	**2011**
Deferred tax assets	1	18
Deferred tax liabilities	(3)	(94)
Net deferred tax liabilities	**(2)**	**(76)**

Movement of deferred tax (assets)/ liabilities as at 31 December 2011 and 31 December 2010 are as follows:

	2012	**2011**
Opening balance as at1 January	76	153
Taxation charge/(benefit) on deferred tax	(76)	(56)
Translation gain	2	(21)
Revaluation fund under equity	--	--
Closing balance as at 31 December	**2**	**76**

(Amounts expressed in thousands of US Dollars)

16. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. US GAAP requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2012, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.0% and a discount rate of 7.73%, resulting a real discount rate of approximately 2.60% (The provisions at 31 December 2011 have been calculated assuming an annual inflation rate of 5.00% and a discount rate of 9.25%, resulting in a real discount rate of approximately 4.05%).

	2012	**2011**
Provision at 1 January	82	59
Translation gain/loss	8	(15)
Provision for the year	163	43
Retirement pay provision paid	(35)	(5)
Provision at 31 December	**218**	**82**

17. CAPITAL AND LEGAL RESERVES

As at 31 December 2012 and 31 December 2011 the share capital is held as follows:

Shareholders	**%**	**2012**	**%**	**2011**
Altunç Kumova	99.99	23,954	99.99	23,954
Other	0.01	1	0.01	1
Total	**100**	**23,955**	**100**	**23,955**

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

The translation reserve comprises all foreign currency differences arising from the translation of financial statements.

(Amounts expressed in thousands of US Dollars)

18. GENERAL ADMINISTRATIVE EXPENSES

	2012	2011
Personnel expenses	(1,512)	(1,590)
Amortization and depreciation expenses	(378)	(492)
Travelling expenses	(225)	(232)
Consulting expenses	(198)	(150)
Transportation and communication expenses	(177)	(172)
Office expenses	(152)	(169)
Other expenses	(207)	(21)
Total	**(2,849)**	**(2,826)**

19. FINANCE EXPENSES (NET)

	2012	2011
Borrowing costs (-)	(17,613)	(12,233)
Foreign exchange (loss)/gain (net)	984	(3,400)
Interest income	350	27
Total	**(16,279)**	**(15,606)**

20. OTHER OPERATING INCOME/EXPENSES (NET)

	2012	2011
Income from derivative transactions	369	3,352
Provision expenses	(1,374)	(423)
Other income/(expenses) (net)	3,739	392
Total	**2,734**	**3,321**

(Amounts expressed in thousands of US Dollars)

21. COMMITMENT AND CONTINGENCIES

Commitments and contingent liabilities arising in the ordinary course of business comprised the following items at 31 December:

21.1 Collaterals received

	2012	**2011**
Cheques	505,107	387,664
Mortgages	60,964	5,373
Contract pledges	5,273	3,706
Pledges of assets	615	565
Other	465	185
Total	**572,424**	**397,493**

21.2 Collaterals given

	2012	**2011**
Collaterals provided to courts	11,122	11,036
Total	**11,122**	**11,036**

21.3 Derivative transactions

	2012	**2011**
Swap transactions	3,712	694
Total	**3,712**	**694**

21.4 Customers securities held

	2012	**2011**
Customer cheques	249,681	185,213
Customer securities	8,966	16,770
Total	**258,647**	**201,983**

(Amounts expressed in thousands of US Dollars)

22. RISK MANAGEMENT

Significant accounting policies

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

	2012	2011
Financial assets		
Cash and cash equivalents	7,662	3,210
Factoring receivables	260,281	178,875
Other receivables	9,820	10,864
Financial liabilities		
Borrowings	137,531	124,701
Debt securities issued	42,111	--
Other payables and unearned income	10,483	10,971

Financial risk factors

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

Market risk

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

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

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

Foreign currency risk management

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

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed in Note 23.

22. RISK MANAGEMENT *(continued)*

Foreign currency sensitivity

The Group's sensitivity to a 15% increase and decrease in the US Dollar against the relevant foreign currencies is USD 430. 15% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates a decrease in profit or loss and other equity where the US Dollar strengthens against the relevant currency.

Interest rate risk management

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effect of a 100 basis increase in interest rates on fixed and variable financial liabilities is USD 187 increase (31 December 2011: USD 249) and a 100 basis increase in interest rates on fixed and variable financial assets is USD 700 increase (31 December 2011: USD 658) in income statement.

Credit risk

The Group's credit risk is primarily attributable to its factoring receivables. Factoring receivables presented in the balance sheet are net-off allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current environment.

(Amounts expressed in thousands of US Dollars)

22. RISK MANAGEMENT *(continued)*

Credit risk (continued)

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

	2012	2011
Textile	23.86	25.36
Wood products	18.69	8.68
Construction	12.83	17.80
Food and beverages	7.60	16.27
Metal	7.44	2.05
Paper and paper products	5.83	1.04
Tourism	4.60	3.44
Transportation	2.51	2.04
Agricultural and forestry products & chemicals	2.20	5.55
Automotive	1.03	3.86
Electrical equipment	1.00	1.33
Other	12.41	12.58
Total	**100.00**	**100.00**

23. FOREIGN CURRENCY POSITION

31 December 2012	TL	USD	EUR	Total
ASSETS				
Cash and cash equivalents	147	7,515	--	7,662
Factoring receivables	260,281	--	--	260,281
Available for sale investments	1	--	--	1
Property and equipment (net)	2,283	--	--	2,283
Intangible assets (net)	394	--	--	394
Assets held for sale	442	--	--	442
Other receivables and current assets	3,850	5,971	--	9,821
Total	**267,398**	**13,486**	**--**	**280,884**
LIABILITIES				
Borrowings	(127,503)	(4,918)	(5,110)	(137,531)
Debt securities issued	(42,111)	--	--	(42,111)
Current tax liabilities (net)	(1,702)	--	--	(1,702)
Deferred tax liability	(3)	--	--	(3)
Other payables and unearned income	(4,161)	(6,322)	--	(10,483)
Provision for employment termination benefits	(218)	--	--	(218)
Total equity	(88,836)	--	--	(88,836)
Total	**(264,534)**	**(11,240)**	**(5,110)**	**(280,884)**
Net foreign currency position	**2,864**	**2,246**	**(5,110)**	**--**

(Amounts expressed in thousands of US Dollars)

23. FOREIGN CURRENCY POSITION *(continued)*

31 December 2011	TL	USD	EUR	Total
ASSETS				
Cash and cash equivalents	34	3,176	--	3,210
Factoring receivables	178,875	--	--	178,875
Available for sale investments	1	--	--	1
Property and equipment (net)	1,214	--	--	1,214
Intangible assets (net)	438	--	--	438
Assets held for sale	385	--	--	385
Other receivables and current assets	7,780	3,102	--	10,882
Total	**188,727**	**6,278**	**--**	**195,005**
LIABILITIES				
Borrowings	(105,022)	(6,129)	(13,550)	(124,701)
Current tax liabilities (net)	(814)	--	--	(814)
Deferred tax liability	(94)	--	--	(94)
Other payables and unearned income	(7,791)	(3,180)	--	(10,971)
Provision for employment termination benefits	(82)	--	--	(82)
Total equity	(58,343)	--	--	(58,343)
Total	**(172,146)**	**(9,309)**	**(13,550)**	**(195,005)**
Net foreign currency position	**16,581**	**(3,031)**	**(13,550)**	**--**

24. SUBSEQUENT EVENTS

None.