

Başer Faktoring Anonim Şirketi

**Financial Statements
31 December 2010
With Independent Auditors' Report Thereon**

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

3 March 2011

This report includes 2 pages of independent auditors' report and 40 pages of financial statements and notes to the financial statements.

Başer Faktoring Anonim Şirketi

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Independent Auditors' Report

To the Board of Directors of
Başer Faktoring Anonim Şirketi

Introduction

We have audited the accompanying financial statements of Başer Faktoring Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2010, and the income statement and the statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Disclosure for the responsibility of the Company's Board of Directors

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with "The Communiqué on Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public" published in the Official Gazette dated 17 May 2007 and numbered 26525, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency ("BRSA") in respect of accounting and financial reporting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Disclosure for the Responsibility of the Authorized Audit Firm

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit is performed in accordance with the "Regulation on Authorization and Activities of Institutions to Perform External Audit in Banks" published on the Official Gazette no.26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. However, our object is to set forth the relationship between the financial statements prepared by the Company management and the internal control system to design audit techniques according to conditions, rather than expressing an opinion about effectiveness of the internal control. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and the results of its operations and cash flows for the year then ended in accordance with the communiqués, regulations and circulars issued by the BRSA regarding accounting and financial reporting (See Note 2)

Other matter

Without qualifying our opinion, we draw your attention to the following matter

As disclosed in Note 24, in year 2009, tax inspections covering the whole factoring sector on accounting period of year 2008 has been initiated by the Revenue Administration Department of Ministry of Finance of the Turkish Republic. It is stated that the inspections are carried out in accordance with current tax regulations. Based on the inspections on the accounts of factoring companies, the administration levied tax and penalty for loss of tax on tax treatment of revenues which have been recognized as Unearned Revenues on Discounted Factoring Receivables in accordance with "The Communiqué on Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public" published in the Official Gazette dated 17 May 2007 and numbered 26525 and of provision for principal amounts on impaired factoring receivables which have been in the legal follow-up stage and recognized as expense. In this context, the Company has also been subject to inspection and related assessments have been declared on 8 January 2010. With regard to the mentioned assessment, the Company was charged with additional corporate tax amounting TL 834,712 and tax penalty amounting TL 834,712. Settlement has been requested from tax authorities by the Company management and since the tax authorities have not responded to the settlement request, additional corporate tax and tax penalty charged have not become final yet. The Company management assesses that the likelihood of the process to result in a liability of the Company as low and therefore, no provision has been recognized in the accompanying financial statements.

İstanbul,
3 March 2011

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Orhan Akova
Partner

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BAŞER FAKTORİNG ANONİM ŞİRKETİ**BALANCE SHEET****AS AT 31 DECEMBER 2010**

(Currency: Turkish Lira ("TL") unless otherwise stated)

ASSETS	Notes	Audited 31 December 2010			Audited 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. CASH ITEMS	3	2,097	-	2,097	2,008	-	2,008
II. ASSET CARIED AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)							
2.1 Financial assets held for trading		-	-	-	-	-	-
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.3 Derivative financial assets held for trading purpose		-	-	-	-	-	-
III. CASH AT BANKS	4	1,611,631	173	1,611,804	315,428	69	315,497
IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS							
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	5	-	-	-	-	-	-
VI. FACTORING RECEIVABLES	6	88,698,465	-	88,698,465	40,293,719	-	40,293,719
6.1 Discounted Factoring Receivables		-	-	-	40,163,376	-	40,163,376
6.1.1 Domestic		-	-	-	42,229,308	-	42,229,308
6.1.2 International		-	-	-	-	-	-
6.1.3 Unearned Revenue (-)		-	-	-	(2,065,932)	-	(2,065,932)
6.2 Other Factoring Receivables		88,698,465	-	88,698,465	130,343	-	130,343
6.2.1 Domestic		88,698,465	-	88,698,465	130,343	-	130,343
6.2.2 International		-	-	-	-	-	-
VII. RECEIVABLES UNDER FOLLOW-UP	7	182,224	-	182,224	456,561	-	456,561
7.1 Doubtful factoring receivables		8,018,333	-	8,018,333	8,009,752	-	8,009,752
7.2 Specific allowances (-)		(7,836,109)	-	(7,836,109)	(7,553,191)	-	(7,553,191)
VIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE							
8.1 Fair value hedges		-	-	-	-	-	-
8.2 Cash flow hedges		-	-	-	-	-	-
8.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
IX. INVESTMENTS HELD-TO-MATURITY (Net)							
X. INVESTMENTS IN SUBSIDIARIES (Net)							
XI. INVESTMENTS IN ASSOCIATES (Net)							
XII. INVESTMENTS IN JOINT-VENTURES (Net)							
XIII. TANGIBLE ASSETS (Net)	8	1,029,645	-	1,029,645	1,362,737	-	1,362,737
XIV. INTANGIBLE ASSETS (Net)	9	5,676	-	5,676	6,954	-	6,954
14.1 Goodwill		-	-	-	-	-	-
14.2 Other intangibles		5,676	-	5,676	6,954	-	6,954
XV. DEFERRED TAX ASSETS	10	1,217,507	-	1,217,507	1,350,596	-	1,350,596
XVI. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)							
16.1 Assets held for sale		-	-	-	-	-	-
16.2 Assets related to discontinued operations		-	-	-	-	-	-
XVII. OTHER ASSETS	11	559,079	-	559,079	2,686,907	-	2,686,907
TOTAL ASSETS		93,306,324	173	93,306,497	46,474,910	69	46,474,979

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
BALANCE SHEET
AS AT 31 DECEMBER 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Audited 31 December 2010			Audited 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE		-	-	-	-	-	-
II. FUNDS BORROWED	12	57,810,242	9,737,506	67,547,748	18,525,721	5,466,904	23,992,625
III. FACTORING PAYABLES	5	491,737	-	491,737	387,746	-	387,746
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. MISCELLANEOUS PAYABLES	13	570,439	-	570,439	259,918	-	259,918
VI. OTHER LIABILITIES		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE		-	-	-	-	-	-
7.1 Fair value hedges		-	-	-	-	-	-
7.2 Cash flow hedges		-	-	-	-	-	-
7.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
VIII. TAXES AND DUTIES PAYABLES	14	492,149	-	492,149	442,725	-	442,725
IX. PROVISIONS AND EXPENSE ACCRUALS	15	437,155	-	437,155	483,858	-	483,858
9.1 Restructuring reserves		-	-	-	-	-	-
9.2 Reserve for employee severance payments		413,555	-	413,555	483,858	-	483,858
9.3 Other provisions		23,600	-	23,600	-	-	-
X. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI. PAYABLES FOR ASSET HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
11.1 Related to assets held for sale		-	-	-	-	-	-
11.2 Related to discontinued operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS		-	-	-	-	-	-
XIII. SHAREHOLDERS' EQUITY	16	23,767,269	-	23,767,269	20,908,107	-	20,908,107
13.1 Paid-in capital		15,000,000	-	15,000,000	15,000,000	-	15,000,000
13.2 Capital reserves		7,339,489	-	7,339,489	14,583,812	-	14,583,812
13.2.1 Share premium		-	-	-	-	-	-
13.2.2 Share cancellation profits		-	-	-	-	-	-
13.2.3 Valuation differences of marketable securities		-	-	-	-	-	-
13.2.4 Revaluation surplus on tangible and intangible assets		-	-	-	-	-	-
13.2.5 Bonus shares of associates, subsidiaries and joint ventures		-	-	-	-	-	-
13.2.6 Hedging reserves (effective portion)		-	-	-	-	-	-
13.2.7 Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
13.2.8 Other capital reserves		7,339,489	-	7,339,489	14,583,812	-	14,583,812
13.3 Profit reserves		1,372,711	-	1,372,711	3,468,950	-	3,468,950
13.3.1 Legal reserves		1,372,711	-	1,372,711	1,208,575	-	1,208,575
13.3.2 Status reserves		-	-	-	-	-	-
13.3.3 Extraordinary reserves		-	-	-	2,260,375	-	2,260,375
13.3.4 Other reserves		-	-	-	-	-	-
13.4 Profit or loss		55,069	-	55,069	(12,144,655)	-	(12,144,655)
13.4.1 Retained earnings		(2,804,093)	-	(2,804,093)	(14,105,323)	-	(14,105,323)
13.4.2 Net income or loss for the current period		2,859,162	-	2,859,162	1,960,668	-	1,960,668
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		83,568,991	9,737,506	93,306,497	41,008,075	5,466,904	46,474,979

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF OFF BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

OFF-BALANCE SHEET ITEMS	Notes	Audited 31 December 2010			Audited 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. WITHOUT RECOURSE FACTORING TRANSACTIONS		-	-	-	-	-	-
II. WITH RECOURSE FACTORING TRANSACTIONS		12,702,882	-	12,702,882	8,380,996	-	8,380,996
III. COLLATERALS RECEIVED	24.1	427,338,742	4,638,000	431,976,742	276,356,440	4,517,100	280,873,540
IV. COLLATERALS GIVEN	24.2	10,361,556	-	10,361,556	6,614,645	-	6,614,645
V. COMMITMENTS		-	-	-	-	-	-
5.1 Irrevocable commitments		-	-	-	-	-	-
5.2 Revocable commitments		-	-	-	-	-	-
5.2.1 Lease commitments		-	-	-	-	-	-
5.2.1.1 Financial lease commitments		-	-	-	-	-	-
5.2.1.2 Operational lease commitments		-	-	-	-	-	-
5.2.2 Other revocable commitments		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
6.1 Derivative financial instruments held for risk management purpose		-	-	-	-	-	-
6.1.1 Fair value hedges		-	-	-	-	-	-
6.1.2 Cash flow hedges		-	-	-	-	-	-
6.1.3 Net foreign investment hedges		-	-	-	-	-	-
6.2 Trading derivatives		-	-	-	-	-	-
6.2.1 Forward foreign currency purchases/sales		-	-	-	-	-	-
6.2.2 Swap purchases/sales		-	-	-	-	-	-
6.2.3 Put/call options		-	-	-	-	-	-
6.2.4 Futures purchases/sales		-	-	-	-	-	-
6.2.5 Others		-	-	-	-	-	-
VII. ITEMS HELD IN CUSTODY		99,894,184	4,765,024	104,659,208	51,528,888	2,413,810	53,942,698
TOTAL OFF-BALANCE SHEET ITEMS		550,297,364	9,403,024	559,700,388	342,880,969	6,930,910	349,811,879

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2010
(Currency: Turkish Lira (“TL”) unless otherwise stated)

INCOME AND EXPENSE ITEMS	Notes	Audited	
		31 December 2010	31 December 2009
I. OPERATING INCOME	17	18,204,438	15,265,940
 FACTORING INCOME		18,204,438	15,265,940
1.1 Interest received from factoring receivables		15,477,745	12,987,286
1.1.1 Discounted		2,133,222	12,754,673
1.1.2 Others		13,344,523	232,613
1.2 Fee and commissions received from factoring receivables		2,726,693	2,278,654
1.2.1 Discounted		1,123	2,254,635
1.2.2 Others		2,725,570	24,019
II. OPERATING EXPENSES (-)	18	(7,067,585)	(5,355,095)
2.1 Personnel expenses		(4,669,351)	(3,547,505)
2.2 Provision expense for employee severance payments		(57,076)	(12,286)
2.3 Research and development expenses		-	-
2.4 General administrative expenses		(1,818,089)	(1,463,764)
2.5 Other		(523,069)	(331,540)
III. OTHER OPERATING INCOME	19	1,094,233	1,591,702
3.1 Interest income from banks		-	261,146
3.2 Interest income from reverse repurchase agreements		-	-
3.3 Interest income from securities		-	-
3.3.1 Interest income from trading financial assets		-	-
3.3.2 Interest income from financial assets at fair value through profit or loss		-	-
3.3.3 Interest income from available-for-sale financial assets		-	-
3.3.4 Interest income from investments held to maturity		-	-
3.4 Dividend income		-	-
3.5 Trading income		-	-
3.5.1 Derivatives		-	-
3.5.2 Others		-	-
3.6 Foreign exchange gains		1,022,839	1,222,796
3.7 Other		71,394	107,760
IV. FINANCING EXPENSES (-)	20	(4,327,274)	(2,152,058)
4.1 Interest expense on funds borrowed		(3,988,640)	(2,063,742)
4.2 Interest expense on factoring payables		(142,831)	-
4.3 Interest expense on financial leases		-	-
4.4 Interest expense on securities issued		-	-
4.5 Other interest expenses		-	-
4.6 Fees and commission expenses		(195,803)	(88,316)
V. SPECIFIC ALLOWANCES FOR DOUBTFUL RECEIVABLES (-)	21	(651,190)	(460,587)
VI. OTHER OPERATING EXPENSES (-)	22	(2,930,136)	(5,184,368)
6.1 Impairment in value of securities		-	(403,033)
6.1.1 Impairment in value of financial assets at fair value through profit or loss		-	-
6.1.2 Impairment in value of available-for-sale financial assets		-	-
6.1.3 Impairment in value of investments held to maturity		-	(403,033)
6.2 Impairment in value of non-current assets		-	-
6.2.1 Impairment in value of tangible assets		-	-
6.2.2 Impairment in value of assets held for sale and assets related to discontinued operations		-	-
6.2.3 Impairment in value of goodwill		-	-
6.2.4 Impairment in value of other intangible assets		-	-
6.2.5 Impairment in value of subsidiaries, associates and joint-ventures		-	-
6.3 Losses from derivative transactions		-	-
6.4 Foreign exchange losses		(1,284,302)	(1,074,060)
6.5 Other		(1,645,834)	(3,707,275)
VII. NET OPERATING PROFIT/LOSS, NET (I+...+VI)		4,322,486	3,705,534
VIII. INCOME RESULTED FROM MERGER		-	-
IX. GAIN/LOSS ON NET MONETARY POSITION		-	-
X. PROFIT/ LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (VII+VIII+IX)		-	-
XI. INCOME TAXES FROM CONTINUING OPERATIONS (±)	10	4,322,486	3,705,534
11.1 Current tax charge		(1,463,324)	(1,744,866)
11.2 Deferred tax charge (-)		(1,330,235)	(1,624,804)
11.3 Deferred tax credit (+)		(133,089)	(120,062)
XII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS		2,859,162	1,960,668
XIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
13.1 Income from assets held for sale		-	-
13.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
13.3 Other income from discontinued operations		-	-
XIV. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
14.1 Expense from assets held for sale		-	-
14.2 Expense from sale of associates, subsidiaries and joint-ventures		-	-
14.3 Other expense from discontinued operations		-	-
XV. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIII-XIV)		-	-
XVI. INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
16.1 Current tax charge		-	-
16.2 Deferred tax charge (-)		-	-
16.3 Deferred tax credit (+)		-	-
XVII. NET PROFIT/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS (XV±XVI)		-	-
XVIII. NET PROFIT/LOSS (XII+XVII)		2,859,162	1,960,668

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF RECOGNIZED INCOME AND EXPENSE IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY	Notes	Audited	
		31 December 2010	31 December 2009
I. ADDITIONS TO FAIR VALUE RESERVE FROM SECURITIES FROM AVAILABLE FOR SALE FINANCIAL ASSETS		-	-
1.1 Net Change In The Fair Value Of The Financial Assets Held For Sale		-	-
1.2 Net Change In The Fair Value Of The Financial Assets Held For Sale (Transfer to Profit/Loss)		-	-
II. REVALUATION OF TANGIBLE ASSETS		-	-
III. REVALUATION OF INTANGIBLE ASSETS		-	-
IV. TRANSLATION DIFFERENCES		-	-
V. PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS RELATED TO CASH FLOW HEDGES		-	-
5.1 Fair value reserve (Effective Portion Changes in Fair Values)		-	-
5.2 Fair value reserves transferred to profit or loss		-	-
VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES		-	-
6.1 Fair value reserve (Effective Portion Changes in Fair Values)		-	-
6.2 Fair value reserves transferred to profit or loss		-	-
VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS		-	-
VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TAS		-	-
IX. DEFERRED TAXES ON VALUATION DIFFERENCES		-	-
X. NET PROFIT/LOSS RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)		-	-
XI. PROFIT FOR THE PERIOD		2,859,162	1,960,668
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)		2,859,162	1,960,668

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

	Notes	Paid-In Capital	Inflationary Effect on Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Net Profit/Loss For the period	Retained Earnings	Fair Value Reserves	Asset Revaluation Reserve	Bonus Shares From Subsidiaries	Hedging Reserves	Accumulated revaluation surplus from Held For Sale/Discontinued operations	Total Shareholders' Equity	
31 December 2009																		
I.	Balances at the beginning of the period	15,000,000	14,583,812	-	-	897,393	-	2,253,469	-	295,976	(11,733,211)	-	-	-	-	-	-	21,297,439
	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase / Decrease Related To Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	Hedge of Net Investment In Foreign Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Market Value Changes of Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Surplus on Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Fair value reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Resulted From Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Resulted From Resclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Cash Contributions to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Issuances of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Inflationary effect on paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Bonds Convertible to Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Net profit or loss for the period	-	-	-	-	-	-	-	-	1,960,668	-	-	-	-	-	-	-	1,960,668
XVII.	Profit Distribution	-	-	-	-	311,182	-	6,906	-	(295,976)	(2,372,112)	-	-	-	-	-	-	(2,350,000)
17.1	Dividend distributed	-	-	-	-	-	-	-	-	-	(2,350,000)	-	-	-	-	-	-	(2,350,000)
17.2	Transferred to Reserves	-	-	-	-	311,182	-	6,906	-	(295,976)	(2,112)	-	-	-	-	-	-	-
17.3	Others (Share capital increase)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (I+II+III+...+XV+XVI+XVII)	16 15,000,000	14,583,812	-	-	1,208,575	-	2,260,375	-	1,960,668	(14,105,323)	-	-	-	-	-	-	20,908,107
31 December 2010																		
I.	Balances at the beginning of the period	16 15,000,000	14,583,812	-	-	1,208,575	-	2,260,375	-	1,960,668	(14,105,323)	-	-	-	-	-	-	20,908,107
	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase / Decrease Related To Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	Hedge of Net Investment In Foreign Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Fair value reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Surplus on Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Fair value reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Resulted From Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Resulted From Resclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Cash Contributions to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Issuances of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Inflationary effect on paid-in capital	-	(7,244,323)	-	-	-	-	(4,056,907)	-	-	11,301,230	-	-	-	-	-	-	-
XIV.	Bonds Convertible to Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Net profit or loss for the period	-	-	-	-	-	-	-	-	2,859,162	-	-	-	-	-	-	-	2,859,162
XVII.	Profit Distribution	-	-	-	-	164,136	-	1,796,532	-	(1,960,668)	-	-	-	-	-	-	-	-
17.1	Dividend distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.2	Transferred to Reserves	-	-	-	-	164,136	-	1,796,532	-	(1,960,668)	-	-	-	-	-	-	-	-
17.3	Others (Share capital increase)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (I+II+III+...+XV+XVI+XVII)	16 15,000,000	7,339,489	-	-	1,372,711	-	-	-	2,859,162	(2,804,093)	-	-	-	-	-	-	23,767,269

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes	Audited	
		31 December 2010	31 December 2009
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating profit before changes in operating assets and liabilities		3,245,616	1,891,025
1.1.1 Interests received/Lease income		15,477,745	13,248,432
1.1.2 Lease expenses		-	-
1.1.3 Dividends received		-	-
1.1.4 Fee and commissions received	17	2,726,693	2,278,654
1.1.5 Other income		1,094,233	1,260,913
1.1.6 Collections from previously written-off receivables	21	651,190	460,587
1.1.7 Payments to personnel and service suppliers	18	(4,726,427)	(3,547,505)
1.1.8 Taxes paid	10	(1,198,688)	(1,624,804)
1.1.9 Others		(10,779,130)	(10,185,252)
1.2 Changes in operating assets and liabilities		(2,530,225)	(8,412,732)
1.2.1 Net (increase) decrease in lease receivables		(48,130,409)	(9,920,609)
1.2.2 Net (increase) decrease in other assets		1,627,828	1,078,135
1.2.3 Net increase (decrease) in factoring payables		103,991	-
1.2.4 Net increase (decrease) in funds borrowed		43,555,123	4,053,212
1.2.5 Net increase (decrease) in matured payables		-	-
1.2.6 Net increase (decrease) in other liabilities		313,242	(3,623,470)
I. Net cash flows from operating activities		715,391	(6,521,707)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible and intangible assets		(379,220)	(945,400)
2.4 Sales of tangible and intangible assets		960,225	179,665
2.5 Purchase of available-for-sale financial assets		-	-
2.6 Sale of available-for-sale financial assets		-	3,376,678
2.7 Purchase of held-to-maturity investments		-	-
2.8 Sale of held-to-maturity investments		-	-
2.9 Others (Trading financial assets)		-	-
II. Net cash flows from investing activities		581,005	2,610,943
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Proceeds from funds borrowed and securities issued		-	-
3.2 Repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Others		-	-
III. Net cash flows from financing activities		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents		-	-
V. Net increase/(decrease) in cash and cash equivalents		1,296,396	(3,910,764)
VI. Cash and cash equivalents at the beginning of the period		317,505	4,228,269
VII. Cash and cash equivalents at the end of the period	2.4 (m)	1,613,901	317,505

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF PROFIT DISTRIBUTION
FOR THE PERIOD ENDED 31 DECEMBER 2010
(Currency: Turkish Lira (“TL”) unless otherwise stated)

STATEMENT OF PROFIT DISTRIBUTION	Notes	Audited	
		31 December 2010	31 December 2009
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1 PROFIT FOR THE YEAR		4,322,486	3,705,534
1.2 TAXES AND DUTIES PAYABLE (-)	10	1,463,324	1,744,866
1.2.1 Corporate tax (income tax)	10	1,330,235	1,624,804
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties	10	133,089	120,062
A. NET PROFIT FOR THE PERIOD (1.1-1.2)		2,859,162	1,960,668
1.3 ACCUMULATED LOSSES (-)		2,804,093	14,105,323
1.4 FIRST LEGAL RESERVES (-)		-	164,136
1.5 OTHER STATUTORY RESERVES (-)		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A- (1.3+1.4+1.5)]		55,069	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To owners of ordinary shares		-	-
1.6.2 To owners of privileged shares		-	-
1.6.3 To owners of redeemed shares		-	-
1.6.4 To profit sharing bonds		-	-
1.6.5 To holders of profit and loss sharing certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1 To owners of ordinary shares		-	-
1.9.2 To owners of privileged shares		-	-
1.9.3 To owners of redeemed shares		-	-
1.9.4 To profit sharing bonds		-	-
1.9.5 To holders of profit and loss sharing certificates		-	-
1.10 SECOND LEGAL RESERVES (-)		-	-
1.11 STATUS RESERVES (-)		-	-
1.12 EXTRAORDINARY RESERVES		-	-
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1 RESERVES DISTRIBUTED		-	-
2.2 SECOND LEGAL RESERVES (-)		-	-
2.3 SHARE OF SHAREHOLDERS (-)		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 SHARE OF PERSONNEL (-)		-	-
2.5 SHARE OF BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES		0.19	0.13
3.2 TO OWNERS OF ORDINARY SHARES (%)		19%	13%
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

Decision for distribution of 2010 profit will be made by the General Assembly.

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

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

1 ORGANIZATION AND NATURE OF BUSINESS

Başer Faktoring Anonim Şirketi (“the Company”) was incorporated in 29 June 1995 to provide factoring services to industrial and commercial firms. The Company maintains its operations in accordance with the requirements of the Communiqué on the Regulation on Procedures and Principles for Establishment and Operations of Financial Leasing, Factoring and Consumer Financing Companies” as promulgated by the Banking Regulation and Supervision Agency (“BRSA”).

As at 31 December 2010 and 2009, the composition of the authorized and paid-in share capital are as follows:

	2010	Share (%)	2009	Share (%)
Bica Holding A.Ş.	13,085,782	87.24	13,085,782	87.24
Atilla Başer	1,914,188	12.76	1,914,188	12.76
Other	30	-	30	-
Share capital	15,000,000	100	15,000,000	100

The Company has 67 employees as at 31 December 2010 (2009: 44 employees).

The Company is registered in Turkey and located in the address below:

Ö.Avni Mah. İnebolu Beytülmalci Sokak

Haktan İş Merkezi No: 39 Kat: 4 Kabataş, İstanbul

The Company continues its operations in one geographical region (Turkey).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements

The accompanying financial statements are prepared in accordance with the “Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public” published on the Official Gazette no.26525 dated 17 May 2007 promulgated by Banking Regulation and Supervision Agency (“BRSA”), Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the appendices and interpretations promulgated by Turkish Accounting Standards Board (“TASB”) and the statements and guidance published by BRSA on accounting and financial reporting principles (together referred as “Reporting Standards”).

The balance sheet and income statement prepared as at 31 December 2010 were authorized for issue by the Board of Directors of the Company on 3 March 2011. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2.1.2 Functional and Presentation Currency

The presentation and functional currency of the Company is Turkish Lira (TL).

The financial statements of the Company have been adjusted for the effects of inflation in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies” until 31 December 2004. By a circular issued on 28 April 2005, BRSA declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Preparation (Continued)

2.1.3 Accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the financial statements, the significant estimates and judgments used by the Company are included in the following notes:

Note 5 – Available for sale financial assets

Note 6 – Factoring receivables

Note 7 – Receivables under follow-up

Note 8 – Tangible assets

Note 9 – Intangible assets

Note 10 – Tax assets and liabilities

Note 15 – Provisions and contingent liabilities

Note 26 – Fair value of financial instruments

2.1.4 New standards and interpretations not yet adopted as at 31 December 2010

The Company applied all of the relevant and required standards and the interpretations of TAS/IFRS as at 31 December 2010.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 “Financial Instruments”, which becomes mandatory for the Company’s 2013 financial statements and could change the classification and measurement of the financial assets.

2.1.5 Netting

The Company’s financial assets and liabilities are offset and the net amount is presented in the balance sheet if and only if there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in accounting policies

Material changes in accounting policies are adjusted retrospectively and prior periods’ financial statements are restated. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.3 Changes in accounting estimates and errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. Material accounting errors are adjusted retrospectively and prior periods’ financial statements are restated.

2.4 Summary of significant accounting policies

(a) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, factoring receivables, available for sale financial assets, funds borrowed, factoring payables and other liabilities.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash items comprise cash balances.

Cash at banks comprises time deposits with an original maturity less than three months. Cash at banks reflects short-term investments; highly liquid, with an original maturity less than three months and low risk of devaluation.

The Company initially recognizes factoring receivables on the date that they are originated. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, factoring receivables are measured at amortized cost using the effective interest method, less any impaired losses.

Funds borrowed are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, bank borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings.

Interest income and expense are accounted as described in Note 2.4.(h).

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(a) *Financial instruments (Continued)*

Other non-derivative financial instruments are measured at amortized cost using the effective interest method less any impairment.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

(b) *Tangible assets and depreciation*

(i) *Tangible assets*

Items of tangible assets acquired before 1 January 2005 are measured at cost restated for the effects of inflation in TL units current at 31 December 2004 pursuant to TAS 29 less accumulated depreciation and impairment losses. Tangible assets acquired after 31 December 2004 are measured at cost, less accumulated depreciation and impairment losses.

(ii) *Tangible assets acquired through finance leases*

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Tangible assets acquired by financial leases are amortized based on the useful lives of the assets. 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 interest on the remaining balance of the liability. Finance charges are included income statement.

(iii) *Subsequent costs*

The cost of replacing part of an item of tangible assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the income statement as incurred.

(iv) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fixtures	3-5 years
Motor vehicles	5 years

Leasehold improvements are amortized over the periods of the respective leases on a straight-line basis.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

(c) Intangible assets

Intangible assets represent computer software licenses and rights. Intangible assets acquired before 1 January 2005 are measured at cost restated for the effects of inflation in TL units current at 31 December 2004 pursuant to TAS 29, less accumulated amortization, and impairment losses. Intangible assets acquired after 31 December 2004 are measured at cost, less accumulated amortisation, and impairment losses. Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives of the Company's intangible assets are three years.

(d) Impairment

Financial Assets

The Company recognizes specific provision for factoring receivables in accordance with the Communiqué No. 26588 on the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued at 20 July 2007 by BRSA.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt and equity securities, the reversal is recognised in the income statement to the extent that the impairment loss in respect of a financial asset was not recognized in the previous year.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(e) Capital increases

Share capital increases from existing shareholders are accounted for at par value as approved at the annual meeting of shareholders.

(f) Reserve for severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Those payments are calculated with basis of taking the upper limit of severance payment at the balance sheet date

In accordance with TAS 19, “Employee Benefits”, the Company calculated the severance pay liability incurred due to retirement of its employees by discounting the future liabilities to their present values, by using statistical method and reflected to the financial statements. The main estimates used are as follows:

	2010	2009
Discount Rate	4.66%	5.92%
Expected Salary/Limit Increase Rate	5.1%	4.8%
Expected severance payment benefit ratio	96%	97%

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. Since the upper limit of reserve for severance payment has been adjusted two times in a year, the Company has used the upper limit amounting TL 2,517 as at 31 December 2010 (31 December 2009: TL 2,365) for the calculation of reserve for severance payments.

(g) Provisions, contingent assets and liabilities

In accordance with TAS 37, “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognized when the Company has a legal or constructive obligation as a result of a past event and 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 of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision.

Contingent assets are disclosed in the notes and not recognized unless it is realized.

(h) Income and expense recognition

(i) Factoring income

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. Factoring interest and commission income is recognized on accrual basis.

(ii) Other income and expenses

Other income and expenses are recognized on an accrual basis.

(iii) Finance expenses

Other interest income and expense are recognized on an accrual basis using effective interest method.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

(i) *Income tax*

Tax provision of the period includes the current and deferred tax.

Corporate Tax

Current tax is the tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or their tax assets and liabilities will be realized simultaneously.

According to TAS 12, “*Income Taxes*”; deferred tax assets and liabilities are recognized in the accompanying financial statements, using the balance sheet method, on all taxable temporary differences to the extent that they are expected to increase or decrease on the income tax payable in the period when they will reverse.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) *Related parties*

In accordance with TAS 24, “*Related Party Disclosures*” shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 23).

(k) *Earnings per share*

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. When the number of ordinary shares outstanding changes, without a corresponding change in resources, the weighted average number of ordinary shares outstanding during all periods presented is adjusted retrospectively.

Entities, whose ordinary shares or potential ordinary share are not publicly-traded, are not required to disclose earnings per share in accordance with TAS 33, “*Earnings per Share*”. Therefore, earnings per share have not been calculated in the accompanying financial statements since the ordinary shares of the Company are not publicly-traded.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(l) Subsequent events

Subsequent events mean the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10, “Subsequent Events”; post-balance sheet events that provide additional information about the Company’s position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

(m) Statement of cash flows

The Company prepares cash flow statements to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions.

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from activities within the scope of business. Cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Cash flows relating to financing activities represent the sources of financing the Company used and the repayments of these sources.

As at 31 December 2010 and 2009, the cash and cash equivalents are as follows:

	<u>2010</u>	<u>2009</u>
Cash	2,097	2,008
Banks	1,611,804	315,497
	<u>1,613,901</u>	<u>317,505</u>

(n) Segment reporting

As the Company solely operates in Turkey and maintains factoring operations, operating segments are not presented.

(o) Foreign currency transactions

Income and expenses deriving from transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from conversion of foreign currency items have been included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to TL at the exchange rate at the date that the fair value was determined.

The foreign exchange rates used by the Company as at 31 December 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
US Dollar (“USD”)	1.5460	1.5057
Euro	2.0491	2.1603

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira (“TL”) unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

2.4 Summary of significant accounting policies *(Continued)*

(p) Investment property

Investment properties are those which are held (by owner or lessee in financial rental contracts) to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes

Measurement at recognition

Investment properties are measured initially at cost. Transaction costs are included in the initial measurement.

The Company measures its investment property at cost, less accumulated depreciation and impairment losses.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

3 CASH ITEMS

As at 31 December 2010 and 2009, cash items are as follows:

	2010		2009	
	TL	FC	TL	FC
Cash on hand	2,097	-	2,008	-
	2,097	-	2,008	-

4 CASH AT BANKS

As at 31 December 2010 and 2009 cash at banks are as follows:

	2010		2009	
	TL	FC	TL	FC
-Demand deposits	1,611,631	173	315,428	69
	1,611,631	173	315,428	69

As at 31 December 2010 and 2009, there is not any blockage on cash at banks.

5 AVAILABLE FOR SALE FINANCIAL ASSETS

As at 31 December 2010 and 2009, available for sale financial assets comprised of investments in equity securities that are not quoted to an active market. As at 31 December 2010 and 2009, available for sale financial assets are carried at cost less impairment losses.

As at 31 December 2010, available for sale financial assets are as follows:

	Share ratio %	Cost	Impairment	Carrying value
Güney Mensucat San. ve Tic. AŞ (*)	11.00	6,446,972	(6,446,972)	-
		6,446,972	(6,446,972)	-

(*) Operations of Güney Mensucat San. ve Tic. AŞ has been ceased and the company is in bankruptcy deferment process.

As at 31 December 2009, available for sale financial assets are as follows:

	Share ratio %	Cost	Impairment	Book value
Başer Petrokimya San. ve Tic. A.Ş.	16.98	2,160,510	(2,160,510)	-
Güney Mensucat San. ve Tic. A.Ş.	11.00	6,446,972	(6,446,972)	-
		8,607,482	(8,607,482)	-

The Company has sold its shares in Başer Petrokimya San. ve Tic. A.Ş. to Başer Gıda San. ve Tic. A.Ş. on 30 March 2010 for TL 1.

The movement of impairment provision during the period is as follows:

	2010	2009
Balance at the beginning of the period	8,607,482	8,204,449
Provision for the period	-	403,033
Reversal for the period	(2,160,510)	-
Balance at the end of the period	6,446,972	8,607,482

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

6 FACTORING RECEIVABLES AND PAYABLES

Factoring Receivables

As at 31 December 2010 and 2009, factoring receivables are as follows:

	2010		2009	
	TL	FC	TL	FC
Domestic factoring receivables	88,698,465	-	42,359,651	-
Unearned factoring interest income	-	-	(2,065,932)	-
Factoring receivables, net	88,698,465	-	40,293,719	-

As at 31 December 2010, checks and notes that form a basis for the Company's factoring receivables amount to TL 104,659,208 (2009: 53,942,697 TL).

As at 31 December 2010, the Company has obtained checks and notes amounting to TL 431,976,742 from its clients as collateral of factoring receivables (2009: 280,873,540TL).

As at 31 December 2010 and 2009, the breakdown of total factoring receivables by industrial groups is as follows:

	2010	%	2009	%
Non-metal mines industry	25,365,650	29	9,998,173	24
Construction	18,462,536	21	5,924,681	14
Hotels and restaurants (Tourism)	9,308,882	10	8,104,760	19
Metal industry and processed material production	4,372,233	5	1,286,103	3
Nuclear fuel, petroleum products and coal products industry	4,194,198	5	1,646,592	4
Machinery and equipment industry	4,134,940	5	863,802	2
Textile and textile products industry	3,792,761	4	1,680,641	4
Food, beverage and tobacco industry	3,278,691	4	1,373,106	3
Agriculture, animal husbandry and forestry	3,045,510	3	1,036,708	2
Transportation, storage and communication	2,480,092	3	1,813,601	4
Transportation vehicles industry	2,083,400	2	884,144	2
Electrical and optical equipment industry	1,449,122	2	1,282,174	3
Paper input and paper products printing industry	1,251,867	1	730,897	2
Non-classified production industry	947,053	1	77,000	-
Mining of energy producing mines	700,306	1	1,520,228	4
Chemistry, chemical products and synthetic fibre industry	675,526	1	577,904	1
Real estate commission, leasing and management activities	510,893	1	274,120	1
Other social and personal services	489,801	1	392,903	1
Wood and wood products	485,118	1	192,282	-
Mining of non-energy producing mines	411,035	-	1,024,445	2
Rubber and plastic products industry	401,329	-	181,872	-
Leather and leather products industry	324,486	-	710,564	2
Health and social services	285,557	-	-	-
Wholesale and resale of motor vehicle services	247,479	-	737,987	2
Financial intermediary	-	-	44,964	-
	88,698,465	100	42,359,651	100

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

6 FACTORING RECEIVABLES AND PAYABLES (Continued)

Factoring Payables

As at 31 December 2010 and 2009, short-term factoring payables are as follows:

	2010		2009	
	TL	FC	TL	FC
Factoring payables	491,737	-	387,746	-
Total	491,737	-	387,746	-

Factoring payables represent the amounts collected on behalf of customers but not yet paid to the related factoring customers at the balance sheet date.

7 DOUBTFUL RECEIVABLES

As at 31 December 2010 and 2009, doubtful receivables are as follows:

	2010		2009	
	TL	FC	TL	FC
Doubtful factoring receivables	8,018,333	-	8,009,752	-
Special allowances	(7,836,109)	-	(7,553,191)	-
Doubtful receivables , net	182,224	-	456,561	-

As at 31 December 2010 and 2009, the aging analysis of the impaired factoring receivables and allowances are as follows:

	2010		2009	
	Total doubtful factoring receivables	Allowance	Total doubtful factoring receivables	Allowance
Overdue 1 to 3 months	-	-	485,789	485,789
Overdue 3 to 6 months	156,600	7,831	94,205	94,205
Overdue 6 to 12 months	137,049	103,595	1,155,434	935,548
Overdue over 1 year	7,724,684	7,724,683	6,274,324	6,037,649
Total	8,018,333	7,836,109	8,009,752	7,553,191

Movements in special allowance for factoring receivables during the years ended 31 December are as follows:

	2010	2009
Balance at 1 January	7,553,191	7,092,604
Provision for the period	1,025,771	2,037,540
Recoveries during the period (-)	(374,581)	(1,576,953)
Written-off during the period (-)	(368,272)	-
Balance at the end of the period	7,836,109	7,553,191

BAŞER FAKTORİNG ANONİM ŞİRKETİ**Notes to the Financial Statements****As at and for the Period Ended 31 December 2010**

(Currency: Turkish Lira ("TL") unless otherwise stated)

8 TANGIBLE ASSETS

Movements of tangible assets during the period ended 31 December 2010 are as follows:

	<u>1 January 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2010</u>
Cost				
Land	995,862	-	(995,862)	-
Impairment of land	(584,152)	-	584,152	-
Furniture and fixtures	611,902	166,645	-	778,547
Motor vehicles	754,317	183,999	(53,504)	884,812
Leasehold improvements	376,811	23,414	-	400,225
	2,154,740	374,058	(465,214)	2,063,584
		Current year depreciation		
	<u>1 January 2010</u>	<u>Disposals</u>	<u>31 December 2010</u>	
Accumulated depreciation				
Furniture and fixtures	364,656	81,295	-	445,951
Motor vehicles	183,380	154,983	(32,994)	305,369
Leasehold improvements	243,967	38,652	-	282,619
	792,003	274,930	(32,994)	1,033,939
Net carrying value	1,362,737			1,029,645

Movements of tangible assets during the year ended 31 December 2009 are as follows:

	<u>1 January 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2009</u>
Cost				
Land	995,862	-	-	995,862
Impairment of land	(584,152)	-	-	(584,152)
Furniture and fixtures	526,934	258,484	(173,516)	611,902
Motor vehicles	468,604	523,181	(237,468)	754,317
Leasehold improvements	214,516	162,295	-	376,811
	1,621,764	943,960	(410,984)	2,154,740
		Current year depreciation		
	<u>1 January 2009</u>	<u>Disposals</u>	<u>31 December 2009</u>	
Accumulated depreciation				
Furniture and fixtures	471,958	66,214	(173,516)	364,656
Motor vehicles	235,858	74,968	(127,446)	183,380
Leasehold improvements	209,576	34,391	-	243,967
	917,392	175,573	(300,962)	792,003
Net carrying value	704,372			1,362,737

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

8 TANGIBLE ASSETS (Continued)

As at 31 December 2010, total insurance over tangible assets amounts to TL 6,210,649 (2009: TL 5,328,530).

There is a pledge over vehicles set as collateral for loan obtained amounting to TL 131,399 in favor of Denizbank AŞ (2009: TL 262,798).

On 17 June 2008, the Company sold 68.33% of the land located at Pendik district, 1. Site, Kurtdoğan Köyü, Seferusta having cost of TL 3,144,496 for TL 890,000 and the loss on this sale amounting to TL 1,258,634 has been recorded in profit or loss under other operating expense account. The fair value of the the remaining of the land with a cost of TL 995,862 has been determined as TL 411,710 and the impairment amounting to TL 584,152 has been recognized in the income statement. The fair value assessment made at the end of 2009 indicated that the fair value of the land approximates its carrying value and no additional impairment has been recognized. The land has been sold on 29 December 2010, for TL 320,000, which is the fair value determined for the land as of the date of the sale transaction and the loss of TL 91,710 resulting from this sale has been recorded under other expenses.

9 INTANGIBLE ASSETS

Movements of intangible assets during the year ended 31 December 2010 are as follows:

	<u>1 January 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2010</u>
Cost				
Computer software	130,939	5,162	-	136,101
	130,939	5,162	-	136,101
		Current year charge		
	<u>1 January 2010</u>	<u>Disposals</u>	<u>31 December 2010</u>	
Accumulated amortization				
Computer software	123,985	6,440	-	130,425
	123,985	6,440	-	130,425
Net carrying value	6,954			5,676

Movements of intangible assets during the year ended 31 December 2009 are as follows:

	<u>1 January 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December 2009</u>
Cost				
Computer software	129,499	1,440	-	130,939
	129,499	1,440	-	130,939
		Current year charge		
	<u>1 January 2009</u>	<u>Disposals</u>	<u>31 December 2009</u>	
Accumulated amortization				
Computer software	117,469	6,516	-	123,985
	117,469	6,516	-	123,985
Net carrying value	12,030			6,954

As at 31 December 2010 and 2009, the Company does not have any intangible assets generated within the Company.

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

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(Currency: Turkish Lira (“TL”) unless otherwise stated)

10 TAX ASSETS AND LIABILITIES

As at 31 December 2010, corporate income tax is levied at the rate of 20% (2009: 20%). Corporate tax rate is levied on the statutory corporate income tax base, which is determined by modifying accounting income for disallowable expenses and certain exclusions and allowances for tax purposes. If the profit has not been distributed, it is not subject to any other tax.

Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax have been redefined according to the cabinet decision numbered 2006/10731, which was announced at Trade Registry Gazette of 23 July 2006-26237. In this respect, withholding tax rate on dividend payments, which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent, was increased to 15% from 10%. When applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing sets details about implementation. New amendments to transfer pricing are in accordance with the principles of “transfer pricing manual” of OECD.

If the tax payers have transactions like service taking or product and goods buying or selling with related parties which are not in accordance with the counterpart principle it will be adjudge that disguised profit distribution via transfer pricing. This kind of disguised profit distribution via transfer pricing will not be deducted from the corporate tax. The companies are obliged to fill the transfer pricing form attached to the annual corporate tax declaration. On this form, all the related party transactions, amounts and the related Transfer Pricing methods are disclosed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the closing date of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying the statutory tax rate to profits before income taxes as shown in the following reconciliation:

	2010		2009	
	Amount	%	Amount	%
Reported profit before income taxes	4,322,486		3,705,534	
Taxes on reported profit per statutory tax rate	(864,497)	20	(741,107)	20
Permanent differences:				
Impairment provision on available for sale financial assets	-	-	(373,667)	10
Loss on sale of available for sale financial assets	-	-	(558,729)	15
Loss on sale of investment properties	(310,825)	7	-	-
Loss on sale of tangible assets	(18,342)	-	-	-
Other disallowable expenses	(278,692)	7	(84,611)	2
Tax exempt income	9,032	-	13,248	-
Tax expense	(1,463,324)	34	(1,744,866)	47

BAŞER FAKTORİNG ANONİM ŞİRKETİ**Notes to the Financial Statements****As at and for the Period Ended 31 December 2010**

(Currency: Turkish Lira ("TL") unless otherwise stated)

10 TAX ASSETS AND LIABILITIES (Continued)

As at 31 December 2010 and 2009, income tax payable is as follows:

	2010	2009
Taxes on income	1,330,235	1,624,804
Corporation taxes paid in advance	(1,198,688)	(1,392,968)
Income taxes payable (Note 14)	131,547	231,836

The income tax expense for the years ended 31 December comprised the following items:

	2010	2009
Current tax expense	1,330,235	1,624,804
Deferred tax expense	133,089	120,062
Income tax expense	1,463,324	1,744,866

Deferred tax assets and liabilities are computed on all taxable temporary differences arising between the carrying amounts of assets and liabilities for Reporting Standards and Tax Procedural Law.

As at 31 December 2010 and 2009, temporary differences and deferred tax assets and liabilities are computed using the prevailing corporate tax rates are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	2010	2009	2010	2009
Allowance for impairment of assets available for sale	5,500,000	5,500,000	1,100,000	1,100,000
Allowance for impairment of investment property	-	674,109	-	134,822
Allowance for impairment of land	-	584,152	-	116,830
Reserve for employee severance payments	195,038	176,067	39,007	35,213
Allowance for receivables	46,439	46,938	9,288	9,388
Reserve for unused vacation pay liability	88,517	107,791	17,703	21,558
Reserve for bonus and premium liabilities	130,000	200,000	26,000	40,000
Other provisions	23,600	-	4,720	-
Unearned factoring commissions	490,932	-	98,187	-
Deferred tax assets			1,294,905	1,457,811
Temporary differences on tangible and intangible assets	(386,988)	(536,074)	(77,398)	(107,215)
Deferred tax liabilities			(77,398)	(107,215)
Deferred tax assets, net			1,217,507	1,350,596

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

11 OTHER ASSETS

As at 31 December 2010 and 31 December 2009, the details of other assets are as follows:

	2010		2009	
	TL	FC	TL	FC
Investment property	-	-	2,100,000	-
Miscellaneous receivables	282,206	-	424,277	-
Other	276,873	-	162,630	-
	559,079	-	2,686,907	-

As at 31 December 2010 TL 7,000 of other assets comprised BRSA expense contribution share (2009: TL 4,600)

As at 31 December 2010 and 2009 miscellaneous receivables comprised job advances, advances given to personel, income accruals and receivables from lawsuits.

As at 31 December 2010 and 2009 movement of investment property is as follows:

	2010	2009
Balance at the beginning of the period	2,100,000	2,837,638
Current year charge	(45,876)	(63,529)
Before impairment, net	2,054,124	2,774,109
Impairment loss	-	(674,109)
Sale	(2,054,124)	-
After impairment, net	-	2,100,000

Investment properties comprising of independent parts 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 of a building in Adana Seyhan Tepebağı District has been sold on 22 December 2010, for TL 500,000, which is the fair value determined for the investment properties as of the date of the sale transaction and the loss of TL 1,554,124 resulting from this sale has been recorded under other expenses.

BAŞER FAKTORİNG ANONİM ŞİRKETİ**Notes to the Financial Statements****As at and for the Period Ended 31 December 2010**

(Currency: Turkish Lira (“TL”) unless otherwise stated)

12 FUNDS BORROWED

As at 31 December 2010 and 2009, details of loans are as follows:

	2010		2009	
	TL	FC	TL	FC
Loans	57,810,242	9,737,506	18,525,721	5,466,904
	57,810,242	9,737,506	18,525,721	5,466,904

	2010				2009			
	Original Amount	Interest Rate (%)*	TL equivalent Up to 1 year	TL equivalent 1 Year and over	Original Amount	Interest Rate (%)*	Up to 1 year	TL equivalent 1 Year and over
TL	57,810,242	8.40- 13.39	57,810,242	-	18,525,721	8.40- 13.76	18,291,659	234,062
Euro	2,015,344	5.52	4,129,642	-	-	-	-	-
USD	3,627,338	7.00- 9.50	5,607,864	-	3,630,806	6.00- 9.50	5,466,904	-
Toplam			67,547,748	-			23,758,563	234,062

* These rates reflect interest rate intervals of fixed rate loans taken as at 31 December 2010 and 2009.

As at 31 December 2010, there is letters of guarantee given to banks for the loans taken amounting to TL 10,125,000 (2009: TL 6,000,000).

13 OTHER LIABILITIES

As at 31 December 2010 and 31 December 2009, details of the other liabilities are as follows:

	2010		2009	
	TL	FC	TL	FC
Unearned factoring commissions	490,933	-	-	-
Miscellaneous liabilities	79,506	-	259,918	-
	570,439	-	259,918	-

As at 31 December 2010, TL 490,933 of other liabilities comprised of unearned factoring commissions collected in advance and TL 80,005 comprised of trade payables related with services taken for the operations of the Company (2009: TL 129,687).

BAŞER FAKTORİNG ANONİM ŞİRKETİ

Notes to the Financial Statements

As at and for the Period Ended 31 December 2010

(Currency: Turkish Lira ("TL") unless otherwise stated)

14 TAXES AND DUTIES PAYABLE

As at 31 December 2010 and 2009, details of taxes and duties payables are as follows:

	2010		2009	
	TL	FC	TL	FC
Income tax payable	131,547	-	231,836	-
Personnel income tax payable	126,141	-	84,586	-
Banking and insurance transaction tax payable	93,344	-	76,367	-
Social security premiums payable	80,188	-	48,342	-
VAT payable	58,032	-	36	-
Stamp tax payable	2,897	-	1,558	-
	492,149	-	442,725	-

15 ACCRUED EXPENSES AND LIABILITIES

As at 31 December 2010 and 2009, details of accrued expenses and liabilities are as follows:

	2010		2009	
	TL	FC	TL	FC
<i>Provision for employee benefits</i>	413,555	-	483,858	-
Reserve for employee severance payments	195,038	-	176,067	-
Reserve for bonus and premiums	130,000	-	200,000	-
Reserve for unused vacation pay days	88,517	-	107,791	-
<i>Other provisions</i>	23,600	-	-	-
Other	23,600	-	-	-
	437,155	-	483,858	-

Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002. Such payments are calculated on the basis of 30 days' pay, (limited to a maximum of TL 2,517 (2009: TL 2,365) at 31 December 2010) per year of employment at the rate of pay applicable at the date of retirement or termination.

The reserve for employee severance payments is not subject to a funding requirement.

Movements in reserve for employee severance payments are as follows:

	2010	2009
Balance at the beginning of the period	176,067	168,864
Payment during the period	(38,105)	(5,083)
Provision for the period	57,076	12,286
Balance at the end of the period	195,038	176,067

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15 ACCRUED EXPENSES AND LIABILITIES (Continued)

Reserve for bonus and premiums

Movements in reserve for bonus and premiums are as follows:

	<u>2010</u>	<u>2009</u>
Balance at the beginning of the period	200,000	-
Payment during the period	(200,000)	-
Provision for the period	130,000	200,000
Balance at the end of the period	130,000	200,000

Reserve for unused vacation pay liability

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation days over the prevailing wage at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

Movements in reserve for unused vacation pay liability are as follows:

	<u>2010</u>	<u>2009</u>
Balance at the beginning of the period	107,791	-
Amount provided/(used) in the period	(19,274)	107,791
Balance at the end of the period	88,517	107,791

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16 EQUITY

16.1 Paid-in capital

As at 31 December 2010 and 2009, share capital of the Company is TL 15,000,000. As at 31 December 2010 and 2009, the issued capital of the Company comprises of 15,000,000 unprivileged shares with a nominal value of TL 1 each.

16.2 Capital reserves

As at 31 December 2010, capital reserves amounting to TL 7,339,489 consist of the inflationary adjustment of the paid-in capital (2009: TL 14,583,812).

16.3 Profit reserves

As at 31 December 2010, profit reserves consist of legal reserves amounting to TL 1,372,711 (2009: TL 1,208,575 legal reserves and extraordinary reserves amounting to TL 2,260,575).

16.4 Accumulated losses

As 31 December 2010 and 2009, accumulated losses of the Company amounted to TL 2,804,092 TL and TL 14,105,323, respectively. In 2010, the Company has netted all of its extraordinary reserves and inflationary adjustment of the paid-in capital amounting to TL 7,244,323 with accumulated losses.

16.5 Profit distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below:

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s paid-in capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

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17 OPERATING INCOME

For the years ended 31 December, details of operating income are as follows:

	<u>2010</u>	<u>2009</u>
Interest income on factoring receivables	15,477,745	12,987,286
Fees and commissions on factoring receivables	2,726,693	2,278,654
	18,204,438	15,265,940

18 OPERATING EXPENSE

For the years ended 31 December, details of operating expenses are as follows:

	<u>2010</u>	<u>2009</u>
Personnel expenses	4,726,427	3,559,791
Rent expenses	368,618	105,257
Depreciation and amortization expenses	327,246	245,618
Vehicle expenses	231,825	142,066
Law suit expenses	223,002	243,376
Taxes other than on income	195,823	331,540
Communication expenses	172,316	124,429
Disallowable expenses	159,451	162,842
Audit and consultancy expenses	158,616	112,225
Stationary expenses	43,172	25,500
Maintenance expenses	34,790	62,024
Others	426,299	240,427
	7,067,585	5,355,095

For the years ended 31 December, details of personnel expenses included in operating expenses are as follows:

	<u>2010</u>	<u>2009</u>
Wages and salaries	3,717,576	2,715,951
Social security premium employer's share	409,874	327,958
Bonuses and premiums	282,793	200,000
Employee food expenses	131,860	99,350
Employee insurance expenses	70,027	54,699
Provision for employee severance payments	57,076	12,286
Unemployment insurance employer's share	39,027	26,864
Provision for /(reversal of) unused vacation days	(19,274)	107,761
Others	37,468	14,922
	4,726,427	3,559,791

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19 OTHER INCOME

For the years ended 31 December, details of other income are as follows:

	<u>2010</u>	<u>2009</u>
Foreign exchange gain	1,022,839	1,222,796
Interest received from banks	-	261,146
Gain on sale of tangible assets	28,005	69,643
Rental income	34,197	31,093
Other	9,191	6,934
	1,094,232	1,591,702

20 FINANCE EXPENSES

For the years ended 31 December, details of finance expenses are as follows:

	<u>2010</u>	<u>2009</u>
Interest expense on borrowings	3,988,640	2,063,742
Interest expenses on factoring payables	142,831	-
Fees and commissions paid	195,803	88,316
	4,327,274	2,152,058

21 SPECIFIC ALLOWANCE FOR DOUBTFUL RECEIVABLES

For the years ended 31 December, details of specific allowance for doubtful receivables are as follows:

	<u>2010</u>	<u>2009</u>
Provision provided during the period	1,025,771	2,037,540
Reversal of provision	(374,581)	(1,576,953)
	651,190	460,587

22 OTHER EXPENSES

For the years ended 31 December, details of other expenses are as follows:

	<u>2010</u>	<u>2009</u>
Loss on sale of investment property (Note 11)	1,554,124	-
Foreign exchange loss	1,284,302	1,074,060
Loss on sale of tangible assets (Note 8)	91,710	-
Impairment loss on investment property (Note 11)	-	674,109
Loss on sale of available for sale financial assets (*)	-	2,973,644
Impairment loss on available for sale financial assets (Note 5)	-	403,033
Other	-	59,522
	2,930,136	5,184,368

(*) Represents the loss on sale of investments in Başer Holding AŞ with a cost of TL 2,973,645 for TL 1 to Hatice Başer on 15 September 2009.

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23 RELATED PARTY DISCLOSURES

For the years ended 31 December, transactions with related parties are as follows:

	2010	2009
<i>Bail commission expenses</i>		
Bica Holding AŞ	108,147	-
	108,147	-

Directors' Remuneration

The key management and the Board of Directors received remuneration and fees amounting to TL 1,290,275 for the year ended 31 December 2010 (2009: TL 752,666).

24 COMMITMENTS AND CONTINGENCIES

24.1 Collaterals received

The Company has the following collaterals for its factoring receivables at 31 December 2010 and 2009:

	2010		2009	
	TP	YP	TP	YP
Alınan senetler	426,776,373	4,638,000	275,953,471	4,517,100
Alınan ipotekler	202,969	-	202,969	-
Alınan çekler	359,400	-	200,000	-
	427,338,742	4,638,000	276,356,440	4,517,100

24.2 Collaterals given

As at 31 December 2010 and 2009, collaterals given are comprised of security bonds given to the following institutions:

	2010		2009	
	TP	YP	TP	YP
Given to banks	10,125,000	-	6,000,000	-
Given to courts	236,556	-	614,645	-
	10,361,556	-	6,614,645	-

As at 31 December 2010, letters of guarantee amounting to TL 10,125,000 are given to banks for the loans received (2009: TL 6,000,000).

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24 COMMITMENTS AND CONTINGENCIES *(Continued)*

24.3 Tax penalties

In year 2009, tax inspections covering the whole factoring sector on accounting period of year 2008 has been initiated by the Revenue Administration Department of Ministry of Finance of the Turkish Republic. It is stated that the inspections are carried out in accordance with current tax regulations. Based on the inspections on the accounts of factoring companies, the administration levied tax and penalty for loss of tax on tax treatment of revenues which have been recognized as Unearned Revenues on Discounted Factoring Receivables in accordance with “The Communiqué on Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public” published in the Official Gazette dated 17 May 2007 and numbered 26525 and of provision for principal amounts on impaired factoring receivables which have been in the legal follow-up stage and recognized as expense. In this context, the Company has also been subject to inspection and related assessments have been declared on 8 January 2010. With regard to the mentioned assessment, the Company was charged with additional corporate tax amounting TL 834,712 and tax penalty amounting TL 834,712. Settlement has been requested from tax authorities by the Company management and since the tax authorities have not responded to the settlement request, additional corporate tax and tax penalty charged have not become final yet. The Company management assesses that the likelihood of the process to result in a liability of the Company as low and therefore, no provision has been recognized in the accompanying financial statements.

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25 FINANCIAL RISK MANAGEMENT

25.1 Financial Risk Management Policies

The Company has exposure to the following risks during the course of its operations:

Credit risk

Liquidity risk

Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk.

The Company management has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25.1.1 Credit Risk

The Company is mainly subject to credit risk through its factoring operations. The Risk Management and Analysis Department of the Company is responsible to manage the credit risk. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

As at the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

25.1.2 Liquidity Risk

Liquidity risk arises in the general funding of the Company’s activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Company’s policy is to match cash out flows mainly arising from the repayments of the fund borrowed and cash inflows.

25.1.3 Market Risk

(i) Foreign Currency Risk

The Company is exposed to currency risk through transactions (such as funds borrowed) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL. The Company’s policy is to match cash flows arising from highly probable cash in and out flows in each foreign currency.

(ii) Interest Rate Risk

The Company’s operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. The Company manages this risk by matching the repayment dates of the assets and liabilities through risk management strategies.

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25 FINANCIAL RISK MANAGEMENT (Continued)

25.2 Risk Management Disclosures (Continued)

25.2.1 Credit Risk

As at 31 December 2010 and 31 December 2009, details of the financial assets exposed to credit risk are as follows:

2010	Factoring receivables		Receivables under follow-up		Other assets		Cash at banks
	Related party	Non-related party	Related party	Non-related party	Related party	Non-related party	
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	-	88,698,465	-	-	-	282,206	1,611,804
A) Net carrying value of financial assets which are neither impaired nor overdue	-	88,698,465	-	-	-	282,206	1,611,804
B) Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-
C) Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-	-
- The portion covered by any guarantee	-	-	-	-	-	-	-
D) Net carrying value of impaired assets	-	-	-	182,224	-	-	-
- Overdue (gross book value)	-	-	-	8,018,333	-	-	-
- Impairment (-)	-	-	-	(7,836,109)	-	-	-
- Covered portion of net book value (with letter of guarantee etc)	-	-	-	182,224	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc)	-	-	-	-	-	-	-
E) Off balance sheet items with credit risks	-	-	-	-	-	-	-

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25 FINANCIAL RISK MANAGEMENT (Continued)

25.2 Risk Management Disclosures (Continued)

25.2.1 Credit Risk (Continued)

2009

	Factoring receivables		Receivables under follow-up		Other assets		Cash at banks
	Related party	Non-related party	Related party	Non-related party	Related party	Non-related party	
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	-	40,293,719	-	-	-	424,277	315,497
A) Net carrying value of financial assets which are neither impaired nor overdue	-	40,293,719	-	-	-	424,277	315,497
B) Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-
C) Net carrying value of financial assets which are overdue but not impaired							
- The portion covered by any guarantee	-	-	-	-	-	-	-
D) Net carrying value of impaired assets	-	-	-	456,561	-	-	-
- Overdue (gross book value)	-	-	-	8,009,752	-	-	-
- Impairment (-)	-	-	-	(7,553,191)	-	-	-
- Covered portion of net book value (with letter of guarantee etc)	-	-	-	456,561	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc)	-	-	-	-	-	-	-
E) Off balance sheet items with credit risks	-	-	-	-	-	-	-

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25 FINANCIAL RISK MANAGEMENT (Continued)

25.2 Risk Management Disclosures (Continued)

25.2.2 Liquidity Risk

As at 31 December 2010 and 31 December 2009, details of the financial assets exposed to credit risk are as follows:

2010

Expected maturities	Carrying Amount	Contractual Cash Flows	Less than 6 months	6-12 months	1-5 years	More than 5 years
Non derivative financial liabilities	68,039,485	69,137,497	64,888,151	4,249,346		-
Funds borrowed	67,547,748	68,645,760	64,396,414	4,249,346		-
Factoring payables	491,737	491,737	491,737	-	-	-
Miscellaneous payables(*)	-	-	-	-	-	-

2009

Expected maturities	Carrying Amount	Contractual Cash Flows	Less than 6 months	6-12 months	1-5 years	More than 5 years
Non derivative financial liabilities	24,510,602	24,838,294	24,641,195	65,700	131,399	-
Funds borrowed	23,992,625	24,320,317	24,123,218	65,700	131,399	-
Factoring payables	387,746	387,746	387,746	-	-	-
Miscellaneous Payables(*)	130,231	130,231	130,231	-	-	-

(*) Non financial items such as deposit and guarantees received are not included to the miscellaneous payables.

25.2.3 Market Risk

Interest Rate Risk

The tables below summarize average effective interest rates by major currencies for monetary financial instruments at 31 December:

	2010			2009		
	USD (%)	Euro (%)	TL (%)	USD (%)	Euro (%)	TL (%)
Assets						
Factoring receivables	-	-	20.96	-	-	30.45
Liabilities						
Funds borrowed	8.67	5.52	10.42	8.50	-	10.65

As at 31 December 2010 and 2009, the maturity structure of assets and liabilities of the Company based on the repricing dates are substantially the same as the maturity structure disclosed in the liquidity risk. Therefore, an additional table for interest rate risk is not presented in these notes to the financial statements.

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25 FINANCIAL RISK MANAGEMENT (Continued)

25.2 Risk Management (Continued)

25.2.3 Market Risk (Continued)

Interest Rate Risk (Continued)

Foreign Currency Sensitivity Analysis

The interest rate profiles of the interest-bearing financial instruments are as follows:

Fixed Rate Instruments	Carrying Amount	
	2010	2009
Factoring receivables	88,698,465	40,293,719
Loans borrowed	67,547,748	23,992,625

As the Company has not any variable interest financial instruments, sensitivity analysis are not presented as at 31 December 2010 and 2009.

Foreign Currency Risk

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL. The Company uses currency swap and forward contracts to manage its exposure to foreign currency risk, which will be realized in a short period of time.

As at 31 December 2010 and 2009, the foreign currency position of the Company is as follows (TL equivalents):

	2010	2009
	(TL Amount)	(TL Amount)
A. Foreign Currency Monetary Assets	173	69
B. Foreign Currency Monetary Liabilities	(9,737,506)	(5,466,904)
Net foreign currency position (A+B)	(9,737,333)	(5,466,835)

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25 FINANCIAL RISK MANEGEMENT (Continued)

25.2 Risk Management Disclosures (Continued)

25.2.3 Market Risk (Continued)

Foreign Currency Risk (Continued)

As at 31 December 2010 and 31 December 2009, the foreign currency assets and liabilities of the Company are as follows:

	2010			2009		
	USD	Euro	Total	USD	Euro	Total
Assets						
Banks	173	-	173	69	-	69
Cash and cash equivalents	-	-	-	-	-	-
Total Assets	173	-	173	69	-	69
Liabilities						
Funds borrowed	(5,607,864)	(4,129,642)	(9,737,506)	(5,466,904)	-	(5,466,904)
Total Liabilities	(5,607,864)	(4,129,642)	(9,737,506)	(5,466,904)	-	(5,466,904)
Net position	(5,607,691)	(4,129,642)	(9,737,333)	(5,466,835)	-	(5,466,835)

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25 FINANCIAL RISK MANAGEMENT *(Continued)*

25.2 Risk Management Disclosures *(Continued)*

25.2.3 Market Risk *(Continued)*

Foreign Currency Risk (Continued)

Foreign Currency Sensitivity Analysis

As at 31 December 2010, a 10 percent weakening of the TL against the foreign currencies would have decreased profit before tax by TL 973,733 (31 December 2009: TL 546,684). This analysis assumes that all other variables, in particular interest rates; remain constant at 31 December 2010 and 31 December 2009.

TL	
2010	Profit/(Loss)
USD	(560,769)
Euro	(412,964)
Total	(973,733)

TL	
2009	Profit/(Loss)
USD	(546,684)
Euro	-
Total	(546,684)

25.3 Capital Management

The Company's policy is to maintain a strong capital base so as to sustain future development of the business. The capital structure of the Company is composed of liabilities, cash and cash equivalents and equity items comprising share capital and profit reserves.

The cost of equity and each other risk associated with equity items analyzed by the Group management. There is no change in the policies of the Group as compared to previous period.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair value has been determined by discounting the relevant cash flows using current (market) interest rates for factoring receivables and funds borrowed. The carrying amounts of the cash at banks, other assets and liabilities are accepted as their fair values due to their short term nature by the Company management.

27 SUBSEQUENT EVENTS

None.