

**GSD Dış Ticaret
Anonim Şirketi**

Financial Statements
31 December 2008
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

16 March 2009

*This report includes 2 pages of
independent auditors' report and 32 pages
of financial statements together with their
explanatory notes.*

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	
Balance Sheet	1
Income Statement	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5-32

Independent Auditors' Report

To the Board of Directors of
GSD Dış Ticaret Anonim Şirketi

Report on the financial statements

We have audited the accompanying financial statements of GSD Dış Ticaret Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2008, and the income statement, 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.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

16 March 2009
Istanbul, Turkey

GSD Dış Ticaret Anonim Şirketi**Balance Sheet****As at 31 December 2008***(Currency-Thousands of New Turkish Lira ("YTL") unless otherwise stated)*

	<i>Notes</i>	2008	2007
Assets			
Property and equipment	<i>11</i>	27	84
Deferred tax assets	<i>13</i>	488	223
Total non-current assets		515	307
Trade receivables and advances to customers	<i>14</i>	107	1,002
Trading securities	<i>12</i>	1,128	3,132
Other current assets	<i>15</i>	9,834	10,701
Cash and cash equivalents	<i>16</i>	27,626	31,920
Total current assets		38,695	46,755
Total assets		39,210	47,062
Equity			
Share capital	<i>17</i>	21,302	21,302
Accumulated losses		(5,032)	(4,176)
Total equity		16,270	17,126
Liabilities			
Employee benefits	<i>20</i>	274	271
Total non-current liabilities		274	271
Loans and borrowings	<i>19</i>	14,404	19,456
Trade and other payables	<i>18</i>	8,262	10,209
Total current liabilities		22,666	29,665
Total liabilities		22,940	29,936
Total liabilities and equity		39,210	47,062

The notes on pages 5 to 32 are an integral part of these financial statements.

GSD Dış Ticaret Anonim Şirketi**Income Statement****For the Year Ended 31 December 2008***(Currency-Thousands of New Turkish Lira ("YTL") unless otherwise stated)*

	<i>Notes</i>	2008	2007
Commission income, net	6	1,126	2,029
Gross profit		1,126	2,029
Other income / (expense), net	7	114	(809)
Administrative expenses	8	(2,714)	(2,760)
Results from operating activities		(1,474)	(1,540)
Finance income	9	3,373	6,066
Finance expenses	9	(2,737)	(2,692)
Net finance income		636	3,374
Profit / (loss) before income tax		(838)	1,834
Income tax (expense) / benefit	10	(18)	223
Profit / (loss) for the year		(856)	2,057

The notes on pages 5 to 32 are an integral part of these financial statements.

GSD Dış Ticaret Anonim Şirketi
Statement of Changes in Equity
For the year ended 31 December 2008
(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

	Share Capital	Accumulated Losses	Total
Balances at 1 January 2007	21,302	(6,233)	15,069
Profit for the year	--	2,057	2,057
Balances at 31 December 2007	21,302	(4,176)	17,126
Loss for the year	--	(856)	(856)
Balances at 31 December 2008	21,302	(5,032)	16,270

The notes on pages 5 to 32 are an integral part of these financial statements.

GSD Dış Ticaret Anonim Şirketi
Statement of Cash Flows
For the year ended 31 December 2008
(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

	<i>Notes</i>	2008	2007
Cash flows from operating activities			
Profit / (loss) for the year		(856)	2,057
Adjustments for:			
Depreciation	<i>11</i>	39	50
Provision for employee benefits	<i>20</i>	3	45
Interest income	<i>9</i>	(6,414)	(5,474)
Interest expense	<i>9</i>	2,737	2,692
Valuation (gain)/loss on securities	<i>9</i>	3,041	(592)
Gain on sale of property and equipment		(12)	--
Provision for doubtful receivables	<i>14</i>	165	814
Income tax expense	<i>10</i>	18	(223)
		(1,279)	(631)
Change in trade receivables and advances to customers		730	1,197
Change in other current assets		867	(1,624)
Change in trade and other payables		(1,947)	(163)
		(350)	(590)
Interest and commission paid		(2,789)	(2,608)
Income tax paid		(283)	--
Net cash used in operating activities		(4,701)	(3,829)
Cash flows from investing activities			
Proceeds from sale of property and equipment		31	--
Acquisition of property and equipment	<i>10</i>	(1)	(15)
Acquisition of trading securities		(1,037)	--
Interest received		6,319	5,947
Net cash from investing activities		5,312	5,932
Cash flows from financing activities			
Proceeds from loans and borrowings		86,991	91,837
Repayment of loans and borrowings		(91,991)	(87,837)
Net cash from / (used) in financing activities		(5,000)	4,000
Net increase / (decrease) in cash and cash equivalents		(4,389)	6,103
Cash and cash equivalents at 1 January		31,831	25,728
Cash and cash equivalents at 31 December		27,442	31,831

The notes on pages 5 to 32 are an integral part of these financial statements.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

1 Reporting entity

GSD Dış Ticaret Anonim Şirketi (“the Company”) was incorporated on 11 October 1995. The Company primarily acts as an intermediary foreign trade company with respect to “Intermediary Export Agreement” between domestic textile manufacturers and their customers abroad.

The registered office address of the Company is located at Istanbul Maltepe Küçükyalı Aydınevler Mah. İnönü Cad. Gökçe Sok. GSD Binası No:14.

The Company undertakes all foreign trade transactions as well as all necessary procedures to receive the refundable VAT from tax office arising from exportation of goods on behalf of its suppliers. The Company also provides short-term financing to its suppliers requiring working capital financing.

2 Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of measurement

The accompanying financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. The financial statements have been prepared on the historical cost convention adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005, except for the measurement at fair value of the trading financial assets. The methods used to measure fair value are further discussed in note 4.

(c) Functional and presentation currency

The financial statements are presented in YTL, which is the Company’s functional currency. All financial information presented in YTL rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 recognised in the period in which the estimate is revised and in any future periods affected.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 10 Income taxes
- Note 20 Measurement of reserve for employee severance payments
- Note 21 Fair values
- Note 23 Commitments and contingencies

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Accounting in hyperinflationary economies

International Accounting Standard (“IAS”) 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey has been 35.61% as of 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute (“TURKSTAT”). This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilization, decrease in the interest rates and the appreciation of YTL against the US Dollars (“USD”), have been taken into consideration to categorize Turkey as a non-hyperinflationary economy under IAS 29 effective from 1 January 2006. Therefore, IAS 29 has not been applied to the financial statements as of and for the year ended 31 December 2006 and thereafter.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into YTL at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the income statement as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the income statement as realized during the course of the period.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005 less accumulated depreciation (see below) and accumulated impairment losses (see note 3(g)(ii)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Gains/losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income or other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized 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 carrying amount of the replaced item is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) 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. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

Motor vehicles	5 years
Furniture and fixtures	5 years
Machinery and equipment	5 years
Leasehold improvements	5 years
Leased assets (furniture and fixtures)	5 years

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

Depreciation methods, useful lives and residual values are reviewed at least annually unless there is a triggering event.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(d) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Company’s balance sheet.

(e) Trade receivables and advances to customers

Trade receivables are carried at amortized cost using the effective interest method less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified. Trade receivables also comprised of advances to customers that are short-term working capital financing provided by the Company to its customers against their intermediary export and VAT receivables.

(f) Financial instruments

i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade receivables and advances to customers, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. After initial recognition, trading securities are re-measured at fair value based on quoted bid prices. All related income and loss for fair value accounting is recognized in the income statement.

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.

Cash and cash equivalents comprise cash balances, time and demand deposits at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Accounting for finance income and expense is discussed in note 3(1).

Other

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

(ii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 amortised 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.

All impairment losses are recognised in profit or loss. 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, the reversal is recognised in profit or loss.

(ii) 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.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the “cash-generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(h) Employee benefits

(i) Retirement pay liability

In accordance with existing labour law in Turkey, the Company is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRY 2,173 as at 31 December 2008 (2007: full TRY 2,030) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees.

IFRS require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The principal statistical assumptions used in the calculation of the total liability in the accompanying financial statements at 31 December are as follows:

	<u>2008</u>	<u>2007</u>
Expected discount rate	12%	11%
Expected rate of salary/limit increase	5.4	5.0

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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, where appropriate, the risks specific to the liability.

(j) Offsetting

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

(k) Related Parties

For the purpose of this report, the shareholders of the Company, GSD Group of companies, the ultimate shareholders of the Company and the companies controlled by/associated with them are referred to as related parties.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(l) Revenue and cost recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes.

Commission income

Value Added Tax (“VAT”) service commission represents the fees charged to the customers in relation to the foreign trade transactions undertaken. VAT commission income is accounted for as the VAT related to intermediary exports is paid to the customers by the Company before the respective VAT is refunded by the tax authorities to the Company. Commission income on advances to customers is recognized in income through the amortization process.

Finance income and expense

Interest income and expense is recognized in the accompanying income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Changes in fair values of trading securities are recognized in finance income or expense.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(m) Income tax (continued)

Deferred tax is recognised 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 not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the 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 on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which 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.

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective at 31 December 2008, and have not been applied in preparing these financial statements:

- *IFRS 8 “Operating Segments”* introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Company’s 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. It is not expected to have any impact on the financial statements.
- *Revised IAS 23 “Borrowing Costs”* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The revised IAS 23 will become mandatory for the Company’s 2009 financial statements. However, it is not expected to have any impact on the financial statements.
- The International Financial Reporting Interpretations Committee (“IFRIC”) issued *IFRIC 13 “Customer Loyalty Programmes”* that addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Company’s 2009 financial statements. However, it is not expected to have any impact on the financial statements.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(n) New standards and interpretations not yet adopted (continued)

- *Revised IAS 1 “Presentation of Financial Statements”* (2007) introduces as a financial statement “the statement of comprehensive income”, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other IFRS’s. Revised IAS 1, which becomes mandatory for the Company’s 2009 financial statements, is expected to have a limited impact on the presentation of the financial statements.
- *Revised IFRS 3 “Business Combinations”* (2008) incorporates the following changes that are likely to be relevant to the Company’s operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Company’s 2010 financial statements, will be no impact on the Company’s 2010 financial statements.

- *Amended IAS 27 “Consolidated and Separate Financial Statements”* (2008) requires accounting for changes in ownership interests by the Company in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Company loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27, which become mandatory for the Company’s 2010 financial statements, are not expected to have any impact on the financial statements.
- *Amendment to IFRS 2 “Share-based Payment – Vesting Conditions and Cancellations”* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Company’s 2009 financial statements, with retrospective application and are not expected to have any impact on the financial statements.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

3 Significant accounting policies (continued)

(n) New standards and interpretations not yet adopted (continued)

- *Amendments to IAS 32 “Financial Instruments”: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Company’s 2009 financial statements, with retrospective application required, are not expected to have any impact on the financial statements.
- *IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”*. IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. It does not apply to other types of hedge accounting. The interpretation is effective for annual periods beginning on or after 1 October 2008 and is not expected to have any effect on the financial statements.
- The IFRIC issued on 3 July 2008 an Interpretation, *IFRIC 15 “Agreements for the Construction of Real Estate”*. The Interpretation will standardize accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units, such as apartments or houses before construction is complete. The Interpretation is effective for annual periods beginning or after 1 January 2009 and is not expected to have any effect on the financial statements.
- *Eligible Hedged Items (amendment to IAS 39 “Financial Instruments: Recognition and Measurement”)* introduces application guidance to illustrate how the principles underlying hedge accounting should be applied in the designation of i) a one-sided risk in a hedged item and ii) inflation in a financial hedged item. The amendment is effective, with retrospective application, for annual periods beginning on or after 1 July 2009 and is not expected to have any effect on the financial statements.
- *IFRIC 17, “Distributions of Non-cash Assets to Owners”*, requires entities to recognise certain distributions of non-cash assets at fair value, and to recognise in profit or loss the difference between the fair value of the assets distributed and their carrying amounts. IFRIC 17 provides guidance on when and how a liability for certain distributions of non-cash assets is recognised and measured, and how to account for settlement of that liability. Transactions within its scope will need to be measured at fair value. IFRIC 17 is effective for annual periods beginning on or after July 2009; earlier application is permitted only if IFRS 3 Business Combinations (2008), IAS 27 Consolidated and Separate Financial Statements (2008) and the related amendments to IFRS 5 are applied at the same time.
- *IFRIC 18 “Transfers of Assets from Customers”* provides guidance on transfers of property, plant and equipment (or cash to acquire it) for entities that receive such contributions from their customers. IFRIC 18 applies prospectively to transfers of assets from customers received on or after July 2009; earlier application is permitted provided that the necessary valuations and other information were obtained at the time that those transfers occurred. The interpretation is not expected to have significant effect on the financial statements.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

4 Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Investments in trading securities

The fair value of trading securities is determined by reference to their quoted bid price at the reporting date.

ii) Trade and other receivables/due from related parties

The fair value of trade and other receivables and due from related parties, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair values of trade and other receivables and due from related parties are estimated to approximate the carrying amount due to their short term nature.

iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Financial risk management

Financial Risk Management Objectives and Policies

The Company’s principal financial instruments comprise loans and borrowings, cash and short-term bank deposits. The main purpose of these financial instruments is to raise finance for the Company’s operations. The Company has various other financial instruments such as trade debtors and creditors, loans given to suppliers which arise directly from its operations.

The main risks arising from the Company’s financial instruments are market risks, liquidity risk, and credit risk. The board / management reviews and agrees policies for managing each of these risks and they are summarized below.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

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, and the Company’s management of capital.

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

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

5 Financial risk management (continued)

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 instant impact of the global turmoil across global financial markets came out to be a sharp increase in foreign currency exchange rates in Turkey. Consequently, the depreciation of TRY against USD and EUR was 29.8% and 25.2%, respectively as at 31 December 2008 when compared to the exchange rates as at 31 December 2007.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry or geographic location.

At the reporting 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 balance sheet.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

5 Financial risk management (continued)

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

Currency risk

Currency risk is the risk of loss caused by the changes in the value of financial instruments due to changes in foreign exchange rates. As the currency in which the Company presents its financial statements is YTL, the financial statements are affected by movements in the exchange rates against YTL. Since the Company does not have any foreign currency position as of 31 December 2008 and 2007, respectively the Company is not exposed to currency risk through transactions in foreign currencies.

Interest rate risk

The Company matches the maturity and pricing terms of assets and liabilities. Short term assets are either funded by short term liabilities, or funded by long term liabilities with a maximum repricing period of six months which eliminates interest rate risk.

Other market risk

Equity price risk is the risk that the fair value of equities decreases as the result of the changes in the levels of equity indices and the value of individual stocks.

Capital management

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders’ equity, excluding non-redeemable preference shares and minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira ("YTL") unless otherwise stated)***6 Commission income**

	2008	2007
VAT service commission	906	1,863
Commission income on advances to customers	220	166
	1,126	2,029

The Company generates commission income from its customers for undertaking foreign trade transactions and procedures necessary to receive the refundable VAT from tax office in relation to the exports realized and providing short-term working capital financing to its customers against their intermediary export and VAT receivables.

7 Other income / (expense)

	2008	2007
Provision for doubtful trade receivables, net	(165)	(811)
Income from write-off payables to customers	261	--
Gain on sale of property and equipment	12	--
Other	6	2
	114	(809)

8 Administrative expenses

	2008	2007
Salaries and other benefits	1,187	1,310
Consulting expenses	655	610
Rent expenses	173	197
Building participation expenses	124	129
IT expenses	56	51
Depreciation expense	39	50
Other	480	413
	2,714	2,760

Salaries and other benefits included in administrative expenses are as follows:

	2008	2007
Wages and salaries	845	938
Employers' share of social security premiums	123	119
Provision for employee benefits	9	45
Paid employee termination benefits	134	8
Paid employee bonuses	56	89
Provision for employee bonuses	--	56
Other fringe benefits	20	55
	1,187	1,310

Average number of employees for the year ended 31 December 2008 is 15 (2007: 18).

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***9 Finance income and expense**

Finance expense consists mainly of interest incurred by the Company in order to finance the advances given to the customers against their intermediary export and VAT receivables and bank commission expense.

Finance Expense

	2008	2007
Interest expense on borrowings	2,513	2,441
Bank commission expense	224	251
	2,737	2,692

Finance Income

	2008	2007
Interest income on bank deposits	6,413	5,462
Change in value of trading securities	(3,041)	592
Other	1	12
	3,373	6,066

10 Income tax expense

The Turkish entities are subject to corporate tax at the rate of 20%. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns at the end of April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. Advance tax returns are filed on a quarterly basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting tax exempt income.

In Turkey, 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, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***10 Income tax expense (continued)**

	2008	2007
Current tax expense		
Current period	(283)	--
	(283)	--
Deferred tax benefit		
Origination and reversal of temporary differences	265	223
	265	223
Total income tax benefit / (expense)	(18)	223

Reconciliation of effective tax rate

	2008	2007
Profit before income tax	(838)	1,834
Income tax using the Company's domestic tax rate	20	
%	168 20%	(367)
Tax effect of permanent non-taxable income and non-deductible expenses	(41)	(172)
Effect of utilization of tax loss carry forwards	--	401
Effect of recognition of deferred tax asset on tax loss carry forwards	--	199
Effect of corporate tax exemption on valuation of securities	(144)	90
Effect of reversal of interest income	--	46
Effect of recognition of deferred tax asset on opening tax base, net	--	27
Other permanent differences	(1)	(1)
Total income tax expense / (benefit)	(18)	223

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008**

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

11 Property and equipment

The movements of property and equipment and the related accumulated depreciation and impairment losses for the years ended 31 December 2008 and 2007 are as follows:

	1 January 2008	Additions	Disposals	31 December 2008
Cost				
Leasehold improvements	305	--	--	305
Machinery & equipment	286	--	--	286
Vehicles	191	--	(17)	174
Furniture & fixture	765	1	(2)	764
	1,547	1	(19)	1,529
Accumulated depreciation				
Leasehold improvements	301	1	--	302
Machinery & equipment	286	--	--	286
Vehicles	127	33	--	160
Furniture & fixture	749	5	--	754
	1,463	39	--	1,502
Net book value	84			27
	1 January 2007	Additions	Disposals	31 December 2007
Cost				
Leasehold improvements	300	5	--	305
Machinery & equipment	277	10	(1)	286
Vehicles	191	--	--	191
Furniture & fixture	765	--	--	765
	1,533	15	(1)	1,547
Accumulated depreciation				
Leasehold improvements	300	1	--	301
Machinery & equipment	277	10	(1)	286
Vehicles	88	39	--	127
Furniture & fixture	749	--	--	749
	1,414	50	(1)	1,463
Net book value	119			84

Depreciation expenses for the year ended 31 December 2008 and 2007 are YTL 39 and YTL 50, respectively.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira ("YTL") unless otherwise stated)***12 Trading securities**

Trading securities at 31 December 2008 and 2007, measured at fair value through profit and loss are as follows:

	2008		
	Cost	Carrying Value	Ownership Percentage
Equity instruments – listed			
- Shares of Tekstil Finansal Kiralama AŞ	145	90	1.56 %
- Shares of GSD Holding AŞ	3,062	1,038	1.12 %
	3,207	1,128	

	2007		
	Cost	Carrying Value	Ownership Percentage
Equity instruments – listed			
- Shares of Tekstil Finansal Kiralama AŞ	145	298	1.56 %
- Shares of GSD Holding A.Ş.	2,025	2,834	0.94 %
Total	2,170	3,132	

13 Deferred tax and liabilities

Deferred tax assets and liabilities at 31 December 2008 and 2007 are as follows;

	2008	2007
Deferred tax liabilities		
Valuation differences of investments	--	(48)
Deferred tax liabilities	--	(48)
Deferred tax assets		
Valuation differences of investments	416	--
Provision for employee termination benefits	45	46
Provision for employee unused vacation obligations	10	8
Provision for employee bonuses	10	11
Tax loss carry forwards	--	199
Other	7	7
Deferred tax assets	488	271
Deferred tax assets, net	488	223

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira ("YTL") unless otherwise stated)***13 Deferred tax and liabilities (continued)**

As at 31 December 2008 and 2007, the amounts of the corporate tax loss in terms of its final year of utilization are as follows. The Company has recognized deferred tax asset amounted by YTL 199 on this tax loss.

Expiry year of the tax loss carried forward	2008	2007
2010	--	997
	--	997

14 Trade receivables and advances to customers**Trade receivables**

	2008	2007
Accounts receivable, net of provision for doubtful receivables	106	90
Advances to customers (*)	1	912
	107	1,002

(*) The Company provides short-term working capital financing to its customers against their intermediary export and VAT receivables.

As at 31 December 2008, the amount of doubtful receivables is YTL 1,986 (2007: YTL 1,821) and the provision for doubtful receivables is YTL 1,986 (2007: YTL 1,821). The movements of provision for doubtful receivables are as follows:

	2008	2007
Balance at the beginning of the period	1,821	1,019
Provision for the year	165	814
Recoveries	--	(3)
Provision net of recoveries	165	811
Trade receivables written off during the year	--	(9)
Balance at the end of the period	1,986	1,821

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira ("YTL") unless otherwise stated)***15 Other current assets**

	2008	2007
VAT refundable	9,333	9,844
VAT deductible	125	378
Prepaid taxes	369	419
Prepaid expenses	7	18
Other	--	42
	9,834	10,701

VAT refundable represents VAT which will be collected from tax office and is to be paid to domestic suppliers.

16 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

	2008	2007
Cash on hand	2	--
Banks		
- Demand deposits- YTL	7	4
- Time deposits- YTL	27,617	31,916
Cash and cash equivalents	27,626	31,920
Accrued interest on time deposits	(184)	(89)
Cash and cash equivalents in the statement of cash flows	27,442	31,831

At 31 December 2008, maturities of time deposits vary between 8 January 2009 and 4 February 2009 (2007: 16 January 2008 and 29 February 2008). At 31 December 2008, interest rates applied to YTL time deposits ranged between 21.25% and 23.5% (2007: 18%-19.15 %).

17 Capital and reserves*i) Share capital*

As at 31 December 2008 and 2007, the shareholders of the Company and their respective ownership percentages can be summarized as follows:

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***17 Capital and reserves (continued)**

Shareholders	Amount	(%)
GSD Holding A.Ş.	9,999.92	99.9992
GSD Yatırım Bankası A.Ş.	0.02	0.0002
GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş.	0.02	0.0002
Tekstil Finansal Kiralama A.Ş.	0.02	0.0002
Tekstil Factoring Hizmetleri A.Ş.	0.02	0.0002
Nominal value of share capital (*)	10,000	100
Adjustment to share capital (**)	11,302	
Total	21,302	

(*) 1,000,000,000 shares with a par value of YTL 0.01 (full YTL) each, authorized and outstanding in 2008 and 2007.

(**)Adjustment to share capital represents the effect of the inflation adjustment on the share capital restated until 31 December 2005.

As at 31 December 2008 and 2007, the share capital of the Company consists of A and B type shares. As at 31 December 2008, total number of A type shares is 100,000,000 (2007: 100,000,000) and total number of B type shares is 900,000,000 (2007: 900,000,000). According to the Articles of Association, the board of the directors are selected from the candidates nominated by A type shares.

ii) Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of share capital, but they may be used to offset losses in the event that the general reserve is exhausted. As at 31 December 2008, the Company's legal reserves amounting YTL 6,937 were classified to accumulated losses (2007: YTL 6,937).

The statutory accumulated profit and statutory current year profit are available for distribution subject to reserve requirements referred to above.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***18 Trade and other payables**

	2008	2007
Trade payable VAT portion (*)	7,712	9,291
Other trade payables	426	601
Bonus provision	51	56
Unearned revenue	36	32
Other current liabilities	37	229
	8,262	10,209

(*) Trade payable VAT portion comprises VAT refundable from tax office and due to domestic suppliers.

19 Loans and borrowings

This note provides information about the contractual terms of the Company’s interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company’s exposure to interest rate and liquidity risk and payment schedule for interest bearing loans, see note 19.

	2008	2007
Current liabilities		
Secured bank loans	14,369	19,456
Unsecured bank loans	35	--
	14,404	19,456

As at 31 December 2008, the Company is not subject to any financial covenants or ratios with respect to its borrowings.

Terms and conditions of outstanding loans are as follows:

	<u>Currency</u>	<u>Year of maturity</u>	<u>Interest rate type</u>	<u>Nominal interest rate</u>	<u>2008</u>		<u>2007</u>		
					<u>Face value</u>	<u>Carrying amount</u>	<u>Nominal interest rate</u>	<u>Face value</u>	<u>Carrying amount</u>
Secured bank loans	YTL	2009	Fixed	16%	14,000	14,369	14%- 15%	19,000	19,456
Unsecured bank loans	YTL	2009	Fixed	20%	35	35	--	--	--
					14,035	14,404		19,000	19,456

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008**

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

19 Loans and borrowings

All borrowings are secured by guarantees, which can be summarized as follows:

	2008	2007
Letters of guarantee (*)	10,860	11,782
Notes and cheques	14,000	19,000
Total	24,860	30,782

(*) At 31 December 2008, YTL 3,725 of letters of guarantee were obtained from GSD Bank Anonim Şirketi, which is a related party of the Company, and given to lenders (2007: YTL 620 from GSD Bank A.Ş.). (Note 22)

20 Employee benefits

International Accounting Standard No. 19 (“IAS 19”) “*Employee Benefits*” requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. The liability for this retirement pay obligation is recorded in the accompanying financial statements at its present value using a discount rate of 12%.

Also in accordance with the existing social legislation in Turkey, the Company is required to make payments for unused vacations according to related demand of employee

Movement in the employee benefits provision comprising reserve for employee termination benefits and unused paid vacation liability as at 31 December 2008 and 2007 are as follows:

	2008	2007
Balance at the beginning of the period	271	226
Provision made during the period	89	24
Payments made during the period	(134)	--
Unwind of discount	48	21
Balance at the end of the period	274	271

Provision for employee bonuses at the amount of YTL 51 (2007: YTL 56) is included in trade and other payables in the balance sheet.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***21 Financial instruments****Credit risk****Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>Note</u>	<u>2008</u>	<u>2007</u>
Trade receivables	14	106	90
Advances to customers	14	1	912
Other current assets	15	9,834	10,701
Cash and cash equivalents	16	27,626	31,920
		<u>37,567</u>	<u>43,623</u>

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	<u>2008</u>				
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>6 months or less</u>	<u>6-12 months</u>	<u>More than 1 year</u>
Non-derivative financial Liabilities					
Secured bank loans	14,369	14,369	14,369	--	--
Unsecured bank loans	35	35	35	--	--
Trade and other payables	8,262	8,262	8,262	--	--
TOTAL	<u>22,666</u>	<u>22,666</u>	<u>22,666</u>	<u>--</u>	<u>--</u>
	<u>2007</u>				
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>6 months or less</u>	<u>6-12 months</u>	<u>More than 1 year</u>
Non-derivative financial Liabilities					
Secured bank loans	19,456	19,456	19,456	--	--
Trade and other payables	10,209	10,209	10,209	--	--
TOTAL	<u>29,665</u>	<u>29,665</u>	<u>29,665</u>	<u>--</u>	<u>--</u>

The Company has an open credit line of YTL 14,000 from Türkiye İhracat Kredi Bankası Anonim Şirketi (“Eximbank”) to cover short term financing needs as at 31 December 2008 (2007: YTL 19,000).

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***21 Financial instruments (continued)****Liquidity Risk (continued)**

Current cash debt coverage ratio as at 31 December 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	27,626	31,920
Current liabilities	22,666	29,665
Current cash debt coverage ratio	122%	107%

Sensitivity analysis*Equity price risk*

Equity price risk is the risk that the fair values of equities decrease as the result of the changes in the levels of equity indices and the value of individual stocks.

The effect on equity as a result of change in the fair value of equity instruments held as trading securities financial assets as at 31 December 2008 and 2007 due to a reasonably possible change in equity indices, with all other variables held constants, is as follows:

		<u>2008</u>	<u>2007</u>
	<u>Change in index</u>	<u>Profit /(loss) effect</u>	<u>Profit /(loss) effect</u>
ISE – 100 (IMKB100)	10%	113	313
ISE – 100 (IMKB100)	(10%)	(113)	(313)

Interest rate risk

As at 31 December 2008 and 2007 the interest rate profile of the Company’s interest-bearing financial instruments is as follows:

		<u>2008</u>		<u>2007</u>	
	<u>Note</u>	<u>Effective interest rate</u>	<u>Carrying amount</u>	<u>Effective interest rate</u>	<u>Carrying amount</u>
Fixed rate instruments					
Time deposits	<i>16</i>				
TRY		22.72%	27,619	18.60%	31,916
Secured bank loans	<i>19</i>				
TRY fixed rate loans		17.03%	14,369	15.57%	19,456
Unsecured bank loans	<i>19</i>				
TRY fixed rate loans		20%	35	--	--
Variable rate instruments		--	--	--	--

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss. Since the Company does not account for any variable rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***21 Financial instruments (continued)****Fair Values**

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

	Note	2008		2007	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Trade receivables	14	106	106	90	90
Advances to customers	14	1	1	912	912
Other current assets*	15	9,333	9,333	10,264	10,264
Cash and cash equivalents	16	27,626	27,626	31,920	31,920
Financial liabilities					
Loans and borrowings	19	(14,404)	(14,404)	(19,456)	(19,456)
Trade and other payables	18	(8,262)	(8,262)	(10,209)	(10,209)
		<u>14,400</u>	<u>14,400</u>	<u>13,521</u>	<u>13,521</u>
Unrecognized gain			<u> --</u>		<u> --</u>

* Non-financial instruments such as prepaid expenses and advances given are excluded from other current assets.

The methods used in determining the fair values of financial instruments are discussed in note 4.

22 Operating leases

The Company entered into various operating lease agreements. For the years ended 31 December 2008 and 2007, total rent expenses for operating leases were YTL 173 and YTL 197, respectively.

23 Contingencies and commitments

As of 31 December 2008, the Company had outstanding letters of guarantee obtained from banks and given to tax and custom offices, Eximbank, and shareholders amounting to YTL 15,206 (2007: YTL 16,766).

Litigation and claims

Litigation is a common occurrence due to the nature of the business. The Company has an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. As of year end, there is no pending or threatened claim against the Company.

GSD Dış Ticaret Anonim Şirketi

Notes to Financial Statements

As at and for the year ended 31 December 2008

(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)

24 Related parties

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the entity that gives it significant influence over the entity; or
- (iii) has joint control over the entity;

(b) the party is an associate (as defined in IAS 28 Investments in Associates) of the entity;

(c) the party is a joint venture in which the entity is a venturer (see IAS 31 Interests in Joint Ventures);

(d) the party is a member of the key management personnel of the entity or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Company is controlled by GSD Holding, which is ultimate parent of the Company.

Transactions with key management personnel:

Key management personnel comprise the Company’s directors and key management executive officers. Total compensation provided to key management personnel is YTL 97 and YTL 626, for the years ended 31 December 2008 and 2007, respectively.

GSD Dış Ticaret Anonim Şirketi**Notes to Financial Statements****As at and for the year ended 31 December 2008***(Currency-Thousands of New Turkish Lira (“YTL”) unless otherwise stated)***24 Related parties (continued)****Balances with related parties:**

Due from related parties	2008	2007
Cash at banks- The Euro Textile International Banking Unit Ltd. (“ETB”)	27,619	2,026
Cash at banks-Tekstil Bankası Anonim Şirketi	2	--
Cash at banks-GSD Yatırım Bankası Anonim Şirketi (“GSD Bank”)	--	28,324
Other	--	32
	<u>27,621</u>	<u>30,382</u>

Due to related parties	2008	2007
GSD Holding Anonim Şirketi	33	11
	<u>33</u>	<u>11</u>

Transactions with related parties

Revenues from related parties	2008	2007
Interest income from GSD Bank	4,269	2,871
Interest income from ETB	1,887	771

Related party expenses	2008	2007
Commission expense from GSD Bank	30	48
Interest expense from ETB	8	12
Interest expense from GSD Bank	6	--
Other financial expense from GSD Bank	30	24
Administrative expenses charged from GSD Bank	71	90
Administrative expenses charged from GSD Holding	191	176

The Company obtained letters of guarantee from GSD Bank amounting to YTL 3,725 (2007: YTL 620) and submitted to Eximbank.

25 Subsequent events

According to the Article No:33 of the Ministry of State, it has been decided to change the name of New Turkish Lira as Turkish Lira removing the phrase “New” which is executed on 1 January 2009 in accordance with the first item of Law No: 5083.