



**TURKISH FOUNDATION FOR WASTE REDUCTION
MICROCREDIT CENTRE - TURKISH GRAMEEN
MICROCREDIT PROGRAMME**

**STATUTORY FINANCIAL STATEMENTS
AT 31 DECEMBER 2010
TOGETHER WITH AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH -
TURKISH TEXT IS AUTHORITATIVE)**

Independent Auditor's Report

1. Management is responsible for the preparation and the presentation of the financial statements in accordance with the Turkish Commercial Code ("TCK") and Turkish Standards of Accounting and Auditing. It is also the responsibility of management to ensure that the financial statements are prepared on a going concern basis unless management intends to liquidate the entity or to cease operations or to suspend operations for an indefinite period.

Auditor's Responsibility

2. The auditor's responsibility is to express an opinion on these financial statements based on the audit. The audit is conducted in accordance with the Turkish Standards of Accounting and Auditing. The auditor's responsibility is to express an opinion on the financial statements based on the audit. The auditor's responsibility is to express an opinion on the financial statements based on the audit.

3. As an independent professional organization, we have conducted the audit in accordance with the Turkish Standards of Accounting and Auditing. The procedures applied during the audit are designed to provide reasonable assurance that the financial statements are free from material misstatement. However, the audit is not a guarantee. The auditor's responsibility is to express an opinion on the financial statements based on the audit. The auditor's responsibility is to express an opinion on the financial statements based on the audit.

4. The auditor's responsibility is to express an opinion on the financial statements based on the audit. The auditor's responsibility is to express an opinion on the financial statements based on the audit. The auditor's responsibility is to express an opinion on the financial statements based on the audit.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Turkish Foundation for Waste Reduction

1. We have audited the accompanying financial statements of the Turkish Foundation for Waste Reduction ("Foundation") Microcredit Centre – Turkish Grameen Microcredit Programme ("TGMP"), which comprise the balance sheet as at 31 December 2010, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Foundation Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Commercial Code ("TCC") and Turkish Standard Chart of Accounts and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Opinion

4. In our opinion, the financial statements give a true and fair view of the financial position of TGMP as at 31 December 2010, and its financial performance for the year then ended in accordance with Turkish Standard Chart of Accounts and Turkish Commercial Code.

Other information

5. As discussed in Note 29 to the balance sheet, the financial statements are prepared in accordance with the Turkish Standard Chart of Accounts and the TCC, which are different from the accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). The effects of such differences have not been quantified. Accordingly, the financial statements are not intended to present the financial position, results of operations and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Adnan Akan, SMMM
Partner

Istanbul, 3 June 2011

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

BALANCE SHEET AT 31 DECEMBER 2010

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

	31 December 2010	31 December 2009
ASSETS		
I. CURRENT ASSETS		
Liquid assets	150,995	877,712
Cash	124	3,482
Banks	150,871	874,230
Trade receivables	18,389,779	11,822,865
Customers	18,389,779	11,822,865
Doubtful trade receivables	117,411	61,048
Provision for doubtful receivables	(117,411)	(61,048)
Inventory	42,531	57,225
Merchandise stocks	35,441	35,441
Other inventory	7,090	21,784
Short-term prepaid expenses and income accruals	112	15,509
Short-term prepaid expenses	112	15,063
Income accruals	-	446
Other current assets	47,797	212,540
Prepaid taxes and funds	7,999	7,784
Job advances	969	969
Advances paid	14,390	42,891
Receivables from employees	856	-
Other current assets	23,583	160,896
Total current assets	18,631,214	12,985,851
II. NON-CURRENT ASSETS		
Property and equipment	338,477	394,564
Motor vehicles	456,866	413,555
Furniture and fixtures	128,925	114,253
Accumulated depreciation	(247,314)	(133,244)
Intangible assets	644	10,138
Establishment costs	4,032	4,032
Leasehold improvements	930	930
Other intangible assets	24,840	22,766
Accumulated amortisation	(29,158)	(17,590)
Long-term prepaid expenses and income accruals	5,402	11,915
Long-term prepaid expenses	5,402	11,915
Other non-current assets	3,429	2,202
Deposits given	3,429	2,202
Total non-current assets	347,952	418,819
TOTAL ASSETS	18,979,166	13,404,670

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

BALANCE SHEET AT 31 DECEMBER 2010

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

	31 December 2010	31 December 2009
LIABILITIES AND FUNDS		
I. <u>CURRENT LIABILITIES</u>		
Trade payables	19,310	42,365
Suppliers	19,066	42,120
Deposits and guarantees received	244	245
Other payables	2,471,305	1,385,570
Other payables	-	68,788
Total deposits collected (voluntary savings)	2,463,954	1,315,744
Payables to employees	7,351	1,038
Advances received	13,426	3,310
Advances received	13,426	3,310
Taxes and withholdings payable	155,161	120,230
Taxes and funds payable	86,145	59,960
Social security premiums payable	69,016	60,270
Other current liabilities	1,898,227	1,511,417
Due to related parties	1,898,227	1,511,417
Total current liabilities	4,557,429	3,062,892
II. <u>NON-CURRENT LIABILITIES</u>		
Due to related parties	1,758,500	1,594,022
Due to related parties	1,758,500	1,594,022
Total non-current liabilities	1,758,500	1,594,022
III. <u>FUNDS</u>		
Other reserves	15,316,128	10,721,650
Extraordinary reserves	2,051	2,051
Other reserves	3,027	3,027
Special funds	15,311,050	10,716,572
Accumulated losses	(1,973,894)	(887,511)
Net loss for the year	(678,997)	(1,086,383)
Total funds	12,663,237	8,747,756
TOTAL LIABILITIES AND FUNDS RECEIVED	18,979,166	13,404,670

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

INCOME STATEMENT FOR THE YEAR ENDED AT 31 DECEMBER 2010

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

	2010	2009
Gross sales	3,758,138	2,396,824
Sales	3,758,138	2,396,824
Sales deductions	-	(88,475)
Sales returns	-	(88,475)
Net sales	3,758,138	2,308,349
Cost of sales	(3,420,112)	(2,546,466)
Cost of merchandise stocks sold	-	(36,102)
Cost of services provided	(3,420,112)	(2,510,364)
GROSS PROFIT / (LOSS)	338,026	(238,117)
Operating expenses	(751,894)	(629,191)
General administrative expenses	(751,894)	(629,191)
LOSS FROM PRIMARY OPERATIONS	(413,868)	(867,308)
Other operating income	20,732	13,037
Exchange gain	3,096	212
Interest income	1,409	12,825
Other income	16,227	-
Other operating expense	(72,590)	(61,048)
Provision expense	(72,590)	(61,048)
Financial expenses	(276,428)	(368,857)
Financial expenses	(276,428)	(368,857)
ORDINARY LOSS	(742,154)	(1,284,176)
Extraordinary income and gain	223,024	223,712
Prior period income	85,290	2,267
Extraordinary income	137,734	221,445
Extraordinary expense and loss	(159,867)	(25,919)
Prior period expense and loss	(88,158)	(13,986)
Extraordinary loss	(71,709)	(11,933)
NET LOSS FOR THE YEAR	(678,997)	(1,086,383)

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

I. NATURE OF OPERATIONS

The Grameen Trust ("GT") is committed to the cause of alleviating global poverty by providing financial and technical support to Grameen Bank Build-Operate-Transfer Programmes in Bangladesh and abroad. As part of its commitment, GT began a Grameen replication project in Turkey under its build, operate and transfer model with the support of the Turkish Foundation for Waste Reduction ("TISVA").

The Turkish Grameen Microcredit Programme ("TGMP") was officially launched by TISVA in Diyarbakır, in the south-east of Turkey, in June 2003 with the support of GT. The primary objective of this project is to provide loans to poor women in rural and urban areas surrounding Diyarbakır, and to support their income-generating activities and small businesses as a means of reducing poverty. The project then spread to the whole country. During the implementation of the project, due to the regulations, the project was financed by the donations given by various organisations and people under the control of Diyarbakır Governor's Office.

TISVA and Hüsnü Özyeğin paid the balance of public money in the accounts of Diyarbakır Governor's Office related to Bağlar and Hüsnü Özyeğin Ergani Branches in 2006. TGMP was taken over by TISVA with a payment of TL429,112. The TISVA Microcredit Centre, which is an economic enterprise foundation, was established as a part of TISVA in 2006.

TGMP is being implemented in 65 (31 December 2009: 56) different locations; Adıyaman, Afşin (Kahramanmaraş), Afyon, Aksaray, Amasya, Ardahan, Artvin, Aydın, Bağcılar (İstanbul), Bağlar (Diyarbakır), Balıkesir, Batman, Bilecik, Bingöl, Bismil (Diyarbakır), Buca (İzmir), Burdur, Bursa, Çankırı, Çorum, Denizli, Elazığ, Elbistan (Kahramanmaraş), Ergani (Diyarbakır), Erzincan, Hakkari, Hatay, Iğdır, İskenderun, Isparta, Kahramanmaraş, Kayapınar (Diyarbakır), Kayseri, Kemaliye (Erzincan), Kırıkkale, Kırşehir, Kızıltepe (Mardin), Konya, Kovancılar (Elazığ), Kurtalan (Siirt), M.Kemal Paşa (Bursa), Malatya, Mamak (Ankara), Manisa, Mardin, Muğla, Muş, Niğde, Odunpazarı (Eskişehir), Rize, Şahinbey (Gaziantep), Samsun, Şanlıurfa, Şehitkamil (Gaziantep), Silvan (Diyarbakır), Sivas, Siverek (Şanlıurfa), Sur (Diyarbakır), Tokat, Trabzon, Viranşehir (Şanlıurfa), Yenişehir (Bursa), Yozgat, Yüksekova (Hakkari) and Zonguldak. The number of employees of TGMP at 31 December 2010 is 212 (31 December 2009: 192).

TGMP projects include six types of loans:

a) Basic Loan:

The main loan product of TGMP is the basic loan. All members can get their first loan through basic loan. The basic loan is a one-year loan and all members can extend their lines of credit as long as they adhere to the terms and conditions of the loan they obtained. In this loan system, the borrower can re-borrow the principal amounts paid after six months from the original loan date. In the concept of the basic loan, the member can make voluntary savings. In order to cover the member service costs, 15% of the loan given is deducted as service charges. The loan and the member service cost are paid in instalments over 46 weeks.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

I. NATURE OF OPERATIONS (Continued)

b) Enterprise Loan:

TGMP has launched a different loan programme for capable, successful and hard-working members. Enterprise loans can be used by the members who have completed one year in the basic loan system. In order to cover the member service costs, 15% of the loan given is deducted as service charge. The loan and the member service cost are paid in instalments over 46 weeks.

c) Contracted Loan:

This loan is the alternative method to counter probable difficulties regarding defaults in the weekly loan payments collected from members. If the member is experiencing difficulties in paying the loan, this system extends its maturity and an agreement is signed with the member accordingly. In order to cover the member service costs, 15% of the loan given is deducted as service charge. The principal and service charge is paid by the end of the contract.

d) Short-term Animal Breeding Loan:

TGMP started to use this loan for its members in 2008. This loan is provided to all members in rural areas who want to make animal breeding as an income-generating activity. Animal breeding loan is given six months before the Feast of the Sacrifice and is recouped through the sale of animals purchased with the loan six months after the Feast of the Sacrifice. In order to cover the member service costs, 15% of the loan given is deducted as service charge and member service costs are paid in instalments over 26 or 46 weeks.

e) Soilles Microvegittunnel Loan:

TGMP started to use this loan for its members in 2008. With this loan, job opportunities for poor people who do not have cultivated land is provided; targeting better nutrition as well as savings in land, water and time. Loan amounts vary between TL300 and TL500 depending on the greenhouse. Refunding might be as advance or in instalments. Like the basic loan, the principal loan can be paid within 46 weeks, and a 15% service charge is collected within 30 weeks. In relation to advance collections, the 15% service charge is not applicable. Non-members can also benefit from this loan.

f) Loan for Struggling Members:

This loan is provided to very poor people such as beggars or homeless people. There is no service charge and no redemption schedule.

For the not-for-profit microcredit applications, service charges include 18% value added tax.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

TGMP maintains its books of account in Turkish lira ("TL") based on the Turkish Commercial Code ("TCC") and tax legislation and prepares its statutory financial statements in accordance with the Turkish Standard Chart of Accounts.

The changes in funds in 2010 were as follows:

	Extraordinary reserves	Other reserves	Special funds	Accumulated losses	Net loss for the year	Total funds
1 January 2010	2,051	3,027	10,716,572	(887,511)	(1,086,383)	8,747,756
Transfers	-	-	-	(1,086,383)	1,086,383	-
Donations	-	-	4,594,478	-	-	4,594,478
Net loss for the year	-	-	-	-	(678,997)	(678,997)
31 December 2010	2,051	3,027	15,311,050	(1,973,894)	(678,997)	12,663,237

The changes in funds in 2009 are displayed as follows:

	Extraordinary reserves	Other reserves	Special funds	Accumulated losses	Net loss for the year	Total funds
1 January 2009	2,051	3,027	5,136,546	(174,531)	(712,980)	4,254,113
Transfers	-	-	-	(712,980)	712,980	-
Reclassification to due to related parties	-	-	(58,610)	-	-	(58,610)
Donations	-	-	5,638,636	-	-	5,638,636
Net loss for the year	-	-	-	-	(1,086,383)	(1,086,383)
31 December 2009	2,051	3,027	10,716,572	(887,511)	(1,086,383)	8,747,756

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Significant Accounting Policies

The following significant accounting policies have been applied in the preparation of these financial statements:

Revenue

TGMP charges a service fee for each loan disbursed to the microcredit members of the project. The total service charge is determined as 15% of the outstanding loan amount. TGMP revenue includes micro-credit service charges, wallet charges and micro greenhouse revenue.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The depreciation is provided for property and equipment based on the straight line method. The useful lives of the property and equipments are as follows:

	Years
Motor vehicles	5 years
Furniture and fixtures	4 years

Pro-rata depreciation method is used for the vehicles.

Intangible assets

Intangible assets mainly comprise establishment costs, leasehold improvements and other intangibles. They are stated at cost less accumulated amortisation. Amortisation is provided based on the straight-line method over five years.

Related parties

For the purpose of these financial statements major donors and key management personnel, in each case together with organisations controlled by or affiliated with them are considered and referred to as related parties.

Financial liabilities are accounted for under due to related parties in the balance sheet since the loans are obtained via TISVA.

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Provision for doubtful receivables

A credit risk provision for receivables is established when there is objective evidence that TGMP will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount of the receivable.

Taxes on income

In accordance with Corporate Tax Law No. 5520, Article 2, Paragraph 5, the "Law related to taxpayers of corporation tax for the associations and foundations" published on 21 June 2006, commercial, industrial and agricultural enterprises that are owned by or affiliated to associations or foundations are the economic enterprises of associations and foundations. TGMP is an economic enterprise of TISVA and Adıyaman, Afşin (Kahramanmaraş), Afyon, Aksaray, Amasya, Ardahan, Artvin, Aydın, Bağcılar (İstanbul), Bağlar (Diyarbakır), Balıkesir, Batman, Bilecik, Bingöl, Bismil (Diyarbakır), Buca (İzmir), Burdur, Bursa, Çankırı, Çorum, Denizli, Elazığ, Elbistan (Kahramanmaraş), Ergani (Diyarbakır), Erzincan, Hakkari, Hatay, Iğdır, İskenderun, Isparta, Kahramanmaraş, Kayapınar (Diyarbakır), Kayseri, Kemaliye (Erzincan), Kırıkkale, Kırşehir, Kızıltepe (Mardin), Konya, Kovancılar (Elazığ), Kurtalan (Siirt), M.Kemal Paşa (Bursa), Malatya, Mamak (Ankara), Manisa, Mardin, Muğla, Muş, Niğde, Odunpazarı (Eskişehir), Paşa (Bursa), Rize, Şahinbey (Gaziantep), Samsun, Şanlıurfa, Şehitkamil (Gaziantep), Silvan (Diyarbakır), Sivas, Siverek (Şanlıurfa), Sur (Diyarbakır), Tokat, Trabzon, Viranşehir (Şanlıurfa), Yenişehir (Bursa), Yozgat, Yüksekova (Hakkari) and Zonguldak branches are subject to corporate tax.

Corporation tax is payable at a rate of 20% on the net income after adjusting for certain disallowable expenses, exempt income and investment and other allowances.

Tax returns are open for five years 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.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses can not carried back to offset profits from previous periods. As of 31 December 2010, TGMP has carry-forward tax losses amounting to TL2,255,231 (31 December 2009: TL1,735,881).

The due dates of the carry forward tax losses are as follows:

	2010	2009
2012	69,619	69,619
2013	709,389	709,389
2014	956,873	956,873
2015	519,350	-
Total	2,255,231	1,735,881

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Total deposits collected (voluntary savings)

Within the scope of the primary objective of TGMP, each project group member voluntarily deposits at least TL1 on a weekly basis. Poor people are encouraged to voluntarily save in order to help developing their saving habitues. TGMP have not made interest payment in 2010 (2009: 10% per annum) on the saving balance. The group members can withdraw their savings any time. Only the new members are not allowed to withdraw within six months. TGMP accounts for the weekly deposits collected from the members voluntarily under total deposits collected (voluntary savings) in the balance sheet.

Trade receivable (Microcredits given)

TGMP's customers are the members of the microcredit programmes and the receivable is calculated as loans are given to microcredit members at nominal value by TGMP.

Special funds:

Légal funds that must be reserved in the corporation are followed in this account. TISVA transfers the funds received from public institutions and donations received from various foundations, corporations and individuals to TGMP and TGMP follows these funds as special funds in the balance sheet.

III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS

A) NOTES TO THE BALANCE SHEET

1. Upper limit of capital where registered capital system is applied:

TGMP is not subject to registered capital system; as such system is applicable to listed companies only.

2. a. Total amount of advances extended to the chairman and the members of the board of directors, general manager, general coordinator, assistant general manager and other high-level management during the year:

None (31 December 2009: TL7,643). TGMP paid no advances to the chairman and members of the board of directors, chairman and members of board of trustees and audit committee of TISVA.

b. Balance of such advances at year end:

None (31 December 2009: None).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

3. Total amount of insurance on assets:

TL 107,900 (31 December 2009: TL86,500).

4. Total amount of mortgages and other guarantees obtained against the receivables:

None (31 December 2009: None).

5. Total amount of mortgages and other collaterals and guarantee letters given against the payables:

None (31 December 2009: None).

6. Off-balance sheet commitments and contingent liabilities:

None (31 December 2009: None).

7. Foreign currency denominated cash and bank balances:

None (31 December 2009: None).

8. Foreign currency denominated receivables:

None (31 December 2009: None).

9. Foreign currency denominated liabilities:

None (31 December 2009: None).

10. Amount of bills and financial bonds in circulation issued under the guarantee of banks:

None (31 December 2009: None).

11. Total investment incentive tax exemption to be utilised in current and following periods:

None (31 December 2009: None).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ISSUED IN TURKISH (NOTE 29.d)**

**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

A) NOTES TO THE BALANCE SHEET (Continued)

12. Bills in circulation, which are convertible to share certificates:

None (31 December 2009: None).

13. List of shares representing the share capital:

None (31 December 2009: None).

14. Total amount of share capital issued in current period:

None (31 December 2009: None).

15. List of owners or shareholders holding more than 10% of capital:

TGMP is a not-for-profit organisation and it does not have a shareholding structure. The TGMP management classified the donations as special funds under "Funds" in the financial statements (Note 29.a).

16. List of investments and subsidiaries where more than 10% of the share capital is owned:

None (31 December 2009: None).

17. Inventory valuation method:

Weighted average method is used as inventory valuation method.

18. Tangible and intangible fixed assets movements during the year:

- a. Additions: TL99,752 (31 December 2009: TL312,143).
- b. Disposals: TL41,769 (31 December 2009: TL32,515).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
TURKISH GRAMEEN MICROCREDIT PROGRAMME**

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

19. Share of shareholders, subsidiaries, associates and related parties in short and long-term receivables and payables:

31 December 2010 31 December 2009

Due from related parties:

Turkish Foundation for Waste Reduction (Note 29.b) - 140,520

Due to related parties:

Turkish Foundation for Waste Reduction (*) 3,656,727 3,105,438

(*) TL3,451,676 of due to related parties includes principal and accrued interest of various bank loans transferred from TISVA with the same conditions (average interest rate of 8.08% per annum). The maturities of those bank loans varies between 26 January 2011 and 25 October 2012 and TL1,758,500 is related to the year 2012.

20. Average number of employees in during the year:

Average number of employees during the year is 212 (31 December 2009: 162).

21. Subsequent events:

- a) Until 5 May 2011, being the preparation date of these financial statements, the project is implemented in three new locations which are Sinop, Bitlis and Şırnak.
- b) Until 5 May 2011, being the preparation date of these financial statements, TGMP received donations amounting to TL2,943,924 as presented on the following page:

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

Donor - supporter individual / institution	Amount (TL)
Gaziantep Special Provincial Administration Fund	300,000
Kahramanmaraş Special Provincial Administration Fund	300,000
Manisa Governor	200,000
Kayapınar SODES Fund	155,000
Şırnak Special Provincial Administration Fund	150,000
Citi Foundation Donation Account	141,358
Mardin Special Provincial Administration Fund	100,000
Rize Special Provincial Administration Fund	100,000
Amasya Special Provincial Administration Fund	100,000
Nihat Gökyiğit	100,000
Feyyaz Berker	100,000
Bursa Special Provincial Administration Fund	100,000
Balıkesir Special Provincial Administration Fund	100,000
Hatay Special Provincial Administration Fund	100,000
Trabzon Special Provincial Administration Fund	100,000
Aydın Special Provincial Administration Fund	55,000
Sivas Special Provincial Administration Fund	50,000
Tevfik Öz	50,000
Samsun Special Provincial Administration Fund	50,000
M.V. Holding	50,000
Vehbi Bilgin	50,000
Kırıkkale Special Provincial Administration Fund	50,000
Borusan Holding	50,000
Erzincan Sodes Fund	47,500
Çankırı Special Provincial Administration Fund	45,000
Ardahan Sodes Fund	42,400
Bitlis Special Provincial Administration Fund	39,900
Bilecik Special Provincial Administration Fund	30,000
Gaziantep Sodes Fund	29,500
Limak Holding	25,000
Begümhan Doğan Faralyalı	21,000
Sinop Special Provincial Administration Fund	18,000
Ömer Sabancı	12,500
Border Special Provincial Administration Fund	10,000
Ali Emrecaan Kaan Sabancı	5,000
Hanzade Vasfiye Doğan Boyner	5,000
Nevbahar and Ali Koç	5,000
Mim Tur İzmir	3,750

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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

Donor - supporter individual / institution	Amount (TL)
Hakkı Hasan Yılmaz	1,500
Ertuğrul Özkök	1,500
Diekmann Schwanena Llee	1,016
Cem Kozlu	1,000
Ayşe Oya Eczacıbaşı	1,000
Bülent Eczacıbaşı	1,000
Deniz Çemşit Demiroğlu	1,000
Ebru and Temuçin Tüzecan	1,000
Murat Özyeğin	500
Maide and Emre Kurttepelı	500
Yusuf Fatih Çekirge	500
Emel Armutçu	500
Tülay Ulusoy	500
Berna Tokar	500
Suzi and Nedim Dayan	500
Ömer Temelli	500
Sedat Ergin	500
Zeynep Temelli	500
Mehmet and Esra Armağan	500
Perihan Özkök	500
Silvia Meşulam	500
Başar Arıoğlu	500
Ali Cingillioğlu	500
Sema Cingillioğlu	500
Ersin Arıoğlu	500
Berna Arıoğlu	500
Oya Berberoğlu	500
Enis Berberoğlu	500
Ali Hakan Altınay	500
Esra Bilgin	500
Sinan Bilgin	500
Arzu and Murat Atabarut	500
Umut Alphan	500
Hande Durak Dumrul	500
Ahmet Özer	500
Violet Hakim, Verda Albağlı,	
Lidya Kohen and Lida Saftekin	500
Kamil Kanat Atkaya	500

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III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)

A) NOTES TO THE BALANCE SHEET (Continued)

Donor - supporter individual / institution	Amount (TL)
Mediha Ayça Sarangil	500
Ferayi and Lütfü Tınç	500
Murat Küçük	500
Magma İletişim Hizmetleri	500
Şule Zeybek	500
Aslı & Damar Arikoğlu	500
Tuğba Zeybek Demircan	500
İpek Cem Taha	500
Arzu Çebi	500
Mehtap Bayraktar	500
Nesrin Ercan	500
Ayşe Leman Bali	500
Hakan Çarmıklı	500
Mehmet Oğuz Güney	500
Tijen Mergen	500
Hamdi Akın	500
Pelin Akın	500
Seyit Karagözoğlu	500
Fatma Ayşe Cemal	500
Asuman Şener	500
Sani Şener	500
Ozan Şener	500
Damla Şener	500
Elif Şafak and Eyüp Can	500
Arzuhan Yalçındağ	500
Meliha Serra Tokar	500
Alihan Doğan Yalçındağ	500
Aydın Doğan Yalçındağ	500
Mehmet Ali Yalçındağ	500
Gülse Şener Birsal	500
Zafer Civelek	500
Gökhan Sime	500
Taylan Bilge	500
Serpil Bilgel	500
Alev Çeliktaş	500
Ali Ömer Dinçe	500
Virna and Vedat Gülzari	500
Ahmet Nafi Dalman	500

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

Donor - supporter individual / institution	Amount (TL)
Zeynep Dalman	500
Şirin Yalçın	500
Neşet Yalçın	500
Elif Dürüst	500
Ahmet Faralyalı	500
Erol and Güliz Kalaçi	500
Mehmet Doğan Hızlan	500
Pınar Küçük	500
Mina Küçük	500
Melis Küçük	500
Alihan Yalçın	500
Ayşe Yalçın	500
Yasemin Germiyangil	500
Ayşe Nil Bağcıoğlu	500
Bettina Hakko	500
Mehmet Başer	500
Sertaç Haybat	500
Nilüfer Haybat	500
Aslı Demir Sabancı	500
Ömer Celal Umur	500
Kerim Arıoğlu	500
Total	2,943,924

22. Contingent losses and contingent profits:

None (31 December 2009: None).

23. Disclosure of changes in accounting estimates, which have material effect on gross profit ratios and their monetary effect:

None (31 December 2009: None).

24. Amount of blocked deposits in bank accounts:

None (31 December 2009: None).

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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

A) NOTES TO THE BALANCE SHEET (Continued)

25. Affiliates, subsidiaries and shareholders issuing available-for-sale marketable securities and their amount:

None (31 December 2009: None).

26. Bonus shares received from affiliates and subsidiaries due to capital increases from reserves:

None (31 December 2009: None).

27. Total amount of unrealised interest related to the following financial period:

None (31 December 2009: TL66,464).

28. Guarantees extended to shareholders, affiliates and subsidiaries:

None (31 December 2009: None).

29. Other matters that may have a material effect on, or be explained for the clear understanding of the financial statements:

a) The details of the special funds obtained by TISVA and transferred to TGMP are as follows:

	31 December 2010	31 December 2009
Diyarbakır Governor	1,021,425	1,021,425
Gaziantep Special Provincial Administration Fund	950,000	700,000
Kahramanmaraş Special Provincial Administration Fund	800,935	450,935
Grameen- Jameel Fund	746,525	-
Whole Planet	571,909	66,692
Hüsnü Özyeğin	551,224	551,224
Batman Special Provincial Administration Fund	500,000	500,000
Bursa Special Provincial Administration Fund	500,000	400,000
Mardin Special Provincial Administration Fund	435,214	349,214
HSBC Donation Account	426,042	286,041
Open Society Institute	423,359	423,359
Citi Foundation Donation Account	423,258	281,901
Sivas Special Provincial Administration Fund	300,000	150,000

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III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)

	31 December 2010	31 December 2009
Şanlıurfa Special Provincial Administration Fund	299,997	200,000
Erzincan Special Provincial Administration Fund	297,750	297,750
Niğde Special Provincial Administration Fund	250,000	175,000
Tokat Special Provincial Administration Fund	245,000	125,000
Aydın Special Provincial Administration Fund	223,688	173,688
Hatay Special Provincial Administration Fund	220,000	120,000
Amasya Special Provincial Administration Fund	210,000	160,000
Malatya Special Provincial Administration Fund	200,000	200,000
Malatya Municipality	200,000	200,000
Çorum Municipality	200,000	200,000
Manisa Special Provincial Administration Fund	200,000	200,000
Viranşehir SODES Project Fund	200,000	200,000
Rize Special Provincial Administration Fund	200,000	150,000
Yozgat Special Provincial Administration Fund	199,213	149,625
Turgay Ciner	190,000	100,000
Samsun Special Provincial Administration Fund	180,000	130,000
Batman Pemi Fund	160,000	160,000
Isparta Special Provincial Administration Fund	160,000	150,000
Tevfik Öz	157,955	107,955
Eskişehir Special Provincial Administration Fund	157,000	157,000
Çankırı Special Provincial Administration Fund	155,000	110,000
Adıyaman Provincial Administration Fund	150,000	150,000
Vuslat Doğan Sabancı	150,000	-
Muğla Special Provincial Administration Fund	150,000	150,000
Vehbi Bilgin	150,000	100,000
Burdur Special Provincial Administration Fund	150,000	100,000
Eyüp Cenap Gülpınar	150,000	100,000
Balıkesir Special Provincial Administration Fund	150,000	50,000
Bilecik Special Provincial Administration Fund	140,000	100,000
Bingöl Special Provincial Administration Fund	126,000	81,000
Borusan Holding	111,950	100,000
Akfen A.Ş.	110,000	100,000
Denizli Special Provincial Administration Fund	103,000	10,000
Elazığ Special Provincial Administration Fund	100,000	100,000
Feyyaz Berker	100,000	100,000

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III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)

	31 December 2010	31 December 2009
Nihat Gökyiğit	100,000	100,000
Trabzon Special Provincial Administration Fund	100,000	-
Aksaray Special Provincial Administration Fund	100,000	-
Limak Holding A.Ş.	100,000	50,000
M.V Holding A.Ş	100,000	50,000
Yuma İnşaat	80,000	80,000
Zonguldak Special Provincial Administration Fund	75,000	75,000
Çorum Special Provincial Administration Fund	64,513	64,513
Park Teknik	62,000	-
Siverek SODES Project Fund	50,000	50,000
TAV Yatırım Holding A.Ş.	50,000	50,000
Kahramanmaraş Municipality	50,000	50,000
Kahramanmaraş Social Assistance Fund	50,000	50,000
Nihat Özdemir	50,000	50,000
CEY-KAR A.Ş.	50,000	-
Trabzon Municipality	50,000	-
Iğdır Special Provincial Administration Fund	50,000	-
Osman Yıldırım Coşkun	50,000	-
Kırşehir Special Provincial Administration Fund	40,000	40,000
Reyhanlı Municipality	39,974	-
Kırıkkale Special Provincial Administration Fund	30,000	-
Kahramanmaraş Chamber of Commerce	25,000	25,000
Kipaş A.Ş.	25,000	25,000
Norm Sanayi Dış Ticaret Donation Account	20,000	20,000
Agritrade Tarım Ürünleri	20,000	-
İşkur Enerji A.Ş.	15,000	15,000
Ecem Erşeker	14,859	-
Eman Tur	6,110	-
Adil Koç	5,000	5,000
Nuri Üysen	5,000	5,000
Yazıcı Demir Çelik A.Ş.	5,000	5,000
Vefa Dayanıklı Tük. Mal. Ltd. Şti.	5,000	5,000
Kahramanmaraş Esnaf Odaları	3,400	3,400
Asaş Filtre San. Tic. A.Ş.	3,000	3,000
Kırıkkale Municipality	3,000	-

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III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)

	31 December 2010	31 December 2009
Doğan Erten	2,500	2,500
Şah-Pet Şahin Kardeşler	2,500	2,500
Girişimci Kadınlar Derneği Fund	1,500	-
Petek Pastanesi	1,000	1,000
Sezai Boncuk	1,000	1,000
Aylin - Özcan Tahincioğlu Fund	1,000	-
Rotary Klübü Fund	1,000	-
Hakkari Special Provincial Administration Fund	700	-
Duru İnşaat	500	500
Hayırlı Zerrin Sabancı Fund	500	-
Pınar Yeşilada Fund	500	-
Şevket Sabancı Fund	500	-
Memduh Karakullukçu Fund	500	-
Emine Kamışlı Fund	500	-
Murat Özyeğin Fund	500	-
Aslı Erkut Soyak Fund	500	-
Özcan Sabancı Fund	500	-
Ece - Korhan Kurdoğlu Fund	500	-
Erhan Kamışlı Fund	500	-
Bucak Chamber of Drivers and Automotives	500	-
Erdem Ünlü Çetinkaya	250	250
Palu Municipality Fund	200	-
Celal Tilge	100	100
Total	15,311,050	10,716,572

b) The details of other assets are as follows:

	31 December 2010	31 December 2009
Service charge income accrual	14,645	14,645
Receivable from TISVA	-	140,520
Other	8,938	5,730
Other current assets	23,583	160,895

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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

- c) The Turkish Standard Chart of Accounts requires companies to compile statements of changes in shareholders' equity, cash flows, fund flows and profit distribution together with their balance sheet, income statement and notes to the financial statements. Since TGMP is a not-for-profit organization, it is not required to prepare a statement of profit distribution. However, as of the preparation date of these financial statements, the Company has not prepared its statements of changes in shareholders' equity, cash flows and fund flows, yet.
- d) The financial statements are based on the Turkish Standard Chart of Accounts in accordance with the TCC, which is different from the accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). The effects of such differences have not been quantified. Accordingly, the financial statements are not intended to present the financial position, results of operations and changes in the financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

30. Date at which the financial statements are approved and become effective:

The financial statements were prepared based on the general ledger dated 5 May 2011. The financial statements have not yet been approved by the Board of Trustees of TISVA as of the preparation date of these financial statements. According to regulatory rules, there is no such requirement for not-for-profit organisations.

B) NOTES TO THE STATEMENT OF INCOME

1. Total depreciation and amortisation charges for the period:

Depreciation: TL 122,530 (2009: TL89,329).

Amortisation: TL 11,568 (2009: TL7,826).

2. Provision expenses for the period:

TL72,590 (2009: TL61,048). Provision expenses are composed of the provision for the doubtful receivables.

3. Financial expenses for the period:

TL 276,428 (2009: TL368,857).

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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**TURKISH FOUNDATION FOR WASTE REDUCTION MICROCREDIT CENTRE
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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

4. Amount of financial expenses for the period related to shareholders, subsidiaries and affiliates:

None (2009: None).

5. Sales to shareholders, subsidiaries and affiliates:

None (2009: None).

6. Interest, commission, rent and similar income and expenses received from or paid to shareholders, subsidiaries and affiliates:

None (2009: None).

7. Salaries and other benefits paid to the chairman and the members of the board of directors, general manager, general coordinator, assistant general manager and other high-level management during the year:

During the year 2010 TL49,785 was paid to the General Manager of TGMP (2009: TL49,419). TGMP did not pay any salaries and other benefits to the chairman and members of the board of directors, chairman and members of board of trustees and audit committee of TISVA.

8. Depreciation and amortisation method applied:

The depreciation for property and equipment and amortisation for intangibles are provided based on the straight-line method. Pro-rata depreciation method is used for the vehicles. For the current year additions of other property and equipments and intangible assets, the depreciation and amortisation calculated for the whole year is accounted for in the financial statements.

9. Costing method of stocks:

Weighted average (2009: Weighted average).

10. Reasons for non-performance of physical stock counts:

Physical stock count was not performed by TGMP since the inventory amount was immaterial to the financial statements as of 31 December 2010.

11. Sales of by- products and scraps exceeding 20% of sales:

None (2009: None).

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**III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)**

B) NOTES TO THE STATEMENT OF INCOME (Continued)

12. Explanatory note for prior period income and expenses:

Prior period income amounting to TL85,290 is related to service charges of 2009 and correction of expense accruals in 2009 (2009: TL2,267). Prior period expense amounting to TL88,158 is related to various expenses such as communication, depreciation, travel expenses and correction of expense accruals of 2009 (2009: TL13,986).

13. Earnings per share: Since TGMP is not a capital stock company, earnings per share is not calculated.

14. Other disclosures:

- a) General administrative expenses are mostly attributable to the expenses of the project office in Ankara. The details of general administrative expenses are as follows:

	2010	2009
Salaries	384,996	242,478
Communication	77,118	6,824
Rent	74,529	22,750
Brochure	47,833	14,706
Transportation	37,169	22,733
Accounting services	36,354	165,198
Depreciation expenses	21,254	36,829
Utilities	7,078	28,450
Write-offs	6,174	9,090
Other	59,389	80,133
General administrative expenses	751,894	629,191

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III. DISCLOSURES REQUIRED BY TURKISH UNIFORM CHART OF ACCOUNTS
(Continued)

b) The details of cost of services provided are as follows:

	2010	2009
Salaries	2,756,570	1,982,036
Fuel	198,015	122,491
Depreciation and amortisation expenses	112,844	58,559
Maintenance	70,083	50,013
Travel	32,183	30,920
Taxes and other duties (Other than corporate income tax)	27,397	21,096
Stationary	22,976	22,326
Wallet	22,000	21,944
Postage	21,685	28,702
Insurance	19,112	7,909
Communication	12,811	8,842
Utilities	8,330	4,823
Write-offs	4,478	9,296
Rent	-	10,849
Other	111,628	130,558
Cost of services provided	3,420,112	2,510,364

c) The details of extraordinary income and gain are as follows:

	2010	2009
Employer share paid by Turkish Treasury	129,036	99,250
Donation income	-	91,766
Corrections regarding prior periods	-	14,190
Other	8,698	16,239
Total	137,734	221,445
