

**İŞ FİNANSAL KİRALAMA
ANONİM ŞİRKETİ**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009

(Translated into English from the Original Turkish Report)

İş Finansal Kiralama A.Ş.
To The Board of Directors
İstanbul

CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE PERIOD 1 JANUARY - 30 JUNE 2009

We have conducted a limited review on the consolidated balance sheets of İş Finansal Kiralama A.Ş. ("the Company") and its subsidiary (together "the Group") as of 30 June 2009 and the consolidated income statement, cash flows and changes in shareholders' equity for the six month period then ended. These financial statements are the responsibility of the Group Management. As independent auditors, our responsibility is to express a conclusion on these financial statements based on our limited review.

We conducted our limited review in accordance with the accounting rules, policies and auditing standards set out by the Banking Regulation and Supervision Agency ("BRSA"). Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of İş Finansal Kiralama A.Ş. and its subsidiary for the period ended 30 June 2009 in accordance with the prevailing accounting principles and standards set out by the Banking Regulation and Supervision Board, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

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

Sibel Türker
Partner

İstanbul, 14 August 2009

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İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

		THOUSAND TURKISH LIRA						
I. BALANCE SHEET- ASSETS		Footnote	Reviewed Current Period 30 June 2009			Audited Prior Period 31 December 2008		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	LIQUID ASSETS		-	-	-	-	-	-
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	4	309	-	309	90	1.814	1.904
2.1	A) Financial Assets Held for Trading		309	-	309	90	-	90
2.2	B) Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.3	C) Derivative Financial Assets Held for Trading		-	-	-	-	1.814	1.814
III.	BANKS	5	246.894	99.208	346.102	42.783	122.628	165.411
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	9.956	-	9.956	5.495	-	5.495
VI.	FACTORING RECEIVABLES	7	92.339	216	92.555	66.264	834	67.098
6.1	A) Discount Factoring Receivables		33.508	-	33.508	28.976	-	28.976
6.1.1	a) Domestic		34.417	-	34.417	29.822	-	29.822
6.1.2	b) Foreign		-	-	-	-	-	-
6.1.3	c) Unearned Income (-)		909	-	909	846	-	846
6.2	B) Other Factoring Receivables		58.831	216	59.047	37.288	834	38.122
6.2.1	a) Domestic		58.831	-	58.831	37.288	-	37.288
6.2.2	b) Foreign		-	216	216	-	834	834
VI.	FINANCING LOANS		-	-	-	-	-	-
6.1	A) Retail Loans		-	-	-	-	-	-
6.2	B) Credit Loans		-	-	-	-	-	-
6.3	C) Installment Commercial Loans		-	-	-	-	-	-
VI.	LEASE RECEIVABLES	8	142.913	659.500	802.413	181.709	737.499	919.208
6.1	A) Lease Receivables		141.082	642.619	783.701	179.100	708.603	887.703
6.1.1	a) Financial Lease Receivables		186.673	765.485	952.158	236.142	828.526	1.064.668
6.1.2	b) Operational Lease Receivables		-	-	-	-	-	-
6.1.3	c) Other		-	-	-	-	-	-
6.1.4	d) Unearned Income (-)		45.591	122.866	168.457	57.042	119.923	176.965
6.2	B) Ongoing Leasing Contracts		1.256	3.040	4.296	417	2.377	2.794
6.3	C) Advances Given		575	13.841	14.416	2.192	26.519	28.711
VII.	NON-PERFORMING RECEIVABLES	7,8	36.020	46.023	82.043	26.230	17.891	44.121
7.1	A) Non-Performing Factoring Receivables		3.349	-	3.349	3.056	-	3.056
7.1	B) Non-Performing Financial Loans		-	-	-	-	-	-
7.1	C) Non-Performing Lease Receivables		50.614	58.117	108.731	43.733	28.073	71.806
7.2	D) Specific Provisions (-)		17.943	12.094	30.037	20.559	10.182	30.741
VIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES		-	-	-	-	-	-
8.1	A) Fair Value Hedging		-	-	-	-	-	-
8.2	B) Cash Flow Hedging		-	-	-	-	-	-
8.3	C) Net Foreign Investment Hedging		-	-	-	-	-	-
IX.	INVESTMENTS HELD TO MATURITY (Net)		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)		-	-	-	-	-	-
XI.	PARTICIPATIONS (Net)		-	-	-	-	-	-
XII.	JOINT VENTURES (Net)		-	-	-	-	-	-
XIII.	TANGIBLE ASSETS (Net)	10	765	-	765	875	-	875
XIV.	INTANGIBLE ASSETS (Net)		251	-	251	263	-	263
14.1	A) Goodwill	12	166	-	166	166	-	166
14.2	B) Other	11	85	-	85	97	-	97
XV.	DEFERRED TAX ASSETS	13	1.058	-	1.058	1.163	-	1.163
XVI.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	1.531	-	1.531	2.871	-	2.871
16.1	A) Held For Sale		1.531	-	1.531	2.871	-	2.871
16.2	B) Discontinued Operations		-	-	-	-	-	-
XVII.	OTHER ASSETS	15	17.222	2.170	19.392	25.096	2.019	27.115
TOTAL ASSETS			549.258	807.117	1.356.375	352.839	882.685	1.235.524

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

		THOUSAND TURKISH LIRA						
I. BALANCE SHEET- LIABILITIES		Footnote	Reviewed Current Period 30 June 2009			Audited Prior Period 31 December 2008		
			TRY	FC	TRY	FC	TRY	FC
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	19	-	52	52	-	-	-
II.	FUNDS BORROWED	16	300.660	695.861	996.521	109.874	818.347	928.221
III.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LEASE PAYABLES	18	-	-	-	-	-	-
3.1	A) Financial Lease Payables		-	-	-	-	-	-
3.2	B) Operational Lease Payables		-	-	-	-	-	-
3.3	C) Other		-	-	-	-	-	-
3.4	D) Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
IV.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1	A) Bills		-	-	-	-	-	-
4.2	B) Asset-backed Securities		-	-	-	-	-	-
4.3	C) Bonds		-	-	-	-	-	-
V.	SUNDRY CREDITORS	17	1.711	30.302	32.013	2.527	7.101	9.628
VI.	OTHER LIABILITIES	17	1.907	4.307	6.214	1.527	4.561	6.088
VII.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES		-	-	-	-	-	-
7.1	A) Fair Value Hedging		-	-	-	-	-	-
7.2	B) Cash Flow Hedging		-	-	-	-	-	-
7.3	C) Net Foreign Investment Hedging		-	-	-	-	-	-
VIII.	TAXES PAYABLE AND OTHER LIABILITIES	20	403	-	403	442	-	442
IX.	PROVISIONS		6.045	355	6.400	2.524	3.519	6.043
9.1	A) Provisions for Restructuring		-	-	-	-	-	-
9.2	B) Reserves For Employee Benefits	22	1.293	-	1.293	1.276	-	1.276
9.3	C) Other Provisions	21	4.752	355	5.107	1.248	3.519	4.767
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
11.1	A) Held For Sale		-	-	-	-	-	-
11.2	B) Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED LOANS		-	-	-	-	-	-
XIII.	SHAREHOLDERS' EQUITY		314.772	-	314.772	285.102	-	285.102
13.1	A) Paid-in Capital	24	250.000	-	250.000	185.000	-	185.000
13.2	B) Capital Reserves	24	2.619	-	2.619	11.243	-	11.243
13.2.1	a) Share Premium		-	-	-	-	-	-
13.2.2	b) Share Cancellation Profits		-	-	-	-	-	-
13.2.3	c) Marketable Securities Revaluation Reserve		2.619	-	2.619	(1.338)	-	(1.338)
13.2.4	d) Tangible and Intangible Assets Revaluation Reserve		-	-	-	-	-	-
13.2.5	e) Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
13.2.6	f) Hedging Funds (Effective Portion)		-	-	-	-	-	-
13.2.7	g) Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
13.2.8	h) Other Capital Reserves		-	-	-	12.581	-	12.581
13.3	C) Profit Reserves	25	19.008	-	19.008	4.883	-	4.883
13.3.1	a) Legal Reserves		8.151	-	8.151	4.633	-	4.633
13.3.2	b) Statutory Reserves		-	-	-	-	-	-
13.3.3	c) Extraordinary Reserves		10.857	-	10.857	250	-	250
13.3.4	d) Other Profit Reserves		-	-	-	-	-	-
13.4	D) Profit or Loss		35.953	-	35.953	77.880	-	77.880
13.4.1	a) Prior Years' Profit/Loss	26	11.336	-	11.336	1.571	-	1.571
13.4.2	b) Current Year Profit/Loss		24.617	-	24.617	76.309	-	76.309
13.5	E) Minority Interest		7.192	-	7.192	6.096	-	6.096
	TOTAL LIABILITIES AND EQUITY		625.498	730.877	1.356.375	401.996	833.528	1.235.524

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

STATEMENT OF OFF-BALANCE SHEET ITEMS AT 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

		THOUSAND TURKISH LIRA						
STATEMENT OF OFF-BALANCE SHEET ITEMS	Footnote	Reviewed Current Period 30 June 2009			Audited Prior Period 31 December 2008			
		TRY	FC	TRY	FC	TRY	FC	
I.	GUARANTEED FACTORING OPERATIONS		84.330	216	84.546	19.177	-	19.177
II.	UNGUARANTEED FACTORING OPERATIONS		8.304	-	8.304	48.963	5.017	53.980
III.	GUARANTEES TAKEN	40	462.537	170.478	633.015	467.448	191.756	659.204
IV.	GUARANTEES GIVEN	28	1.966	-	1.966	1.438	0	1.438
V.	COMMITMENTS		-	-	-	-	-	-
5.1	Irrevocable Commitments		-	-	-	-	-	-
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		-	42.990	42.990	-	49.287	49.287
6.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading	28	-	42.990	42.990	-	49.287	49.287
6.2.1	Forward Foreign Currency Buy/Sell Transactions	28	-	42.990	42.990	-	49.287	49.287
6.2.2	Currency and Interest Rate Swaps		-	-	-	-	-	-
6.2.3	Currency, Interest Rate and Security Options		-	-	-	-	-	-
6.2.4	Currency, Interest Rate Futures		-	-	-	-	-	-
6.2.5	Other		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		52.003	5.651	57.654	47.831	7.812	55.643
	TOTAL		609.140	219.335	828.475	584.857	253.872	838.729

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

		THOUSAND TURKISH LIRA				
INCOME STATEMENT		Footnote	Reviewed Current Period 1 January-30 June 2009	Reviewed Prior Period 1 January-30 June 2008	Unaudited Current Period 1 April-30 June 2008	Unaudited Prior Period 1 April-30 June 2008
I.	OPERATING INCOME	31	58.083	58.104	27.354	29.000
	FACTORING INCOME		6.520	7.451	3.208	4.033
1.1	A) Factoring Interest Income		6.083	6.791	2.986	3.592
1.1.1	a) Discount		2.896	5.080	1.347	2.805
1.1.2	b) Other		3.187	1.711	1.639	787
1.2	B) Factoring Commission Income		437	660	222	441
1.2.1	a) Discount		188	372	96	274
1.2.2	b) Other		249	288	126	167
	INCOMES FROM FINANCIAL LOANS		-	-	-	-
1.1	A) Interest Income From Financial Loans		-	-	-	-
1.2	B) Commission Income From Financial Loans		-	-	-	-
	LEASE INCOME		51.563	50.653	24.146	24.967
1.1	A) Finance Lease Income		51.563	50.653	24.146	24.967
1.2	B) Operational Lease Income		-	-	-	-
1.3	C) Commission Income From Lease Operations		-	-	-	-
II.	OPERATING EXPENSE (-)	32	(8.027)	(7.215)	(4.279)	(3.305)
2.1	A) Personal Expenses		(5.111)	(4.790)	(2.677)	(2.144)
2.2	B) Retirement Pay Provision Expense		(77)	(83)	(32)	(11)
2.3	C) Research and Development Expense		-	-	-	-
2.4	D) General Administration Expense		(2.839)	(2.342)	(1.570)	(1.150)
2.5	E) Other		-	-	-	-
III.	OTHER OPERATING INCOME	33	203.453	239.825	101.358	107.617
3.1	A) Interest Income from Deposits		7.859	6.934	5.027	4.020
3.2	B) Interest Income from Reverse Repurchase Agreements		-	-	-	-
3.3	C) Interest Income from Marketable Securities		3	4	1	2
3.3.1	a) Interest Income from Financial Assets Held for Trading		3	4	1	2
3.3.2	b) Interest Income from Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
3.3.3	c) Interest Income from Financial Assets Available For Sale		-	-	-	-
3.3.4	d) Interest Income from Financial Assets Held to Maturity		-	-	-	-
3.4	D) Dividend Income		666	481	666	466
3.5	E) Interest Received from Money Market Placements		2.200	3.109	1.825	3.024
3.5.1	a) Derivative Financial Operations		2.200	3.109	1.825	3.024
3.5.2	b) Other		-	-	-	-
3.6	F) Foreign Exchange Gains		187.842	196.420	90.817	78.245
3.7	G) Other		4.883	32.877	3.022	21.860
IV.	FINANCIAL EXPENSE (-)	34	(24.888)	(30.687)	(11.344)	(14.754)
4.1	A) Interest on Borrowings		(24.649)	(30.093)	(11.236)	(14.472)
4.2	B) Interest on Factoring Payables		-	-	-	-
4.3	C) Finance Lease Expenses		-	-	-	-
4.4	D) Interest on Securities Issued		-	-	-	-
4.5	E) Other Interest Expenses		-	-	-	-
4.6	F) Other Fees and Commissions		(239)	(594)	(108)	(282)
V.	SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)	35	(5.100)	(6.128)	(2.765)	(4.236)
VI.	OTHER OPERATING EXPENSE (-)	36	(190.753)	(199.017)	(94.004)	(82.359)
6.1	A) Expense from Decrease in Value of Marketable Securities (-)		-	-	-	-
6.1.1	a) Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
6.1.2	b) Financial Assets Available For Sale		-	-	-	-
6.1.3	c) Financial Assets Held to Maturity		-	-	-	-
6.2	B) Expense from Decrease in Value of Tangible and Intangible Assets		(1.161)	-	-	-
6.2.1	a) Expense from Decrease in Value of Tangible Assets		-	-	-	-
6.2.2	b) Expense from Decrease in Value of Assets Held for Sale and Discontinued Operations		(1.161)	-	-	-
6.2.3	c) Expense from Decrease in Value of Goodwill		-	-	-	-
6.2.4	d) Expense from Decrease in Value of Intangible Assets		-	-	-	-
6.2.5	e) Expense from Decrease in Value of Subsidiaries, Participations and Joint Ventures		-	-	-	-
6.3	C) Losses from Derivative Financial Operations		(133)	(305)	237	(171)
6.4	D) Foreign Exchange Losses		(188.878)	(197.592)	(93.993)	(81.440)
6.5	E) Other		(581)	(1.120)	(248)	(748)
VII.	NET OPERATING INCOME		32.768	54.882	16.320	31.963
VIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
IX.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
X.	POFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX		32.768	54.882	16.320	31.963
XI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	37	7.559	346	4.131	142
11.1	A) Current Tax Provision		7.454	429	3.901	227
11.2	B) Loss Effect of Deferred Tax (+)		105	-	230	-
11.3	C) Gain Effect of Deferred Tax (-)		-	(83)	-	(85)
XII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS		25.209	54.536	12.189	31.821
XIII.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
13.1	A) Income on Assets Held for Sale		-	-	-	-
13.2	B) Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
13.3	C) Other Income on Discontinued Operations		-	-	-	-
XIV.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-	-	-
14.1	A) Expense on Assets Held for Sale		-	-	-	-
14.2	B) Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
14.3	C) Other Income on Discontinued Operations		-	-	-	-
XV.	POFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX		-	-	-	-
XVI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
16.1	A) Current Tax Provision		-	-	-	-
16.2	B) Loss Effect of Deferred Tax (+)		-	-	-	-
16.3	C) Gain Effect of Deferred Tax (-)		-	-	-	-
XVII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS		-	-	-	-
XVIII.	MINORITY SHARE (INCOME) / EXPENSE		(592)	(3.900)	(389)	(3.729)
XIX.	NET PERIOD PROFIT/LOSS		24.617	50.636	11.800	28.092
	Earnings Per Share		0,10	0,20	0,05	0,11

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED SHAREHOLDER'S EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira ("TRY") unless otherwise indicated.)

THOUSAND TURKISH LIRA																	
CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Capital reserves from inflation adjustments to paid-in capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserve	Revaluation Reserve on Tangible and Intangible Assets	Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities	Hedging Funds	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Minority Interest	Total Shareholders' Equity
Prior Period (01.01 – 30.06.2008)																	
I. Balances at beginning of the period(31.12.2007)	139.500	12.581	-	-	3.360	-	296	-	46.716	1.582	8.547	-	-	-	-	2.857	215.439
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at the beginning of the period (I+II)	139.500	12.581	-	-	3.360	-	296	-	46.716	1.582	8.547	-	-	-	-	2.857	215.439
Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on marketable securities	-	-	-	-	-	-	-	-	-	-	(6.447)	-	-	-	-	(810)	(7.257)
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Revaluation surplus on marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Capital increase	45.500	-	-	-	-	-	(31.209)	-	-	(14.291)	-	-	-	-	-	-	-
XIV. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.900	3.900
XVIII. Current period net profit/loss	-	-	-	-	-	-	-	-	50.636	-	-	-	-	-	-	-	50.636
XIX. Profit distribution	-	-	-	-	1.273	-	31.163	-	(46.716)	14.280	-	-	-	-	-	-	-
19.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.2 Transfers to reserves	-	-	-	-	1.273	-	31.163	-	(46.716)	14.280	-	-	-	-	-	-	-
19.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (30.06.2008)	185.000	12.581	-	-	4.633	-	250	-	50.636	1.571	2.100	-	-	-	-	5.947	262.718
Current Period (01.01. – 30.06.2009)																	
I. Balances at the beginning of the prior period (31.12.2008)	185.000	12.581	-	-	4.633	-	250	-	76.309	1.571	(1.338)	-	-	-	-	6.096	285.102
Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Revaluation surplus on marketable securities	-	-	-	-	-	-	-	-	-	-	3.957	-	-	-	-	504	4.461
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	65.000	(12.581)	-	-	-	-	(30.423)	(21.996)	-	-	-	-	-	-	-	-	-
XII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	592	592
XVI. Current period net profit/loss	-	-	-	-	-	-	-	-	24.617	-	-	-	-	-	-	-	24.617
XVII. Profit distribution	-	-	-	-	3.518	-	41.030	21.996	(76.309)	9.765	-	-	-	-	-	-	-
17.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.2 Transfers to reserves	-	-	-	-	3.516	-	41.030	21.996	(76.309)	9.967	-	-	-	-	-	-	-
17.3 Other	-	-	-	-	202	-	-	-	-	(202)	-	-	-	-	-	-	-
Balances at the end of the period (30.06.2009)	250.000	-	-	-	8.151	-	10.857	-	24.617	11.336	2.619	-	-	-	-	7.192	314.772

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

	THOUSAND TURKISH LIRA	
	Reviewed Current Period	Reviewed Prior Period
	30 June 2009	30 June 2008
A. CASH FLOWS FROM OPERATING ACTIVITIES		
1.1 Operating profit before changes in operating assets and liabilities	26.103	70.084
1.1.1 Interest/leasing income received	62.073	63.350
1.1.2 Leasing expenses	-	-
1.1.3 Dividend received	666	476
1.1.4 Fees and commissions received	-	-
1.1.5 Other income	8.327	12.174
1.1.6 Collections from previously written off receivables	573	13.420
1.1.7 Payments to personnel and service suppliers	(4.746)	(4.790)
1.1.8 Taxes paid	(3.876)	(116)
1.1.9 Others	(36.914)	(14.430)
1.2 Changes in operating assets and liabilities	153.152	(39.454)
1.2.1 Net (increase) decrease in factoring receivables	(26.487)	(34.883)
1.2.1 Net (increase) decrease in loans	-	-
1.2.1 Net (increase) decrease in leasing receivables	85.431	(6.508)
1.2.2 Net (increase) decrease in other assets	9.346	(7.014)
1.2.3 Net increase (decrease) in factoring payables	-	-
1.2.3 Net increase (decrease) in factoring receivables	-	(17)
1.2.4 Net increase (decrease) in funds borrowed	66.252	18.559
1.2.5 Net increase (decrease) in due payables	-	-
1.2.6 Net increase (decrease) in other liabilities	18.610	(9.591)
I. Net cash provided from operating activities	179.255	30.630
B. CASH FLOWS FROM INVESTING ACTIVITIES		
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(89)	(132)
2.4 Fixed assets sales	46	24
2.5 Cash paid for purchase of financial assets available for sale	-	-
2.6 Cash obtained from sale of financial assets available for sale	-	-
2.7 Cash paid for purchase of financial assets held to maturity	-	-
2.8 Cash obtained from sale of financial assets held to maturity	-	-
2.9 Other	-	-
II. Net cash provided from investing activities	(43)	(108)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	-
III. Net cash provided from financing activities	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	219	1.977
V. Net increase in cash and cash equivalents	179.431	32.499
VI. Cash and cash equivalents at the beginning of the year	165.084	163.434
VII. Cash and cash equivalents at the end of the year	344.515	195.933

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

	THOUSAND TURKISH LIRA	
	Reviewed Current Period	Reviewed Prior Period
	30 June 2009	30 June 2008
STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY		
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS		
1.1 Net change in fair value of available for sale investments	3.957	(6.447)
1.2 Net change in fair value of available for sale investments (Transfer to Profit/Loss)	-	-
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES	-	-
5.1 Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
5.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS	-	-
6.1 Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
6.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS	-	-
IX. DEFERRED TAX OF VALUATION DIFFERENCES	-	-
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	3.957	(6.447)
XI. PROFIT/LOSS	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	3.957	(6.447)

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. (“the Company”) was incorporated on 9 March 1988 to operate in Turkey under the provisions of the Turkish Financial Leasing Act No: 3226. The core business of the Company is leasing operations, both domestic and abroad, and it started its leasing operations at the end of July in 1988. The head office of the Company is located at İş Kuleler Kule:2 Floor:10 34330 Levent-İstanbul/Turkey.

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to TRY 12.517 Thousand in consideration of US \$ 10.952.375 as of 11 August 2004. The Company owns 78,23% of this subsidiary and it has been consolidated in the accompanying financial statements.

The ultimate parent of the Company is Türkiye İş Bankası A.Ş. (İş Bankası). The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. with 28,56% participation. The Company’s 42,3% of shares are also publicly traded and listed on the Istanbul Stock Exchange.

As of 30 June 2009, the Company employs 94 persons. (31 December 2008: 98)

Dividend Payable

As of 30 June 2009, the Company does not have dividend payable.

Approval of the Financial Statements

The financial statements have been approved by the Board of Directors and authorized for issue as of 14 August 2009. The General Assembly has the discretion of making changes in the financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Accounting Standards Applied

The Group has accounted its 2009 operations in accordance with the Turkish Accounting Standards based on the Communiqué on “The Application of Uniform Charts of Accounts and its Guide Book In Connection to the Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies” and “The Format of the Financial Statements for Public Presentation” published in the Official Gazette No: 26525 on 17 May 2007. Besides, based on the decision no: 1/33 and dated 9 January 2009 of the Capital Market Board (“CMB”), it has been pronounced that leasing, factoring and financing companies which are publicly traded are required to prepare and announce their financial statements in accordance with the formats announced by the Banking Regulation and Supervision Agency (“BRSA”).

In terms of 2009 operations’ accounting, the Group has applied the requirements of the Communiqué on the “The Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies” published in the Official Gazette No: 26315 on 10 October 2006 and the Communiqué on the “Principles and Procedures of Receivable Allowances To Be Provided By Finance Leasing, Factoring and Financing Companies” published in the Official Gazette No: 26588 on 20 July 2007.

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.1 Basis of the Presentation (cont’d)

Currency Used

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

The CMB declared with a decision dated 17 March 2005 that hyperinflationary period is over. Therefore, the CMB announced that; for companies operating in Turkey that are subject to the requirements of the CMB, inflation accounting has been ceased starting from 1 January 2005. Accordingly, the Group has not applied inflation accounting starting from 1 January 2005.

Comparative Information and Adjustments Made in Prior Periods’ Consolidated Financial Statements

The Group’s consolidated financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Group. When the presentation or classification of financial statements is changed, prior period’s financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

Going Concern Assumption

The consolidated financial statements have been prepared based on the assumption that the Group will continue to benefit from its assets and cover its liabilities as part of its operational activities within the following year.

If the going concern assumption was not appropriate for the accompanying consolidated financial statements, it would be necessary to make some adjustments to the carrying value of the Group’s assets, liabilities and the reported net profit / loss.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.1 Basis of the Presentation (cont’d)

Consolidation Principles:

The details of the Group’s subsidiary as of 30 June 2009 are as follows:

<u>Subsidiary</u>	<u>Incorporation and operation location</u>	<u>Ownership rate %</u>	<u>Voting right rate %</u>	<u>Core business</u>
İş Factoring Finansman Hizmetleri A.Ş.	İstanbul	78,23	78,23	Factoring operations

The consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

2.2 Changes in Accounting Policies

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly. There is no major change in the accounting policies of the Group in the current year.

2.3 Change in Accounting Estimates and Errors

The effect of a change in an accounting estimate is recognised prospectively in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. There has not been any significant change in the accounting estimates of the Group in the current period.

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards:

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2009.

IAS 1, “Presentation of financial statements” (Amendment)

The revised standard will prohibit the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. The revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group has applied the changes in IAS 1 and elected to present two statements separately (the income statement and the comprehensive income statement / statement of profit and loss items accounted under equity) based on the BRSA financial statement formats.

IAS 1 (Amendment) requires presentation of the period before the previous year’s balance sheet along with the current year’s and previous year’s balance sheets when entities restates or reclassifies the previous year’s financial statements.

Application of IAS 1 (revised) did not have an effect on the reported results or financial position of the Group.

IFRS 7 Financial Instruments: Disclosures

The amendments published in March 2009 are applicable for the Group beginning from 1 January 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk. The amendment requires additional disclosures for any change in the method for determining fair value and the reasons for the change. Besides, it is required to establish a three-level hierarchy for making fair value measurements. It is also required to give additional disclosures regarding any change in the method for determining fair value and transfers between levels. For the fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, a reconciliation from the beginning balances to the ending balances should be presented. If changing one or more of the inputs based on unobservable data would change fair value significantly, the entity shall state that fact and disclose the effect of those changes through sensitivity analysis.

Additionally, for non-derivative financial liabilities including issued financial guarantee contracts, the maturity analysis is required. It is also required to give separate maturity analysis for derivative financial liabilities.

The Group has applied the relevant amendments in 2009 and given information about the fair value levels in note 40. In the current year, the Group has made transfers among three level input used for fair value measurement. For the fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, a reconciliation from the beginning balances to the ending balances has also been presented. Besides, it is also presented the maturity analysis of the derivative financial liabilities in note 28.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

IFRS 8 “Operating Segments”

IFRS 8 replaces IAS 14 ‘Segment reporting’ and requires segment information to be presented under a ‘management approach’, where segment information is to be shown on the same basis as that used for internal reporting purposes.

The Group has applied IFRS 8 in 2009. Based on the internal reporting, the Group reports to the management as leasing and factoring sectors based on the IFRS figures. This has not resulted in a change in the segment reporting format of the Group comparing to the previous periods.

Although the following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009, they are not relevant to Group’s operations:

- IFRS 1 (Amendment), “First-time Adoption of International Financial Reporting Standards”,
- IFRS 2 (Amendment), “Share-based Payment”,
- IAS 1 Presentation of financial statements and IFRS 32(Amendment), “Financial Instruments: Presentation”, (Amendment on puttable financial instruments and obligations arising on liquidation)
- IAS 39(Amendment), “Financial Instruments: Recognition and Measurement”, (Amendment on classification of financial instruments and embedded derivatives
- IFRIC 15, “Agreements for the Construction of Real Estate”,
- IFRIC 16, “Hedges of a Net Investment in a Foreign Operation”,
- IFRS 23(Amendment), “Borrowing Costs”,
- IFRIC 13, “Customer Loyalty Programme”,
- Improvements on May 2008 (IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 19 “Employee Benefits”, IAS 20 “Government Grants”, IAS 23 “Borrowing Cost”, IAS 27 “Consolidated and Separate Financial Statements”, IAS 28 “Investment in Associates”, IAS 31 “Interest in Joint Ventures”, IAS 29 “Financial Reporting in Hyperinflationary Economies”, IAS 36 “Impairment of Assets”, IAS 39 “Financial Instruments: Recognition and Measurement”, IAS 40 “Investment Property”, IAS 41 “Agriculture”

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (cont’d):

- IFRS 2 “Share Based Payment” (amendment on group cash-settled share-based payment transactions)
- IFRS 3 “Business Combinations”, IAS 27 “Consolidated and Separate Financial Statements”, IAS 28 “Investments in Associates”, IAS 31 “Interest in Joint Ventures” Comprehensive revision on applying the acquisition method
- IAS 39 “Financial Instruments: Recognition and Measurement” Amendments for eligible hedged items
- IFRIC 17, “Distributions of Non-cash Assets to Owners”
- Improvements in April 2009 (IFRS 2 “Share Based Payment”, IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, IFRS 8 “Segment Reporting”, IAS 1 “Presentation of Financial Statements”, IAS 7 “Statement of Cash Flows”, IAS 17 “Leases”, IAS 36 “Property, Plant Equipment”, IAS 38 “Intangible Assets”, IAS 39 “Financial Instruments: Recognition and Measurement”)

IFRIC 18 “Transfers of Assets from Customers” interpretation is applicable for transfers occurred on 1 July 2009 and afterwards.

IFRS 2 “Share-based payment”

The amendment clarifies the definition of having vesting conditions and other than service conditions and performance conditions, other features of a share-based payment are not considered as vesting conditions. At the same time, the standard states that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. It is not expected to have any impact on the Company’s financial statements

IFRS 3, “Business Combinations”

The amendments require cost associated with business combinations to be recognized immediately in profit or loss, and any subsequent change in fair value of contingent liabilities recognized in the business combination to be reflected in the income statement rather than recognizing any adjustments in goodwill.

IAS 39, “Financial Instruments: Recognition and Measurement” Amendments for eligible hedged items

This amendment clarifies that fair value hedge against inflation is applied only in cases where cash outflows of the relevant financial instrument is indexed to inflation based on the contractual terms.

IFRIC 17, “Distribution of Non-cash Assets to Owners”

IFRIC 17 applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (cont’d):

IFRIC 18, “Transfers of Assets from Customers”

The interpretation clarifies accounting of the cases in which an entity receives from a customer an item of property, plant, and equipment or cash that must be used only to acquire or construct such items in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services and also provides guidance on how to account for transfers of cash from customers. It is anticipated that, it will have no material impact on the financial statements of the Group accordingly.

The management of the Group anticipates that the adoption of the Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and valuation principles used to prepare the accompanying financial statements are as follows:

a. Revenue

Leasing Receivables: Initial value of leased assets at the beginning of the leasing period under the Financial Leasing Act are recognized as leasing receivables in the balance sheet. Financial revenues resulting from the difference between the total financial leasing receivables and the fair value of the leased assets are recognized in the related period in which the receivable portion for each accounting period is distributed over the related period using the fixed interest rate through the leasing period.

Revenue consists of factoring interest and commission income on advances given to the customers.

Commission income is the percentage of the value of invoices subject to factoring.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net book value of the related asset.

Dividend income from equity share investments is recognized when the shareholders have the right to receive the payment.

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b. Tangible Assets

Tangible assets are carried at historical cost, less accumulated depreciation and accumulated impairment losses.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

c. Intangible Assets

Intangible Fixed Assets Acquired:

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible fixed assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

d. Impairment of Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont’d)

e. Borrowing Costs

All borrowing costs are recorded in the income statement in the period in which they are incurred.

f. Financial Instruments

Financial assets and financial liabilities are recognized in the Group’s balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Finance lease receivables, Factoring receivables and other receivables

Finance lease receivables, factoring receivables and other receivables are carried at fair value at initial recognition and they are carried at amortized cost subsequent to initial recognition, using the effective interest method. Provision for doubtful finance lease receivables, factoring receivables and other receivables are recognized as an expense and written off against the profit for the year. Provision for receivables under follow-up is allocated assessing the Group’s loan portfolio, quality and risk and considering the economic conditions and other factors including the related legislation against the potential losses that may be resulted from the current finance lease and factoring receivables. In accordance with the Communiqué (No: 26588) on the “Principles and Procedures of Receivable Allowances To Be Provided By Financial Leasing, Factoring and Financing Companies” issued at 20 July 2007, the Group’s special provision rate allocated for the below finance lease receivables considering their guarantees as of 1 January 2008 are as follows: 20%, at a minimum, for finance lease receivables overdue more than 150 days not exceeding 240 days, 50%, at a minimum, for finance lease receivables overdue more than 240 days not exceeding 360 days; and 100%, at a minimum, for finance lease receivables overdue more than 1 year.

While the Group classifies its overdue finance lease receivables not exceeding 360 days as collectible receivables recognized under the Receivables under Follow-Up, its finance lease receivables overdue more than 1 year is recognized as Non-Performing Receivables.

In accordance with the above-mentioned Communiqué, special provision rate allocated for the factoring receivables considering their guarantees are as follows: 20%, at a minimum, for finance lease receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for finance lease receivables overdue more than 180 days not exceeding 360 days; and 100%, at a minimum, for finance lease receivables overdue more than 1 year. The Group allocates 100% provision for all doubtful factoring receivables which do not have worthy collaterals without considering the time intervals above.

When the Group annuls overdue foreign currency leasing contracts, it converts foreign currency receivables into TRY using the exchange rate at the annulment date and does not evaluate such amounts starting from the annulment date. Since invoice issuance for such receivables is ceased, the Group has also ceased its income accrual calculation starting from the annulment date.

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont’d)

f. Financial Instruments (cont’d)

Due to / from related parties

In the accompanying financial statements, shareholders of the Group, related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies. Carrying value of due to and due from related parties at financial statements are estimated to be their fair value.

Other Financial Assets

Financial assets are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value, and are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require the delivery of the investment within the timeframe established by the market concerned. Financial assets are classified into the following specified categories: financial assets as ‘at fair value through profit or loss’, ‘held to maturity investments’, ‘available for sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss:

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated as effective hedging instruments. A gain or loss from valuation of a financial asset or financial liability classified as at fair value through profit or loss shall be recognized in profit or loss. Net gain / loss recognized in profit or loss includes interest and dividend income earned on the financial asset.

Effective interest rate method:

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period.

Held to maturity and available for sale debt instruments and profit from financial assets classified as loans and receivables are recognized in income by using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f. Financial Instruments (cont'd)

Other Financial Assets (cont'd)

Held-to-maturity investments:

Policies and bonds with fixed or determinable payments and fixed maturity where the Group both has the intention of and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are recognized at amortized cost using the effective interest method, less any impairment in value.

Available for sale financial assets:

Available for sale investments consist of (a) other than held-to-maturity debt securities (b) held for trading securities and (c) loans and receivables. Available for sale investments are measured at subsequent reporting dates at fair value as long as fair value can be reliably measured, and whose fair value cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Dividends on available for sale equity instruments are recognized in profit and loss when the Group has the right to receive any payment.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the prevailing exchange rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For loans and receivables, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f. Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Increase in fair value of available for sale financial assets subsequent to impairment is recognized in directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of the assets approximates their fair value.

Financial liabilities

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

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other financial liabilities (cont'd)

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method is calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedge accounting

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and interest rate derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates. The Group does not use hedge accounting therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

g. Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquiree, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, excess amount is recognized immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

h. Effects of Changes in Exchange Rates

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont’d)

h. Effects of Changes in Exchange Rates (cont’d)

The foreign currency exchange rates used by the Group as of 30 June 2009 and 31 December 2008 are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
USD	1.5301	1.5123
EUR	2.1469	2.1408

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gain and losses arising from monetary items translation, collection or disbursements are recognized in profit or loss.

i. Earnings per Share

Earnings per share presented in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing “Bonus Shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

j. Subsequent Events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

The Group restates its financial statements if such subsequent events arise.

k. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Provisions, Contingent Liabilities and Contingent Assets (cont'd):

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

1. Finance Lease

- The Group as Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

- The Group as Lessee

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

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Group does not have any operating leases as of the balance sheet date.

m. Segmental Information

The Group has applied IFRS 8 in 2009. Based on the internal reporting, the Group reports to the management as leasing and factoring sectors based on the IFRS figures. This has not resulted in a change in the segment reporting format of the Group comparing to the previous periods.

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Taxation on Income

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

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

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

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (cont’d)

n. Taxation on Income (cont’d)

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

o. Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

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

p. Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from leasing and factoring operations of the Group.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

r. Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

s. Critical Accounting Judgments, Estimates and Assumptions

There is no significant estimate or assumption used by the Group management during application of accounting policies.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

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4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets held for trading:

	30 June 2009		31 December 2008	
	TRY	FC	TRY	FC
Forward fair value differences	-	-	-	1.814
Mutual funds	309	-	90	-
	309	-	90	1.814

The Group has Türkiye İş Bankası A.Ş.’s mutual funds amounting to TRY 309 thousand. (31 December 2008: TRY 90 thousand).

5. BANKS

	30 June 2009		31 December 2008	
	TRY	FC	TRY	FC
Demand deposits	1.991	3.878	1.609	2.614
Time deposits	243.366	95.280	40.973	119.888
Interest accrual	1.537	50	201	126
	246.894	99.208	42.783	122.628

The details of time deposits as of 30 June 2009 are as follows:

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 June 2009</u>
TRY	%12,50-%13,25	01.07.2009-30.07.2009	244.903
USD	%0,75-%4,15	01.07.2009-08.07.2009	75.976
EUR	%0,75-%3,25	01.07.2009	19.354
			340.233

As of 30 June 2009, TRY 84.045 thousand of total foreign currency deposits (31 December 2008: TRY 121.085 thousand) and TRY 215.438 thousand of total deposits (31 December 2008: TRY 38.648 thousand) consist of accounts at its main shareholders, Türkiye İş Bankası A.Ş..

The details of time deposits as of 31 December 2008 are as follows:

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2008</u>
TRY	%16,00-%22,00	02.01.2009-30.01.2009	41.174
USD	%2,50-%4,00	02.01.2009-15.01.2009	42.806
EUR	%1,75-%6,00	02.01.2009-22.01.2009	77.208
			161.188

Reconciliation of carrying value of liquid assets in the accompanying financial statements and the cash flow statement is as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Demand deposit	5.869	4.223
Time deposit (1-3 month)(without accrual)	338.646	160.861
Cash and cash equivalents	344.515	165.084

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6. FINANCIAL ASSETS AVAILABLE FOR SALE

Name of the investment	Core business	Incorporation and operation location	Voting Right (%)	Ownership percentage (%)		Fair Value	
				30 June 2009	31 December 2008	30 June 2009	31 December 2008
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	9.119	4.822
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	482	318
Non-quoted Investments:							
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	2	2
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	25	25
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. – (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	328	328
TOTAL						9.956	5.495

7. FACTORING RECEIVABLES

	<u>30 June 2009</u>	<u>31 December 2008</u>
<u>Short-term factoring receivables (*)</u>		
Domestic factoring receivables (net)	92.824	66.448
Export and import factoring receivables (net)	216	815
Factoring interest income accrual	424	681
Unearned interest income	(909)	(846)
Factoring receivables under follow-up (**)	3.349	3.056
Gross factoring receivables	<u>95.904</u>	<u>70.154</u>
Provision for doubtful factoring receivables(**)	<u>(3.054)</u>	<u>(3.056)</u>
	<u>92.850</u>	<u>67.098</u>

(*) Consists of factoring receivables of the subsidiary, İş Factoring Finansman Hizmetleri A.Ş., which is owned by the Group with the ownership percentage of 78,23 %.

(**) The item is classified under the non-performing loans in the balance sheet.

EUR 100.825 and TRY 58.742 thousand of factoring receivables have variable interest rates (31 December 2008: EUR 389.581 and TRY 17.512 thousand) while TRY 33.892 thousand of factoring receivables have a fixed interest rate (31 December 2008: TRY 48.752 thousand).

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7. FACTORING RECEIVABLES (cont’d)

Types of factoring transactions are as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Domestic irrevocables	8.304	17.301
Foreign irrevocables	-	-
Domestic revocables	84.330	48.963
Foreign revocables	216	834
	<u>92.850</u>	<u>67.098</u>

Except for its 100% provision allocated doubtful receivables, the Group has no overdue factoring receivables as of the balance sheet date. The carrying value of the Group’s restructured factoring receivables amounts to TRY 890 thousand (31 December 2008: TRY 231 thousand). If such receivables were not restructured, they would be classified as overdue or doubtful receivables. The Group has contractual guarantees for such receivables.

The Group’s guarantees for factoring receivables are as follows; (if the amount of guarantees exceeds the amount of receivables during the calculation of guarantees, only the corresponding portion of the receivable is included in the below table).

<u>Guarantee type</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Mortgage	1.515	1.515
	<u>1.515</u>	<u>1.515</u>

The aging of the factoring receivables under follow-up is as follows:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Up to 90 days	-	566
Between 90 – 180 days	382	726
Between 180 – 360 days	1.202	-
Over 360 days	1.765	1.764
	<u>3.349</u>	<u>3.056</u>

The Group has contractual guarantees for the above non-performing factoring receivables.

The movement of provision for non-performing factoring receivables is as follows:

	<u>1 January- 30 June 2009</u>	<u>1 January- 30 June 2008</u>
Provision at the beginning of the period	(3.056)	(2.128)
Additions	(171)	(878)
Collections	173	165
Provision at the end of the period	<u>(3.054)</u>	<u>(2.841)</u>

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8. LEASE RECEIVABLES

<u>30 June 2009</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	32.550	-	32.550
Finance lease receivables under follow-up (*)	86.071	22.660	108.731
Uninvoiced finance lease receivables	363.640	555.968	919.608
Less: Unearned interest income	(78.470)	(89.987)	(168.457)
Ongoing leasing contracts (**)	-	4.296	4.296
Advances given for leasing contracts	-	14.416	14.416
Less: Specific provisions (*)	(21.359)	(5.624)	(26.983)
Net finance lease receivables	<u>382.432</u>	<u>501.729</u>	<u>884.161</u>
<u>31 December 2008</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	28.262	-	28.262
Finance lease receivables under follow-up (*)	63.929	7.877	71.806
Uninvoiced finance lease receivables	431.502	604.904	1.036.406
Less: Unearned interest income	(86.041)	(90.924)	(176.965)
Ongoing leasing contracts (**)	-	2.794	2.794
Advances given for leasing contracts	-	28.711	28.711
Less: Specific Provisions (*)	(24.648)	(3.037)	(27.685)
Net finance lease receivables	<u>413.004</u>	<u>550.325</u>	<u>963.329</u>

(*) Such amounts are classified under the non-performing receivables in the balance sheet.

(**) The Company purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contract terms. The balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet, as of 30 June 2009 and 31 December 2008.

The allocation of finance lease receivables according to their maturities as of 30 June 2009 is as follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*) (**)	280.664	316.899	206.564	114.680	72.649	42.450	1.033.906
Unearned interest	(40.774)	(67.058)	(33.389)	(16.052)	(6.868)	(4.316)	(168.457)
Finance lease receivables (net)	<u>239.890</u>	<u>249.841</u>	<u>173.175</u>	<u>98.628</u>	<u>65.781</u>	<u>38.134</u>	<u>865.449</u>

(*) Ongoing investments and amounts in advances given are not included in the maturity allocation as they have not been scheduled for the payment plan yet.

(**) Corresponding to the last six months of year 2009.

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8. LEASE RECEIVABLES (cont'd)

The allocation of finance lease receivables according to their maturities as of 31 December 2008 is as follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	499.045	282.473	175.620	85.322	37.907	28.422	1.108.789
Unearned Interest	<u>(86.041)</u>	<u>(50.054)</u>	<u>(23.783)</u>	<u>(10.078)</u>	<u>(3.930)</u>	<u>(3.079)</u>	<u>(176.965)</u>
Finance lease receivables (net)	<u>413.004</u>	<u>232.419</u>	<u>151.837</u>	<u>75.244</u>	<u>33.977</u>	<u>25.343</u>	<u>931.824</u>

(*) Ongoing investments and amounts in advances given are not included in the maturity allocation as they have not been scheduled for the payment plan yet.

As of 30 June 2009, the compound interest rate applicable for the finance lease receivables is; 27,17 % for TRY, 9,1 % for USD, and 9,97 % for EUR. (31 December 2008: for TRY 26,80 %, for USD 9,19 % and for EUR 9,46 %).

As of 30 June 2009, the distribution of finance lease receivables in terms of foreign currency types is as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principle (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	210.372.893	321.892	35.245.881	53.930
EUR	170.828.050	366.750	32.109.570	68.936
TRY	-	176.807	-	45.591
Total		<u>865.449</u>		<u>168.457</u>

As of 31 December 2008, the distribution of finance lease receivables in terms of foreign currency types is as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principle (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	228.798.624	346.013	38.362.159	58.015
EUR	177.728.200	380.481	28.918.261	61.908
TRY	-	205.330	-	57.042
Total		<u>931.824</u>		<u>176.965</u>

USD 38.863.293 and EUR 18.558.637 of the Group’s finance lease receivables have floating interest rates (31 December 2008: USD 29.501.258, EUR 7.024.434) while USD 171.509.600, EUR 152.269.413, and TRY 176.807 thousand of its finance lease receivables have fixed interest rates. (31 December 2008: USD 199.297.366, EUR 170.703.766, and TRY 205.330 thousand)

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8. LEASE RECEIVABLES (cont'd)

The Group’s guarantees for all finance lease receivables, except for finance lease receivables under follow-up are as follows; (if the amount of guarantees exceeds the amount of receivables during the calculation of guarantees, only the corresponding portion of the receivable is included in the below table).

<u>Guarantee types</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Mortgages	118.701	152.995
Ship mortgage	3.328	1.739
Guarantors	568	960
Cash blockages	4.624	4.443
Letter of guarantees	4.396	5.888
	<u>131.617</u>	<u>166.025</u>

As of the balance sheet date, including uninvoiced portions classified under the finance lease receivables overdue less than 150 days, the Group has allocated TRY 18.339 (31 December 2008: TRY 17.008 thousand) thousand of provision for TRY 381 thousand (31 December 2008: TRY 3.952 thousand) of invoiced receivables. Such provision is classified as “Other Provisions” in liability column of the balance sheet. The aging analysis of such receivables is presented below:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Up to 30 days	11.189	7.857
Between 30 – 60 days	2.716	5.231
Between 60 – 90 days	1.774	2.125
Between 90 – 150 days	2.660	1.795
Overdue total	<u>18.339</u>	<u>17.008</u>
Undue amount	<u>159.817</u>	<u>119.589</u>
	<u>178.156</u>	<u>136.597</u>

The Group’s guarantees for overdue lease receivables are as follows:

<u>Guarantee type</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Mortgage	44.803	45.775
Guarantors	184	33
Cash blockages	7	42
Letter of guarantees	1.087	812
	<u>46.081</u>	<u>46.662</u>

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that loan was initially granted to the reporting date until the balance sheet date. The concentration of credit risk is limited due to working with many customers. In addition to its doubtful receivable provision, the Group management has also allocated an additional provision amount for some of its risky lease receivables in the liability column in the accompanying financial statements .

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8. LEASE RECEIVABLES (cont'd)

As of 1 January, 2008, the Group measures and recognizes losses incurred or to be incurred from its receivables in accordance with the requirements of the Communiqué on the “Principles and Procedures of Receivable Allowances To Be Provided By Financial Leasing, Factoring and Financing Companies” issued by the Banking Regulation and Supervision Agency.

The aging of the finance lease receivables under follow-up as of 30 June 2009 is as follows:

	<u>30 June 2009</u>
Between 150 – 240 days	10.923
Between 240 – 360 days	10.263
Over 360 days	27.561
Uninvoiced doubtful finance lease receivables	67.357
Less: Doubtful finance lease receivables unearned	(7.373)
	<u>108.731</u>

The aging of the finance lease receivables under follow-up as of 31 December 2008 is as follows:

	<u>31 December 2008</u>
Between 150 – 240 days	4.480
Between 240 – 360 days	4.026
Over 360 days	26.876
Uninvoiced doubtful finance lease receivables	40.016
Less: Doubtful finance lease receivables unearned	(3.592)
	<u>71.806</u>

The guarantees regarding finance lease receivables under follow-up as of 30 June 2009 and 31 December 2008 are as follows:

<u>Guarantee type:</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Mortgage	13.373	8.450
Guarantors	284	526
Cash blockages	550	280
Letter of guarantees	168	113
	<u>14.375</u>	<u>9.369</u>

In addition to the above guarantees, TRY 54.320 thousand of equipment subject to lease and TRY 284 thousand of pledged assets are considered in the provision calculation (31 December 2008: TRY 31.969 thousand of equipment subject to lease and TRY 177 thousand of pledged assets).

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8. LEASE RECEIVABLES (cont'd)

The movement of provision for finance lease receivables under follow-up is as follows:

<u>Movement of specific provisions:</u>	<u>1 January- 30 June 2009</u>	<u>1January- 30 June 2008</u>
Provision at the beginning of the period	(27.685)	(33.652)
Additions	(3.836)	(5.250)
Transfer from general provision	(3.101)	-
Write offs	7.234	2.775
Collections	405	13.420
Provision at the end of the period	<u>(26.983)</u>	<u>(22.707)</u>

9. DUE FROM / TO RELATED PARTIES

<u>Finance lease receivables</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş.	34.762	53.102
Gemport Gemlik Liman İşletmeleri A.Ş.	11.514	13.525
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	27.676	3.947
İş Merkezleri Yönetim Ve İşletim A.Ş.	777	-
Avea İletişim Hizmetleri A.Ş.	3.689	3.823
Gemnak Nakliye Taah. ve Tic. Ltd. Şti.	163	398
Diğer	-	22
	<u>78.581</u>	<u>74.817</u>
<u>Factoring receivables</u>		
Kültür Yayınları İş-Türk Ltd. Şti.	666	359
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	10.390	6.500
Nevotek Bilişim Ses Ve İletişim Sist.San.Ve Tic.A.Ş.	216	277
	<u>11.272</u>	<u>7.136</u>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	3.610	4.160
Türkiye İş Bankası A.Ş.	17	20
Other	15	21
	<u>3.642</u>	<u>4.201</u>

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

Borrowings from related parties

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 June 2009</u>
TRY	-	02.07.2009	90
USD	%2,29-%7,00	05.10.2009-18.05.2010	125.254
EUR	%2,36-%3,05	10.08.2009-31.05.2010	105.817
			<u>231.161</u>

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2008</u>
TRY	%17,00	Rotatif	5.933
USD	%3,62-%11,00	29.01.2009-18.05.2010	124.297
EUR	%4,13-%6,15	29.05.2009-31.05.2010	157.749
			<u>287.979</u>

İş Bank GmbH

<u>Currency Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 June 2009</u>
EUR	7,81%	Overdraft	326
			<u>326</u>

<u>Currency Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2008</u>
EUR	6,24%	Overdraft	1.134
			<u>1.134</u>

Türkiye Sınai Kalkınma Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 June 2009</u>
USD	%2,58-%2,99	15.07.2010-15.07.2014	43.065
EUR	%3,81-%4,63	15.10.2009-15.07.2014	27.783
			<u>70.848</u>

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2008</u>
USD	%4,27-%4,67	15.07.2010	32.809
EUR	%4,40-%6,75	15.04.2010-15.07.2010	23.468
			<u>56.277</u>

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

Deposits from related parties

	<u>30 June 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş. Demand Deposit	4.670	1.546
İş Bank Gmbh Demand Deposit	1	1
Türkiye İş Bankası A.Ş. Time Deposit	294.812	158.187
	<u>299.483</u>	<u>159.734</u>

<u>Finance lease interest income</u>	<u>01.01.2009</u> <u>30.06.2009</u>	<u>01.01.2008</u> <u>30.06.2008</u>	<u>01.04.2009</u> <u>30.06.2009</u>	<u>01.04.2008</u> <u>30.06.2008</u>
Türkiye İş Bankası A.Ş.	3.127	5.172	789	1.688
Beyaz Filo Oto Kiralama A.Ş. (*)	-	1.188	-	494
Gemport Gemlik Liman. İşl. A.Ş.	574	352	252	220
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	358	194	108	113
Avea İletişim Hizmetleri A.Ş.	214	212	67	61
Anadolu Anonim Türk Sigorta Şti. A.Ş.	-	16	-	6
Nemtrans Lojistik Hiz.ve Petrol Ür.Tic.A.Ş.	15	33	5	14
İş Merkezleri Yönetim ve İşletim A.Ş.	12	-	12	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	61	-	25
Diğer	3	20	1	5
	<u>4.303</u>	<u>7.248</u>	<u>1.234</u>	<u>2.626</u>

(*) Beyaz Filo Kiralama A.Ş. has been disposed of by the Group at previous year.

Interest income

Türkiye İş Bankası A.Ş.	<u>3.782</u>	<u>607</u>	<u>2.408</u>	<u>272</u>
	<u>3.782</u>	<u>607</u>	<u>2.408</u>	<u>272</u>

Dividend income

Yatırım Finansman Menkul Değerler A.Ş.	-	5	-	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	30	10	30	-
İş Yatırım Menkul Değerler A.Ş.	630	462	630	462
İş Net Elekt.BilgiÜr.Dağ.Tic.ve İlt. Hiz. A.Ş.	6	4	6	4
	<u>666</u>	<u>481</u>	<u>666</u>	<u>466</u>

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

	01.01.2009 30.06.2009	01.01.2008 30.06.2008	01.04.2009 30.06.2009	01.04.2008 30.06.2008
<u>Finance expense</u>				
Türkiye İş Bankası A.Ş.	6.277	7.836	2.461	3.537
İşbank Gmbh	18	-	3	-
Türkiye Sınai Kalkınma Bankası A.Ş.	1.031	599	490	357
	<u>7.326</u>	<u>8.435</u>	<u>2.954</u>	<u>3.894</u>
<u>Rent expense</u>				
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	<u>530</u>	<u>392</u>	<u>264</u>	<u>206</u>
<u>Commission income</u>				
Anadolu Anonim Türk Sigorta Şirketi	<u>1.091</u>	<u>998</u>	<u>530</u>	<u>531</u>
<u>Factoring commission income</u>				
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	1	-	-
Şişe Cam Dış Tic.AŞ.	57	81	27	50
Kültür Yayınları İş-Türk Ltd.Şti.	6	3	3	3
	<u>63</u>	<u>85</u>	<u>30</u>	<u>53</u>
<u>Factoring interest income</u>				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	439	83	62	42
İş Koray Tur.Orm.Mad.İnş.Taah.ve Tic.A.Ş	-	37	-	37
Kültür Yayınları İş-Türk Ltd. Şti.	52	14	23	14
Nevotek Bil.Ses.ve İlet. Sist. San.ve Tic. A.Ş	39	35	17	16
	<u>530</u>	<u>169</u>	<u>102</u>	<u>109</u>
<u>Mutual fund income</u>				
Türkiye İş Bankası A.Ş.	<u>391</u>	<u>4</u>	<u>389</u>	<u>2</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

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

Compensation to key management personnel (*)

	01.01.2009 30.06.2009	01.01.2008 30.06.2008	01.04.2009 30.06.2009	01.04.2008 30.06.2008
Salaries and other short-term benefits (**)	1.356	1.224	523	487
Post-retirement benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Dismissal compensations	-	-	-	-
Share-based payments	-	-	-	-
	<u>1.356</u>	<u>1.224</u>	<u>523</u>	<u>487</u>

(*) Key management consists of general manager, assistant general managers and board of directors.

(**) Consists of monetary benefits such as; salaries, bonuses and premiums along with vehicle rentals, vehicle depreciations and other associated expenses.

10. TANGIBLE ASSETS

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Acquisition cost</u>					
Opening balance 1 January 2009	298	3.573	1.830	2.900	8.601
Additions	-	3	-	86	89
Disposals	(269)	-	-	-	(269)
Closing balance 30 June 2009	<u>29</u>	<u>3.576</u>	<u>1.830</u>	<u>2.986</u>	<u>8.421</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2009	(243)	(3.072)	(1.799)	(2.612)	(7.726)
Charge for period	(3)	(67)	(28)	(55)	(153)
Disposals	223	-	-	-	223
Closing balance 30 June 2009	<u>(23)</u>	<u>(3.139)</u>	<u>(1.827)</u>	<u>(2.667)</u>	<u>(7.656)</u>
Net book value as of 30 June 2009	<u>6</u>	<u>437</u>	<u>3</u>	<u>319</u>	<u>765</u>

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

10. TANGIBLE ASSETS (cont'd)

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Acquisition cost</u>					
Opening balance 1 January 2008	466	3.389	1.827	2.852	8.534
Additions	-	94	-	38	132
Disposals	(138)	-	-	-	(138)
Closing balance 30 June 2008	<u>328</u>	<u>3.483</u>	<u>1.827</u>	<u>2.890</u>	<u>8.528</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2008	(319)	(2.935)	(1.722)	(2.514)	(7.490)
Charge for period	(33)	(70)	(37)	(48)	(188)
Disposals	114	-	-	-	114
Closing balance 30 June 2008	<u>(238)</u>	<u>(3.005)</u>	<u>(1.759)</u>	<u>(2.562)</u>	<u>(7.564)</u>
Net book value as of 30 June 2008	<u>90</u>	<u>478</u>	<u>68</u>	<u>328</u>	<u>964</u>

Expected useful lives used by the Group are summarized as below:

Vehicles	5 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years

11. INTANGIBLE ASSETS

	<u>30 June 2009</u>	<u>30 June 2008</u>
<u>Acquisition Cost (Rights)</u>		
Opening balance 1 January	272	207
Additions	-	-
Closing balance at the end of the period	<u>272</u>	<u>207</u>
<u>Amortization</u>		
Opening balance 1 January	(175)	(162)
Charge for the period	(12)	(5)
Closing balance at the end of the period	<u>(187)</u>	<u>(167)</u>
Net book value	<u>85</u>	<u>40</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

12. GOODWILL

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to TRY 12.517 thousand in consideration of USD 10.952.375 as of 11 August 2004. The shareholding rate on this subsidiary is 78,23%. Positive goodwill has been occurred amounting to TRY 169 thousand on purchased equity of TRY 16.603 thousand. Net amount of goodwill as of 30 June 2009 is TRY 166 thousand. (31 December 2008: TRY 166 Thousand) Under IFRS 3 “Business Combinations” which is effective from 1 January 2005, no amortization is applied to goodwill arising from the acquisitions subsequent to 31 December 2004 for the annual periods beginning on or after 31 March 2004. Impairment loss analysis is applied for the goodwill recognized as of each balance sheet date.

13. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its financial statements as reported for IFRS purposes and financials prepared according to the Turkish tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation and represented below.

	<u>30 June 2009</u>	<u>31 December 2008</u>
Temporary differences subject to deferred tax:		
Finance lease adjustment	508	1.353
Tax base difference in tangible and intangible assets	(126)	(125)
Retirement pay provision	686	613
Unused vacation provision	231	132
Finance lease income accruals	(15.629)	(12.311)
Allowance for doubtful finance lease receivables	18.499	17.896
Financial instrument valuation differences	52	(1.814)
Unrealized finance expenses	(449)	(461)
Assets held for sale	1.161	-
Provision for bonus	376	533
Other	(15)	-
	<u>5.294</u>	<u>5.816</u>
	<u>30 June 2009</u>	<u>31 December 2008</u>
<u>Deferred Tax Assets / (Liabilities)</u>		
Finance lease adjustment	102	271
Tax base difference in tangible and intangible assets	(25)	(25)
Retirement pay provision	137	123
Unused vacation provision	46	26
Finance lease income accruals	(3.126)	(2.462)
Allowance for doubtful finance lease receivables	3.700	3.579
Financial Instrument Valuation Differences	10	(363)
Unrealized finance expenses	(90)	(92)
Assets held for sale	232	-
Provision for bonus	75	106
Other	(3)	-
Deferred tax asset	<u>1.058</u>	<u>1.163</u>

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

13. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets/(liabilities) movement is as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
Opening balance 1 January	1.163	20
Deferred tax benefit / (expense)	(105)	83
Closing balance	<u>1.058</u>	<u>103</u>

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
Assets held for sale (*)	2.692	-	2.871	-
Impairment of assets held for sale	(1.161)	-	-	-
	<u>1.531</u>	-	<u>2.871</u>	-

(*) Consists of immovables included in the Group's assets as a result of the legal proceeding in relation to its receivables under follow-up.

15. OTHER ASSETS

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
VAT deductible and other VAT	14.724	-	21.883	-
Insurance premium receivables	1.450	2.160	2.108	2.019
Other	1.048	10	1.105	-
	<u>17.222</u>	<u>2.170</u>	<u>25.096</u>	<u>2.019</u>

16. FUNDS BORROWED

<u>Short-term borrowings</u>	<u>30 Haziran 2009</u>		<u>31 Aralık 2008</u>	
	TP	YP	TP	YP
Short-term borrowings	300.660	563.528	109.874	541.203
Short-term portions of long-term borrowings	-	29.000	-	135.503
Total short-term borrowings	<u>300.660</u>	<u>592.528</u>	<u>109.874</u>	<u>676.706</u>
<u>Long-term borrowings</u>	<u>30 Haziran 2009</u>		<u>31 Aralık 2008</u>	
	TP	YP	TP	YP
Long-term portions of long-term borrowings	-	103.333	-	141.641
Total long-term borrowings	<u>-</u>	<u>103.333</u>	<u>-</u>	<u>141.641</u>
<u>Total borrowings</u>	<u>300.660</u>	<u>695.861</u>	<u>109.874</u>	<u>818.347</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

16. FUNDS BORROWED (cont'd)

<u>Maturity analysis of borrowings</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Within 1 year	893.188	786.580
Within 1-2 years	70.389	141.513
Within 2-3 years	11.097	32
Within 3-4 years	11.097	32
Within 4-5 years	10.750	64
Total	<u>996.521</u>	<u>928.221</u>

The details of short-term borrowings are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 June 2009</u>
TRY(*)	%9,70-%10,69	-	229.954
USD	%2,09-%10,15	181.771.622	278.129
EUR	%2,34-%7,81	162.320.094	348.485
Interest accruals		-	7.620
TOTAL			<u>864.188</u>

(*) Foreign currency indexed loans have been classified as TRY in the accompanying balance sheet.

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2008</u>
TRY(*)	%16,90-%18,25	-	55.103
USD	%3,45-%11,00	130.118.133	196.777
EUR	%3,70-%7,29	180.487.711	386.388
Interest accrual		-	12.809
TOTAL			<u>651.077</u>

The details of short-term portions of long-term borrowings are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 June 2009</u>
USD	%2,38-%2,99	11.909.392	18.223
EUR	%3,81-%4,22	5.020.000	10.777
TOTAL			<u>29.000</u>

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2008</u>
USD	3,62%-5,49%	51.225.251	77.468
EUR	4,40%-6,75%	27.108.889	58.035
TOTAL			<u>135.503</u>

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

16. FUNDS BORROWED (cont’d)

The details of long-term borrowing are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 June 2009</u>
USD	%2,38-%3,39	31.954.508	48.894
EUR	%3,81-%5,48	25.357.090	54.439
TOTAL			<u>103.333</u>

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2008</u>
USD	%3,62-%10,15	60.992.501	92.239
EUR	%4,40-%6,75	23.076.534	49.402
TOTAL			<u>141.641</u>

Credit interest rates are presented as compound.

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	<u>TRY (*)</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
Fixed rate	150.525	132.905	25.365	156.949
Variable rate	79.458	633.633	29.763	716.144
	<u>229.983</u>	<u>766.538</u>	<u>55.128</u>	<u>873.093</u>

Fair values of the Group’s borrowings are presented in Note 40.

As at 30 June 2009, the Group had available TRY 1.165.576 thousand of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. (31 December 2008: TRY 828.396 thousand)

(*) Foreign currency indexed loans have been presented the FC column.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

17. SUNDRY CREDITORS AND OTHER LIABILITIES

Sundry Creditors

	30 June 2009		31 December 2008	
	TRY	FC	TRY	FC
Payables to finance lease suppliers	212	27.992	853	4.104
Other trade payables (*)	1.499	2.310	1.674	2.997
	1.711	30.302	2.527	7.101

(*)The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in installments. Other trade payables consist of the Group’s insurance premium payables and payables to suppliers resulting from daily operations of the Group.

The Group generally purchases in cash from the suppliers. The Group has a financial risk management policy that enables the Group to pay all its payables at their maturities.

Other Liabilities

	30 June 2009		31 December 2008	
	TRY	FC	TRY	FC
Advances Received (**)	1.230	3.687	1.392	4.561
Other	677	620	135	-
	1.907	4.307	1.527	4.561

(**) Advances received consist of rent advances received from lessees in accordance with the leasing agreements for machinery and equipments that are not readily in use of the customers.

18. FINANCE LEASE PAYABLES

None.

19. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING

	30 June 2009		31 December 2008	
	TRY	FC	TRY	FC
Forward fair value differences	-	52	-	-
	-	52	-	-

20. TAXES PAYABLE AND OTHER LIABILITIES

	30 June 2009		31 December 2008	
	TRY	FC	TRY	FC
Taxes payable and liabilities	403	-	442	-
	403	-	442	-

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21. PROVISIONS

Other Provisions:

	<u>30 June 2009</u>	<u>31 December 2008</u>
Corporate tax provision (net)	3.884	306
Legal case provision	41	41
General Provision for Finance Lease Receivables (*)	381	3.952
General Provision for Factoring Receivables (*)	646	300
Other	155	168
	<u>5.107</u>	<u>4.767</u>

	<u>30 June 2009</u>	<u>31 December 2008</u>
Corporate tax provision	7.454	1.053
Prepaid taxes	(3.570)	(747)
Corporate tax provision (net)	<u>3.884</u>	<u>306</u>

30 June 2009

	<u>General Provision for Finance Lease Receivables</u>	<u>General Provision for Factoring Receivables</u>	<u>Legal Case Provision</u>	<u>Corporate Tax Provision</u>	<u>Other</u>
Provision at the beginning of the period	3.952	300	41	306	168
Additions	493	600	-	7.454	-
Transfer to Specific Provision	(3.101)	-	-	-	-
Payments	-	-	-	(3.876)	-
Cancelled amounts	-	-	-	-	(13)
Collections	(963)	(254)	-	-	-
	<u>381</u>	<u>646</u>	<u>41</u>	<u>3.884</u>	<u>155</u>

30 June 2008

	<u>General Provision for Finance Lease Receivables</u>	<u>General Provision for Factoring Receivables</u>	<u>Legal Case Provision</u>	<u>Corporate Tax Provision</u>	<u>Other</u>
Provision at the beginning of the period	-	-	7.945	(86)	93
Additions	-	-	-	429	80
Payments	-	-	-	(116)	-
Cancelled amounts	-	-	(7.904)	-	-
Collections	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>41</u>	<u>227</u>	<u>173</u>

(*) In addition to the provision for doubtful receivables, the Group management allocated an additional provision amount for its risky leasing receivables, but are not overdue more than legally defined terms.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

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22. EMPLOYEE BENEFITS

Retirement Pay Provision

	<u>30 June 2009</u>	<u>31 December 2008</u>
Retirement pay provision	686	613
Unused vacation provision	231	132
Premium provision	376	531
	<u>1.293</u>	<u>1.276</u>

Retirement Pay Provision

	<u>30 June 2009</u>	<u>30 June 2008</u>
1 January	613	545
Increase during the period	77	83
Amounts paid	(4)	(35)
Cancelled provision	-	(36)
Period End	<u>686</u>	<u>557</u>

Retirement Pay Provision:

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such amount at the end of its employee termination contract. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with the requirements of Act No: 2422 dated 6 March 1981, Act No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506, Some transitional provisions related to the pre-retirement service term was excluded from the scope of the Law since the related law was amended as of 23 May 2002.

The amount payable consists of one month’s salary limited to a maximum of TRY 2.260,05 (31 December 2008: TRY 2.173,18) for each period of service at 30 June 2009

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 June 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,4% and a discount rate of 12%, resulting in a real discount rate of approximately 6,26% (31 December 2007: with 5% inflation rate and 11% discount rate approximately 5,71%). The anticipated rate of forfeitures is considered and taken into account as 0% (2007: 0%). As the maximum liability is revised semi annually, the maximum amount of TRY 2.365,16 effective from 1 July 2009 has been taken into consideration in calculation of provision from employment termination benefits.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

22. EMPLOYEE BENEFITS (cont'd)

<u>Unused vacation provision</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
1 January	132	81
Increase during the period	99	73
Period End	<u>231</u>	<u>154</u>
<u>Premium Provision</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
1 January	531	-
Increase during the period	376	-
Amounts paid	(531)	-
Period End	<u>376</u>	<u>-</u>

23. MINORITY INTEREST

The Company owns 78,23% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share calculated from the balance sheet and income statement of the subsidiary amounts to TRY 7.192 thousand (31 December 2008: TRY 6.096 thousand) and TRY (592) thousand of gain, respectively as of 30 June 2009 (30 June 2008: TRY 3.900 thousand gain).

24. PAID-IN CAPITAL AND CAPITAL RESERVES

As of 30 June 2009 and 31 December 2008, share capital held is as follows:

CAPITAL

<u>Shareholders</u>	<u>(%)</u>	<u>30 June 2009</u>	<u>(%)</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş.	27,79	69.485	27,79	51.419
Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB)	28,56	71.400	28,56	52.836
Publicly traded	42,30	105.740	42,30	78.247
Türkiye Şişe ve Cam Fab. A.Ş. (*)	0,45	1.125	0,45	833
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,90	2.250	0,90	1.665
TOTAL	<u>100,00</u>	<u>250.000</u>	<u>100,00</u>	<u>185.000</u>

Shareholders of Group A shares has the privilege of nominating board of directors members and audit committee members. As a result of this privilege, board members and auditors are selected among candidates nominated by Group A shareholders. Allocation of A Group shares among shareholders is as follows;

<u>Shareholder</u>	<u>30 June 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
TSKB	255.000.000	255.000.000
Türkiye Şişe ve Cam Fab. A.Ş.	22.500.000	22.500.000
Nemtaş Nemrut Liman İşletmeleri A.Ş.	22.500.000	22.500.000
Total	<u>600.000.000</u>	<u>600.000.000</u>

Any change in the articles of association of the Group is subject to the consent of Group A shareholders.

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(Amounts are expressed in thousand of Turkish Lira (“TRY”) unless otherwise indicated.)

24. PAID-IN CAPITAL AND CAPITAL RESERVES (cont'd)

CAPITAL RESERVES

	<u>30 June 2009</u>	<u>31 December 2008</u>
Other Capital Reserves:		
- Shareholders' equity inflation restatement differences:	-	12.581
Marketable securities revaluation reserve	2.619	(1.338)
TOTAL	<u>2.619</u>	<u>11.243</u>

Marketable Securities Revaluation Reserve:

Marketable securities revaluation reserve arises as a result of valuing available for sale financial assets at their fair values. In case of disposing a financial asset valued at fair value, a portion of the revaluation fund in connection with the disposed asset is immediately recognized in profit and loss. If the revalued financial asset is permanently impaired, a portion of the revaluation fund in connection with the impaired financial asset is also recognized in profit and loss.

25. PROFIT RESERVES

	<u>30 June 2009</u>	<u>31 December 2008</u>
Legal reserves	8.151	4.633
Extraordinary reserves	10.857	250
TOTAL	<u>19.008</u>	<u>4.883</u>

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

26. PRIOR YEAR PROFIT/LOSS

	<u>30 June 2009</u>	<u>31 December 2008</u>
Prior year profit/(loss)	11.336	1.571

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

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27. FOREIGN CURRENCY POSITION

	USD	EUR	CHF	GBP	JPY	DKK	AUD	TRY
<u>30 June 2009 (*)</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>Equivalent</u>
Banks	51.035	9.817	11	11	26	-	-	99.208
Finance lease receivables	210.373	170.828	-	-	-	-	-	688.642
Factoring receivables	634	101	-	-	-	-	-	1.187
Advances given	228	6.284	-	-	-	-	-	13.841
Ongoing leasing contracts	655	949	-	-	-	-	-	3.040
Other Assets	736	486	-	-	-	-	-	2.170
Funds borrowed	(227.883)	(194.632)	-	-	-	-	-	(766.538)
Sundry creditors and other liabilities	(18.060)	(3.248)	-	-	-	-	-	(34.609)
Other Provisions	(150)	(58)	-	-	-	-	-	(355)
Forward fair value differences	-	(24)	-	-	-	-	-	(52)
Balance sheet position								6.534
Off balance sheet position (Forward&Swap)	(14.065)	10.000	-	-	-	-	-	(52)
Net foreign currency position								6.482

(*) Foreign currency indexed loans amounting to USD 28.615.590 and EUR 12.526.163 (Total: TRY 70.677 thousand) and Foreign currency indexed factoring receivables amounting to 634.404 USD (Total: TRY 971 thousand) are classified as TRY in the balance sheet.

	USD	EUR	CHF	GBP	JPY	DKK	AUD	TRY
<u>31 December 2008</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>Equivalent</u>
Banks	29.414	36.472	11	23	26	-	-	122.628
Finance lease receivables	228.799	177.728	-	-	-	-	-	726.494
Factoring receivables	209	390	-	-	-	-	-	1.150
Advances given	630	11.888	-	53	-	-	-	26.519
Ongoing leasing contracts	867	497	-	-	-	-	-	2.377
Income accrual of forward	2	846	-	-	-	-	-	1.814
Other Assets	688	457	-	-	-	-	-	2.019
Funds borrowed	(246.503)	(233.324)	-	-	-	-	-	(872.287)
Sundry creditors and other liabilities	(2.911)	(3.375)	(17)	-	-	-	-	(11.662)
Other Provisions	(1.074)	(885)	-	-	-	-	-	(3.519)
Balance sheet position								(4.467)
Off balance sheet position (Forward&Swap)	(9.905)	8.000	-	-	-	-	-	2.147
Net foreign currency position								(2.320)

(*) Foreign currency indexed loans amounting to USD 21.437.818 and EUR 10.052.090 (Total: TRY 53.940 Thousand) and Foreign currency indexed factoring receivables amounting to 209.272 USD (Total: TRY 316 Thousand) are classified as TRY in the balance sheet.

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28. COMMITMENTS AND CONTINGENCIES

As of 30 June 2009, TRY 1.966 thousand of letter of guarantees are given to customs, authorities and banks (31 December 2008: TRY 1.438 thousand).

As of 30 June 2009, the total risk of court cases filed and currently pending against the Group amounts to approximately TRY 2.150 Thousand (31 December 2008: TRY 1.126 Thousand). The Group provided a provision amounting to TRY 41 Thousand (31 December 2008: TRY 41 Thousand) in the accompanying financial statements. The Group management does not anticipate any further provision for the remaining litigations.

As of 30 June 2009, the Group has commitments of USD 1.905.330, EUR 2.961.000 letter of credits. (31 December 2008: USD 2.492.910, EUR 5.485.045, CHF 990.000)

Forward Contracts:

	<u>30 June 2009</u>		<u>31 December 2008</u>	
	Currency Amount	TRY	Currency Amount	TRY
Purchases:				
EUR	10.000.000	<u>21.469</u>	10.000.000	<u>21.408</u>
		<u>21.469</u>		<u>21.408</u>
Purchases:				
USD		-	2.849.000	<u>4.309</u>
		-		<u>4.309</u>
Sales:				
EUR		-	2.000.000	<u>4.282</u>
		-		<u>4.282</u>
Sales:				
USD	14.065.120	<u>21.521</u>	12.754.000	<u>19.288</u>
		<u>21.521</u>		<u>19.288</u>
Maturity Analysis:				
Short-term		21.469		25.717
Long-term		-		-
		<u>21.469</u>		<u>25.717</u>
Maturity Analysis:				
Short-term		21.521		23.570
Long-term		-		-
		<u>21.521</u>		<u>23.570</u>

As of 30 June 2009, there is unrealised loss of TRY 52 Thousand arising from valuation of forward transactions at fair value. (31 December 2008: TRY 1.814 Thousand gain).

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29. SEGMENTAL INFORMATION

As of 30 June 2009:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Total assets	1.152.057	220.924	(16.606)	1.356.375
Total liabilities	853.700	187.903	-	1.041.603
Net profit	22.491	2.718	(592)	24.617

As of 31 December 2008:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Total assets	1.176.540	75.590	(16.606)	1.235.524
Total liabilities	902.822	47.600	-	950.422
Net profit	60.219	20.570	(4.480)	76.309

Segmental Income Statement as of 30 June 2009:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	51.563	6.520	-	58.083
Operating Expense (-)	(6.609)	(1.418)	-	(8.027)
Other Operating Income	200.966	2.487	-	203.453
Finance Expense (-)	(21.571)	(3.317)	-	(24.888)
Specific Provision for Receivables under follow-up (-)	(4.329)	(771)	-	(5.100)
Other Operating Expense (-)	(190.674)	(79)	-	(190.753)
Net Operating Income	29.346	3.422	-	32.768
Profit/Loss On Continuing Operations Before Tax	29.346	3.422	-	32.768
Tax Provision for Continuing Operations(±)	(6.855)	(704)	-	(7.559)
Net Period Profit/Loss from Continuing Operations	22.491	2.718	-	25.209
Minority Share	-	-	(592)	(592)
Net Period Profit/Loss	22.491	2.718	(592)	24.617
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	87	2	-	89
Depreciation and Amortization	(146)	(19)	-	(165)

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29. SEGMENTAL INFORMATION (cont'd)

As of 30 June 2008:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	50.653	7.451	-	58.104
Operating Expense (-)	(6.101)	(1.114)	-	(7.215)
Other Operating Income	222.187	17.638	-	239.825
Finance Expense (-)	(25.921)	(4.766)	-	(30.687)
Specific Provision for Non-Performing Receivables (-)	(5.250)	(878)	-	(6.128)
Other Operating Expense (-)	(198.937)	(80)	-	(199.017)
Net Operating Income	36.631	18.251	-	54.882
Profit/Loss On Continuing Operations Before Tax	36.631	18.251	-	54.882
Tax Provision for Continuing Operations(±)	-	(346)	-	(346)
Net Period Profit/Loss from Continuing Operations	36.631	17.905	-	54.536
Minority Share	-	-	(3.900)	(3.900)
Net Period Profit/Loss	36.631	17.905	(3.900)	50.636
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	130	2	-	132
Depreciation and Amortization	(177)	(16)	-	(193)

30. SUBSEQUENT EVENTS

None.

31. OPERATING INCOME

	<u>01.01.2009 - 30.06.2009</u>	<u>01.01.2008 - 30.06.2008</u>	<u>01.04.2009 - 30.06.2009</u>	<u>01.04.2008 - 30.06.2008</u>
Finance lease interest income	51.563	50.653	24.146	24.967
Factoring income	6.520	7.451	3.208	4.033
	<u>58.083</u>	<u>58.104</u>	<u>27.354</u>	<u>29.000</u>

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32. OPERATING EXPENSE

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Personnel expenses	(5.122)	(4.790)	(2.677)	(2.144)
Office rent expenses	(627)	(447)	(361)	(261)
Travel and car expenses	(306)	(289)	(166)	(174)
Information technology expenses	(220)	(231)	(126)	(121)
Consultancy expenses	(185)	(240)	(58)	(110)
Depreciation expense	(165)	(193)	(76)	(97)
Capital Increase expense	(202)	(144)	(202)	(144)
Other general administrative expenses	(1.200)	(881)	(613)	(254)
	<u>(8.027)</u>	<u>(7.215)</u>	<u>(4.279)</u>	<u>(3.305)</u>

33. OTHER OPERATING INCOME

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Dividend income	666	481	666	466
Commission income	1.091	998	530	531
Interest income	7.862	6.938	5.028	4.022
Interest received from derivative financial operations	2.200	3.109	1.825	3.024
Foreign exchange gain	187.842	196.420	90.817	78.245
Legal case collection and provision cancellation income	-	16.321	-	16.321
Collections from doubtful lease receivables	1.795	14.359	1.307	4.685
Other	1.997	1.199	1.185	323
	<u>203.453</u>	<u>239.825</u>	<u>101.358</u>	<u>107.617</u>

34. FINANCE EXPENSE

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Interest expenses	(24.649)	(30.093)	(11.236)	(14.472)
Fees and commissions	(239)	(594)	(108)	(282)
	<u>(24.888)</u>	<u>(30.687)</u>	<u>(11.344)</u>	<u>(14.754)</u>

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35. PROVISION FOR NON-PERFORMING RECEIVABLES

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Specific provisions for non-performing receivables	(4.007)	(6.128)	(2.716)	(4.236)
General provision expenses (*)	(1.093)	-	(49)	-
	<u>(5.100)</u>	<u>(6.128)</u>	<u>(2.765)</u>	<u>(4.236)</u>

(*) In addition to the provision for doubtful receivables, the Group management has allocated an additional provision for its risky leasing receivables, but are not overdue more than legally defined terms.

36. OTHER OPERATING EXPENSE

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
Foreign exchange losses	(188.878)	(197.592)	(93.993)	(81.440)
Losses from derivative financial operations	(133)	(305)	237	(171)
Expenses from decrease in value of assets held for sale	(1.161)	-	-	-
Other	(581)	(1.120)	(248)	(748)
	<u>(190.753)</u>	<u>(199.017)</u>	<u>(94.004)</u>	<u>(82.359)</u>

37. TAXATION

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	01.04.2009 - 30.06.2009	01.04.2008 - 30.06.2008
<u>Provision for taxes on income</u>				
Corporate tax provision	(7.454)	(429)	(3.901)	(227)
Deferred tax income / (expense)	(105)	83	(230)	85
	<u>(7.559)</u>	<u>(346)</u>	<u>(4.131)</u>	<u>(142)</u>

Reconciliation of tax expense with the net income for the year is as follows;

<u>Tax Reconciliation</u>	1 January – 30 June 2009	1 January – 30 June 2008
Profit before taxation	32.768	54.882
Tax rate	%20	%30
Tax effect of:	6.554	16.465
-Change in deferred tax allowances	-	-
- Nondeductable expenses	1.068	248
- Investment incentives	-	(7.165)
- Used unrealized finance expenses	-	(1.448)
-Tax effect of the companies which benefit from investment allowance	-	(1.825)
- Non-taxable income	(63)	(5.929)
	<u>7.559</u>	<u>346</u>

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37. TAXATION (Cont’d)

Corporate Tax

The Group is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2009 is 20%. (2008: 20%)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 20%).

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following 4. month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of Council of Ministers, it has been used as 10%. With the resolution of Council of Ministers, effective from 23 July 2006, income withholding tax rate has been changed to 15%. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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

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

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled. As the Company could not benefit from investment incentives, tax rate has been determined as 20% in 2008. Thus effective tax rate has been determined as 20% in 2009.

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37. TAXATION (cont’d)

Inflation adjusted tax calculation:

In 2003 and the previous years, profit for the period on which taxation was being calculated, used to be uninflated balances except for the effect of the annual revaluation of the fixed assets and the depreciation calculated thereon. The Law 5024 published in the Official Gazette of 30 December 2003 numbered 25332 requires the application of inflation accounting in 2004 and the following periods provided that the inflation rate reaches the limits set out by the Law. The Turkish Tax Law is similar to IAS 29. As the conditions outlined in the Turkish Tax Law occurred the Group adjusted its financial statements according to the regulations and calculated current period tax base over these financial statements as of 31 December 2004. These financial statements constituted the opening balances for 2005. In accordance with the Law 5024, such threshold has not been met in 2005, thus the Group did not apply inflation accounting for the periods then ended.

38. EARNINGS PER SHARE

The weighted average number of shares of the Group and earnings per share are as follows:

	01.01.2009 - <u>30.06.2009</u>	01.01.2008 - <u>30.06.2008</u>
Number of outstanding shares	25.000.000.000	25.000.000.000
Net period profit (thousand TRY)	24.617	50.636
Earnings per share (TRY) (*)	0,10	0,20

(*) The capital consists of 25.000.000.000 shares having Kr 1 nominal price.

	<u>2009</u>	<u>2008</u>
Number of shares		
Opening, 1 January	18.500.000.000	13.950.000.000
Additions for capital increase (*)	6.500.000.000	4.550.000.000
Closing, 30 June	<u>25.000.000.000</u>	<u>18.500.000.000</u>

(*) Capital increase is financed through internal sources and prior year earnings per share figure is revised by using the number of shares subsequent to the capital increase.

39. OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

There is no change in the capital risk management strategy in 2009, and the leverage ratio is 30% for the period ended 30 June 2009. (31 December 2008: 30%) As of 30 June 2009 and 31 December 2008, the leverage ratios are as follows;

	2009	2008
Total liabilities	1.034.748	943.937
Less: Cash and cash equivalents	(346.102)	(165.411)
Net liabilities	688.646	778.526
Total shareholders' equity	314.772	285.102
Shareholders' equity / liabilities	%30	%30

According to the credit rating report of Fitch issued at 10 July 2009, credit rating of the Company is as follows;

Foreign Currency	
Long term	BB
Short term	B
Outlook	Stable
TRY	
Long term	BBB-
Short term	F3
Outlook	Stable
National	
Long term	AAA (tur)
Outlook	Stable
Support	3

(b) Significant accounting policies

The Group's accounting policies on the financial instruments are disclosed in Note 3 “Summary of valuation principles / significant accounting policies” to the financial statements.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(c) Categories of financial instruments

	<u>30 June 2009</u>	<u>31 December 2008</u>
<u>Financial assets:</u>		
Banks	346.102	165.411
Financial Assets at Fair Value Through Profit and Loss:		
-Financial Assets Held for Trading	309	90
-Derivative Financial Assets Held for Trading	-	1.814
Finance Lease Receivables and Non-Performing Receivables	884.161	963.329
Factoring Receivables and Non-Performing Factoring Receivables	92.850	67.098
Insurance Premium Receivables (*)	3.610	4.127
Financial Assets Available for Sale	9.956	5.495
<u>Financial Liabilities:</u>		
Derivative Financial Liabilities Held for Trading	(52)	-
Finance Lease Payables (Net)	-	-
Sundry Creditors and Other Liabilities	(38.227)	(15.716)
Funds Borrowed	(996.521)	(928.221)

(*) Included in other assets.

(d) Financial risk management objectives

The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. Such risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

The Group uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Group does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

In order to minimize potential risks, the Group reports monthly to the risk management committee which is in charge of monitoring risks and the policies applied.

(e) Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section f) and interest rates (refer to section g). To manage risks relating to exchange rates and interest rates, the Group uses various derivative financial instruments including the below:

“Forward foreign exchange contracts” to hedge the exchange rate risk arising from operations,
“Currency swaps” to control the exchange rate risk of foreign currency denominated liabilities, and

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(e) Market risk (cont’d)

At the Group level, market risk exposures are measured by sensitivity analysis.

There has been no change in the Group’s exposure to market risks or the method it uses to manage and measure such risks.

(f) Foreign currency risk management

Foreign currency risks result from foreign currency transactions. The Group manages its foreign currency risk arising from its operations and cash flows of finance contracts by using the “forward foreign exchange contracts”.

The Group’s assets and liabilities denominated in foreign currencies are disclosed in Note 27.

Foreign currency sensitivity

The Group is mainly exposed to USD and EUR exchange rate risks.

The table below indicates the sensitivity of the Group to USD and EUR when there is a 15% of change in such exchange rates. The Group uses 15% of rate change when it reports its foreign currency risk to the top management and this rate represents the top managements expectation on the exchange rate fluctuations. Sensitivity analyses made in relation to the Group’s exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analyses are fixed during the reporting period. Positive amount refers to an increase in net profit.

	30 June 2009			
	Gain / Loss		Shareholders’ Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	15% appreciation of USD against TRY			
1 – Net USD Asset/Liability	4.031	(4.031)	-	-
2 – USD hedging	(3.227)	3.227	-	-
3 – USD, net effect (1+2)	804	(804)	-	-
	15% appreciation of EUR against TRY			
4 – Net EUR Asset/Liability	(3.058)	3.058	-	-
5 – EUR hedging	3.220	(3.220)	-	-
6 – EUR, net effect (4+5)	162	(162)	-	-
	15% appreciation of other currencies against TRY			
7 – Net other currency Asset/Liability	7	(7)	-	-
8 – Other Currency hedging	-	-	-	-
9 – Other currency, net effect (7+8)	7	(7)	-	-
Total (3 + 6 +9)	973	(973)	-	-

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(f) Foreign currency risk management (cont’d)

31 December 2008

	Gain / Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	15% appreciation of USD against TRY			
1 – Net USD Asset/Liability	2.296	(2.296)	-	-
2 – USD hedging	(2.247)	2.247	-	-
3 – USD, net effect (1+2)	49	(49)	-	-
	15% appreciation of EUR against TRY			
4 – Net EUR Asset/Liability	(2.988)	2.988	-	-
5 – EUR hedging	2.569	(2.569)	-	-
6 – EUR, net effect (4+5)	(419)	419	-	-
	15% appreciation of other currencies against TRY			
7 – Net other currency Asset/Liability	21	(21)	-	-
8 – Other Currency hedging	-	-	-	-
9 – Other currency, net effect (7+8)	21	(21)	-	-
Total (3 + 6 +9)	(349)	349	-	-

Forward contracts and currency swaps

The Group has forward contracts and currency swaps to cover the risks of receipts and payments, expected sales and purchases in a certain foreign currency. When an expected sale or purchase transaction occur, book value of the items hedged from non-financial risk are adjusted.

The maturity analysis of forward transactions is given in note 28.

(g) Interest risk management

The Group is exposed to interest rate risks as the Group borrows funds at both fixed and floating interest rates. Such risk is covered by making a proper classification between fixed and floating interest rate liabilities.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(g) Interest risk management (cont’d)

Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Group’s exposure to interest rate risks at the reporting period and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Group management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in top management reporting.

Interest Position Table

	<u>30 June 2009</u>	<u>31 December 2008</u>
Fixed interest rate financial instruments		
Financial assets:		
Banks	346.102	165.411
Lease Receivables (*)	766.141	872.171
Factoring receivables	33.892	48.752
Financial liabilities		
Borrowings	283.430	182.314
Floating interest rate financial instruments		
Financial assets:		
Banks	-	-
Lease Receivables	99.308	59.653
Factoring receivables	58.958	18.346
Financial liabilities		
Borrowings	713.091	745.907

(*) It is not included ongoing leasing contracts and advances given to the balances above.

If interest rates were 100 base points higher at the balance sheet date and all other variables were fixed:

- Interest income from floating interest rate finance lease contracts would increase by TRY 490 thousand (30 June 2008: TRY 249 thousand), and interest income from fixed interest rate finance lease contracts would increase by TRY 3.406 thousand. (30 June 2008: TRY 3.568 thousand)
- Interest income from floating interest rate factoring contracts would increase by TRY 289 thousand (30 June 2008: TRY 102 thousand), and interest income from fixed interest rate factoring contracts would increase by TRY 170 thousand. (30 June 2008: TRY 354 thousand)
- Interest expense from floating interest rate borrowings would increase by TRY 3.066 thousand (30 June 2008: TRY 2.861 thousand), and interest expense from fixed interest rate borrowings would increase by TRY 634 thousand. (30 June 2008: TRY 649 thousand)

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(h) Other price risks

The Group is exposed to equity share price risks because of equity investments. Equity shares are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Group.

Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as of the balance sheet date.

If data used in the valuation method were 15% higher / lower and all other variables were fixed:

- There would not be any difference in the net profit/loss to the extent that equity investments are classified as available or are not disposed of or are not subject to impairment.
- Funds under other equity would increase/decrease by TRY 1.435 thousand (30 June 2008: TRY 1.351 thousand). It is mainly because of changes in fair value of the available for sale equity shares.

Equity share price sensitivity of the Group is not subject to a material change compared to prior years.

(i) Credit risk management

Credit risks refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group’s exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk management (cont'd)

Sectoral allocation of finance lease receivables is as follows:

	30 June 2009	31 December 2008
	%	%
Transportation	12,93	12,10
Health	11,12	8,04
Construction	10,28	12,41
Textile	8,57	9,72
Finance	6,63	8,15
Forestry Products and Paper	5,36	5,70
Metal industry	5,23	5,64
Tourism	4,25	3,14
Chemical, Plastic and Pharmacy	4,05	5,13
Food	3,49	3,52
Glass, Tile and Cement	2,80	2,60
Mining	1,97	2,25
Other	23,32	21,60
	<u>100,00</u>	<u>100,00</u>

Leased equipment allocation of finance lease receivables is as follows:

	30 June 2009	31 December 2008
	%	%
Machinery and Equipment	24,49	22,67
Real Estate	18,17	14,29
Building and Construction Machinery	12,85	15,54
Medical Equipment	6,83	7,05
Road Transportation Equipments	6,55	7,01
Textile Machinery	5,44	6,26
Electronic Optical Instruments	5,31	6,17
Office Equipments	5,10	6,31
Sea Transport Vessels	3,96	3,22
Printing Machinery	3,34	3,62
Tourism Equipment	2,87	2,97
Air Transportation Equipments	1,13	1,02
Other	3,96	3,87
	<u>100,00</u>	<u>100,00</u>

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk management

Credit risks based on categories of financial instruments;

	Receivables				Deposits	Fair value through profit/loss financial instruments	Available for sale financial assets	Insurance receivables
	Lease Receivables		Factoring Receivables					
<u>30 June 2009</u>	Related party	Third party	Related party	Third party				
Maximum net credit risk as of balance sheet date (*)	78.581	805.580	11.272	81.578	346.102	309	9.956	3.610
- The part of maximum is under guarantee with collateral etc.	-	145.992	-	1.515	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	78.581	545.676	11.272	77.339	346.102	309	9.956	3.610
- The part of maximum risk under guarantee with collateral etc.	-	85.536	-	-	-	-	-	-
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	890	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	178.156	-	-	-	-	-	-
-The part under guarantee with collateral etc.	-	46.081	-	-	-	-	-	-
D. Net book value of impaired assets	-	81.748	-	295	-	-	-	-
- Past due (gross carrying value)	-	69.423	-	3.349	-	-	-	-
- Impairment (-)	-	(21.216)	-	(3.054)	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	14.375	-	1.515	-	-	-	-
- Not past due (gross carrying value)	-	39.308	-	-	-	-	-	-
- Impairment (-)	-	(5.767)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-

(*) No credit enhancing item such as; guarantees received, is taken into account in the calculation.

(**) Includes guarantees of assets impaired but not overdue.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(i) Credit risk management (cont’d)

Credit risks based on categories of financial instruments (cont’d);

	Receivables				Deposits	Fair value through profit/loss financial instruments	Available for sale financial assets	Insurance receivables
	Lease Receivables		Factoring Receivables					
<u>31 December 2008</u>	Related party	Third party	Related party	Third party				
Maximum net credit risk as of balance sheet date (*)	74.817	888.512	7.136	59.962	165.411	1.904	5.495	4.127
- The part of maximum is under guarantee with collateral etc.	-	173.655	-	1.515	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	74.817	707.792	7.136	59.731	165.411	1.904	5.495	4.127
- The part of maximum risk under guarantee with collateral etc.	-	117.624	-	-	-	-	-	-
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	231	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	136.597	-	-	-	-	-	-
-The part under guarantee with collateral etc.	-	46.662	-	-	-	-	-	-
D. Net book value of impaired assets	-	44.121	-	-	-	-	-	-
- Past due (gross carrying value)	-	55.960	-	3.056	-	-	-	-
- Impairment (-)	-	(21.538)	-	(3.056)	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	9.369	-	1.515	-	-	-	-
- Not past due (gross carrying value)	-	15.846	-	-	-	-	-	-
- Impairment (-)	-	(6.147)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-

(*) No credit enhancing item such as; guarantees received, is taken into account in the calculation.

(**) Includes guarantees of assets impaired but not overdue.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk management (cont'd)

Finance Lease Receivables		30 June 2009 %	31 December 2008 %
Internal rating results:			
A+	(Perfect)	5,24	6,88
A	(Very good)	3,81	3,96
A-	(Good)	7,42	9,17
B+	(Satisfactory)	14,06	15,76
B	(Close Monitoring)	16,85	13,07
B-	(Insufficient)	17,12	11,15
C+	(Doubtful)	4,11	4,58
C	(Loss)	3,53	2,79
Not rated		27,86	32,64
Total		<u>100,00</u>	<u>100,00</u>

Maturities of past-due receivables are as follows:

30 June 2009	Receivables		Deposits	Derivative Instruments	Other	Total
	Leasing Receivables	Factoring Receivables				
Past due by 1-30 days	11.189	-	-	-	-	11.189
Past due by 1-2 months	2.716	-	-	-	-	2.716
Past due by 2-3 months	1.774	-	-	-	-	1.774
Past due by 3-5 months	2.660	-	-	-	-	2.660
Total past due receivables	<u>18.339</u>	-	-	-	-	<u>18.339</u>
The part that is not past dues	159.817	-	-	-	-	159.817
Total	<u>178.156</u>	-	-	-	-	<u>178.156</u>
Part under guarantee with collateral etc.(-)	<u>46.081</u>	-	-	-	-	<u>46.081</u>

31 December 2008	Receivables		Deposits	Derivative Instruments	Other	Total
	Leasing Receivables	Factoring Receivables				
Past due by 1-30 days	7.857	-	-	-	-	7.857
Past due by 1-2 months	5.231	-	-	-	-	5.231
Past due by 2-3 months	2.125	-	-	-	-	2.125
Past due by 3-5 months	1.795	-	-	-	-	1.795
Total past due receivables	<u>17.008</u>	-	-	-	-	<u>17.008</u>
The part that is not past dues	119.589	-	-	-	-	119.589
Total	<u>136.597</u>	-	-	-	-	<u>136.597</u>
Part under guarantee with collateral etc.(-)	<u>46.662</u>	-	-	-	-	<u>46.662</u>

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(i) Credit risk management (cont’d)

Guarantees taken for all leasing receivables including past dues and non-performing receivables are as follows:

	30 June 2009		31 December 2008	
	Nominal Value	Fair Value(*)	Nominal Value	Fair Value(*)
Other Mortgages	600.380	133.589	627.571	162.960
Ship mortgage	3.825	3.328	-	-
Guarantors	7.044	852	8.058	1.486
Cash blockages	14.353	5.174	13.147	4.723
Letters of guarantee	7.413	4.564	10.428	6.001
	<u>633.015</u>	<u>147.507</u>	<u>659.204</u>	<u>175.170</u>

(*) In determination of fair value, it has been taken into account lower of guarantee amount or fair value up to the credit exposure amount.

(i) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the Group’s expected maturity for its non derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities. Interest amounts to be collected and disbursed on the Group’s assets and liabilities have also been included in the table below.

30 June 2009

<u>Maturities based on agreement</u>	<u>Book Value</u>	Cash outflow according to contract (I+II+III+IV)	Less than	3-12 month (II)	1-5 year (III)	More than 5 year (IV)
			3 month (I)			
Non-derivative Financial Assets:						
Banks	346.102	347.638	347.638	-	-	-
Finance lease receivables (*)	865.449	1.019.283	164.101	276.553	548.700	29.929
Factoring receivables	92.850	92.850	53.785	39.065	-	-
Insurance premium receivables	3.610	3.610	3.610	-	-	-
Total Assets	<u>1.308.011</u>	<u>1.463.381</u>	<u>569.134</u>	<u>315.618</u>	<u>548.700</u>	<u>29.929</u>
Non-derivative Financial Liabilities						
Funds borrowed	996.521	1.018.384	480.833	428.150	105.751	3.650
Sundry creditors and other liabilities	38.227	38.227	35.845	-	2.382	-
Total liabilities	<u>1.034.748</u>	<u>1.056.611</u>	<u>516.678</u>	<u>428.150</u>	<u>108.133</u>	<u>3.650</u>

The Group makes payments based on contract maturities.

(*) Ongoing investments and amounts in advances given are not included in the maturity allocation as they have not been scheduled for the payment plan yet.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(i) Liquidity risk management (cont’d)

31 December 2008

<u>Maturities based on agreement</u>	<u>Book Value</u>	<u>Cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 month (I)</u>	<u>3-12 month (II)</u>	<u>1-5 year (III)</u>	<u>More than 5 year (IV)</u>
Non-derivative Financial Assets:						
Banks	165.411	166.022	166.022	-	-	-
Finance lease receivables (*)	931.824	1.097.538	167.743	317.014	584.360	28.421
Factoring receivables	67.098	67.098	62.763	4.335	-	-
Insurance premium receivables	4.127	4.127	4.127	-	-	-
Total Assets	1.168.460	1.334.785	400.655	321.349	584.360	28.421
Non-derivative Financial Liabilities						
Funds borrowed	928.221	960.624	169.397	645.173	146.021	33
Sundry creditors and other liabilities	15.716	15.716	13.340	-	2.376	-
Total liabilities	943.937	976.340	182.737	645.173	148.397	33

(*) Ongoing investments and amounts in advances given are not included in the maturity allocation as they have not been scheduled for the payment plan yet.

30 June 2009

<u>Maturities based on agreement</u>	<u>Book Value</u>	<u>Cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 month (I)</u>	<u>3-12 month (II)</u>	<u>1-5 year (III)</u>	<u>More than 5 year (IV)</u>
Cash inflows from derivatives	21.528	21.469	21.469	-	-	-
Cash outflows from derivatives	(21.528)	(21.521)	(21.521)	-	-	-

31 December 2008

<u>Maturities based on agreement</u>	<u>Book Value</u>	<u>Cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 month (I)</u>	<u>3-12 month (II)</u>	<u>1-5 year (III)</u>	<u>More than 5 year (IV)</u>
Cash inflows from derivatives	19.520	21.408	21.408	-	-	-
Cash outflows from derivatives	(19.520)	(19.335)	(19.335)	-	-	-

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(j) Fair Value of Financial Instruments

Except for the items below, the Group management estimates that the carrying value of the financial assets and liabilities approximates their fair value. Fair value of the financial instruments is determined based on the reliable data provided from financial markets. Fair value of other financial assets is determined by the benchmarking market value of a similar financial asset or by assumption methods which includes amortizing future cash flows with current interest rates. The table below refers to the comparison of carrying amounts and fair values of financial instruments which are carried at other than their market value in the financial statements.

30 June 2009	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Book value	Fair value	Note
<u>Financial Assets</u>								
Banks	-	346.102	-	-	-	346.102	346.102	5
Fair value through profit and loss financial assets								
-Financial assets held for trading	309	-	-	-	-	309	309	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease. receivables	-	-	884.161	-	-	884.161	863.313	8
Factoring receivables and non-performing factoring. Receivables	-	-	92.850	-	-	92.850	92.850	7
Insurance premium receivables	-	-	3.610	-	-	3.610	3.610	15
Available for sale financial assets	-	-	-	9.956	-	9.956	9.956	6
<u>Financial liabilities</u>								
Sundry creditors	-	-	-	-	38.227	38.227	38.227	17
Funds borrowed	-	-	-	-	996.521	996.521	994.316	16

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(j) Fair Value of Financial Instruments (cont’d)

31 December 2008	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Book value	Fair value	Note
<u>Financial Assets</u>								
Banks	-	165.411	-	-	-	165.411	165.411	5
Fair value through profit and loss financial assets								
-Financial assets held for trading	90	-	-	-	-	90	90	4
- Derivative financial assets held for trading	1.814	-	-	-	-	1.814	1.814	4
Finance lease receivables and non-performing lease. receivables	-	-	963.329	-	-	963.329	918.520	8
Factoring receivables and non-performing factoring. Receivables	-	-	67.098	-	-	67.098	67.098	7
Insurance premium receivables	-	-	4.127	-	-	4.127	4.127	15
Available for sale financial assets	-	-	-	5.495	-	5.495	5.495	6
<u>Financial liabilities</u>								
Sundry creditors	-	-	-	-	9.628	9.628	9.628	17
Funds borrowed	-	-	-	-	928.221	928.221	920.498	16

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont’d)

(k) Fair Value Level of Financial Instruments

Fair Value Level as of 30 June 2009

Financial Instruments	<u>30 June 2009</u>	<u>1. Level</u>	<u>2. Level</u>	<u>3. Level</u>
Financial assets at fair value through profit and loss				
Forward fair value differences	(52)	-	(52)	-
Mutual fund	309	309	-	-
Assets held for sale				
Equity securities (*)	9.956	9.601	-	-
Total	<u>10.213</u>	<u>9.910</u>	<u>(52)</u>	<u>-</u>

(*) As of 30 June 2009, not publicly traded shares amounting to 355 TL have been valued at cost

First Degree : Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Second Degree : Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Third Degree : Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(k) Fair Value Level of Financial Instruments (cont'd)

Fair Value Level as of 31 December 2008

Financial Instruments	<u>31 December 2008</u>	<u>1. Level</u>	<u>2. Level</u>	<u>3. Level</u>
Financial assets at fair value through profit and loss				
Forward fair value differences	1.814	-	1.814	-
Mutual fund	90	90	-	-
Assets held for sale				
Equity securities (*)	5.495	5.140	-	-
Total	<u>7.399</u>	<u>5.230</u>	<u>1.814</u>	<u>-</u>

(*) As of 31 December 2008, not publicly traded shares amounting to 355 TL have been valued at cost

First Degree : Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Second Degree : Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Third Degree : Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.