

**İŞ FİNANSAL KİRALAMA
ANONİM ŞİRKETİ**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

(Translated into English from the Original Turkish Report)

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2008

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

CONSOLIDATED BALANCE SHEET			Unaudited Current Period 30 September 2008			Audited Prior Period 31 December 2007		
ASSETS		Footnote	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	LIQUID ASSETS							
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	4	113		113	25		25
2.1	A) Financial Assets Held for Trading		113		113	25		25
2.2	B) Financial Assets at Fair Value Through Profit and Loss							
2.3	C) Derivative Financial Assets Held for Trading							
III.	BANKS	5	112.710	203.206	315.916	98.483	65.525	164.008
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS							
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	8.160		8.160	16.617		16.617
VI.	FACTORING RECEIVABLES	7	80.567	492	81.059	52.242	3.848	56.090
6.1	A) Discount Factoring Receivables		52.346	0	52.346	47.198		47.198
6.1.1	a) Domestic		54.019	0	54.019	48.665		48.665
6.1.2	b) Foreign							
6.1.3	c) Unearned Income (-)		1.673	0	1.673	1.467		1.467
6.2	B) Other Factoring Receivables		28.221	492	28.713	5.044	3.848	8.892
6.2.1	a) Domestic		28.221	277	28.498	5.044	582	5.626
6.2.2	b) Foreign			215	215		3.266	3.266
VII.	FINANCING LOANS							
7.1	A) Retail Loans							
7.2	B) Credit Loans							
7.3	C) Installment Commercial Loans							
VIII.	LEASE RECEIVABLES	8	196.004	626.810	822.814	207.729	557.468	765.197
8.1	A) Lease Receivables		192.695	591.613	784.308	199.417	528.846	728.263
8.1.1	a) Financial Lease Receivables		250.293	685.597	935.890	254.113	614.837	868.950
8.1.2	b) Operational Lease Receivables							
8.1.3	c) Other							
8.1.4	d) Unearned Income (-)		57.598	93.984	151.582	54.696	85.991	140.687
8.2	B) Ongoing Leasing Contracts		807	4.597	5.404	6.012	11.441	17.453
8.3	C) Advances Given		2.502	30.600	33.102	2.300	17.181	19.481
IX.	NON-PERFORMING RECEIVABLES	7,8	23.826	11.406	35.232	21.215	12.909	34.124
9.1	A) Non-Performing Factoring Receivables		2.051	656	2.707	2.128		2.128
9.2	B) Non-Performing Financial Loans							
9.3	C) Non-Performing Lease Receivables		39.491	19.442	58.933	48.418	19.358	67.776
9.4	D) Specific Provisions (-)		17.716	8.692	26.408	29.331	6.449	35.780
X.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES							
10.1	A) Fair Value Hedging							
10.2	B) Cash Flow Hedging							
10.3	C) Net Foreign Investment Hedging							
XI.	INVESTMENTS HELD TO MATURITY (Net)							
XII.	SUBSIDIARIES (Net)							
XIII.	PARTICIPATIONS (Net)							
XIV.	JOINT VENTURES (Net)							
XV.	TANGIBLE ASSETS (Net)	10	919		919	1.044		1.044
XVI.	INTANGIBLE ASSETS (Net)		202		202	211		211
16.1	A) Goodwill	12	166		166	166		166
16.2	B) Other	11	36		36	45		45
XVII.	DEFERRED TAX ASSETS	13	8		8	20		20
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	2.868		2.868	2.865		2.865
18.1	A) Held For Sale		2.868		2.868	2.865		2.865
18.2	B) Discontinued Operations							
XIX.	OTHER ASSETS	15	23.306	1.277	24.583	12.069	73	12.142
	TOTAL ASSETS		448.683	843.191	1.291.874	412.520	639.823	1.052.343

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2008

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

CONSOLIDATED BALANCE SHEET		Footnote	Unaudited Current Period 30 September 2008			Audited Prior Period 31 December 2007		
			TRY	FC	TRY	FC	TRY	FC
LIABILITIES								
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	19					1.776	1.776
II.	FUNDS BORROWED	16	132.425	864.292	996.717	128.235	672.987	801.222
III.	FACTORING PAYABLES							
IV.	LEASE PAYABLES	18					17	17
4.1	A) Financial Lease Payables						17	17
4.2	B) Operational Lease Payables							
4.3	C) Other							
4.4	D) Deferred Financial Lease Expenses (-)							
V.	MARKETABLE SECURITIES ISSUED (Net)							
V.1	A) Bills							
V.2	B) Asset-backed Securities							
V.3	C) Bonds							
VI.	SUNDRY CREDITORS	17	3.454	2.930	6.384	5.061	9.220	14.281
VII.	OTHER LIABILITIES	17	2.606	7.347	9.953	3.348	7.228	10.576
DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES								
VIII.	PURPOSES							
8.1	A) Fair Value Hedging							
8.2	B) Cash Flow Hedging							
8.3	C) Net Foreign Investment Hedging							
IX.	TAXES PAYABLE AND OTHER LIABILITIES	20	542		542	368		368
X.	PROVISIONS	21	909		909	8.664		8.664
10.1	A) Provisions for Restructuring							
10.2	B) Reserves For Employee Benefits		721		721	626		626
10.3	C) Other Provisions		188		188	8.038		8.038
XI.	DEFERRED TAX LIABILITY							
PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS								
XII.	DISCONTINUED OPERATIONS							
12.1	A) Held For Sale							
12.2	B) Discontinued Operations							
XIII.	SUBORDINATED LOANS							
XIV.	SHAREHOLDERS' EQUITY		277.369		277.369	215.439		215.439
14.1	A) Paid-in Capital	24	185.000		185.000	139.500		139.500
14.2	B) Capital Reserves	24	13.612		13.612	21.128		21.128
14.2.1	a) Share Premium							
14.2.2	b) Share Cancellation Profits							
14.2.3	c) Marketable Securities Revaluation Reserve		1.031		1.031	8.547		8.547
14.2.4	d) Tangible and Intangible Assets Revaluation Reserve							
14.2.5	e) Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities							
14.2.6	f) Hedging Funds (Effective Portion)							
14.2.7	g) Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations							
14.2.8	h) Other Capital Reserves		12.581		12.581	12.581		12.581
14.3	C) Profit Reserves	25	4.883		4.883	3.656		3.656
14.3.1	a) Legal Reserves		4.633		4.633	3.360		3.360
14.3.2	b) Statutory Reserves							
14.3.3	c) Extraordinary Reserves		250		250	296		296
14.3.4	d) Other Profit Reserves							
14.4	D) Profit or Loss		67.610		67.610	48.298		48.298
14.4.1	a) Prior Years' Profit/Loss	26	1.571		1.571	1.582		1.582
14.4.2	b) Current Year Profit/Loss		66.039		66.039	46.716		46.716
14.5	E) Minority Interest		6.264		6.264	2.857		2.857
TOTAL LIABILITIES AND EQUITY			417.305	874.569	1.291.874	361.115	691.228	1.052.343

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS AT 30 SEPTEMBER 2008

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

	STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS	Footnote	Unaudited Current Period 30 September 2008			Audited Prior Period 31 December 2007		
			TRY	FC	TRY	FC	TRY	FC
I.	GUARANTEED FACTORING OPERATIONS							
II.	UNGUARANTEED FACTORING OPERATIONS							
III.	GUARANTEES TAKEN	8	469.328	168.538	637.865	415.032	188.461	603.493
IV.	GUARANTEES GIVEN	28	294	672	967	341	1.010	1.351
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		37.700	35.956	73.656	49.017	43.610	92.627
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	37.700	35.956	73.656	49.017	43.610	92.627
6.2.1	Forward Foreign Currency Buy/Sell Transactions	28				11.317	9.406	20.723
6.2.2	Currency and Interest Rate Swaps	28	37.700	35.956	73.656	37.700	34.204	71.904
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							
	TOTAL		507.322	205.166	712.488	464.390	233.081	697.471

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2008

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

	INCOME STATEMENT	Footnote	Unaudited Current Period 01.01- 30.09.2008	Unaudited Prior Period 01.01- 30.09.2007	Unaudited Current Period 01.07- 30.09.2008	Unaudited Prior Period 01.07- 30.09.2007
I.	OPERATING INCOME	31	87.446	80.621	29.342	28.406
1.1	FACTORING INCOME		12.052	6.147	4.601	2.721
1.1.1	A) Factoring Interest Income		11.039	5.973	4.248	2.676
1.1.1.1	a) Discount		7.908	3.843	2.828	1.684
1.1.1.2	b) Other		3.131	2.130	1.420	992
1.1.2	B) Factoring Commission Income		1.013	174	353	45
1.1.2.1	a) Discount		603	81	231	36
1.1.2.2	b) Other		410	93	122	9
1.2	INCOMES FROM FINANCIAL LOANS		-	-	-	-
1.2.1	A) Interest Income From Financial Loans		-	-	-	-
1.2.2	B) Commission Income From Financial Loans		-	-	-	-
1.3	LEASE INCOME		75.394	74.474	24.741	25.685
1.3.1	A) Financial Lease Income		75.394	74.474	24.741	25.685
1.3.2	B) Operational Lease Income		-	-	-	-
1.3.3	C) Commission Income From Lease Operations		-	-	-	-
II.	OPERATING EXPENSE (-)	32	(10.437)	(8.925)	(3.222)	(2.573)
2.1	A) Personal Expenses		(6.903)	(5.266)	(2.113)	(1.549)
2.2	B) Retirement Pay Provision Expense		(117)	(84)	(34)	(26)
2.3	C) Research and Development Expense		-	-	-	-
2.4	D) General Administration Expense		(3.417)	(3.575)	(1.075)	(998)
2.5	E) Other		-	-	-	-
III.	OTHER OPERATING INCOME	33	342.751	75.457	102.926	33.798
3.1	A) Interest income from Deposits		11.249	4.256	4.315	1.669
3.2	B) Interest income from reverse repurchase agreements		-	-	-	-
3.3	C) Interest income from Marketable Securities		6	6	2	1
3.3.1	a) Interest Income from Financial Assets Held for Trading		6	6	2	1
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		508	15	27	3
3.5	E) Interest Received from Money Market Placements		2.393	-	-	-
3.5.1	a) Derivative Financial Operations		2.393	-	-	-
3.5.2	b) Other		-	-	-	-
3.6	F) Foreign Exchange Gains		294.475	67.527	97.339	31.164
3.7	G) Other		34.120	3.653	1.243	961
IV.	FINANCIAL EXPENSE (-)	34	(45.334)	(33.642)	(14.647)	(12.020)
4.1	A) Interest on Loans Borrowed		(44.495)	(32.930)	(14.402)	(11.811)
4.2	B) Interest on Factoring Payables		-	-	-	-
4.3	C) Financial Lease Expenses		-	-	-	-
4.4	D) Interest on Securities Issued		-	-	-	-
4.5	E) Other Interest Expenses		-	-	-	-
4.6	F) Other Fees and Commissions		(839)	(712)	(245)	(209)
V.	SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)	35	(7.268)	(5.668)	(1.140)	(214)
VI.	OTHER OPERATING EXPENSE (-)	36	(296.438)	(71.712)	(97.421)	(33.317)
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		-	-	-	-
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		-	-	-	-
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		-	-	-	-
6.4	D) Foreign Exchange Losses		(294.777)	(69.687)	(96.880)	(32.324)
6.5	E) Other		(1.661)	(2.025)	(541)	(993)
VII.	NET OPERATING INCOME		70.720	36.131	15.838	14.080
VIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
IX.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
X.	POFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX		70.720	36.131	15.838	14.080
XI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	37	(329)	(488)	17	(194)
11.1	A) Current Tax Provision		(317)	(489)	100	(195)
11.2	B) Loss Effect of Deferred Tax (+)		-	-	(83)	-
11.3	C) Gain Effect of Deferred Tax (-)		(12)	1	(12)	1
XII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS		70.391	35.643	15.855	13.886
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		(4.352)	(198)	(452)	(288)
XVIII.	MINORITY SHARE (INCOME) / EXPENSE		-	-	-	-
XIX.	NET PERIOD PROFIT/LOSS		66.039	35.445	15.403	13.598
	Earnings Per Share		0,36	0,19	0,08	0,07

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED SHAREHOLDER'S EQUITY AT 30 SEPTEMBER 2008

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

CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation Profits	Securities Value Increase Fund	Revaluation Surplus 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	Other Capital Reserves	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Prior Period Profit/Loss	Current Period Profit/Loss	Minority Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																	
Prior Period (01.01 – 30.09.2007)																	
I. Balances at beginning of the period(31.12.2006)	100.000			46				12.581	3.186			12.513		1.593	27.446	1.603	158.968
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)	100.000			46				12.581	3.186			12.513		1.593	27.446	1.603	158.968
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				7.948												941	8.889
VII. Revaluation surplus on tangible assets																	
VIII. Bonus shares of associates, subsidiaries and joint-ventures																	
IX. Translation differences																	
X. Changes resulted from disposal of assets																	
XI. Changes resulted from reclassification of assets																	
XII. Capital increase	39.500											(36.175)		(3.325)			
XIII. Share issuance																	
XIV. Capital reserves from inflation adjustments to paid-in capital																	
XV. Convertible bonds																	
XVI. Subordinated loans																	
XVII. Minority interest																198	198
XVIII. Current period net profit/loss															35.445		35.445
XIV. Profit distribution										174		23.958		3.314	(27.446)		
19.1 Dividends										174		23.958		3.314	(27.446)		
19.2 Transfers to reserves																	
19.3 Other																	
Balances at the end of the period (30.09.2007)	139.500			7.994				12.581	3.360			296		1.582	35.445	2.742	203.500
Current Period (01.01. – 30.09.2008)																	
I. Balances at the beginning of the prior period (31.12.2007)	139.500			8.547				12.581	3.360			296		1.582	46.716	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			8.547				12.581	3.360			296		1.582	46.716	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				(7.516)												(945)	(8.461)
VII. Revaluation surplus on tangible assets																	
VIII. Bonus shares of associates, subsidiaries and joint-ventures																	
IX. Translation differences																	
X. Changes resulted from disposal of assets																	
XI. Changes resulted from reclassification of assets																	
XII. Capital increase	45.500											(31.209)		(14.291)			
XIII. Share issuance																	
XIV. Capital reserves from inflation adjustments to paid-in capital																	
XV. Convertible bonds																	
XVI. Subordinated loans																	
XVII. Minority interest																4.352	4.352
XVIII. Current period net profit/loss															66.039		66.039
XIV. Profit distribution										1.273		31.163		14.280	(46.716)		
19.1 Dividends										1.273		31.163		14.280	(46.716)		
19.2 Transfers to reserves																	
19.3 Other																	
Balances at the end of the period (30.09.2008)	185.000			1.031				12.581	4.633			250		1.571	66.039	6.264	277.369

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 SEPTEMBER 2008

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

	THOUSAND NEW TURKISH LIRA	
	Unaudited Current Period	Unaudited Prior Period
	30 September 2008	30 September 2007
A. CASH FLOWS FROM OPERATING ACTIVITIES		
1.1 Operating profit before changes in operating assets and liabilities	81.138	61.001
1.1.1 Interest/leasing income received	95.197	83.447
1.1.2 Leasing expenses	-	-
1.1.3 Dividend received	503	15
1.1.4 Fees and commissions received	-	-
1.1.5 Other income	11.282	(4.298)
1.1.6 Collections from previously written off receivables	13.163	14.810
1.1.7 Payments to personnel and service suppliers	(6.903)	(5.266)
1.1.8 Taxes paid	(429)	(428)
1.1.9 Others	(31.675)	(27.279)
1.2 Changes in operating assets and liabilities		
1.2.1 Net (increase) decrease in factoring receivables	(25.365)	(16.737)
1.2.1 Net (increase) decrease in loans	-	-
1.2.1 Net (increase) decrease in leasing receivables	(33.688)	(86.974)
1.2.2 Net (increase) decrease in other assets	(12.520)	(13.148)
1.2.3 Net increase (decrease) in factoring payables	-	-
1.2.3 Net increase (decrease) in leasing payables	(17)	(47)
1.2.4 Net increase (decrease) in funds borrowed	148.753	52.038
1.2.5 Net increase (decrease) in due payables	-	-
1.2.6 Net increase (decrease) in other liabilities	(8.292)	(16.819)
I. Net cash provided from operating activities	150.009	(20.686)
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	(185)	(268)
2.4 Fixed assets sales	34	-
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	(151)	(268)
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	-	(44)
3.6 Other	-	-
III. Net cash provided from financing activities	-	(44)
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(360)	(833)
V. Net increase in cash and cash equivalents	149.498	(21.831)
VI. Cash and cash equivalents at the beginning of the year	163.433	81.009
VII. Cash and cash equivalents at the end of the year	312.931	59.178

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 AT 30 SEPTEMBER 2008

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

STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY	THOUSAND NEW TURKISH LIRA	
	Unaudited Current Period	Unaudited Prior Period
	30 September 2008	30 September 2007
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	(7.516)	7.948
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)	(7.516)	7.948
XI. PROFIT/LOSS	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X=XI)	(7.516)	7.948

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 SEPTEMBER 2008

(Amounts are expressed in thousand of New Turkish Lira (“NTL”) 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 law number 3226. The core business of the Company is leasing operations, both domestic and abroad, and started leasing operations at the end of July in 1988. The head office of İş Leasing 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 with a price of US \$ 10.952.375 as of 11 August 2004. The company owns 78,23% of this subsidiary and it has been consolidated at accompanying financial statements.

The ultimate parent enterprise 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%. Besides, 42,3% of the shares of the Company are publicly traded.

The shares of the Company are listed at the Istanbul Stock Exchange.

As of 30 September 2008, the Company employs 96 persons. (31 December 2007: 81)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Accounting Standards Applied

The Group has recognized its 2008 operations in accordance with the Turkish Accounting Standards applying 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.

In the accounting process, the Group has applied the requirements of the Communiqué on the “Principles and Procedures of Receivable Allowances To Be Provided By Finance Leasing, Factoring and Financing Companies” (which was prepared 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 Financial Leasing, Factoring and Financing Companies”) published in the Official Gazette No: 26588 on 20 July 2007.

The Group prepared its 2007 financial statements in accordance with the accounting standards issued by International Accounting Standards Board (“IASB”) and International Accounting Standards Committee (“IASC”). The accompanying 2007 financial statements are reclassified in accordance with the Communiqué on the “Nature and Format of the Financial Statements for Public Presentation” issued by the BRSA.

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 declared that; for the companies operated in Turkey and subject to CMB rules, the inflation accounting has been ceased starting from 1 January 2005. Accordingly, the Group did not apply inflation accounting starting from 1 January 2005.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

Consolidation Principles:

The details of the Group’s subsidiary as of 30 September 2008 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.

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 the International Accounting Standards Board (“the 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 2008.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 however; they are not relevant to the Group’s operations:

IFRIC 11, “IFRS 2 – Group and treasury share transactions”,

IFRIC 12, “Service concession arrangements”,

IFRIC 14, “IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction”,

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

Adoption of New and Revised International Financial Reporting Standards (cont’d)

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:

- | | |
|--|---|
| • IFRS 8, “Operating segments” | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRIC 13, “Customer loyalty programmes” | Effective for annual periods beginning on or after 1 July 2008 |
| • IFRIC 15, “Agreements for the construction of real estate” | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRIC 16, “Hedges of a net investment in a foreign operation” | Effective for annual periods beginning on or after 1 October 2008 |
| • IFRS 2, “Share-based Payment” Amendment relating to vesting conditions and cancellations” | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRS 1, “First-time Adoption of International Financial Reporting Standards”
— Amendment relating to cost of an investment on first-time adoption | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRS 3, “Business Combinations” | Effective for annual periods beginning on or after 1 July 2009 |
| • IAS 27, “Consolidated and Separate Financial Statements | |
| • IAS 28, “Investments in Associates” | |
| • IAS 31 “Interests in Joint Ventures” Comprehensive revision on applying the acquisition method | |
| • IAS 23, “(Amendment) Borrowing costs”
Comprehensive revision to prohibit immediate expensing | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 27, “Consolidated and Separate Financial Statements”
Amendment relating to cost of an investment on first-time adoption | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 1, “Presentation of Financial Statements” | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 32, “Financial Instruments: Presentation”
Amendments relating to disclosure of puttable instruments and obligations arising on liquidation | |
| • IAS 1, “Presentation of Financial Statements”
Comprehensive revision including requiring a statement of comprehensive income | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 39, “Financial Instruments: Recognition and Measurement”
Amendments for eligible hedged items | Effective for annual periods beginning on or after 1 January 2009 |

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

Comparative information and adjustments made in previous periods’ consolidated financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

Offsetting

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

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: The initial values at the beginning of the leasing period of the assets that are subject to leasing under the Leasing Law are represented as leasing receivables in the balance sheet. Financial revenues that are the spread between the total leasing receivables and the real value of the assets subject to leasing are recorded in the related period with the receivables of each accounting period distributed over the related period via the fixed interest rate throughout the duration of the leasing agreement.

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

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

Other interest income is accrued based on 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.

b. Tangible Assets

Tangible and intangible assets purchased before 1 January 2005 are carried at indexed historical cost and purchases in subsequent periods are carried at historical cost, less accumulated depreciation and impairment.

Tangible assets are depreciated principally on a straight-line basis considering expected useful lives, acquisition and assembly dates. Expected useful lives which have been used by the Group are summarized below:

Vehicles	5 years
Furniture and fittings	5 years
Leasehold improvement	5 years
Computer software	5 years

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

c. Tangible Assets (cont'd)

Expenses for the repair of tangible assets are normally charged against income.

The 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 and is recognized in profit or loss.

d. Intangible Assets

Intangible assets acquired prior to 1 January 2005 are accounted for at restated cost less accumulated depreciation and any impairment loss, and the intangible assets acquired in subsequent periods are accounted for at acquisition cost less accumulated depreciation and any impairment loss if any. Intangible assets are amortized principally on a straight-line basis considering expected useful lives. Related intangible assets are depreciated when they are ready to use. The amortization rate used for intangible assets is 20%.

e. Impairment of Tangible and Intangible Assets except Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

(Amounts are expressed in thousand of New Turkish Lira (“NTL”) 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 on 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 is 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, as of 1 January 2008, the Group's special provision rate allocated for the below finance lease receivables considering their guarantees 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, the Group's special provision rate allocated for the below 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.

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

(Amounts are expressed in thousand of New Turkish Lira (“NTL”) 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. The carrying value of due to and due from related parties at financial statements are estimated to be their fair value.

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 sales of an investment is under a contract whose terms require 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 the 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 and 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:

The effective interest 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.

Income on debt instruments that are held to maturity, are available for sale, or on loans and receivables is recognized in income by using effective interest rate method.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

f. Financial Instruments (cont'd)

Financial Assets (cont'd)

Held-to-maturity investments:

Policies and bonds with fixed or determinable payments and fixed maturity where the Group has both the intent 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 or (b) held for trading securities. Available for sale investments are measured at subsequent reporting dates at fair value as long as fair values can be reliably measured and whose fair values 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 Companies right to receive payments is established.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot 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 assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is an objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the 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. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception 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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

f. Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

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 these assets approximates their fair value.

Financial liabilities

Interest-bearing financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (less transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. The Group management considers that the carrying amount of trade and other payables approximates their fair value.

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 to 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.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

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

g. Business Combinations and Goodwill

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for 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 their fair values 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, the excess 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.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was 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 losses.

i. Earnings per Share

Earnings per share disclosed 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 assessed 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.

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

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

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.

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.

l. Change in Accounting Policies, Accounting Estimates and Errors:

Changes in accounting policies or fundamental accounting errors are applied retrospectively and the consolidated financial statements for the prior periods are restated. If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively.

m. 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.

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

m. Finance Lease (cont'd)

- 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 (see above).

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 operating lease as of the balance sheet date.

n. Segmental Information

The Group is operating in both leasing and factoring businesses. (Please see Note 29)

o. 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.

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

o. Taxation on Income (cont'd)

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.

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.

p. Employee Benefits / Retirement Pay Provision

Under 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.

s. Statement of Cash Flows

The Group prepares its cash flows to inform financial statement users about the changes in Group's net assets, financial situation and the ability to manage the amount and timing of cash flows in accordance with changes in circumstances.

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4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial Assets Held for Trading:

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Mutual funds	113	-	25	-
	113	-	25	-

The Group has Türkiye İş Bankası A.Ş.’s mutual funds amounting to TRY 113 thousand. (31 December 2007: TRY 25 thousand).

5. BANKS

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Demand deposits	910	20.759	2.919	2.773
Time deposits	110.531	180.731	95.000	62.742
Interest accrual	1.269	1.716	564	10
	112.710	203.206	98.483	65.525

The details of time deposits as of 30 September 2008 are as follows:

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2008</u>
TRY	%18,80-%20,45	03.10.08-24.10.2008	111.800
US\$	%1,90-%5,00	03.10.08-10.10.2008	96.744
EURO	%2,00-%5,50	03.10.08-06.10.2008	85.703
			294.247

As of 30 September 2008, TRY 41.681 Thousand of total foreign currency deposits (31 December 2007: TRY 55.258 Thousand) and TRY 51.861 Thousand of total TRY (31 December 2007: TRY 37.819 Thousand) deposits consist of accounts at its main shareholders, Türkiye İş Bankası A.Ş.

The details of time deposits as of 31 December 2007 are as follows:

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2007</u>
TRY	%18,20-%19,00	07.01.2008-28.01.2008	95.564
US\$	%2,76-%4,25	02.01.2008	11.696
EURO	%1,70-%5,25	02.01.2008-28.01.2008	51.056
			158.316

Reconciliation of carrying value of liquid assets in the accompanying financial statements with the cash flow statement:

	<u>30 September 2008</u>	<u>30 September 2007</u>
Demand deposit	21.669	1.516
Time deposit (1-3 month)	291.262	57.662
Liquid assets per cash flow statement	312.931	59.178

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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 September 2008	31 December 2007	30 September 2008	31 December 2007
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	7.435	15.682
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Investment Services	İstanbul	0,89	0,89	0,89	370	584
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	21
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						8.160	16.617

7. FACTORING RECEIVABLES

	<u>30 September 2008</u>	<u>31 December 2007</u>
<u>Short-term factoring receivables (*)</u>		
Domestic factoring receivables (net)	81.910	54.172
Export and import factoring receivables (net)	200	3.266
Factoring interest income accrual	622	119
Unearned interest income	(1.673)	(1.467)
Factoring receivables under follow-up (**)	2.707	2.128
Gross factoring receivables	<u>83.766</u>	<u>58.218</u>
Provision for doubtful factoring receivables	<u>(2.707)</u>	<u>(2.128)</u>
	<u>81.059</u>	<u>56.090</u>

(*)The balance 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 %.

(**) Those are classified in the receivables under follow-up account in the balance sheet.

EUR 111.171 and TRY 27.582 Thousand of factoring receivables (31 December 2007: EUR 707.257, GBP 1.019.418, US \$ 229.195 and TRY 5.829 Thousand) have variable interest rates while US \$ 225.114 Thousand of factoring receivable has a fixed interest rate (31 December 2007: TRY 46.413 Thousand).

The Group has contract guarantees against its factoring receivables.

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7. FACTORING RECEIVABLES (cont’d)

Type of factoring transactions are as follows:

	<u>30 September 2008</u>	<u>31 December 2007</u>
Domestic irrevocable	10.134	7.708
Foreign irrevocable	215	3.280
Domestic revocable	70.710	45.102
Foreign revocable	-	-
	<u>81.059</u>	<u>56.090</u>

Except for its 100% provision allocated doubtful receivables, the Group has no overdue factoring receivables as of the balance sheet date. The fair value of the Group’s restructured factoring receivables amount to TRY 144 Thousand (31 December 2007: TRY 172 Thousand). If such receivables were not restructured, they would be classified as overdue or doubtful receivables. The Group has contract guarantees against such receivables.

The aging of the factoring receivables under follow-up as of 30 September 2008 is as follows:

	<u>30 September 2008</u>	<u>31 December 2007</u>
Up to 90 days	479	-
Between 90 – 180 days	261	1.079
Between 180 – 360 days	-	189
Over 360 days	1.967	860
Outstanding amount	-	-
	<u>2.707</u>	<u>2.128</u>

The Group has a contract guarantee for the above factoring receivables under follow-up.

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

	<u>1 January- 30 September 2008</u>	<u>1 January- 30 September 2007</u>
Provision at the beginning of the period	(2.128)	(859)
Additions	(899)	(601)
Collections	320	-
Provision at the end of the period	<u>(2.707)</u>	<u>(1.460)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

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

8. LEASE RECEIVABLES

<u>30 September 2008</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	22.320	-	22.320
Finance lease receivables under follow-up (*)	47.575	11.358	58.933
Uninvoiced finance lease receivables	396.468	517.102	913.570
Less: Unearned interest income	(77.410)	(74.172)	(151.582)
Ongoing Leasing Contracts (**)	-	5.404	5.404
Advances Given	-	33.102	33.102
Less: Specific Provisions (*)	(19.133)	(4.568)	(23.701)
Net finance lease receivables	<u>369.820</u>	<u>488.226</u>	<u>858.046</u>
<u>31 December 2007</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	17.347	-	17.347
Finance lease receivables under follow-up (*)	60.683	7.093	67.776
Uninvoiced finance lease receivables	393.826	457.777	851.603
Less: Unearned interest income	(74.483)	(66.204)	(140.687)
Ongoing Leasing Contracts (**)	-	17.453	17.453
Advances Given	-	19.481	19.481
Less: Specific Provisions (*)	(30.685)	(2.967)	(33.652)
Net finance lease receivables	<u>366.688</u>	<u>432.633</u>	<u>799.321</u>

(*) Such amounts are classified in balance sheet under the receivables under follow-up.

(**)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 September 2008 and 31 December 2007.

The allocation of finance lease receivables according to their maturities as of 30 September 2008 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	166.500	361.967	218.091	125.651	58.179	40.734	971.122
Unearned Interest	(23.818)	(67.040)	(34.572)	(15.691)	(6.201)	(4.260)	(151.582)
Finance lease receivables (net)	<u>142.682</u>	<u>294.927</u>	<u>183.519</u>	<u>109.960</u>	<u>51.978</u>	<u>36.474</u>	<u>819.540</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.

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8. LEASE RECEIVABLES (cont'd)

The allocation of finance lease receivables according to their maturities as of 31 December 2007 is as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	441.171	245.455	120.034	55.551	21.672	19.191	903.074
Unearned Interest	<u>(74.483)</u>	<u>(38.566)</u>	<u>(16.065)</u>	<u>(6.684)</u>	<u>(2.573)</u>	<u>(2.316)</u>	<u>(140.687)</u>
Finance lease receivables (net)	<u>366.688</u>	<u>206.889</u>	<u>103.969</u>	<u>48.867</u>	<u>19.099</u>	<u>16.875</u>	<u>762.387</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 September 2008, the compound interest rate that applies for finance lease receivables is; 26,16% for TRY, 8,98 % for US\$, and 9,21% for EURO. (31 December 2007: for TRY 26,22%, for US\$ 9,69% and for EURO 9,45%).

As of 30 September 2008, the distribution of finance lease receivables according to 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>
US\$	227.491.363	280.178	37.360.968	46.014
EURO	179.575.448	322.841	26.682.753	47.970
TRY	-	216.521	-	57.598
Total		<u>819.540</u>		<u>151.582</u>

As of 31 December 2007, the distribution of finance lease receivables according to 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>
US\$	208.285.508	242.590	35.998.952	41.928
EURO	174.929.303	299.164	25.765.493	44.064
TRY	-	220.633	-	54.695
Total		<u>762.387</u>		<u>140.687</u>

The Group's finance lease receivables amounting to US \$ 33.644.735, EUR 3.779.304 have floating interest rates (2007: USD\$ 27.648.300, EUR 2.271.042) and amounting to USD\$ 193.846.628, and EUR 175.796.144 have fixed interest rates. (2007: US \$ 180.637.208, EUR 172.658.261)

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8. LEASE RECEIVABLES (cont'd)

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

<u>Guarantee type</u>	<u>30 September 2008</u>	<u>31 December 2007</u>
Mortgages	604.398	564.726
Guarantors	7.194	7.477
Cash blockages	12.916	17.793
Letter of guarantees	8.567	10.865
Other	4.790	2.632
	<u>637.865</u>	<u>603.493</u>

As of the balance sheet date, the Group has not allocated provisions for TRY 12.111 Thousand of invoiced receivable classified under its finance lease receivables overdue less than 150 days (31 December 2007: TRY 6.957 Thousand) as there has been no change in the collectability quality of the related receivable at maturity date and the Group Management believes that this receivable amount is collectible. The aging analysis of the related receivables is shown below:

	<u>30 September 2008</u>	<u>31 December 2007</u>
Up to 30 days	6.745	4.237
Between 30 – 60 days	2.720	1.766
Between 60 – 90 days	1.078	954
Between 90 – 150 days	1.568	-
Overdue total	<u>12.111</u>	<u>6.957</u>
Outstanding amount	<u>86.867</u>	<u>71.808</u>
	<u>98.978</u>	<u>78.765</u>

<u>Guarantee type:</u>	<u>30 September 2008</u>	<u>31 December 2007</u>
Mortgage	109.471	70.268
Guarantors	765	1.027
Cash blockage	93	206
Letter of guarantees	1.668	1.481
	<u>111.997</u>	<u>72.982</u>

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to working with a great many customers. Accordingly, the Group management believes that there is no further credit allowance need in excess of the allowance for doubtful receivables in the accompanying financial statements.

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.

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8. LEASE RECEIVABLES (cont’d)

The aging of the finance lease receivables under follow-up as of 30 September 2008 is as follows:

	<u>30 September</u> <u>2008</u>
Between 150 – 240 days	3.351
Between 240 – 360 days	4.006
Over 360 days	21.380
Uninvoiced doubtful finance lease receivables	33.111
Less: Doubtful finance lease receivables unearned	(2.915)
	<u>58.933</u>

The aging of the finance lease receivables under follow-up as of 31 December 2007 is as follows:

	<u>31 December 2007</u>
Up to 90 days	7.704
Between 90 – 180 days	4.776
Between 180 – 360 days	4.413
Over 360 days	10.498
Uninvoiced doubtful finance lease receivables	43.624
Less: Doubtful finance lease receivables unearned	(3.239)
	<u>67.776</u>

The guarantees regarding finance lease receivables under follow-up as of 30 September 2008 and 31 December 2007 are as follows:

<u>Guarantee type:</u>	<u>30 September 2008</u>	<u>31 December 2007</u>
Mortgage	7.287	52.868
Guarantors	142	105
Cash blockages	572	846
Letter of guarantees	122	674
Pledges	180	-
Equipment of finance leases	24.610	7.249
	<u>32.913</u>	<u>61.742</u>

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

<u>Movement of specific provisions:</u>	<u>1 January-</u> <u>30 September 2008</u>	<u>1 January-</u> <u>30 September 2007</u>
Provision at the beginning of the period	(33.652)	(27.241)
Additions	(6.378)	(20.478)
Write offs	3.167	1.251
Collections	13.162	14.810
Provision at the end of the period	<u>(23.701)</u>	<u>(31.658)</u>

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9. DUE FROM / TO RELATED PARTIES

<u>Finance lease receivables</u>	<u>30 September 2008</u>	<u>31 December 2007</u>
Türkiye İş Bankası A.Ş.	55.218	72.480
Gemport Gemlik Liman İşletmeleri A.Ş.	12.185	3.966
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	2.995	2.304
Avea İletişim Hizmetleri A.Ş.	3.053	3.200
Anadolu Anonim Türk Sigorta Şirketi	26	238
Türkiye Sınai Kalkınma Bankası A.Ş.	224	117
Gemnak Nakliye Taah. Ve Tic. Ltd. Şti.	431	670
Diğer	71	235
	<u>74.203</u>	<u>83.210</u>

Factoring receivables

Kültür Yayınları İş-Türk Ltd. Şti.	302	-
İş Koray Tur.Ormanlık Maden. İnş.Taah.Ve Tic.A.Ş.	-	351
Nevotek Bilişim Ses Ve İletişim Sist.San.Ve Tic.A.Ş.	283	317
	<u>585</u>	<u>668</u>

Payables to related parties

Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	4.489	4.298
Türkiye İş Bankası A.Ş.	12	9
Türkiye Sınai Kalkınma Bankası A.Ş.	-	227
Gemport Gemlik Liman İşletmeleri A.Ş.	223	229
Other	16	4
	<u>4.740</u>	<u>4.767</u>

Borrowings

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2008</u>
TRY	%17,50	Rotatif	8.535
US\$	%3,88-%6,06	03.11.2008-18.05.2010	105.671
EURO	%5,88-%6,50	14.10.2008-31.05.2010	168.446
			<u>282.652</u>

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2007</u>
TRY	%16,70	Revolving	24.592
US\$	%5,84-%8,18	07.04.2008-18.05.2010	25.231
EURO	%5,17-%6,89	23.09.2008-31.05.2010	186.078
GBP	%6,50	01.01.2008	2.237
			<u>238.138</u>

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

Borrowings (cont'd)

Türkiye Sınai Kalkınma Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2008</u>
US\$	%5,25-%5,66	15.07.2010	21.992
EURO	%4,40-%6,34	15.10.2009-15.07.2010	7.567
			<u>29.559</u>

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2007</u>
US\$	%6,89	15.07.2010	13.416
EURO	%4,35-%5,86	15.04.2010-15.10.2010	2.697
			<u>16.113</u>

Deposits

	<u>30 September 2008</u>	<u>31 December 2007</u>		
Türkiye İş Bankası A.Ş. Time Deposit	3.596	5.254		
Türkiye İş Bankası A.Ş. Demand Deposit	89.947	87.823		
	<u>01.01.2008- 30.09.2008</u>	<u>01.01.2007- 30.09.2007</u>	<u>01.07.2008- 30.09.2008</u>	<u>01.07.2007- 30.09.2007</u>
<u>Finance lease interest income</u>				
Türkiye İş Bankası A.Ş.	5.049	6.570	1.092	4.135
Beyaz Filo Oto Kiralama A.Ş.	1.081	1.814	-	666
Gemport Gemlik Liman. İşl. A.Ş.	577	119	274	94
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	59	48	44	14
Anadolu Anonim Türk Sigorta Şti. A.Ş.	20	20	4	4
Türkiye Sınai Kalkınma Bankası A.Ş.	74	79	15	17
Diğer	234	163	89	148
	<u>7.094</u>	<u>8.813</u>	<u>1.518</u>	<u>5.078</u>
<u>Interest Income</u>				
Türkiye İş Bankası A.Ş.	4.277	1.859	3.922	488
	<u>4.277</u>	<u>1.859</u>	<u>3.922</u>	<u>488</u>
<u>Dividend Income</u>				
Yatırım Finansman Menkul Değerler A.Ş.	5	3	-	3
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	37	12	27	-
İş Yatırım Menkul Değerler A.Ş.	462	-	-	-
İş Net Elekt.Bilgi Ür. Dağ. Tic. ve İlet. Hiz. A.Ş.	4	-	-	-
	<u>508</u>	<u>15</u>	<u>27</u>	<u>3</u>

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

	01.01.2008- 30.09.2008	01.01.2007- 30.09.2007	01.07.2008- 30.09.2008	01.07.2007- 30.09.2007
<u>Finance expense</u>				
Türkiye İş Bankası A.Ş.	9.634	8.274	1.798	3.124
Türkiye Sınai Kalkınma Bankası A.Ş.	976	669	377	278
	<u>10.610</u>	<u>8.943</u>	<u>2.175</u>	<u>3.402</u>
<u>Rent expense</u>				
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	588	593	196	164
	<u>588</u>	<u>593</u>	<u>196</u>	<u>164</u>
<u>Commission Income</u>				
Anadolu Anonim Türk Sigorta Şirketi	1.506	1.535	508	556
	<u>1.506</u>	<u>1.535</u>	<u>508</u>	<u>556</u>
<u>Compensation of Key Client Personnel</u>				
Short-term benefits	1.554	1.323	419	369
	<u>1.554</u>	<u>1.323</u>	<u>419</u>	<u>369</u>
<u>Factoring Income</u>				
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1	120	-	33
Şişe Cam Dış Tic.AŞ.	116	17	35	-
Kültür Yayınları İş-Türk Ltd.Şti.	3	-	-	-
Nevotek Bil.Ses Ve İlet.Sist.San. Ve Tic.A.Ş	1	-	-	-
	<u>121</u>	<u>137</u>	<u>35</u>	<u>33</u>

10. TANGIBLE ASSETS

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
<u>Acquisition cost</u>					
Opening balance 1 January 2008	466	3.389	1.827	2.852	8.534
Additions	-	134	3	48	185
Disposals	(168)	-	-	-	(168)
Closing balance 30 September 2008	<u>298</u>	<u>3.523</u>	<u>1.830</u>	<u>2.900</u>	<u>8.551</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2008	(319)	(2.935)	(1.722)	(2.514)	(7.490)
Charge for period	(45)	(103)	(55)	(73)	(276)
Disposals	134	-	-	-	134
Closing balance 30 September 2008	<u>(230)</u>	<u>(3.038)</u>	<u>(1.777)</u>	<u>(2.587)</u>	<u>(7.632)</u>
Net book value as of 30 September 2008	<u>68</u>	<u>485</u>	<u>53</u>	<u>313</u>	<u>919</u>

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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 2007	466	3.113	1.819	2.848	8.246
Additions	-	259	8	1	268
Closing balance 30 September 2007	<u>466</u>	<u>3.372</u>	<u>1.827</u>	<u>2.849</u>	<u>8.514</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2007	(225)	(2.806)	(1.637)	(2.402)	(7.070)
Charge for period	(70)	(95)	(65)	(89)	(319)
Closing balance 30 September 2007	<u>(295)</u>	<u>(2.901)</u>	<u>(1.702)</u>	<u>(2.491)</u>	<u>(7.389)</u>
Net book value as of 30 September 2007	<u>171</u>	<u>471</u>	<u>125</u>	<u>358</u>	<u>1.125</u>

11. INTANGIBLE ASSETS

	<u>30 September 2008</u>	<u>30 September 2007</u>
<u>Acquisition Cost</u>		
Opening balance 1 January	207	170
Additions	-	-
Closing balance 30 September	<u>207</u>	<u>170</u>
<u>Amortization</u>		
Opening balance 1 January	(162)	(158)
Charge for the period	(9)	<1
Closing balance 30 September	<u>(171)</u>	<u>(158)</u>
Net book value	<u>36</u>	<u>12</u>

12. GOODWILL

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to TRY 12.517 Thousand with a price of US \$ 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. The net amount of goodwill as of 30 September 2008 is TRY 166 Thousand. (31 December 2007: TRY 166 Thousand) Within the framework of IFRS 3 “Mergers and Acquisitions” which is effective from 1 January 2005, no amortization is applied to goodwill realized out of the acquisitions after December 31, 2004 for the annual periods beginning on or after 31 March 2004, and analysis of provision for impairment is performed as of each balance sheet date for goodwill.

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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. It is provided provision for deferred tax assets that will not be realized in future.

	<u>30 September 2008</u>	<u>31 December 2007</u>
Deferred Tax Asset	<u>8</u>	<u>20</u>
	<u>30 September 2008</u>	<u>31 December 2007</u>
Temporary differences subject to deferred tax:		
Finance lease adjustment	(16.758)	(8.914)
Tax base difference in tangible and intangible assets	10.140	6.255
Retirement pay provision	590	545
Unused vacation provision	131	81
Finance lease income accruals	(10.785)	(10.084)
Allowance for doubtful finance lease receivables	8.104	18.056
Financial instrument valuation differences	(1.646)	3.056
Unrealized finance expense	7.240	9.654
Unused investment incentives	389.241	410.688
Other	-	(215)
	<u>386.257</u>	<u>429.122</u>

The effective tax rate has been applied as 30% except investment incentives since the Company has decided to use investment incentive option in case the Company has taxable income in the following years. On the other hand, the Company’s subsidiary İş Factoring Finansman Hizmetleri A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%. 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. While the investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years, legally, there is still uncertainty about the future. Therefore, a provision has been provided for the deferred tax asset of the Group in the accompanying financial statements.

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

	<u>30 September 2008</u>	<u>31 December 2007</u>
<u>Deferred Tax Assets/(Liabilities)</u>		
Finance lease adjustment	(5.028)	(2.674)
Tax base difference in tangible and intangible assets	3.046	1.881
Retirement pay provision	167	151
Unused vacation provision	38	24
Finance lease income accruals	(3.235)	(3.025)
Allowance for doubtful finance lease receivables	2.431	5.416
Financial Instrument Valuation Differences	(494)	917
Unrealized finance expense	2.172	2.896
Unused investment incentives	92.782	100.006
Other	-	(64)
Deferred tax asset	<u>91.879</u>	<u>105.528</u>
Provision	<u>(91.871)</u>	<u>(105.508)</u>
Deferred tax asset (net)	<u>8</u>	<u>20</u>

Deferred tax assets/(liabilities) movement for the period ended as of 30 September 2008 is as follows:

	<u>30 September 2008</u>	<u>31 December 2007</u>
Opening balance 1 January	20	19
Deferred tax benefit / (expense)	<u>(12)</u>	<u>1</u>
Closing balance	<u>8</u>	<u>20</u>

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	<u>30 September 2008</u>		<u>31 December 2007</u>	
	TRY	FC	TRY	FC
Assets held for sale (*)	<u>2.868</u>	-	2.865	-
	<u>2.868</u>	-	2.865	-

(*) 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 September 2008</u>		<u>31 December 2007</u>	
	TRY	FC	TRY	FC
VAT deductible and other VAT	<u>19.955</u>	-	6.198	-
Insurance premium receivables	<u>2.709</u>	<u>1.276</u>	4.642	73
Other	<u>642</u>	<u>1</u>	1.229	-
	<u>23.306</u>	<u>1.277</u>	12.069	73

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16. FUNDS BORROWED

	<u>30 September 2008</u>	<u>31 December 2007</u>
<u>Short-term borrowings</u>		
Short-term borrowings	617.437	512.220
Short-term portions of long-term borrowings	140.444	28.525
Total short-term borrowing	<u>757.881</u>	<u>540.745</u>
<u>Long-term borrowings</u>		
Long-term portions of long-term borrowings	238.836	260.477
Total long-term borrowings	<u>238.836</u>	<u>260.477</u>
Total borrowings	<u>996.717</u>	<u>801.222</u>
<u>Maturity analysis of borrowings</u>		
	<u>30 September 2008</u>	<u>31 December 2007</u>
Within 1 year	757.881	540.745
Within 1-2 years	238.836	242.820
Within 2-3 years	-	17.657
Within 3-4 years	-	-
Total	<u>996.717</u>	<u>801.222</u>

The details of short-term borrowings are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 September 2008</u>
TRY	%17,25-%20,45	-	124.777
US\$	%3,45-%6,06	181.952.163	224.092
EURO	%5,15-%7,29	138.495.903	248.988
Interest accruals			19.580
TOTAL			<u>617.437</u>

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2007</u>
TRY	%17,46-%18,97	-	123.259
US\$	%3,95-%8,34	151.327.313	176.251
EURO	%5,18-%6,33	115.732.024	197.925
GBP	%6,50	961.788	2.237
Interest accrual			12.548
TOTAL			<u>512.220</u>

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16. FUNDS BORROWED (cont’d)

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 September 2008</u>
US\$	%3,88-%5,66	49.437.681	60.887
EURO	%4,63-%7,27	44.252.190	79.557
TOTAL			140.444

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2007</u>
US\$	%5,93-%7,01	2.843.389	3.311
EURO	%4,63-%6,05	14.743.332	25.214
TOTAL			28.525

The details of long-term borrowing are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 September 2008</u>
US\$	%3,83-%5,66	79.437.681	97.835
EURO	%4,63-%7,27	78.429.972	141.001
TOTAL			238.836

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2007</u>
US\$	%5,35-%7,01	71.873.555	83.711
EURO	%4,63-%6,05	103.359.781	176.766
TOTAL			260.477

Credit interest rate is implied compoundedly.

	<u>30 September 2008</u>		<u>31 December 2007</u>	
	<u>TRY</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
Fixed rate	130.681	129.933	128.235	316.079
Variable rate	-	736.103	-	356.908
	130.681	866.036	128.235	672.987

The Group’s borrowings’ fair values are presented in note 40.

At 30 September 2008, the Group had available TRY 809.441 Thousand of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. (31 December 2007: TRY 571.673 Thousand)

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17. SUNDRY CREDITORS AND OTHER LIABILITIES

Sundry Creditors

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Payables to finance lease suppliers	746	825	965	8.854
Other trade payables (*)	2.708	2.105	4.096	366
	3.454	2.930	5.061	9.220

(*)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 payable and payable to suppliers resulting from daily operations of the Group.

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

Other Liabilities

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Advances Given (**)	2.606	7.347	3.348	7.228
	2.606	7.347	3.348	7.228

(**) 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

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Finance Lease Payables	-	-	-	17
Less: Cost of deferred finance lease payables	-	-	-	-
Finance Lease Payables (Net)	-	-	-	17

19. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Forward expense accrual	-	-	-	1.776
	-	-	-	1.776

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20. TAXES PAYABLE AND OTHER LIABILITIES

	30 September 2008		31 December 2007	
	TRY	FC	TRY	FC
Taxes payable and liabilities	542	-	368	-
	542	-	368	-

21. PROVISIONS FOR LIABILITIES

Other Provisions:

	30 September 2008	31 December 2007
Corporate tax provision (net)	-	-
Legal case provision (*)	41	7.945
Other	147	93
	188	8.038

	30 September 2008	31 December 2007
Corporate tax provision	317	406
Prepaid taxes	(429)	(492)
Corporate tax provision (net) (**)	(112)	(86)

(*)Against the notice of penalty assessments sent in 2005, the Company’s subsidiary, İş Factoring Finansman Hizmetleri A.Ş. (“İş Factoring”) has filed a lawsuit against the related tax authorities regarding the cancellation of notice of penalty assessments and paid for principle amount of the tax penalty, however, the lawsuit filed was resulted against İş Factoring. Within the legitimate timeframe, İş Factoring filed for an appeal in the State Council whereas it also made an application to the Ministry of Treasure for the suspension and scheduling of an installment plan for its tax dues and started to pay its dues. Subsequent to the overrule of Fourth Instance of State Council the decision made by the Tax Court and all tax payments of İş Factoring that are made through an installment plan are suspended. Subsequent to the State of Council’s decision, İş Factoring has requested restitution of such amount and restitution has been realized in June 2008. As those lawsuits were resulted in favor of İş Factoring, the Group management reversed the provision amount which was allocated in prior years in the accompanying balance sheet as a result of the restitution by Tax Offices and recognized the related amount as an income in the current period.

(**) Classified under the other assets item in the prior periods.

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22. EMPLOYEE BENEFITS

Retirement Pay Provision

	<u>30 September 2008</u>	<u>31 December 2007</u>
Retirement pay provision	590	545
Unused vacation provision	131	81
	<u>721</u>	<u>626</u>

Retirement Pay Provision

	<u>30 September 2008</u>	<u>30 September 2007</u>
1 January	545	461
Increase during the period	145	83
Amounts paid	(39)	(17)
Reversed provision	(61)	-
Period End	<u>590</u>	<u>527</u>

Retirement Pay Provision:

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law’s 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month’s salary limited to a maximum of TRY 2.173,18 (2007: TRY 2.030,19) for each period of service at 31 December 2007.

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 31 December 2007, 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% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71% (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 2.173,18 effective from 1 July 2008 has been taken into consideration in calculation of provision from employment termination benefits.

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23. MINORITY INTEREST

The Company owns 78,23% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share is calculated from balance sheet and income statement of the subsidiary amounting to TRY 6.264 thousand (31 December 2007: TRY 2.857 thousand) and TRY 4.352 thousand gain, respectively as of 30 September 2008 (30 September 2007: TRY 198 thousand-gain).

24. PAID-IN CAPITAL AND CAPITAL RESERVES

As of 30 September 2008 and 31 December 2007 share capital held is as follows:

CAPITAL

<u>Shareholders</u>	<u>(%)</u>	<u>30 September 2008</u>	<u>(%)</u>	<u>31 December 2007</u>
Türkiye İş Bankası A.Ş.	27,79	51.419	27,79	38.773
Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB)	28,56	52.836	28,56	39.841
Publicly traded	42,30	78.247	42,30	59.003
Türkiye Şişe ve Cam Fab. A.Ş. (*)	0,45	833	0,45	628
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,90	1.665	0,90	1.255
TOTAL	100,00	185.000	100,00	139.500

(*) Türkiye Şişe ve Cam Fabrikaları AŞ. has merged with Cam Pazarlama A.Ş. via takeover.

CAPITAL RESERVES

	<u>30 September 2008</u>	<u>31 December 2007</u>
Other Capital Reserves:		
- Shareholders' equity inflation restatement differences:	12.581	12.581
Marketable securities revaluation reserve	1.031	8.547
TOTAL	13.612	21.128

25. PROFIT RESERVES

	<u>30 September 2008</u>	<u>31 December 2007</u>
Legal reserves	4.633	3.360
Extraordinary reserves	250	296
TOTAL	4.883	3.656

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 September 2008</u>	<u>31 December 2007</u>
Prior year profit/(loss)	1.571	1.582

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27. FOREIGN CURRENCY POSITION

	US\$ 000	EURO 000	CHF 000	GBP 000	JPY 000	DKK 000	AUD 000	TRY Equivalent
<u>30 September 2008</u>								
Banks	79.300	58.679	11	13	26	28	-	203.206
Finance lease receivables	227.491	179.575	-	-	-	-	-	603.019
Factoring receivables	225	119	-	-	-	-	-	492
Advances given	4.979	13.080	-	53	71.544	-	-	30.600
Ongoing leasing contracts	2.721	693	-	-	-	-	-	4.597
Other Assets	507	362	1	-	-	-	-	1.277
Funds borrowed	(313.766)	(265.801)	-	-	-	-	-	(864.292)
Sundry creditors and other liabilities	(3.749)	(3.137)	(2)	(7)	(267)	-	-	(10.277)
Balance sheet position								(31.378)
Off balance sheet position (Forward&Swap)	-	20.000	-	-	-	-	-	35.956
Net foreign currency position								4.578
<u>31 December 2007</u>								
Banks	11.597	30.313	11	69	27	15	2	65.525
Finance lease receivables	208.286	174.929	-	-	-	-	-	541.755
Factoring receivables	229	707	-	1.019	-	-	-	3.848
Advances given	6.200	5.704	200	-	-	-	-	17.181
Ongoing leasing contracts	5.942	2.643	-	-	-	-	-	11.441
Other Assets	63	-	-	-	-	-	-	73
Funds borrowed	(229.507)	(235.903)	-	(962)	-	-	-	(672.987)
Sundry creditors and other liabilities	(4.428)	(6.484)	(200)	-	237	-	-	(16.448)
Financial lease payables	(15)	-	-	-	-	-	-	(17)
Forward accruals	-	(1.038)	-	-	-	-	-	(1.776)
Balance sheet position								(51.405)
Off balance sheet position (Forward&Swap)	-	25.500	-	-	-	-	-	43.610
Net foreign currency position								(7.795)

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28. COMMITMENTS AND CONTINGENCIES

As of 30 September 2008, letter of guarantees amounting to TRY 967 thousand are given to customs, authorities and banks (31 December 2007: TRY 1.351 thousand).

As of 30 September 2008, the total risk of court cases opened and currently pending against the Group amounts to approximately TRY 674 Thousand (31 December 2007: TRY 429 Thousand). The Group provided a provision amounting to TRY 41 Thousand (31 December 2007: TRY 41 Thousand) in the accompanying financial statements. Also, the Group has recognized TRY 7.904 Thousand of provision reversal in the accompanying financial statements in the current period in connection with the court case explained in note 15 (31 December 2007: TRY 7.904 Thousand).

Forward Contracts:

	<u>30 September 2008</u>		<u>31 December 2007</u>	
	Currency Amount	TRY	Currency Amount	TRY
Purchases:				
EURO		-	5.500.000	9.406
		-		9.406
Sales:				
TRY		-	11.317.100	11.317
		-		11.317
Maturity Analysis:				
Short-term		-		9.406
Long-term		-		-
		-		9.406
Maturity Analysis:				
Short-term		-		11.317
Long-term		-		-
		-		11.317

In addition, the Group has cross currency swap amounting to EURO 20.000.000 having maturities of 9 October 2008 and 16 October 2008. The Group earns an interest of Euribor per annum for the receivable amounting to EURO 20.000.000 and pays an interest of 19,90% -20,45% for the payable amounting to TRY 37.700 Thousand per annum.

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29. SEGMENTAL INFORMATION

As of 30 September 2008:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Total assets	1.166.169	142.311	(16.606)	1.291.874
Total liabilities	900.955	113.550	-	1.014.505
Net profit	50.410	19.981	(4.352)	66.039

As of 31 December 2007:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Total assets	950.729	118.221	(16.607)	1.052.343
Total liabilities	731.800	105.104	-	836.904
Net profit	45.797	1.175	(256)	46.716

Segmental Income Statement as of 30 September 2008:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	75.394	12.052	-	87.446
Operating Expense (-)	(8.826)	(1.611)	-	(10.437)
Other Operating Income	323.839	18.912	-	342.751
Finance Expense (-)	(37.324)	(8.010)	-	(45.334)
Specific Provision for Receivables under follow-up (-)	(6.378)	(890)	-	(7.268)
Other Operating Expense (-)	(296.295)	(143)	-	(296.438)
Net Operating Income	50.410	20.310	-	70.720
Profit/Loss On Continuing Operations Before Tax	50.410	20.310	-	70.720
Tax Provision for Continuing Operations(±)	-	(329)	-	(329)
Net Period Profit/Loss from Continuing Operations	50.410	19.981	-	70.391
Minority Share	-	-	(4.352)	(4.352)
Net Period Profit/Loss	50.410	19.981	(4.352)	66.039
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	177	5	-	182
Depreciation and Amortization	(261)	(24)	-	(285)

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29. SEGMENTAL INFORMATION (cont'd)

As of 30 September 2007:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	74.474	6.147	-	80.621
Operating Expense (-)	(7.662)	(1.263)	-	(8.925)
Other Operating Income	75.308	149	-	75.457
Finance Expense (-)	(31.108)	(2.534)	-	(33.642)
Specific Provision for Non-Performing Receivables (-)	(5.067)	(601)	-	(5.668)
Other Operating Expense (-)	(71.212)	(500)	-	(71.712)
Net Operating Income	34.733	1.398	-	36.131
Profit/Loss On Continuing Operations Before Tax	-	-	-	-
Tax Provision for Continuing Operations(±)	-	(488)	-	(488)
Net Period Profit/Loss from Continuing Operations	34.733	910	-	35.643
Minority Share	-	-	(198)	(198)
Net Period Profit/Loss	34.733	910	(198)	35.445
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	267	1	-	268
Depreciation and Amortization	(304)	(15)	-	(319)

30. SUBSEQUENT EVENTS

None.

31. OPERATING INCOME

	<u>01.01.2008 - 30.09.2008</u>	<u>01.01.2007 - 30.09.2007</u>	<u>01.07.2008 - 30.09.2008</u>	<u>01.07.2007 - 30.09.2007</u>
Finance lease interest income	75.394	74.474	24.741	25.685
Factoring income	12.052	6.147	4.601	2.721
	<u>87.446</u>	<u>80.621</u>	<u>29.342</u>	<u>28.406</u>

32. OPERATING EXPENSE

	<u>01.01.2008 - 30.09.2008</u>	<u>01.01.2007 - 30.09.2007</u>	<u>01.07.2008 - 30.09.2008</u>	<u>01.07.2007 - 30.09.2007</u>
Personnel expenses	(6.903)	(5.266)	(2.113)	(1.549)
Depreciation expense	(285)	(319)	(92)	(102)
Office rent expenses	(588)	(593)	(196)	(164)
Other general administrative expenses	(2.661)	(2.747)	(821)	(758)
	<u>(10.437)</u>	<u>(8.925)</u>	<u>(3.222)</u>	<u>(2.573)</u>

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33. OTHER OPERATING INCOME

	01.01.2008 - 30.09.2008	01.01.2007 - 30.09.2007	01.07.2008 - 30.09.2008	01.07.2007 - 30.09.2007
Dividend income	508	15	27	3
Commission income	1.506	1.535	508	556
Interest income	11.249	4.256	4.315	1.669
Interest received from derivative financial operations	2.393	-	-	-
Foreign exchange gain	294.475	67.527	97.339	31.164
Legal case collection and provision cancellation income	16.321	-	-	-
Other	15.562	2.124	737	406
	<u>342.751</u>	<u>75.457</u>	<u>102.926</u>	<u>33.798</u>

34. FINANCE EXPENSE

	01.01.2008 - 30.09.2008	01.01.2007 - 30.09.2007	01.07.2008 - 30.09.2008	01.07.2007 - 30.09.2007
Interest expense	(44.495)	(32.930)	(14.402)	(11.811)
Fees and commissions	(839)	(712)	(245)	(209)
	<u>(45.334)</u>	<u>(33.642)</u>	<u>(14.647)</u>	<u>(12.020)</u>

35. SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES

	01.01.2008 - 30.09.2008	01.01.2007 - 30.09.2007	01.07.2008 - 30.09.2008	01.07.2007 - 30.09.2007
Provision expense	(7.268)	(5.668)	(1.140)	(214)
	<u>(7.268)</u>	<u>(5.668)</u>	<u>(1.140)</u>	<u>(214)</u>

36. OTHER OPERATING EXPENSE

	01.01.2008 - 30.09.2008	01.01.2007 - 30.09.2007	01.07.2008 - 30.09.2008	01.07.2007 - 30.09.2007
Foreign exchange loss	(294.777)	(69.687)	(96.880)	(32.324)
Other	(1.661)	(2.025)	(541)	(993)
	<u>(296.438)</u>	<u>(71.712)</u>	<u>(97.421)</u>	<u>(33.317)</u>

37. TAXATION

	01.01.2008 - 30.09.2008	01.01.2007 - 30.09.2007	01.07.2008 - 30.09.2008	01.07.2007 - 30.09.2007
Provision for taxes on income				
Corporate tax provision	(317)	(489)	112	(195)
Deferred tax income / (expense)	(12)	1	(95)	1
	<u>(329)</u>	<u>(488)</u>	<u>17</u>	<u>(194)</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 2008 is 20%. (2007: 20%)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was decreased to 20% for 2006. (2005: 30%). The excess income tax paid of corporate income that was calculated at the rate of 30% during the first quarter will be deducted from tax returns in following periods.

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 responsables who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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37. TAXATION (cont'd)

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 2006, 2007 and 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.

The Company has chosen to use investment incentive for the following years, thus the effective tax rate of the Company is 30%. On the other hand, the Company's subsidiary İş Factoring A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%.

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.

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38. EARNINGS PER SHARE

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

	01.01.2008 - 30.09.2008	01.01.2007 - 30.09.2007	01.07.2008- 30.09.2008	01.07.2007 - 30.09.2007
Number of outstanding shares	18.500.000.000	18.500.000.000	18.500.000.000	18.500.000.000
Net period profit (thousand TRY)	66.039	35.445	15.403	13.598
Earning per share (TRY)	0,36	0,19	0,08	0,07

39. OTHER ISSUES

None.

40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as disclosed in note 24, 25 and 26 respectively.

(b) Significant accounting policies

The Group’s accounting policies about 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

	30 September 2008	31 December 2007
<u>Financial assets:</u>		
Banks	315.916	164.008
Financial Assets at Fair Value Through Profit and Loss:		
-Financial Assets Held for Trading	113	25
-Derivative Financial Assets Held for Trading	-	-
Finance Lease Receivables and Non-Performing Receivables	858.046	799.321
Factoring Receivables and Non-Performing Factoring Receivables	81.059	56.090
Insurance premium receivables (*)	3.985	4.715
Financial Assets Available for Sale	8.160	16.617
<u>Financial Liabilities:</u>		
Derivative Financial Liabilities Held for Trading	-	(1.776)
Finance Lease Payables (Net)	-	(17)
Sundry Creditors and Other Liabilities	(16.337)	(24.857)
Funds Borrowed	(996.717)	(801.222)

(*) 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. These 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 decrease the effects of and hedge from financial risk against those risks. The Group does not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

In order to decrease possible risks, the Group reports monthly to the risk management committee who monitors the risks and applied policies.

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

(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 rate and interest rate, the Group uses various derivative financial instruments including expressed below:

“Forward foreign exchange contracts” to hedge from exchange rate risk stems from operations ,
“Currency swaps” to control exchange rate risk of foreign currency denominated liabilities, and
“Cross currency swaps” to decrease risks stem from interest rate and exchange rate fluctuations of liabilities

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 manner which it manages and measures the risk.

(f) Foreign currency risk management

Foreign currency transactions cause foreign currency risk. The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using “forward foreign exchange contracts”.

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

Foreign currency sensitivity

The Group mainly is exposed to US\$ and EURO exchange rate risks.

The statement below shows the sensitivity of the Group to US\$ and EURO when a 15% change occurs at those currencies’ exchange rates. 15% change in rates is used when reporting foreign currency risk to the top management and stands for expected fluctuation in exchange rates by the top management. Foreign currency sensitivity analysis for the reporting period of the Group is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	US\$ Effect		EURO Effect	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Profit / (Loss)	(429)	(132)	980	(991)

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

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

Forward contracts and currency swaps

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

The statement below shows the maturity detail of the forward contracts and currency swaps as of the balance sheet date:

Sale/Purchase Agreements	Forward Rate		Foreign Currency		Contract Amount		Fair Value	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007
<u>EURO purchase</u>					<u>Thousand USD</u>	<u>Thousand TRY</u>	<u>Thousand USD</u>	<u>Thousand TRY</u>
Between 0-3 months	-	2,0915	-	5.000.000	-	10.458	-	8.683
Between 0-3 months	-	1,7192	-	500.000	-	860	-	859

As of the report date, the Group has no unrealized profit/loss in relation to the profit/loss arising from the fair value changes of forward transactions (2007: TRY 1.776 Thousand of loss).

In addition, the Group has cross currency swap amounting to EURO 20.000.000 having maturities of 9 October 2008 and 16 October 2008. The Group earns an interest of Euribor per annum for the receivable amounting to EURO 20.000.000 and pays an interest of 19,90% -20,45% for the payable amounting to TRY 37.700 Thousand per annum.

(g) Interest risk management

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

Interest rate sensitivity

The interest rate sensitivity analysis below is based on interest rate risk as of the balance sheet date 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 100 base point interest rate fluctuation scenarios. Such amount is also used in reporting to top management.

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

(g) Interest risk management (cont’d)

Interest rate sensitivity (cont’d)

In the case of interest rates being 100 base points higher at balance sheet date and holding all other variables fixed:

- Interest income from floating interest rate finance lease contracts would increase by TRY 307 Thousand (30 September 2007: TRY 294 Thousand).
- Interest expense from floating interest rate borrowings would increase by TRY 3.261 Thousand (30 September 2007: TRY 2.547 Thousand).

(h) Other price risks

The Group is exposed to equity shares 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 equity shares price risk exposed as of the balance sheet date.

In the case of being data in valuation method 15% higher / lower and all other variables fixed:

- If equity investments are held in available for sale portfolio and not disposed, net profit/loss would not change
- Funds under other equity would increase/decrease as TRY 1.171 Thousand (2007: TRY 2.440 Thousand). It is mainly because of changes in fair value of available for sale equity shares.

Equity shares price sensitivity of the Group has not changed materially comparing to prior year.

(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 and credit ratings of its counterparties are continuously monitored and the aggregate value of the transactions concluded is spread amongst approved counterparties. 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 September 2008	31 December 2007
	%	%
Construction	14,73	17,14
Finance	7,21	10,23
Transportation	13,51	9,61
Textile	9,41	9,37
Metal Industry	5,37	4,57
Health	6,13	5,06
Chemical, Plastic and Pharmacy	5,10	4,88
Forestry Products and Paper	4,86	4,44
Food	4,17	3,87
Mining	2,81	3,60
Tourism	3,64	3,45
Glass, Tile and Cement	2,95	2,17
Other	20,11	21,61
	<u>100,00</u>	<u>100,00</u>

Leased equipment allocation of finance lease receivables is as follows:

	30 September 2008	31 December 2007
	%	%
Machinery and Equipment	21,61	20,91
Building and Construction Machinery	17,48	19,87
Real Estate	14,06	14,15
Road Transport Vehicles	7,85	8,05
Air Transportation	0,97	-
Office Equipment	6,42	7,98
Electronic Optical Instruments	6,77	7,36
Textile Machinery	6,22	6,62
Medical Equipment	5,96	5,65
Sea Transport Vessels	2,91	1,12
Printing Machinery	3,33	3,38
Tourism Equipment	3,05	2,59
Other	3,37	2,32
	<u>100,00</u>	<u>100,00</u>

(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 liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

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

(i) Liquidity risk management (cont’d)

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.

	Up to 1 month	1-3 months	3 months –1 year	1-5 years	5 years +	Adjustments	Total
30 September 2008							
Banks	316.696	-	-	-	-	(780)	315.916
Financial Assets Available For Sale	113	-	-	-	-	-	113
Finance Lease Receivables (*)	35.986	120.305	282.887	501.411	20.325	(141.373)	819.541
Factoring Receivables	25.161	51.620	4.199	79	-	-	81.059
Insurance Premium Receivables	3.985	-	-	-	-	-	3.985
	<u>381.941</u>	<u>171.925</u>	<u>287.086</u>	<u>501.490</u>	<u>20.325</u>	<u>(142.153)</u>	<u>1.220.614</u>
Funds Borrowed	184.765	125.956	471.334	245.579	-	(30.917)	996.717
Sundry Creditors and Other Liabilities	16.337	-	-	-	-	-	16.337
	<u>201.102</u>	<u>125.956</u>	<u>471.334</u>	<u>245.579</u>	<u>-</u>	<u>(30.917)</u>	<u>1.013.054</u>

(*) Ongoing leasing investments and advances given for leasing transactions are not included in Finance Lease Receivables as they have not been scheduled for the payment plan yet.

	Up to 1 month	1-3 month	3 months –1 year	1-5 years	5 year +	Adjustments	Total
31 December 2007							
Banks	165.011	-	-	-	-	(1.003)	164.008
Financial Assets Available For Sale	25	-	-	-	-	-	25
Finance Lease Receivables (*)	23.840	114.662	292.370	446.624	19.192	(134.301)	762.387
Factoring Receivables	8.473	31.825	14.195	1.597	-	-	56.090
Insurance Premium Receivables	4.715	-	-	-	-	-	4.715
	<u>202.064</u>	<u>146.487</u>	<u>306.565</u>	<u>448.221</u>	<u>19.192</u>	<u>(135.304)</u>	<u>987.225</u>
Forward accrual	1.776	-	-	-	-	-	1.776
Funds Borrowed	127.469	49.086	389.731	273.309	-	(38.373)	801.222
Finance Lease Payables	-	16	1	-	-	-	17
Sundry Creditors and Other Liabilities	23.260	1.062	535	-	-	-	24.857
	<u>152.505</u>	<u>50.164</u>	<u>390.267</u>	<u>273.309</u>	<u>-</u>	<u>(38.373)</u>	<u>827.872</u>

(*) Ongoing leasing investments and advances given for leasing transactions are not included in Finance Lease Receivables as they have not been scheduled for the payment plan yet.

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

(j) Fair Value of Financial Instruments

Excluding items below on the table, the Group management estimates that the book value of the financial assets and liabilities approximates their fair value. Fair value of the financial instruments has been determined based on reliable data provided from financial markets. Fair value of other financial assets is determined by 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 comparison of carrying amounts and fair values of financial instruments which have been presented other than their market values at financial statements.

30 September 2008	Carrying Amount	Fair Value
<u>Financial Assets:</u>		
Banks	315.916	315.916
Financial Assets at Fair Value Through Profit and Loss:		
-Financial Assets Held for Trading	113	113
-Derivative Financial Assets Held for Trading	-	-
Finance Lease Receivables and Non-Performing Receivables	858.046	806.430
Factoring Receivables and Non-Performing Factoring Receivables	81.059	81.059
Financial Assets Available for Sale	8.160	8.160
<u>Financial Liabilities:</u>		
Derivative Financial Liabilities Held for Trading	-	-
Finance Lease Payables (Net)	-	-
Sundry Creditors and Other Liabilities	(6.384)	(6.384)
Funds Borrowed	(996.717)	(976.290)
31 December 2007	Carrying Amount	Fair Value
<u>Financial Assets:</u>		
Banks	164.008	164.008
Financial Assets at Fair Value Through Profit and Loss:		
-Financial Assets Held for Trading	25	25
-Derivative Financial Assets Held for Trading	-	-
Finance Lease Receivables and Non-Performing Receivables	799.321	823.663
Factoring Receivables and Non-Performing Factoring Receivables	56.090	56.090
Financial Assets Available for Sale	16.617	16.617
<u>Financial Liabilities:</u>		
Derivative Financial Liabilities Held for Trading	(1.776)	(1.776)
Finance Lease Payables (Net)	(17)	(17)
Sundry Creditors and Other Liabilities	(14.281)	(14.281)
Funds Borrowed	(801.222)	(808.797)