

**İŞ FİNANSAL KİRALAMA  
ANONİM ŞİRKETİ**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

*(Translated into English from the Original Turkish Report)*

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# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2009

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

		THOUSAND TURKISH LIRA						
I. BALANCE SHEET- ASSETS		Footnote	Unaudited Current Period 30 September 2009			Audited Prior Period 31 December 2008		
			TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I.</b>	<b>LIQUID ASSETS</b>		-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>4</b>	<b>108</b>	<b>-</b>	<b>108</b>	<b>90</b>	<b>1.814</b>	<b>1.904</b>
2.1	Financial Assets Held for Trading		108	-	108	90	-	90
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	-	-	-	1.814	1.814
<b>III.</b>	<b>BANKS</b>	<b>5</b>	<b>258.189</b>	<b>139.336</b>	<b>397.525</b>	<b>42.783</b>	<b>122.628</b>	<b>165.411</b>
<b>IV.</b>	<b>RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS</b>		-	-	-	-	-	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>6</b>	<b>15.772</b>	<b>-</b>	<b>15.772</b>	<b>5.495</b>	<b>-</b>	<b>5.495</b>
<b>VI.</b>	<b>FACTORING RECEIVABLES</b>	<b>7</b>	<b>99.188</b>	<b>155</b>	<b>99.343</b>	<b>66.264</b>	<b>834</b>	<b>67.098</b>
6.1	Discount Factoring Receivables		29.567	-	29.567	28.976	-	28.976
6.1.1	Domestic		30.414	-	30.414	29.822	-	29.822
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		847	-	847	846	-	846
6.2	Other Factoring Receivables		69.621	155	69.776	37.288	834	38.122
6.2.1	Domestic		69.621	-	69.621	37.288	-	37.288
6.2.2	Foreign		-	155	155	-	834	834
<b>VI.</b>	<b>FINANCING LOANS</b>		-	-	-	-	-	-
6.1	Retail Loans		-	-	-	-	-	-
6.2	Credit Loans		-	-	-	-	-	-
6.3	Installment Commercial Loans		-	-	-	-	-	-
<b>VI.</b>	<b>LEASE RECEIVABLES</b>	<b>8</b>	<b>146.841</b>	<b>638.052</b>	<b>784.893</b>	<b>181.709</b>	<b>737.499</b>	<b>919.208</b>
6.1	Lease Receivables		140.431	618.641	759.072	179.100	708.603	887.703
6.1.1	Financial Lease Receivables		183.835	736.654	920.489	236.142	828.526	1.064.668
6.1.2	Operational Lease Receivables		-	-	-	-	-	-
6.1.3	Other		-	-	-	-	-	-
6.1.4	Unearned Income (-)		43.404	118.013	161.417	57.042	119.923	176.965
6.2	Ongoing Leasing Contracts		5.360	1.536	6.896	417	2.377	2.794
6.3	Advances Given		1.050	17.875	18.925	2.192	26.519	28.711
<b>VII.</b>	<b>NON-PERFORMING RECEIVABLES</b>	<b>7,8</b>	<b>35.522</b>	<b>37.817</b>	<b>73.339</b>	<b>26.230</b>	<b>17.891</b>	<b>44.121</b>
7.1	Non-Performing Factoring Receivables		3.224	-	3.224	3.056	-	3.056
7.1	Non-Performing Financial Loans		-	-	-	-	-	-
7.1	Non-Performing Lease Receivables		52.222	53.924	106.146	43.733	28.073	71.806
7.2	Specific Provisions (-)		19.924	16.107	36.031	20.559	10.182	30.741
<b>VIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>		-	-	-	-	-	-
8.1	Fair Value Hedging		-	-	-	-	-	-
8.2	Cash Flow Hedging		-	-	-	-	-	-
8.3	Net Foreign Investment Hedging		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS HELD TO MATURITY (Net)</b>		-	-	-	-	-	-
<b>X.</b>	<b>SUBSIDIARIES (Net)</b>		-	-	-	-	-	-
<b>XI.</b>	<b>PARTICIPATIONS (Net)</b>		-	-	-	-	-	-
<b>XII.</b>	<b>JOINT VENTURES (Net)</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>10</b>	<b>758</b>	<b>-</b>	<b>758</b>	<b>875</b>	<b>-</b>	<b>875</b>
<b>XIV.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>245</b>	<b>-</b>	<b>245</b>	<b>263</b>	<b>-</b>	<b>263</b>
14.1	Goodwill	<b>12</b>	166	-	166	166	-	166
14.2	Other	<b>11</b>	79	-	79	97	-	97
<b>XV.</b>	<b>DEFERRED TAX ASSETS</b>	<b>13</b>	<b>1.898</b>	<b>-</b>	<b>1.898</b>	<b>1.163</b>	<b>-</b>	<b>1.163</b>
<b>XVI.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>14</b>	<b>1.528</b>	<b>-</b>	<b>1.528</b>	<b>2.871</b>	<b>-</b>	<b>2.871</b>
16.1	Held For Sale		1.528	-	1.528	2.871	-	2.871
16.2	Discontinued Operations		-	-	-	-	-	-
<b>XVII.</b>	<b>OTHER ASSETS</b>	<b>15</b>	<b>16.997</b>	<b>2.584</b>	<b>19.581</b>	<b>25.096</b>	<b>2.019</b>	<b>27.115</b>
<b>TOTAL ASSETS</b>			<b>577.046</b>	<b>817.944</b>	<b>1.394.990</b>	<b>352.839</b>	<b>882.685</b>	<b>1.235.524</b>

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 2009

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

		THOUSAND TURKISH LIRA							
		Footnote	Unaudited Current Period 30 September 2009			Audited Prior Period 31 December 2008			
			TRY	FC	TRY	FC	TRY	FC	
<b>I. BALANCE SHEET- LIABILITIES</b>									
<b>I.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>19</b>	-	136	136	-	-	-	
<b>II.</b>	<b>FUNDS BORROWED</b>	<b>16</b>	<b>295.662</b>	<b>743.798</b>	<b>1.039.460</b>	<b>109.874</b>	<b>818.347</b>	<b>928.221</b>	
<b>III.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-	
<b>III.</b>	<b>LEASE PAYABLES</b>	<b>18</b>	-	-	-	-	-	-	
3.1	Financial Lease Payables		-	-	-	-	-	-	
3.2	Operational Lease Payables		-	-	-	-	-	-	
3.3	Other		-	-	-	-	-	-	
3.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-	
<b>IV.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-	
4.1	Bills		-	-	-	-	-	-	
4.2	Asset-backed Securities		-	-	-	-	-	-	
4.3	Bonds		-	-	-	-	-	-	
<b>V.</b>	<b>SUNDRY CREDITORS</b>	<b>17</b>	<b>1.981</b>	<b>9.161</b>	<b>11.142</b>	<b>2.527</b>	<b>7.101</b>	<b>9.628</b>	
<b>VI.</b>	<b>OTHER LIABILITIES</b>	<b>17</b>	<b>1.838</b>	<b>5.013</b>	<b>6.851</b>	<b>1.527</b>	<b>4.561</b>	<b>6.088</b>	
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>		-	-	-	-	-	-	
7.1	Fair Value Hedging		-	-	-	-	-	-	
7.2	Cash Flow Hedging		-	-	-	-	-	-	
7.3	Net Foreign Investment Hedging		-	-	-	-	-	-	
<b>VIII.</b>	<b>TAXES PAYABLE AND OTHER LIABILITIES</b>	<b>20</b>	<b>472</b>	-	<b>472</b>	<b>442</b>	-	<b>442</b>	
<b>IX.</b>	<b>PROVISIONS</b>		<b>5.452</b>	<b>207</b>	<b>5.659</b>	<b>2.524</b>	<b>3.519</b>	<b>6.043</b>	
9.1	Provisions for Restructuring		-	-	-	-	-	-	
9.2	Reserves For Employee Benefits	22	1.394	-	1.394	1.276	-	1.276	
9.3	Other Provisions	21	4.058	207	4.265	1.248	3.519	4.767	
<b>X.</b>	<b>DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-	
<b>XI.</b>	<b>PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-	
11.1	Held For Sale		-	-	-	-	-	-	
11.2	Discontinued Operations		-	-	-	-	-	-	
<b>XII.</b>	<b>SUBORDINATED LOANS</b>		-	-	-	-	-	-	
<b>XIII.</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>331.270</b>	-	<b>331.270</b>	<b>285.102</b>	-	<b>285.102</b>	
13.1	Paid-in Capital	24	250.000	-	250.000	185.000	-	185.000	
13.2	Capital Reserves	24	7.768	-	7.768	11.243	-	11.243	
13.2.1	Share Premium		-	-	-	-	-	-	
13.2.2	Share Cancellation Profits		-	-	-	-	-	-	
13.2.3	Marketable Securities Revaluation Reserve		7.768	-	7.768	(1.338)	-	(1.338)	
13.2.4	Tangible and Intangible Assets Revaluation Reserve		-	-	-	-	-	-	
13.2.5	Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-	
13.2.6	Hedging Funds (Effective Portion)		-	-	-	-	-	-	
13.2.7	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-	
13.2.8	Other Capital Reserves		-	-	-	12.581	-	12.581	
13.3	Profit Reserves	25	19.008	-	19.008	4.883	-	4.883	
13.3.1	Legal Reserves		8.151	-	8.151	4.633	-	4.633	
13.3.2	Statutory Reserves		-	-	-	-	-	-	
13.3.3	Extraordinary Reserves		10.857	-	10.857	250	-	250	
13.3.4	Other Profit Reserves		-	-	-	-	-	-	
13.4	Profit or Loss		46.114	-	46.114	77.880	-	77.880	
13.4.1	Prior Years' Profit/Loss	26	11.336	-	11.336	1.571	-	1.571	
13.4.2	Current Year Profit/Loss		34.778	-	34.778	76.309	-	76.309	
13.5	Minority Interest		8.380	-	8.380	6.096	-	6.096	
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>636.675</b>	<b>758.315</b>	<b>1.394.990</b>	<b>401.996</b>	<b>833.528</b>	<b>1.235.524</b>	

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## STATEMENT OF OFF-BALANCE SHEET ITEMS AT 30 SEPTEMBER 2009

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

		THOUSAND TURKISH LIRA						
STATEMENT OF OFF-BALANCE SHEET ITEMS	Footnote	Unaudited Current Period 30 September 2009			Audited Prior Period 31 December 2008			
		TRY	FC	TRY	FC	TRY	FC	
<b>I. GUARANTEED FACTORING OPERATIONS</b>		6.291	2.942	9.233	48.963	834	49.797	
<b>II. UNGUARANTEED FACTORING OPERATIONS</b>		7.325	734	8.059	17.301	-	17.301	
<b>III. GUARANTEES TAKEN</b>	40	483.267	162.774	646.041	467.448	191.756	659.204	
<b>IV. GUARANTEES GIVEN</b>	28	2.426	-	2.426	1.438	-	1.438	
<b>V. COMMITMENTS</b>		-	-	-	-	-	-	
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		-	-	-	-	-	-	
<b>VI. DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	21.739	21.739	-	49.287	49.287	
6.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-	
6.1.1 Fair Value Hedges		-	-	-	-	-	-	
6.1.2 Cash Flow Hedges		-	-	-	-	-	-	
6.1.3 Foreign Investment Hedges		-	-	-	-	-	-	
6.2 Derivative Financial Instruments Held For Trading	28	-	21.739	21.739	-	49.287	49.287	
6.2.1 Forward Foreign Currency Buy/Sell Transactions	28	-	21.739	21.739	-	49.287	49.287	
6.2.2 Currency and Interest Rate Swaps		-	-	-	-	-	-	
6.2.3 Currency, Interest Rate and Security Options		-	-	-	-	-	-	
6.2.4 Currency, Interest Rate Futures		-	-	-	-	-	-	
6.2.5 Other		-	-	-	-	-	-	
<b>VII. ITEMS HELD IN CUSTODY</b>		52.996	4.792	57.788	47.831	7.812	55.643	
<b>TOTAL</b>		552.305	192.981	745.286	582.981	249.689	832.670	

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

		THOUSAND TURKISH LIRA				
INCOME STATEMENT		Footnote	Unaudited Current Period 1 January-30 September 2009	Unaudited Prior Period 1 January-30 September 2008	Unaudited Current Period 1 July-30 September 2008	Unaudited Prior Period 1 July-30 September 2008
<b>I.</b>	<b>OPERATING INCOME</b>	<b>31</b>	<b>85.550</b>	<b>87.446</b>	<b>27.467</b>	<b>29.342</b>
	<b>FACTORING INCOME</b>		<b>10.608</b>	<b>12.052</b>	<b>4.088</b>	<b>4.601</b>
1.1	Factoring Interest Income		9.937	11.039	3.854	4.248
1.1.1	Discount		4.588	7.908	1.692	2.828
1.1.2	Other		5.349	3.131	2.162	1.420
1.2	Factoring Commission Income		671	1.013	234	353
1.2.1	Discount		324	603	136	231
1.2.2	Other		347	410	98	122
	<b>INCOMES FROM FINANCIAL LOANS</b>		-	-	-	-
1.1	Interest Income From Financial Loans		-	-	-	-
1.2	Commission Income From Financial Loans		-	-	-	-
	<b>LEASE INCOME</b>		<b>74.942</b>	<b>75.394</b>	<b>23.379</b>	<b>24.741</b>
1.1	Finance Lease Income		74.942	75.394	23.379	24.741
1.2	Operational Lease Income		-	-	-	-
1.3	Commission Income From Lease Operations		-	-	-	-
<b>II.</b>	<b>OPERATING EXPENSE (-)</b>	<b>32</b>	<b>(11.832)</b>	<b>(10.437)</b>	<b>(3.805)</b>	<b>(3.222)</b>
2.1	Personal Expenses		(7.576)	(6.903)	(2.465)	(2.113)
2.2	Retirement Pay Provision Expense		(68)	(117)	9	(34)
2.3	Research and Development Expense		-	-	-	-
2.4	General Administration Expense		(4.188)	(3.417)	(1.349)	(1.075)
2.5	Other		-	-	-	-
<b>III.</b>	<b>OTHER OPERATING INCOME</b>	<b>33</b>	<b>273.984</b>	<b>342.751</b>	<b>70.531</b>	<b>102.926</b>
3.1	Interest Income from Deposits		15.208	11.249	7.349	4.315
3.2	Interest Income from Reverse Repurchase Agreements		-	-	-	-
3.3	Interest Income from Marketable Securities		4	6	1	2
3.3.1	Interest Income from Financial Assets Held for Trading		4	6	1	2
3.3.2	Interest Income from Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
3.3.3	Interest Income from Financial Assets Available For Sale		-	-	-	-
3.3.4	Interest Income from Financial Assets Held to Maturity		-	-	-	-
3.4	Dividend Income		692	508	26	27
3.5	Interest Received from Money Market Placements		2.355	3.595	155	486
3.5.1	Derivative Financial Operations		2.355	3.595	155	486
3.5.2	Other		-	-	-	-
3.6	Foreign Exchange Gains		248.924	293.273	61.082	96.853
3.7	Other		6.801	34.120	1.918	1.243
<b>IV.</b>	<b>FINANCIAL EXPENSE (-)</b>	<b>34</b>	<b>(38.200)</b>	<b>(45.334)</b>	<b>(13.312)</b>	<b>(14.647)</b>
4.1	Interest on Borrowings		(37.810)	(44.495)	(13.161)	(14.402)
4.2	Interest on Factoring Payables		-	-	-	-
4.3	Finance Lease Expenses		-	-	-	-
4.4	Interest on Securities Issued		-	-	-	-
4.5	Other Interest Expenses		-	-	-	-
4.6	Other Fees and Commissions		(390)	(839)	(151)	(245)
<b>V.</b>	<b>SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)</b>	<b>35</b>	<b>(11.164)</b>	<b>(7.268)</b>	<b>(6.064)</b>	<b>(1.140)</b>
<b>VI.</b>	<b>OTHER OPERATING EXPENSE (-)</b>	<b>36</b>	<b>(251.997)</b>	<b>(296.438)</b>	<b>(61.244)</b>	<b>(97.421)</b>
6.1	Expense from Decrease in Value of Marketable Securities (-)		-	-	-	-
6.1.1	Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
6.1.2	Financial Assets Available For Sale		-	-	-	-
6.1.3	Financial Assets Held to Maturity		-	-	-	-
6.2	Expense from Decrease in Value of Tangible and Intangible Assets		(1.161)	-	-	-
6.2.1	Expense from Decrease in Value of Tangible Assets		-	-	-	-
6.2.2	Expense from Decrease in Value of Assets Held for Sale and Discontinued Operations		(1.161)	-	-	-
6.2.3	Expense from Decrease in Value of Goodwill		-	-	-	-
6.2.4	Expense from Decrease in Value of Intangible Assets		-	-	-	-
6.2.5	Expense from Decrease in Value of Subsidiaries, Participations and Joint Ventures		-	-	-	-
6.3	Losses from Derivative Financial Operations		(464)	(1.258)	(331)	(953)
6.4	Foreign Exchange Losses		(249.601)	(293.519)	(60.723)	(95.927)
6.5	Other		(771)	(1.661)	(190)	(541)
<b>VII.</b>	<b>NET OPERATING INCOME</b>		<b>46.341</b>	<b>70.720</b>	<b>13.573</b>	<b>15.838</b>
<b>VIII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>IX.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-	-	-
<b>X.</b>	<b>POFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX</b>		<b>46.341</b>	<b>70.720</b>	<b>13.573</b>	<b>15.838</b>
<b>XI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>37</b>	<b>10.424</b>	<b>329</b>	<b>2.865</b>	<b>17</b>
11.1	Current Tax Provision		11.159	317	3.705	112
11.2	Loss Effect of Deferred Tax (+)		-	12	(105)	-
11.3	Gain Effect of Deferred Tax (-)		(735)	-	(735)	(95)
<b>XII.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS</b>		<b>35.917</b>	<b>70.391</b>	<b>10.708</b>	<b>15.855</b>
<b>XIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
13.1	Income on Assets Held for Sale		-	-	-	-
13.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
13.3	Other Income on Discontinued Operations		-	-	-	-
<b>XIV.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
14.1	Expense on Assets Held for Sale		-	-	-	-
14.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
14.3	Other Income on Discontinued Operations		-	-	-	-
<b>XV.</b>	<b>POFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX</b>		-	-	-	-
<b>XVI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
16.1	Current Tax Provision		-	-	-	-
16.2	Loss Effect of Deferred Tax (+)		-	-	-	-
16.3	Gain Effect of Deferred Tax (-)		-	-	-	-
<b>XVII.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
<b>XVIII.</b>	<b>MINORITY SHARE (INCOME) / EXPENSE</b>		(1.139)	(4.352)	(547)	(452)
<b>XIX.</b>	<b>NET PERIOD PROFIT/LOSS</b>		<b>34.778</b>	<b>66.039</b>	<b>10.161</b>	<b>15.403</b>
	Earnings Per Share		0,14	0,26	0,04	0,06

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED SHAREHOLDER'S EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

THOUSAND TURKISH LIRA																	
CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Capital reserves from inflation adjustments to paid-in capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserve	Revaluation Reserve on Tangible and Intangible Assets	Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities	Hedging Funds	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Minority Interest	Total Shareholders' Equity
<b>Prior Period (01.01 – 30.09.2008)</b>																	
<b>I. Balances at beginning of the period(31.12.2007)</b>	139.500	12.581	-	-	3.360	-	296	-	46.716	1.582	8.547	-	-	-	-	2.857	215.439
<b>II. Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted balances at the beginning of the period (I+II)</b>	139.500	12.581	-	-	3.360	-	296	-	46.716	1.582	8.547	-	-	-	-	2.857	215.439
Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Hedging Reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	(7.516)	-	-	-	-	(945)	(8.461)
<b>VII. Revaluation surplus on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Bonus shares of associates, subsidiaries and joint-ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Translation differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Changes resulted from disposal of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Changes resulted from reclassification of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Capital increase</b>	45.500	-	-	-	-	-	(31.209)	-	-	(14.291)	-	-	-	-	-	-	-
<b>XIV. Share issuance</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Capital reserves from inflation adjustments to paid-in capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Subordinated loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Minority interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.352	4.352
<b>XVIII. Current period net profit/loss</b>	-	-	-	-	-	-	-	-	66.039	-	-	-	-	-	-	-	66.039
<b>XIX. Profit distribution</b>	-	-	-	-	1.273	-	31.163	-	(46.716)	14.280	-	-	-	-	-	-	-
19.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.2 Transfers to reserves	-	-	-	-	1.273	-	31.163	-	(46.716)	14.280	-	-	-	-	-	-	-
19.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the period (30.09.2008)</b>	185.000	12.581	-	-	4.633	-	250	-	66.039	1.571	1.031	-	-	-	-	6.264	277.369
<b>Current Period (01.01. – 30.09.2009)</b>																	
<b>I. Balances at the beginning of the prior period (31.12.2008)</b>	185.000	12.581	-	-	4.633	-	250	-	76.309	1.571	(1.338)	-	-	-	-	6.096	285.102
Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Hedging Reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	9.106	-	-	-	-	1.145	10.251
<b>V. Revaluation surplus on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Bonus shares of associates, subsidiaries and joint-ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Translation differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Changes resulted from disposal of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes resulted from reclassification of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Capital increase</b>	65.000	(12.581)	-	-	-	-	(30.423)	(21.996)	-	-	-	-	-	-	-	-	-
<b>XII. Share issuance</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Capital reserves from inflation adjustments to paid-in capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Subordinated loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Minority interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.139	1.139
<b>XVI. Current period net profit/loss</b>	-	-	-	-	-	-	-	-	34.778	-	-	-	-	-	-	-	34.778
<b>XVII. Profit distribution</b>	-	-	-	-	3.518	-	41.030	21.996	(76.309)	9.765	-	-	-	-	-	-	-
17.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.2 Transfers to reserves	-	-	-	-	3.516	-	41.030	21.996	(76.309)	9.967	-	-	-	-	-	-	-
17.3 Other	-	-	-	-	202	-	-	-	-	(202)	-	-	-	-	-	-	-
<b>Balances at the end of the period (30.09.2009)</b>	250.000	-	-	-	8.151	-	10.857	-	34.778	11.336	7.768	-	-	-	-	8.380	331.270

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

	THOUSAND TURKISH LIRA	
	Unaudited Current Period	Unaudited Prior Period
	30 September 2009	30 September 2008
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>42.011</b>	<b>81.138</b>
1.1.1 Interest/leasing income received	96.779	95.197
1.1.2 Leasing expenses	-	-
1.1.3 Dividend received	692	508
1.1.4 Fees and commissions received	-	-
1.1.5 Other income	8.462	10.972
1.1.6 Collections from previously written off receivables	2.648	13.473
1.1.7 Payments to personnel and service suppliers	(7.034)	(6.903)
1.1.8 Taxes paid	(7.698)	(429)
1.1.9 Others	(51.838)	(31.680)
<b>1.2 Changes in operating assets and liabilities</b>		
1.2.1 Net (increase) decrease in factoring receivables	(33.374)	(25.365)
1.2.1 Net (increase) decrease in loans	-	-
1.2.1 Net (increase) decrease in leasing receivables	98.489	(33.688)
1.2.2 Net (increase) decrease in other assets	8.453	(12.520)
1.2.3 Net increase (decrease) in factoring payables	-	-
1.2.3 Net increase (decrease) in factoring receivables	-	(17)
1.2.4 Net increase (decrease) in funds borrowed	117.357	148.753
1.2.5 Net increase (decrease) in due payables	-	-
1.2.6 Net increase (decrease) in other liabilities	(1.498)	(8.292)
<b>I. Net cash provided from operating activities</b>	<b>231.438</b>	<b>150.009</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	(161)	(185)
2.4 Fixed assets sales	48	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	-	-
<b>II. Net cash provided from investing activities</b>	<b>(113)</b>	<b>(151)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	0
<b>III. Net cash provided from financing activities</b>	<b>-</b>	<b>0</b>
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(5)</b>	<b>(360)</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>231.320</b>	<b>149.498</b>
<b>VI. Cash and cash equivalents at the beginning of the year</b>	<b>165.084</b>	<b>163.433</b>
<b>VII. Cash and cash equivalents at the end of the year</b>	<b>396.404</b>	<b>312.931</b>

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



**İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY**

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

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

STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY	THOUSAND TURKISH LIRA	
	Unaudited Current Period	Unaudited Prior Period
	30 September 2009	30 September 2008
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>		
1.1 Net change in fair value of available for sale investments	9.106	(7.516)
1.2 Net change in fair value of available for sale investments (Transfer to Profit/Loss)	-	-
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES</b>	-	-
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	-	-
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS</b>	-	-
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	-	-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	-	-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS</b>	-	-
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	-	-
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>	9.106	(7.516)
<b>XI. PROFIT/LOSS</b>	-	-
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	9.106	(7.516)

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 2009

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

### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

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

#### Dividend Payable

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

#### Approval of the Financial Statements

The financial statements have been approved by the Board of Directors and authorized for issue as of 13 November 2009. The General Assembly has the discretion of making changes in the financial statements.

### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

#### 2.1 Basis of the Presentation

##### Accounting Standards Applied

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### 2.1 Basis of the Presentation (cont’d)

##### Currency Used

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

##### Preparation of Financial Statements in Hyperinflationary Periods

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

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

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

##### Going Concern Assumption

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### 2.1 Basis of the Presentation (cont’d)

##### Consolidation Principles:

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

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

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

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

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

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

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

#### 2.2 Changes in Accounting Policies

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

#### 2.3 Change in Accounting Estimates and Errors

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### 2.4 Adoption of New and Revised International Financial Reporting Standards:

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

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

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

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

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

##### IFRS 7 Financial Instruments: Disclosures

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

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### IFRS 8 “Operating Segments”

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

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

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

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

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

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

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

#### IFRS 2 “Share-based payment”

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

#### IFRS 3, “Business Combinations”

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

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

IFRIC 18, “Transfers of Assets from Customers”

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

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

### 3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Revenue

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

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

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

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

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



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### b. Tangible Assets

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

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

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

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

#### c. Intangible Assets

##### Intangible Fixed Assets Acquired:

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

##### Computer Software

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

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

#### d. Impairment of Assets

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### e. Borrowing Costs

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

##### f. Financial Instruments

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

##### Finance lease receivables, Factoring receivables and other receivables

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### f. Financial Instruments (cont'd)

##### Due to / from related parties

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

##### Other Financial Assets

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

##### Financial assets at fair value through profit or loss:

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

##### Effective interest rate method:

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### f. Financial Instruments (cont’d)

##### Other Financial Assets (cont’d)

###### Held-to-maturity investments:

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

###### Available for sale financial assets:

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

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

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

##### Impairment of financial assets

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### f. Financial Instruments (cont'd)

###### Impairment of financial assets (cont'd)

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

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

###### Cash and cash equivalents

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

###### Financial liabilities

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

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

###### Financial liabilities at fair value through profit or loss

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

###### Other financial liabilities

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### Other financial liabilities (cont'd)

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

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

#### Derivative financial instruments and hedge accounting

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

#### g. Business Combinations

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

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

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

#### h. Effects of Changes in Exchange Rates

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

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

	<u>30 September 2009</u>	<u>31 December 2008</u>
USD	1.4820	1.5123
EUR	2.1603	2.1408

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

#### i. Earnings per Share

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

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

#### j. Subsequent Events

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

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

#### k. Provisions, Contingent Liabilities and Contingent Assets:

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

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

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

##### 1. Finance Lease

###### - The Group as Lessor

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

###### - The Group as Lessee

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

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

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

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

##### m. Segmental Information

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



## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### n. Taxation on Income

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

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

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

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

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### n. Taxation on Income (cont'd)

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

#### o. Employee Benefits / Retirement Pay Provision

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

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

#### p. Statement of Cash Flows

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

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

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

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

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

#### r. Share Capital and Dividends

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

#### s. Critical Accounting Judgments, Estimates and Assumptions

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets held for trading:

	30 September 2009		31 December 2008	
	TRY	FC	TRY	FC
Forward fair value differences	-	-	-	1.814
Mutual funds	108	-	90	-
	108	-	90	1.814

The Group has Türkiye İş Bankası A.Ş.’s mutual funds amounting to TRY 108 thousand. (31 December 2008: TRY 90 thousand).

### 5. BANKS

	30 September 2009		31 December 2008	
	TRY	FC	TRY	FC
Demand deposits	2.467	2.784	1.609	2.614
Time deposits	254.608	136.545	40.973	119.888
Interest accrual	1.114	7	201	126
	258.189	139.336	42.783	122.628

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

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2009</u>
TRY	%7,00-%10,25	01.10.2009-01.12.2009	255.722
USD	%0,50-%2,00	01.10.2009	50.983
EUR	%0,50-%2,00	01.10.2009	85.569
			<u>392.274</u>

As of 30 September 2009, TRY 105.185 thousand of total foreign currency deposits (31 December 2008: TRY 121.085 thousand) and TRY 231.446 thousand of total deposits (31 December 2008: TRY 38.648 thousand) consist of accounts at its main shareholders, Türkiye İş Bankası A.Ş..

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

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

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

	<u>30 September 2009</u>	<u>31 December 2008</u>
Demand deposit	5.251	4.223
Time deposit (1-3 month)(without accrual)	391.153	160.861
Cash and cash equivalents	<u>396.404</u>	<u>165.084</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 6. FINANCIAL ASSETS AVAILABLE FOR SALE

Name of the investment	Core business	Incorporation and operation location	Voting Right (%)	Ownership percentage (%)		Fair Value	
				30 September 2009	31 December 2008	30 September 2009	31 December 2008
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	14.812	4.822
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	596	318
Non-quoted Investments:							
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	2	2
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	25	25
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. – (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	337	328
<b>TOTAL</b>						<b>15.772</b>	<b>5.495</b>

### 7. FACTORING RECEIVABLES

	30 September 2009	31 December 2008
<u>Short-term factoring receivables (*)</u>		
Domestic factoring receivables (net)	99.732	66.448
Export and import factoring receivables (net)	155	815
Factoring interest income accrual	303	681
Unearned interest income	(847)	(846)
Factoring receivables under follow-up (**)	3.224	3.056
Gross factoring receivables	102.567	70.154
Provision for doubtful factoring receivables(**)	(3.018)	(3.056)
	99.549	67.098

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

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

EUR 71.697 and TRY 69.764 thousand of factoring receivables have variable interest rates (31 December 2008: EUR 389.581 and TRY 17.512 thousand) while TRY 29.630 thousand of factoring receivables have a fixed interest rate (31 December 2008: TRY 48.752 thousand).

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 7. FACTORING RECEIVABLES (cont’d)

Types of factoring transactions are as follows:

	<u>30 September 2009</u>	<u>31 December 2008</u>
Domestic irrevocables	3.716	17.301
Foreign irrevocables	-	-
Domestic revocables	95.678	48.963
Foreign revocables	155	834
	<u>99.549</u>	<u>67.098</u>

Except for its 100% provision allocated doubtful receivables, the Group has 20% provision allocated overdue factoring receivables amounts to TRY 257 as of the balance sheet date. The carrying value of the Group’s restructured factoring receivables amounts to TRY 1.533 thousand (31 December 2008: TRY 231 thousand). If such receivables were not restructured, they would be classified as overdue or doubtful receivables. The Group has contractual guarantees for such receivables.

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

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

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

	<u>30 September 2009</u>	<u>31 December 2008</u>
Up to 90 days	-	566
Between 90 – 180 days	268	726
Between 180 – 360 days	474	-
Over 360 days	2.482	1.764
	<u>3.224</u>	<u>3.056</u>

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

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

	<u>1 January- 30 September 2009</u>	<u>1 January- 30 September 2008</u>
Provision at the beginning of the period	(3.056)	(2.128)
Additions	(151)	(890)
Collections	189	311
Provision at the end of the period	<u>(3.018)</u>	<u>(2.707)</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 8. LEASE RECEIVABLES

<u>30 September 2009</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	35.842	-	35.842
Finance lease receivables under follow-up (*)	87.379	18.767	106.146
Uninvoiced finance lease receivables	350.409	534.238	884.647
Less: Unearned interest income	(79.446)	(81.971)	(161.417)
Ongoing leasing contracts (**)	-	6.896	6.896
Advances given for leasing contracts	-	18.925	18.925
Less: Specific provisions (*)	<u>(27.176)</u>	<u>(5.837)</u>	<u>(33.013)</u>
Net finance lease receivables	<u>367.008</u>	<u>491.018</u>	<u>858.026</u>
<u>31 December 2008</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	28.262	-	28.262
Finance lease receivables under follow-up (*)	63.929	7.877	71.806
Uninvoiced finance lease receivables	431.502	604.904	1.036.406
Less: Unearned interest income	(86.041)	(90.924)	(176.965)
Ongoing leasing contracts (**)	-	2.794	2.794
Advances given for leasing contracts	-	28.711	28.711
Less: Specific Provisions (*)	<u>(24.648)</u>	<u>(3.037)</u>	<u>(27.685)</u>
Net finance lease receivables	<u>413.004</u>	<u>550.325</u>	<u>963.329</u>

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

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*) (**)	181.221	333.780	224.544	128.699	80.081	45.297	993.622
Unearned interest	<u>(21.102)</u>	<u>(74.112)</u>	<u>(37.054)</u>	<u>(17.486)</u>	<u>(7.290)</u>	<u>(4.373)</u>	<u>(161.417)</u>
Finance lease receivables (net)	<u>160.119</u>	<u>259.668</u>	<u>187.490</u>	<u>111.213</u>	<u>72.791</u>	<u>40.924</u>	<u>832.205</u>

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 8. LEASE RECEIVABLES (cont'd)

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

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

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

As of 30 September 2009, the compound interest rate applicable for the finance lease receivables is; 26,52 % for TRY, 9,10 % for USD, and 10,29 % for EUR. (31 December 2008: for TRY 26,80 %, for USD 9,19 % and for EUR 9,46 %).

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

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principle (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	201.337.680	298.382	33.385.230	49.477
EUR	165.752.637	358.075	31.725.418	68.536
TRY	-	175.748	-	43.404
Total		<u>832.205</u>		<u>161.417</u>

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

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

USD 37.124.114 and EUR 19.549.626 of the Group’s finance lease receivables have floating interest rates (31 December 2008: USD 29.501.258, EUR 7.024.434) while USD 164.213.566, EUR 146.203.011, and TRY 175.748 thousand of its finance lease receivables have fixed interest rates. (31 December 2008: USD 199.297.366, EUR 170.703.766, and TRY 205.330 thousand)

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 8. LEASE RECEIVABLES (cont'd)

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

<u>Guarantee types</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
Mortgages	124.090	152.995
Ship mortgage	3.229	1.739
Guarantors	551	960
Cash blockages	5.343	4.443
Letter of guarantees	3.710	5.888
	<u>136.923</u>	<u>166.025</u>

As of the balance sheet date, including uninvoiced portions classified under the finance lease receivables overdue less than 150 days, the Group has allocated TRY 244 (31 December 2008: TRY 3.952 thousand) thousand of provision for TRY 21.062 thousand (31 December 2008: TRY 17.008 thousand) of invoiced receivables. Such provision is classified as “Other Provisions” in liability column of the balance sheet. The aging analysis of such receivables is presented below:

	<u>30 September 2009</u>	<u>31 December 2008</u>
Up to 30 days	8.611	7.857
Between 30 – 60 days	4.353	5.231
Between 60 – 90 days	2.255	2.125
Between 90 – 150 days	5.843	1.795
Overdue total	<u>21.062</u>	<u>17.008</u>
Undue amount	<u>190.417</u>	<u>119.589</u>
	<u>211.479</u>	<u>136.597</u>

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

<u>Guarantee type</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
Mortgage	46.609	45.775
Ship Mortgage	2.400	-
Guarantors	108	33
Cash blockages	1.352	42
Letter of guarantees	1.143	812
	<u>51.612</u>	<u>46.662</u>

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



## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 8. LEASE RECEIVABLES (cont'd)

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

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

	<u>30 September 2009</u>
Between 150 – 240 days	5.614
Between 240 – 360 days	12.258
Over 360 days	32.728
Uninvoiced doubtful finance lease receivables	62.384
Less: Doubtful finance lease receivables unearned	<u>(6.838)</u>
	<u>106.146</u>

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

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

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

<u>Guarantee type:</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
Mortgage	13.927	8.450
Guarantors	25	526
Cash blockages	464	280
Letter of guarantees	116	113
	<u>14.532</u>	<u>9.369</u>

In addition to the above guarantees, TRY 50.371 thousand of equipment subject to lease and TRY 322 thousand of pledged assets are considered in the provision calculation (31 December 2008: TRY 31.969 thousand of equipment subject to lease and TRY 177 thousand of pledged assets).

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 8. LEASE RECEIVABLES (cont'd)

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

<u>Movement of specific provisions:</u>	<u>1 January- 30 September 2009</u>	<u>1 January- 30 September 2008</u>
Provision at the beginning of the period	(27.685)	(33.652)
Additions	(9.948)	(6.378)
Transfer from general provision	(3.199)	-
Write offs	7.234	3.167
Collections	585	13.162
Provision at the end of the period	<u>(33.013)</u>	<u>(23.701)</u>

#### 9. DUE FROM / TO RELATED PARTIES

<u>Finance lease receivables</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş.	28.179	53.102
Gemport Gemlik Liman İşletmeleri A.Ş.	10.524	13.525
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	26.615	3.947
İş Merkezleri Yönetim Ve İşletim A.Ş.	747	-
Avea İletişim Hizmetleri A.Ş.	3.329	3.823
Gemnak Nakliye Taah. ve Tic. Ltd. Şti.	42	398
Diğer	-	22
	<u>69.436</u>	<u>74.817</u>
<u>Factoring receivables</u>		
Kültür Yayınları İş-Türk Ltd. Şti.	957	359
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	13.000	6.500
Nevotek Bilişim Ses Ve İletişim Sist.San.Ve Tic.A.Ş.	-	277
	<u>13.957</u>	<u>7.136</u>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	4.608	4.160
Türkiye İş Bankası A.Ş.	20	20
Other	4	21
	<u>4.632</u>	<u>4.201</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### Borrowings from related parties

##### Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2009</u>
TRY	-	02.10.2009	178
USD	%2,29-%7,00	05.10.2009-29.09.2010	104.986
EUR	%2,36-%2,50	19.11.2009-31.05.2010	63.144
			<u>168.308</u>

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

##### İş Bank GmbH

<u>Currency Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2009</u>
EUR	5,23%	Overdraft	154
			<u>154</u>

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

##### Türkiye Sınai Kalkınma Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>30 September 2009</u>
USD	%2,08-%2,48	15.07.2010-15.07.2014	33.597
EUR	%2,33-%4,63	15.10.2009-15.07.2014	22.333
			<u>55.930</u>

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### Deposits from related parties

	<u>30 September 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş. Demand Deposit	3.674	1.546
İş Bank Gmbh Demand Deposit	1	1
Türkiye İş Bankası A.Ş. Time Deposit	332.957	158.187
	<u>336.632</u>	<u>159.734</u>

<u>Finance lease interest income</u>	<u>01.01.2009- 30.09.2009</u>	<u>01.01.2008- 30.09.2008</u>	<u>01.07.2009- 30.09.2009</u>	<u>01.07.2008- 30.09.2008</u>
Türkiye İş Bankası A.Ş.	2.672	5.008	623	1.311
Beyaz Filo Oto Kiralama A.Ş. (*)	-	1.476	-	425
Gemport Gemlik Liman. İşl. A.Ş.	755	598	231	269
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	720	14	466	41
		1		
Avea İletişim Hizmetleri A.Ş.	117	149	2	20
Anadolu Anonim Türk Sigorta Şti. A.Ş.	3	19	2	4
Nemtrans Lojistik Hiz.ve Petrol Ür.Tic.A.Ş.	14	40	2	11
İş Merkezleri Yönetim ve İşletim A.Ş.	51	-	39	-
Türkiye Sınai Kalkınma Bankası A.Ş.	33	74	33	14
Diğer	2	22	1	5
	<u>4.367</u>	<u>7.527</u>	<u>1.399</u>	<u>2.100</u>

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

#### Interest income

Türkiye İş Bankası A.Ş.	<u>9.370</u>	<u>4.569</u>	<u>5.588</u>	<u>2.140</u>
	<u>9.370</u>	<u>4.569</u>	<u>5.588</u>	<u>2.140</u>

#### Dividend income

Yatırım Finansman Menkul Değerler A.Ş.	-	5	-	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	46	37	16	27
İş Yatırım Menkul Değerler A.Ş.	630	462	-	-
İş Net Elekt.BilgiÜr.Dağ.Tic.ve İlt. Hiz. A.Ş.	16	4	10	-
	<u>692</u>	<u>508</u>	<u>26</u>	<u>27</u>

**İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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

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

	<u>01.01.2009- 30.09.2009</u>	<u>01.01.2008- 30.09.2008</u>	<u>01.07.2009- 30.09.2009</u>	<u>01.07.2008- 30.09.2008</u>
<b><u>Finance expense</u></b>				
Türkiye İş Bankası A.Ş.	7.857	11.197	1.580	3.360
İşbank Gmbh	20	62	2	21
Türkiye Sınai Kalkınma Bankası A.Ş.	1.442	976	411	377
	<u>9.319</u>	<u>12.235</u>	<u>1.993</u>	<u>3.758</u>
<b><u>Rent expense</u></b>				
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	<u>781</u>	<u>588</u>	<u>251</u>	<u>196</u>
<b><u>Commission income</u></b>				
Anadolu Anonim Türk Sigorta Şirketi	<u>1.581</u>	<u>1.506</u>	<u>490</u>	<u>508</u>
<b><u>Factoring commission income</u></b>				
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	1	-	-
Şişe Cam Dış Tic.AŞ.	78	116	21	35
Kültür Yayınları İş-Türk Ltd.Şti.	10	3	4	-
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	-	1	-	-
	<u>88</u>	<u>121</u>	<u>25</u>	<u>35</u>
<b><u>Factoring interest income</u></b>				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	750	83	311	-
İş Koray Tur.Orm.Mad.İnş.Taah.ve Tic.A.Ş	-	43	-	6
Kültür Yayınları İş-Türk Ltd. Şti.	81	37	29	23
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	46	47	7	11
	<u>877</u>	<u>210</u>	<u>347</u>	<u>40</u>
<b><u>Mutual fund income</u></b>				
Türkiye İş Bankası A.Ş.	<u>5</u>	<u>6</u>	<u>1</u>	<u>2</u>

**İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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

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

Compensation to key management personnel (\*)

	01.01.2009- 30.09.2009	01.01.2008- 30.09.2008	01.07.2009- 30.09.2009	01.07.2008- 30.09.2008
Salaries and other short-term benefits (**)	1.893	1.554	537	330
Post-retirement benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Dismissal compensations	-	-	-	-
Share-based payments	-	-	-	-
	<u>1.893</u>	<u>1.554</u>	<u>537</u>	<u>330</u>

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

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

**10. TANGIBLE ASSETS**

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Acquisition cost</u>					
Opening balance 1 January 2009	298	3.494	1.909	2.900	8.601
Additions	-	58	-	103	161
Disposals	(269)	(94)	(4)	-	(367)
Closing balance 30 September 2009	<u>29</u>	<u>3.458</u>	<u>1.905</u>	<u>3.003</u>	<u>8.395</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2009	(243)	(3.065)	(1.806)	(2.612)	(7.726)
Charge for period	(4)	(102)	(40)	(84)	(230)
Disposals	223	94	1	1	319
Closing balance 30 September 2009	<u>(24)</u>	<u>(3.073)</u>	<u>(1.845)</u>	<u>(2.695)</u>	<u>(7.637)</u>
Net book value as of 30 September 2009	<u>5</u>	<u>385</u>	<u>60</u>	<u>308</u>	<u>758</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 10. TANGIBLE ASSETS (cont'd)

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Acquisition cost</u>					
Opening balance 1 January 2008	466	3.389	1.827	2.852	8.534
Additions	-	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>

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

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

### 11. INTANGIBLE ASSETS

	<u>30 September 2009</u>	<u>30 September 2008</u>
<u>Acquisition Cost (Rights)</u>		
Opening balance 1 January	272	207
Additions	-	-
Closing balance at the end of the period	<u>272</u>	<u>207</u>
<u>Amortization</u>		
Opening balance 1 January	(175)	(162)
Charge for the period	(18)	(9)
Closing balance at the end of the period	<u>(193)</u>	<u>(171)</u>
Net book value	<u>79</u>	<u>36</u>

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 12. GOODWILL

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

#### 13. DEFERRED TAX ASSETS AND LIABILITIES

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

	<u>30 September 2009</u>	<u>31 December 2008</u>
Temporary differences subject to deferred tax:		
Finance lease adjustment	119	1.353
Tax base difference in tangible and intangible assets	(144)	(125)
Retirement pay provision	671	613
Unused vacation provision	181	132
Finance lease income accruals	(15.956)	(12.311)
Allowance for doubtful finance lease receivables	23.114	17.896
Financial instrument valuation differences	136	(1.814)
Unrealized finance expenses	(465)	(461)
Assets held for sale	1.161	-
Provision for bonus	542	533
Other	132	-
	<u>9.491</u>	<u>5.816</u>
	<u>30 September 2009</u>	<u>31 December 2008</u>
<u>Deferred Tax Assets / (Liabilities)</u>		
Finance lease adjustment	24	271
Tax base difference in tangible and intangible assets	(29)	(25)
Retirement pay provision	134	123
Unused vacation provision	36	26
Finance lease income accruals	(3.191)	(2.462)
Allowance for doubtful finance lease receivables	4.623	3.579
Financial Instrument Valuation Differences	27	(363)
Unrealized finance expenses	(93)	(92)
Assets held for sale	232	-
Provision for bonus	108	106
Other	27	-
Deferred tax asset	<u>1.898</u>	<u>1.163</u>



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

	<u>30 September 2009</u>	<u>30 September 2008</u>
Opening balance 1 January	1.163	20
Deferred tax benefit / (expense)	735	(12)
Closing balance	<u>1.898</u>	<u>8</u>

### 14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	<u>30 September 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
Assets held for sale (*)	2.689	-	2.871	-
Impairment of assets held for sale	(1.161)	-	-	-
	<u>1.528</u>	<u>-</u>	<u>2.871</u>	<u>-</u>

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

### 15. OTHER ASSETS

	<u>30 September 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
VAT deductible and other VAT	14.265	-	21.883	-
Insurance premium receivables	1.262	2.584	2.108	2.019
Other	1.470	-	1.105	-
	<u>16.997</u>	<u>2.584</u>	<u>25.096</u>	<u>2.019</u>

### 16. FUNDS BORROWED

<u>Short-term borrowings</u>	<u>30 September 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
Short-term borrowings	267.504	653.042	56.116	594.962
Short-term portions of long-term borrowings	-	3.176	26.815	108.687
Total short-term borrowings	<u>267.504</u>	<u>656.218</u>	<u>82.931</u>	<u>703.649</u>
<u>Long-term borrowings</u>	<u>30 September 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
Long-term portions of long-term borrowings	28.158	87.580	26.943	114.698
Total long-term borrowings	<u>28.158</u>	<u>87.580</u>	<u>26.943</u>	<u>114.698</u>
<u>Total borrowings</u>	<u>295.662</u>	<u>743.798</u>	<u>109.874</u>	<u>818.347</u>

**İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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

**16. FUNDS BORROWED (cont’d)**

<u>Maturity analysis of borrowings</u>	<u>30 September 2009</u>	<u>31 December 2008</u>
Within 1 year	923.722	786.580
Within 1-2 years	81.916	141.513
Within 2-3 years	13.391	32
Within 3-4 years	13.391	32
Within 4-5 years	7.040	64
<b>Total</b>	<b>1.039.460</b>	<b>928.221</b>

The details of short-term borrowings are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 September 2009</u>
TRY(*)	%7,85-%10,69	-	240.241
USD	%2,08-%10,15	179.140.224	265.485
EUR	%2,33-%7,19	188.999.681	408.296
Interest accruals		-	6.524
<b>TOTAL</b>			<b>920.546</b>

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

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

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 2009</u>
USD	%2,12-%2,80	2.142.857	3.176
EUR	-	-	-
<b>TOTAL</b>			<b>3.176</b>

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 16. FUNDS BORROWED (cont'd)

The details of long-term borrowing are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>30 September 2009</u>
USD	%2,12-%5,47	44.791.893	66.382
EUR	%2,74-%5,00	22.847.090	49.356
TOTAL			<u>115.738</u>

  

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

Credit interest rates are presented as compound.

	<u>30 September 2009</u>		<u>31 December 2008</u>	
	<u>TRY (*)</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
Fixed rate	166.410	289.767	25.365	156.949
Variable rate	73.910	509.373	29.763	716.144
	<u>240.320</u>	<u>799.140</u>	<u>55.128</u>	<u>873.093</u>

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

As at 30 September 2009, the Group had available TRY 1.352.190 thousand of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. (31 December 2008: TRY 828.396 thousand)

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 17. SUNDRY CREDITORS AND OTHER LIABILITIES

#### Sundry Creditors

	30 September 2009		31 December 2008	
	TRY	FC	TRY	FC
Payables to finance lease suppliers	441	5.939	853	4.104
Other trade payables (*)	1.540	3.222	1.674	2.997
	1.981	9.161	2.527	7.101

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

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

#### Other Liabilities

	30 September 2009		31 December 2008	
	TRY	FC	TRY	FC
Advances Received (**)	1.434	4.518	1.392	4.561
Other	404	495	135	-
	1.838	5.013	1.527	4.561

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

### 18. FINANCE LEASE PAYABLES

None.

### 19. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING

	30 September 2009		31 December 2008	
	TRY	FC	TRY	FC
Forward fair value differences	-	136	-	-
	-	136	-	-

### 20. TAXES PAYABLE AND OTHER LIABILITIES

	30 September 2009		31 December 2008	
	TRY	FC	TRY	FC
Taxes payable and liabilities	472	-	442	-
	472	-	442	-

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 21. PROVISIONS

Other Provisions:

	<u>30 September 2009</u>	<u>31 December 2008</u>
Corporate tax provision (net)	3.767	306
Legal case provision	41	41
General Provision for Finance Lease Receivables (*)	244	3.952
General Provision for Factoring Receivables (*)	-	300
Other	213	168
	<u>4.265</u>	<u>4.767</u>

	<u>30 September 2009</u>	<u>31 December 2008</u>
Corporate tax provision	11.159	1.053
Prepaid taxes	(7.392)	(747)
Corporate tax provision (net)	<u>3.767</u>	<u>306</u>

#### 30 September 2009

	<u>General Provision for Finance Lease Receivables</u>	<u>General Provision for Factoring Receivables</u>	<u>Legal Case Provision</u>	<u>Corporate Tax Provision</u>	<u>Other</u>
Provision at the beginning of the period	3.952	300	41	306	168
Additions	465	600	-	11.159	45
Transfer to Specific Provision	(3.199)	-	-	-	-
Payments	-	-	-	(7.698)	-
Cancelled amounts	-	(900)	-	-	-
Collections	(974)	-	-	-	-
	<u>244</u>	<u>-</u>	<u>41</u>	<u>3.767</u>	<u>213</u>

#### 30 September 2008

	<u>General Provision for Finance Lease Receivables</u>	<u>General Provision for Factoring Receivables</u>	<u>Legal Case Provision</u>	<u>Corporate Tax Provision</u>	<u>Other</u>
Provision at the beginning of the period	-	-	7.945	(86)	93
Additions	-	-	-	317	54
Payments	-	-	-	(343)	-
Cancelled amounts	-	-	(7.904)	-	-
Collections	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>41</u>	<u>(112)</u>	<u>147</u>

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 22. EMPLOYEE BENEFITS

##### Retirement Pay Provision

	<u>30 September 2009</u>	<u>31 December 2008</u>
Retirement pay provision	671	613
Unused vacation provision	181	132
Premium provision	542	531
	<u>1.394</u>	<u>1.276</u>

##### Retirement Pay Provision

	<u>30 September 2009</u>	<u>30 September 2008</u>
1 January	613	545
Increase during the period	86	145
Amounts paid	(28)	(39)
Cancelled provision	-	(61)
Period End	<u>671</u>	<u>590</u>

##### Retirement Pay Provision:

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

The amount payable consists of one month’s salary limited to a maximum of TRY 2.365,16 (31 December 2008: TRY 2.173,18) for each period of service at 30 September 2009

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 22. EMPLOYEE BENEFITS (cont'd)

<u>Unused vacation provision</u>	<u>30 September 2009</u>	<u>30 September 2008</u>
1 January	132	81
Increase during the period	49	50
Period End	<u>181</u>	<u>131</u>
<u>Premium Provision</u>	<u>30 September 2009</u>	<u>30 September 2008</u>
1 January	531	-
Increase during the period	542	-
Amounts paid	(531)	-
Period End	<u>542</u>	<u>-</u>

#### 23. MINORITY INTEREST

The Company owns 78,23% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share calculated from the balance sheet and income statement of the subsidiary amounts to TRY 8.380 thousand (31 December 2008: TRY 6.096 thousand) and TRY 1.139 thousand of gain, respectively as of 30 September 2009 (30 September 2008: TRY 4.352 thousand gain).

#### 24. PAID-IN CAPITAL AND CAPITAL RESERVES

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

##### CAPITAL

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

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

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### CAPITAL RESERVES

	<u>30 September</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
Other Capital Reserves:		
- Shareholders’ equity inflation restatement differences:	-	12.581
Marketable securities revaluation reserve	7.768	(1.338)
TOTAL	<u>7.768</u>	<u>11.243</u>

##### Marketable Securities Revaluation Reserve:

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

#### 25. PROFIT RESERVES

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

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

#### 26. PRIOR YEAR PROFIT/LOSS

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



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 27. FOREIGN CURRENCY POSITION

	USD	EUR	CHF	GBP	JPY	DKK	AUD	TRY
<u>30 September 2009 (*)</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>Equivalent</u>
Banks	35.261	40.296	1	11	26	-	-	139.336
Finance lease receivables	201.338	165.753	-	-	-	-	-	656.458
Factoring receivables	333	72	-	-	-	-	-	648
Advances given	661	6.210	258	1.322	-	-	-	17.875
Ongoing leasing contracts	778	177	-	-	-	-	-	1.536
Other Assets	987	519	-	-	-	-	-	2.584
Funds borrowed	(227.329)	(213.969)	-	-	-	-	-	(799.139)
Sundry creditors and other liabilities	(2.226)	(3.648)	-	(11)	(180.286)	-	-	(14.174)
Other Provisions	(111)	(20)	-	-	-	-	-	(207)
Forward fair value differences	-	(63)	-	-	-	-	-	(136)
<b>Balance sheet position</b>								<b>4.781</b>
Off balance sheet position (Forward&Swap)	(7.380)	5.000	-	-	-	-	-	(136)
<b>Net foreign currency position</b>								<b>4.645</b>

(\*) Foreign currency indexed loans amounting to USD 22.884.488 and EUR 9.918.300 (Total: TRY 55.341 thousand) and Foreign currency indexed factoring receivables amounting to 332.557 USD (Total: TRY 493 thousand) are classified as TRY in the balance sheet.

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 28. COMMITMENTS AND CONTINGENCIES

As of 30 September 2009, TRY 2.426 thousand of letter of guarantees are given to customs, authorities and banks (31 December 2008: TRY 1.438 thousand).

As of 30 September 2009, the total risk of court cases filed and currently pending against the Group amounts to approximately TRY 2.454 Thousand (31 December 2008: TRY 1.126 Thousand). The Group provided a provision amounting to TRY 41 Thousand (31 December 2008: TRY 41 Thousand) in the accompanying financial statements. The Group management does not anticipate any further provision for the remaining litigations.

As of 30 September 2009, the Group has commitments of USD 1.743.060, EUR 2.680.775, GBP 21.366 letter of credits. (31 December 2008: USD 2.492.910, EUR 5.485.045, CHF 990.000)

Forward Contracts:

	<u>30 September 2009</u>		<u>31 December 2008</u>	
	Currency Amount	TRY	Currency Amount	TRY
Purchases:				
EUR	5.000.000	<u>10.802</u>	10.000.000	<u>21.408</u>
		<u>10.802</u>		<u>21.408</u>
Purchases:				
USD		-	2.849.000	<u>4.309</u>
		-		<u>4.309</u>
Sales:				
EUR		-	2.000.000	<u>4.282</u>
		-		<u>4.282</u>
Sales:				
USD	7.380.020	<u>10.937</u>	12.754.000	<u>19.288</u>
		<u>10.937</u>		<u>19.288</u>
Maturity Analysis:				
Short-term		10.802		25.717
Long-term		-		-
		<u>10.802</u>		<u>25.717</u>
Maturity Analysis:				
Short-term		10.937		23.570
Long-term		-		-
		<u>10.937</u>		<u>23.570</u>

As of 30 September 2009, there is unrealised loss of TRY 136 Thousand arising from valuation of forward transactions at fair value. (31 December 2008: TRY 1.814 Thousand gain).

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 29. SEGMENTAL INFORMATION

As of 30 September 2009:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Total assets	1.185.855	225.741	(16.606)	1.394.990
Total liabilities	876.454	187.266	-	1.063.720
Net profit	30.689	5.228	(1.139)	34.778

As of 31 December 2008:

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

Segmental Income Statement as of 30 September 2009:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	74.942	10.608	-	85.550
Operating Expense (-)	(9.750)	(2.082)	-	(11.832)
Other Operating Income	267.642	6.342	-	273.984
Finance Expense (-)	(30.798)	(7.402)	-	(38.200)
Specific Provision for Receivables under follow-up (-)	(10.413)	(751)	-	(11.164)
Other Operating Expense (-)	(251.752)	(245)	-	(251.997)
Net Operating Income	39.871	6.470	-	46.341
Profit/Loss On Continuing Operations Before Tax	39.871	6.470	-	46.341
Tax Provision for Continuing Operations(±)	(9.182)	(1.242)	-	(10.424)
Net Period Profit/Loss from Continuing Operations	30.689	5.228	-	35.917
Minority Share	-	-	(1.139)	(1.139)
Net Period Profit/Loss	30.689	5.228	(1.139)	34.778
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	159	2	-	161
Depreciation and Amortization	(220)	(28)	-	(248)

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 29. SEGMENTAL INFORMATION (cont'd)

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 Non-Performing Receivables (-)	(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	180	5	-	185
Depreciation and Amortization	(261)	(24)	-	(285)

### 30. SUBSEQUENT EVENTS

The application of investment allowances ended as of January 1, 2006, pursuant to Article 2 of Law No. 5479, coming into force by being published in Official Gazette number 26133, dated April 8, 2006. Nonetheless, taxpayers were allowed to utilize investment allowances they already acquired through their current investments for further 3 years. In this way, taxpayers were able to deduct investment allowances from their stated earnings in their corporate tax returns for the years of 2006, 2007 and 2008. However, the unutilized portion of investment allowances as of 31.12.2008 could not be carried forward to following years and has become inconsumable. A lawsuit was filed at the Constitutional Court regarding this restriction with the claim that “restriction of an application period of a right granted under a law with another law” is unconstitutional.

The Constitutional Court convened on October 10, 2009, contemplating on restrictions imposed on the usage of acquired investment allowances and adjudicated upon the cancellation of the wording “.... belonging only to 2006, 2007 and 2008....” regarding the application of investment allowances. Accordingly the time restriction imposed on the usage of acquired investment allowances has been abolished. The Constitutional Court further adjudicated that the cancellation judgment concerning investment allowances shall enter into force after being published in the Official Gazette, whereas this publication has not taken place as of the date of this report. Therefore, the time restriction imposed on the usage of acquired investment allowances still continue to be valid and the financial statements have not been affected.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 31. OPERATING INCOME

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
Finance lease interest income	74.942	75.394	23.379	24.741
Factoring income	10.608	12.052	4.088	4.601
	<u>85.550</u>	<u>87.446</u>	<u>27.467</u>	<u>29.342</u>

### 32. OPERATING EXPENSE

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
Personnel expenses	(7.576)	(6.903)	(2.465)	(2.113)
Office rent expenses	(925)	(678)	(298)	(231)
Travel and car expenses	(466)	(443)	(160)	(154)
Information technology expenses	(352)	(342)	(132)	(111)
Consultancy expenses	(290)	(291)	(105)	(51)
Depreciation expense	(248)	(285)	(83)	(92)
Capital Increase expense	(267)	(189)	(65)	(45)
Other general administrative expenses	(1.708)	(1.306)	(497)	(425)
	<u>(11.832)</u>	<u>(10.437)</u>	<u>(3.805)</u>	<u>(3.222)</u>

### 33. OTHER OPERATING INCOME

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
Dividend income	692	508	26	27
Commission income	1.581	1.506	490	508
Interest income	15.212	11.255	7.350	4.317
Interest received from derivative financial operations	2.355	3.595	155	486
Foreign exchange gain	248.924	293.273	61.082	96.853
Legal case collection and provision cancellation income	-	16.321	-	-
Collections from doubtful lease receivables	2.648	13.472	853	(887)
Other	2.572	2.821	575	1.622
	<u>273.984</u>	<u>342.751</u>	<u>70.531</u>	<u>102.926</u>

### 34. FINANCE EXPENSE

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
Interest expenses	(37.810)	(44.495)	(13.161)	(14.402)
Fees and commissions	(390)	(839)	(151)	(245)
	<u>(38.200)</u>	<u>(45.334)</u>	<u>(13.312)</u>	<u>(14.647)</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 35. PROVISION FOR NON-PERFORMING RECEIVABLES

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
Specific provisions for non-performing receivables	(10.099)	(7.268)	(6.092)	(1.140)
General provision expenses (*)	(1.065)	-	28	-
	<u>(11.164)</u>	<u>(7.268)</u>	<u>(6.064)</u>	<u>(1.140)</u>

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

### 36. OTHER OPERATING EXPENSE

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
Foreign exchange losses	(249.601)	(293.519)	(60.723)	(95.927)
Losses from derivative financial operations	(464)	(1.258)	(331)	(953)
Expenses from decrease in value of assets held for sale	(1.161)	-	-	-
Other	(771)	(1.661)	(190)	(541)
	<u>(251.997)</u>	<u>(296.438)</u>	<u>(61.244)</u>	<u>(97.421)</u>

### 37. TAXATION

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009 - 30.09.2009	01.07.2008 - 30.09.2008
<u>Provision for taxes on income</u>				
Corporate tax provision	(11.159)	(317)	(3.705)	112
Deferred tax income / (expense)	735	(12)	840	(95)
	<u>(10.424)</u>	<u>(329)</u>	<u>(2.865)</u>	<u>17</u>

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

<u>Tax Reconciliation</u>	1 January – 30 September 2009	1 January – 30 September 2008
Profit before taxation	46.341	70.719
Tax rate	9.268	14.144
Tax effect of:		
-Change in deferred tax allowances	-	(2.626)
- Nondeductable expenses	1.274	1.034
- Investment incentives	-	(8.129)
- Used unrealized finance expenses	(129)	(48)
-Tax effect of the companies which benefit from investment allowance	-	(434)
- Non-taxable income	11	(3.612)
	<u>10.424</u>	<u>329</u>

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### 37. TAXATION (Cont’d)

##### Corporate Tax

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

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

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

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

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following 4. month of the tax year for the tax 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.

##### Income Withholding Tax:

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 37. TAXATION (cont’d)

#### Inflation adjusted tax calculation:

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

### 38. EARNINGS PER SHARE

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

	01.01.2009 - 30.09.2009	01.01.2008 - 30.09.2008	01.07.2009- 30.09.2009	01.07.2008 - 30.09.2008
Number of outstanding shares	25.000.000.000	25.000.000.000	25.000.000.000	25.000.000.000
Net period profit (thousand TRY )	34.778	66.039	10.161	15.403
Earnings per share (TRY) (*)	0,14	0,26	0,04	0,06

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

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

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

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

None.



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

### 40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

#### (a) Capital risk management

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

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

	2009	2008
Total liabilities	1.057.453	943.937
Less: Cash and cash equivalents	(397.525)	(165.411)
Net liabilities	659.928	778.526
Total shareholders' equity	331.270	285.102
Shareholders' equity / liabilities	%31	%30

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

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

#### (b) Significant accounting policies

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

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### (c) Categories of financial instruments

	<u>30 September 2009</u>	<u>31 December 2008</u>
<u>Financial assets:</u>		
Banks	397.525	165.411
Financial Assets at Fair Value Through Profit and Loss:		
-Financial Assets Held for Trading	108	90
-Derivative Financial Assets Held for Trading	-	1.814
Finance Lease Receivables and Non-Performing Receivables	858.026	963.329
Factoring Receivables and Non-Performing Factoring Receivables	99.549	67.098
Insurance Premium Receivables (*)	3.846	4.127
Financial Assets Available for Sale	15.772	5.495
<u>Financial Liabilities:</u>		
Derivative Financial Liabilities Held for Trading	136	-
Finance Lease Payables (Net)	-	-
Sundry Creditors and Other Liabilities	(17.993)	(15.716)
Funds Borrowed	(1.039.460)	(928.221)

(\*) Included in other assets.

##### (d) Financial risk management objectives

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

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

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

##### (e) Market risk

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

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

#### (e) Market risk (cont’d)

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

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

#### (f) Foreign currency risk management

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

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

#### Foreign currency sensitivity

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

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

	Gain / Loss		Shareholders’ Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	<b>30 September 2009</b>			
	15% appreciation of USD against TRY			
1 – Net USD Asset/Liability	2.154	(2.154)	-	-
2 – USD hedging	(1.641)	1.641	-	-
<b>3 – USD, net effect ( 1+2)</b>	<b>513</b>	<b>(513)</b>	<b>-</b>	<b>-</b>
	15% appreciation of EUR against TRY			
4 – Net EUR Asset/Liability	(1.514)	1.514	-	-
5 – EUR hedging	1.620	(1.620)	-	-
<b>6 – EUR, net effect ( 4+5)</b>	<b>106</b>	<b>(106)</b>	<b>-</b>	<b>-</b>
	15% appreciation of other currencies against TRY			
7 – Net other currency Asset/Liability	(71)	71	-	-
8 – Other Currency hedging	-	-	-	-
<b>9 – Other currency, net effect ( 7+8)</b>	<b>(71)</b>	<b>71</b>	<b>-</b>	<b>-</b>
<b>Total (3 + 6 +9)</b>	<b>548</b>	<b>(548)</b>	<b>-</b>	<b>-</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

31 December 2008

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

#### Forward contracts and currency swaps

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

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

#### (g) Interest risk management

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### (g) Interest risk management (cont’d)

##### Interest rate sensitivity

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

Interest Position Table

	<u>30 September 2009</u>	<u>31 December 2008</u>
Fixed interest rate financial instruments		
Financial assets:		
Banks	397.525	165.411
Lease Receivables (*)	734.954	872.171
Factoring receivables	29.630	48.752
Financial liabilities		
Borrowings	456.177	182.314
Floating interest rate financial instruments		
Financial assets:		
Banks	-	-
Lease Receivables	97.251	59.653
Factoring receivables	69.919	18.346
Financial liabilities		
Borrowings	583.283	745.907

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

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

- Interest income from floating interest rate finance lease contracts would increase by TRY 719 thousand (30 September 2008: TRY 307 thousand), and interest income from fixed interest rate finance lease contracts would increase by TRY 4.879 thousand. (30 September 2008: TRY 5.363 thousand)
- Interest income from floating interest rate factoring contracts would increase by TRY 516 thousand (30 September 2008: TRY 214 thousand), and interest income from fixed interest rate factoring contracts would increase by TRY 219 thousand. (30 September 2008: TRY 392 thousand)
- Interest expense from floating interest rate borrowings would increase by TRY 4.289 thousand (30 September 2008: TRY 3.267 thousand), and interest expense from fixed interest rate borrowings would increase by TRY 2.978 thousand. (30 September 2008: TRY 1.787 thousand)

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

##### (h) Other price risks

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

##### Equity price sensitivity

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

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

- There would not be any difference in the net profit/loss to the extent that equity investments are classified as available or are not disposed of or are not subject to impairment.
- Funds under other equity would increase/decrease by TRY 2.305 thousand (30 September 2008: TRY 1.171 thousand). It is mainly because of changes in fair value of the available for sale equity shares.

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

##### (i) Credit risk management

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

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

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

#### (i) Credit risk management (cont'd)

Sectoral allocation of finance lease receivables is as follows:

	30 September 2009	31 December 2008
	%	%
Transportation	13,38	12,10
Health	10,85	8,04
Construction	10,65	12,41
Textile	8,30	9,72
Finance	6,55	8,15
Forestry Products and Paper	5,42	5,70
Metal industry	5,40	5,64
Tourism	4,50	3,14
Chemical, Plastic and Pharmacy	3,99	5,13
Food	3,39	3,52
Glass, Tile and Cement	2,67	2,60
Mining	1,89	2,25
Other	23,01	21,60
	<u>100,00</u>	<u>100,00</u>

Leased equipment allocation of finance lease receivables is as follows:

	30 September 2009	31 December 2008
	%	%
Machinery and Equipment	25,14	22,67
Real Estate	18,59	14,29
Building and Construction Machinery	12,89	15,54
Medical Equipment	6,43	7,05
Road Transportation Equipments	5,99	7,01
Textile Machinery	5,27	6,26
Electronic Optical Instruments	5,16	6,17
Office Equipments	4,45	6,31
Sea Transport Vessels	4,95	3,22
Printing Machinery	3,51	3,62
Tourism Equipment	2,81	2,97
Air Transportation Equipments	1,07	1,02
Other	3,74	3,87
	<u>100,00</u>	<u>100,00</u>

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

#### (i) Credit risk management

Credit risks based on categories of financial instruments;

	Receivables				Deposits	Fair value through profit/loss financial instruments	Available for sale financial assets	Insurance receivables
	Lease Receivables		Factoring Receivables					
	Related party	Third party	Related party	Third party				
<b>30 September 2009</b>								
Maximum net credit risk as of balance sheet date (*)	69.436	788.590	13.957	85.592	397.525	108	15.772	3.846
- The part of maximum is under guarantee with collateral etc.	-	151.455	-	1.515	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	69.436	503.978	13.957	83.853	397.525	108	15.772	3.846
- The part of maximum risk under guarantee with collateral etc.	-	85.311	-	-	-	-	-	-
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	1.533	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	211.479	-	-	-	-	-	-
-The part under guarantee with collateral etc.	-	51.612	-	-	-	-	-	-
D. Net book value of impaired assets	-	73.133	-	206	-	-	-	-
- Past due ( gross carrying value )	-	72.000	-	3.224	-	-	-	-
- Impairment ( - )	-	(24.583)	-	(3.018)	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	14.532	-	1.515	-	-	-	-
- Not past due ( gross carrying value )	-	34.146	-	-	-	-	-	-
- Impairment ( - )	-	(8.430)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-

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

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



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

#### (i) Credit risk management (cont'd)

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

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

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

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

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

#### (i) Credit risk management (cont'd)

Finance Lease Receivables		30 September 2009 %	31 December 2008 %
Internal rating results:			
A+	(Perfect)	4,29	6,88
A	(Very good)	3,36	3,96
A-	(Good)	7,39	9,17
B+	(Satisfactory)	14,21	15,76
B	(Close Monitoring)	16,62	13,07
B-	(Insufficient)	17,69	11,15
C+	(Doubtful)	3,90	4,58
C	(Loss)	4,38	2,79
Not rated		28,16	32,64
Total		<u>100,00</u>	<u>100,00</u>

Maturities of past-due receivables are as follows:

30 September 2009	Receivables		Deposits	Derivative Instruments	Other	Total
	Leasing Receivables	Factoring Receivables				
Past due by 1-30 days	8.611	-	-	-	-	8.611
Past due by 1-2 months	4.353	-	-	-	-	4.353
Past due by 2-3 months	2.255	-	-	-	-	2.255
Past due by 3-5 months	5.843	-	-	-	-	5.843
Total past due receivables	<u>21.062</u>	-	-	-	-	<u>21.062</u>
The part that is not past dues	190.417	-	-	-	-	190.417
Total	<u>211.479</u>	-	-	-	-	<u>211.479</u>
Part under guarantee with collateral etc.(-)	<u>51.612</u>	-	-	-	-	<u>51.612</u>

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### (i) Credit risk management (cont’d)

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

	30 September 2009		31 December 2008	
	Nominal Value	Fair Value(*)	Nominal Value	Fair Value(*)
Other Mortgages	615.963	139.532	627.571	162.960
Ship mortgage	3.705	3.229	-	-
Guarantors	4.187	576	8.058	1.486
Cash blockages	15.479	5.807	13.147	4.723
Letters of guarantee	6.707	3.826	10.428	6.001
	<u>646.041</u>	<u>152.970</u>	<u>659.204</u>	<u>175.170</u>

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

#### (i) Liquidity risk management

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

#### Liquidity risk table

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

30 September 2009

<u>Maturities based on agreement</u>	<u>Book Value</u>	Cash outflow according to contract (I+II+III+IV)	Less than	3-12 month (II)	1-5 year (III)	More than 5 year (IV)
			3 month (I)			
Non-derivative Financial Assets:						
Banks	397.525	398.895	398.895	-	-	-
Finance lease receivables (*)	832.205	978.302	165.900	259.396	527.754	25.252
Factoring receivables	99.549	99.549	82.042	17.507	-	-
Insurance premium receivables	3.846	3.846	3.846	-	-	-
Total Assets	<u>1.333.125</u>	<u>1.480.592</u>	<u>650.683</u>	<u>276.903</u>	<u>527.754</u>	<u>25.252</u>
Non-derivative Financial Liabilities						
Funds borrowed	1.039.460	1.064.687	420.153	523.632	120.902	-
Sundry creditors and other liabilities	17.993	17.993	15.595	-	2.398	-
Total liabilities	<u>1.057.453</u>	<u>1.082.680</u>	<u>435.748</u>	<u>532.632</u>	<u>123.300</u>	<u>-</u>

The Group makes payments based on contract maturities.

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### (i) Liquidity risk management (cont’d)

31 December 2008

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

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

30 September 2009

<u>Maturities based on agreement</u>	<u>Book Value</u>	<u>Cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 month (I)</u>	<u>3-12 month (II)</u>	<u>1-5 year (III)</u>	<u>More than 5 year (IV)</u>
Cash inflows from derivatives	10.893	10.802	10.802	-	-	-
Cash outflows from derivatives	(10.893)	(10.937)	(10.937)	-	-	-

31 December 2008

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### (j) Fair Value of Financial Instruments

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

30 September 2009	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Book value	Fair value	Note
<u>Financial Assets</u>								
Banks	-	397.525	-	-	-	397.525	397.525	5
Fair value through profit and loss financial assets								
-Financial assets held for trading	108	-	-	-	-	108	108	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease. receivables	-	-	858.026	-	-	858.026	804.823	8
Factoring receivables and non-performing factoring. Receivables	-	-	99.549	-	-	99.549	99.549	7
Insurance premium receivables	-	-	3.846	-	-	3.846	3.846	15
Available for sale financial assets	-	-	-	15.772	-	15.772	15.772	6
<u>Financial liabilities</u>								
Sundry creditors	-	-	-	-	17.993	17.993	17.993	17
Funds borrowed	-	-	-	-	1.039.460	1.039.460	1.035.088	16

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### (k) Fair Value Level of Financial Instruments

Fair Value Level as of 30 September 2009

Financial Instruments	<u>30 September 2009</u>	<u>1. Level</u>	<u>2. Level</u>	<u>3. Level</u>
Financial assets at fair value through profit and loss				
Forward fair value differences	(136)	-	(136)	-
Mutual fund	108	108	-	-
Assets held for sale				
Equity securities (*)	15.772	15.408	-	-
Total	<u>15.744</u>	<u>15.516</u>	<u>(136)</u>	<u>-</u>

(\*) As of 30 September 2009, not publicly traded shares amounting to 364 TL have been valued at cost

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

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

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

## İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

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

##### (k) Fair Value Level of Financial Instruments (cont’d)

Fair Value Level as of 31 December 2008

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

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

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

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

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