

**İŞ FİNANSAL KİRALAMA
ANONİM ŞİRKETİ**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(Translated into English from the Original Turkish Report)

CONVENIENCE TRANSLATION OF THE REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

İş Finansal Kiralama A.Ş.
The Board of Directors

1. We have audited the accompanying consolidated balance sheet of İş Finansal Kiralama A.Ş. ("the Company") and its subsidiary (together "the Group") as at 31 December 2008, and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Explanation Regarding The Responsibility of the Company's Board of Directors' for the Financial Statements:

2. The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with 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 dated 17 May 2007 and numbered 26525, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Board in respect of accounting and financial reporting, and pronouncements made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette No: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion stated below.

Independent Auditor's Report

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of İş Finansal Kiralama A.Ş. and its subsidiary as at 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with the regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Board in respect of accounting and financial reporting, and pronouncements made by the Banking Regulation and Supervision Agency.

İstanbul, 12 February 2009

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

Sibel Türker
Partner

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İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

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

		THOUSAND NEW TURKISH LIRA						
I. BALANCE SHEET- ASSETS		Footnote	Audited Current Period 31 December 2008			Audited Prior Period 31 December 2007		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	LIQUID ASSETS		-	-	-	-	-	-
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	4	90	1.814	1.904	25	-	25
2.1	A) Financial Assets Held for Trading		90	-	90	25	-	25
2.2	B) Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.3	C) Derivative Financial Assets Held for Trading		-	1.814	1.814	-	-	-
III.	BANKS	5	42.783	122.628	165.411	98.483	65.525	164.008
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	5.495	-	5.495	16.617	-	16.617
VI.	FACTORING RECEIVABLES	7	66.264	834	67.098	52.242	3.848	56.090
6.1	A) Discount Factoring Receivables		28.976	0	28.976	47.198	-	47.198
6.1.1	a) Domestic		29.822	0	29.822	48.665	-	48.665
6.1.2	b) Foreign		-	-	-	-	-	-
6.1.3	c) Unearned Income (-)		846	0	846	1.467	-	1.467
6.2	B) Other Factoring Receivables		37.288	834	38.122	5.044	3.848	8.892
6.2.1	a) Domestic		37.288	0	37.288	5.044	582	5.626
6.2.2	b) Foreign		-	834	834	-	3.266	3.266
VII.	FINANCING LOANS		-	-	-	-	-	-
7.1	A) Retail Loans		-	-	-	-	-	-
7.2	B) Credit Loans		-	-	-	-	-	-
7.3	C) Installment Commercial Loans		-	-	-	-	-	-
VIII.	LEASE RECEIVABLES	8	181.709	737.499	919.208	207.729	557.468	765.197
8.1	A) Lease Receivables		179.100	708.603	887.703	199.417	528.846	728.263
8.1.1	a) Financial Lease Receivables		236.142	828.526	1.064.668	254.113	614.837	868.950
8.1.2	b) Operational Lease Receivables		-	-	-	-	-	-
8.1.3	c) Other		-	-	-	-	-	-
8.1.4	d) Unearned Income (-)		57.042	119.923	176.965	54.696	85.991	140.687
8.2	B) Ongoing Leasing Contracts		417	2.377	2.794	6.012	11.441	17.453
8.3	C) Advances Given		2.192	26.519	28.711	2.300	17.181	19.481
IX.	NON-PERFORMING RECEIVABLES	7,8	26.230	17.891	44.121	21.215	12.909	34.124
9.1	A) Non-Performing Factoring Receivables		3.056	0	3.056	2.128	-	2.128
9.2	B) Non-Performing Financial Loans		-	-	-	-	-	-
9.3	C) Non-Performing Lease Receivables		43.733	28.073	71.806	48.418	19.358	67.776
9.4	D) Specific Provisions (-)		20.559	10.182	30.741	29.331	6.449	35.780
X.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES		-	-	-	-	-	-
10.1	A) Fair Value Hedging		-	-	-	-	-	-
10.2	B) Cash Flow Hedging		-	-	-	-	-	-
10.3	C) Net Foreign Investment Hedging		-	-	-	-	-	-
XI.	INVESTMENTS HELD TO MATURITY (Net)		-	-	-	-	-	-
XII.	SUBSIDIARIES (Net)		-	-	-	-	-	-
XIII.	PARTICIPATIONS (Net)		-	-	-	-	-	-
XIV.	JOINT VENTURES (Net)		-	-	-	-	-	-
XV.	TANGIBLE ASSETS (Net)	10	875	-	875	1.044	-	1.044
XVI.	INTANGIBLE ASSETS (Net)		263	-	263	211	-	211
16.1	A) Goodwill	12	166	-	166	166	-	166
16.2	B) Other	11	97	-	97	45	-	45
XVII.	DEFERRED TAX ASSETS	13	1.163	-	1.163	20	-	20
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	2.871	-	2.871	2.865	-	2.865
18.1	A) Held For Sale		2.871	-	2.871	2.865	-	2.865
18.2	B) Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	15	25.096	2.019	27.115	12.069	73	12.142
TOTAL ASSETS			352.839	882.685	1.235.524	412.520	639.823	1.052.343

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

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

		THOUSAND NEW TURKISH LIRA						
I. BALANCE SHEET- LIABILITIES		Footnote	Audited Current Period 31 December 2008			Audited Prior Period 31 December 2007		
			TRY	FC	TRY	FC	TRY	FC
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	19	-	-	-	-	1.776	1.776
II.	FUNDS BORROWED	16	109.874	818.347	928.221	128.235	672.987	801.222
III.	FACTORING PAYABLES		-	-	-	-	-	-
IV.	LEASE PAYABLES	18	-	-	-	-	17	17
4.1	A) Financial Lease Payables		-	-	-	-	17	17
4.2	B) Operational Lease Payables		-	-	-	-	-	-
4.3	C) Other		-	-	-	-	-	-
4.4	D) Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.1	A) Bills		-	-	-	-	-	-
V.2	B) Asset-backed Securities		-	-	-	-	-	-
V.3	C) Bonds		-	-	-	-	-	-
VI.	SUNDRY CREDITORS	17	2.527	7.101	9.628	5.061	9.220	14.281
VII.	OTHER LIABILITIES	17	1.527	4.561	6.088	3.348	7.228	10.576
VIII.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES		-	-	-	-	-	-
8.1	A) Fair Value Hedging		-	-	-	-	-	-
8.2	B) Cash Flow Hedging		-	-	-	-	-	-
8.3	C) Net Foreign Investment Hedging		-	-	-	-	-	-
IX.	TAXES PAYABLE AND OTHER LIABILITIES	20	442	-	442	368	-	368
X.	PROVISIONS		2.524	3.519	6.043	8.664	-	8.664
10.1	A) Provisions for Restructuring		-	-	-	-	-	-
10.2	B) Reserves For Employee Benefits	22	1.276	-	1.276	626	-	626
10.3	C) Other Provisions	21	1.248	3.519	4.767	8.038	-	8.038
XI.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
12.1	A) Held For Sale		-	-	-	-	-	-
12.2	B) Discontinued Operations		-	-	-	-	-	-
XIII.	SUBORDINATED LOANS		-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY		285.102	-	285.102	215.439	-	215.439
14.1	A) Paid-in Capital	24	185.000	-	185.000	139.500	-	139.500
14.2	B) Capital Reserves	24	11.243	-	11.243	21.128	-	21.128
14.2.1	a) Share Premium		-	-	-	-	-	-
14.2.2	b) Share Cancellation Profits		-	-	-	-	-	-
14.2.3	c) Marketable Securities Revaluation Reserve		(1.338)	-	(1.338)	8.547	-	8.547
14.2.4	d) Tangible and Intangible Assets Revaluation Reserve		-	-	-	-	-	-
14.2.5	e) Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.6	f) Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.7	g) Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
14.2.8	h) Other Capital Reserves		12.581	-	12.581	12.581	-	12.581
14.3	C) Profit Reserves	25	4.883	-	4.883	3.656	-	3.656
14.3.1	a) Legal Reserves		4.633	-	4.633	3.360	-	3.360
14.3.2	b) Statutory Reserves		-	-	-	-	-	-
14.3.3	c) Extraordinary Reserves		250	-	250	296	-	296
14.3.4	d) Other Profit Reserves		-	-	-	-	-	-
14.4	D) Profit or Loss		77.880	-	77.880	48.298	-	48.298
14.4.1	a) Prior Years' Profit/Loss	26	1.571	-	1.571	1.582	-	1.582
14.4.2	b) Current Year Profit/Loss		76.309	-	76.309	46.716	-	46.716
14.5	E) Minority Interest		6.096	-	6.096	2.857	-	2.857
TOTAL LIABILITIES AND EQUITY			401.996	833.528	1.235.524	361.115	691.228	1.052.343

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS AT 31 DECEMBER 2008

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

		THOUSAND NEW TURKISH LIRA						
STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS			Audited Current Period 31 December 2008			Audited Prior Period 31 December 2007		
	Footnote	TRY	FC	TRY	FC	TRY	FC	
I.	GUARANTEED FACTORING OPERATIONS		19.177	-	19.177	3.985	-	3.985
II.	UNGUARANTEED FACTORING OPERATIONS		48.963	5.017	53.980	51.806	18.055	69.861
III.	GUARANTEES TAKEN	40	467.448	191.756	659.204	418.662	191.881	610.543
IV.	GUARANTEES GIVEN	28	1.438	0	1.438	31.918	1.010	32.928
V.	COMMITMENTS		-	-	-	-	-	-
5.1	Irrevocable Commitments		-	-	-	-	-	-
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		-	49.287	49.287	49.017	43.610	92.627
6.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading	28	-	49.287	49.287	49.017	43.610	92.627
6.2.1	Forward Foreign Currency Buy/Sell Transactions	28	-	49.287	49.287	11.317	9.406	20.723
6.2.2	Currency and Interest Rate Swaps	28	-	-	-	37.700	34.204	71.904
6.2.3	Currency, Interest Rate and Security Options		-	-	-	-	-	-
6.2.4	Currency, Interest Rate Futures		-	-	-	-	-	-
6.2.5	Other		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		47.831	7.812	55.643	97.633	7.339	104.972
	TOTAL		584.857	253.872	838.729	653.021	261.895	914.916

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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

		THOUSAND NEW TURKISH LIRA		
INCOME STATEMENT		Footnote	Audited Current Period 1 January-31 December 2008	Audited Prior Period 1 January-31 December 2007
I.	OPERATING INCOME	31	120.445	110.538
1.1	FACTORING INCOME		16.497	8.888
1.1.1	A) Factoring Interest Income		15.211	8.610
1.1.1.1	a) Discount		11.199	6.427
1.1.1.2	b) Other		4.012	2.183
1.1.2	B) Factoring Commission Income		1.286	278
1.1.2.1	a) Discount		1.021	0
1.1.2.2	b) Other		265	278
1.2	INCOMES FROM FINANCIAL LOANS		-	-
1.2.1	A) Interest Income From Financial Loans		-	-
1.2.2	B) Commission Income From Financial Loans		-	-
1.3	LEASE INCOME		103.948	101.650
1.3.1	A) Financial Lease Income		103.948	101.650
1.3.2	B) Operational Lease Income		-	-
1.3.3	C) Commission Income From Lease Operations		-	-
II.	OPERATING EXPENSE (-)	32	14.835	12.276
2.1	A) Personal Expenses		9.776	7.021
2.2	B) Retirement Pay Provision Expense		111	118
2.3	C) Research and Development Expense		-	-
2.4	D) General Administration Expense		4.948	5.137
2.5	E) Other		-	-
III.	OTHER OPERATING INCOME	33	588.860	91.728
3.1	A) Interest income from Deposits		15.080	5.921
3.2	B) Interest income from reverse repurchase agreements		-	-
3.3	C) Interest income from Marketable Securities		9	8
3.3.1	a) Interest Income from Financial Assets Held for Trading		9	8
3.3.2	b) Interest Income from Financial Assets at Fair Value Through Profit and Loss		-	-
3.3.3	c) Interest Income from Financial Assets Available For Sale		-	-
3.3.4	d) Interest Income from Financial Assets Held to Maturity		-	-
3.4	D) Dividend Income		508	15
3.5	E) Interest Received from Money Market Placements		3.037	1.047
3.5.1	a) Derivative Financial Operations		3.037	1.047
3.5.2	b) Other		-	-
3.6	F) Foreign Exchange Gains		534.072	80.132
3.7	G) Other		36.154	4.605
IV.	FINANCIAL EXPENSE (-)	34	63.131	47.248
4.1	A) Interest on Loans Borrowed		62.132	46.495
4.2	B) Interest on Factoring Payables		-	-
4.3	C) Financial Lease Expenses		-	-
4.4	D) Interest on Securities Issued		-	-
4.5	E) Other Interest Expenses		-	-
4.6	F) Other Fees and Commissions		999	753
V.	SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)	35	16.085	9.237
VI.	OTHER OPERATING EXPENSE (-)	36	534.555	86.128
6.1	A) Expense from Decrease in Value of Marketable Securities (-)		-	-
6.1.1	a) Financial Assets at Fair Value Through Profit and Loss		-	-
6.1.2	b) Financial Assets Available For Sale		-	-
6.1.3	c) Financial Assets Held to Maturity		-	-
6.2	B) Expense from Decrease in Value of Tangible and Intangible Assets		-	-
6.2.1	a) Expense from Decrease in Value of Tangible Assets		-	-
6.2.2	b) Expense from Decrease in Value of Assets Held for Sale and Discontinued Operations		-	-
6.2.3	c) Expense from Decrease in Value of Goodwill		-	-
6.2.4	d) Expense from Decrease in Value of Intangible Assets		-	-
6.2.5	e) Expense from Decrease in Value of Subsidiaries, Participations and Joint Ventures		-	-
6.3	C) Losses from Derivative Financial Operations		1.258	5.783
6.4	D) Foreign Exchange Losses		531.774	77.767
6.5	E) Other		1.523	2.578
VII.	NET OPERATING INCOME		80.699	47.377
VIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
IX.	NET MONETARY POSITION GAIN/LOSS		-	-
X.	POFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX		80.699	47.377
XI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	37	90	(405)
11.1	A) Current Tax Provision		(1.053)	(406)
11.2	B) Loss Effect of Deferred Tax (+)		-	-
11.3	C) Gain Effect of Deferred Tax (-)		1.143	1
XII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS		80.789	46.972
XIII.	INCOME ON DISCONTINUED OPERATIONS		-	-
13.1	A) Income on Assets Held for Sale		-	-
13.2	B) Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-
13.3	C) Other Income on Discontinued Operations		-	-
XIV.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
14.1	A) Expense on Assets Held for Sale		-	-
14.2	B) Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-
14.3	C) Other Income on Discontinued Operations		-	-
XV.	POFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX		-	-
XVI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
16.1	A) Current Tax Provision		-	-
16.2	B) Loss Effect of Deferred Tax (+)		-	-
16.3	C) Gain Effect of Deferred Tax (-)		-	-
XVII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS		-	-
XVIII.	MINORITY SHARE (INCOME) / EXPENSE	23	(4.480)	(256)
XIX.	NET PERIOD PROFIT/LOSS		76.309	46.716
	Earnings Per Share	38	0.41	0.25

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 YEAR ENDED 31 DECEMBER 2008

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

THOUSAND NEW TURKISH LIRA																		
CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation Profits	Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities	Hedging Funds	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Other Capital Reserves	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Prior Period Profit/Loss	Current Period Profit/Loss	Minority Interest	Total Shareholders' Equity	
Prior Period (01.01 – 31.12.2007)																		
I. Balances at beginning of the period(31.12.2006)	100.000	-	-	46	-	-	-	-	12.581	3.186	-	12.513	-	1.593	27.446	1.603	158.968	
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances at the beginning of the period (I+II)	100.000	-	-	46	-	-	-	-	12.581	3.186	-	12.513	-	1.593	27.446	1.603	158.968	
Changes during the period																		
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Revaluation surplus on marketable securities	-	-	-	8.501	-	-	-	-	-	-	-	-	-	-	-	998	9.499	
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Capital increase	39.500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	(36.175)	-	(3.325)	-	-	-	
XIV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	256	256	
XVIII. Current period net profit/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46.716	-	46.716	
XIV. Profit distribution	-	-	-	-	-	-	-	-	-	174	-	23.958	-	3.314	(27.446)	-	-	
19.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	174	-	23.958	-	3.314	(27.446)	-	-	
19.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period (31.12.2007)	139.500	-	-	8.547	-	-	-	-	12.581	3.360	-	296	-	1.582	46.716	2.857	215.439	
Current Period (01.01. – 31.12.2008)																		
I. Balances at the beginning of the prior period (31.12.2007)	139.500	-	-	8.547	-	-	-	-	12.581	3.360	-	296	-	1.582	46.716	2.857	215.439	
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances at the beginning of the period (I+II)	139.500	-	-	8.547	-	-	-	-	12.581	3.360	-	296	-	1.582	46.716	2.857	215.439	
Changes during the period																		
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Revaluation surplus on marketable securities	-	-	-	(9.885)	-	-	-	-	-	-	-	-	-	-	-	(1.241)	(11.126)	
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Capital increase	45.500	-	-	-	-	-	-	-	-	-	-	(31.209)	-	(14.291)	-	-	-	
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.480	4.480	
XVIII. Current period net profit/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76.309	-	76.309	
XIV. Profit distribution	-	-	-	-	-	-	-	-	-	1.273	-	31.163	-	14.280	(46.716)	-	-	
19.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	1.273	-	31.163	-	14.280	(46.716)	-	-	
19.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period (31.12.2008)	185.000	-	-	(1.338)	-	-	-	-	12.581	4.633	-	250	-	1.571	76.309	6.096	285.102	

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 YEAR ENDED 31 DECEMBER 2008

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

	THOUSAND NEW TURKISH LIRA	
	Audited	Audited
	Current Period	Prior Period
	31 December 2008	31 December 2007
A. CASH FLOWS FROM OPERATING ACTIVITIES		
1.1 Operating profit before changes in operating assets and liabilities	134.881	91.984
1.1.1 Interest/leasing income received	133.583	115.905
1.1.2 Leasing expenses	-	-
1.1.3 Dividend received	504	3
1.1.4 Fees and commissions received	-	-
1.1.5 Other income	14.535	5.618
1.1.6 Collections from previously written off receivables	13.171	21.513
1.1.7 Payments to personnel and service suppliers	(9.743)	(7.024)
1.1.8 Taxes paid	(661)	(621)
1.1.9 Others	(16.508)	(43.410)
1.2 Changes in operating assets and liabilities	(133.873)	(9.336)
1.2.1 Net (increase) decrease in factoring receivables	(12.209)	(29.757)
1.2.1 Net (increase) decrease in loans	-	-
1.2.1 Net (increase) decrease in leasing receivables	(18.441)	(16.082)
1.2.2 Net (increase) decrease in other assets	(16.252)	(933)
1.2.3 Net increase (decrease) in factoring payables	-	-
1.2.3 Net increase (decrease) in factoring receivables	(17)	(74)
1.2.4 Net increase (decrease) in funds borrowed	(83.726)	45.348
1.2.5 Net increase (decrease) in due payables	-	-
1.2.6 Net increase (decrease) in other liabilities	(3.228)	(7.838)
I. Net cash provided from operating activities	1.008	82.648
B. CASH FLOWS FROM INVESTING ACTIVITIES		
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(235)	(288)
2.4 Fixed assets sales	34	-
2.5 Cash paid for purchase of financial assets available for sale	-	-
2.6 Cash obtained from sale of financial assets available for sale	-	-
2.7 Cash paid for purchase of financial assets held to maturity	-	-
2.8 Cash obtained from sale of financial assets held to maturity	-	-
2.9 Other	-	-
II. Net cash provided from investing activities	(201)	(288)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	-
III. Net cash provided from financing activities	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	843	63
V. Net increase in cash and cash equivalents	1.650	82.423
VI. Cash and cash equivalents at the beginning of the year	163.434	81.011
VII. Cash and cash equivalents at the end of the year	165.084	163.434

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 YEAR ENDED 31 DECEMBER 2008

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

STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY	THOUSAND NEW TURKISH LIRA	
	Audited Current Period	Audited Prior Period
	31 December 2008	31 December 2007
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS		
1.1 Net change in fair value of available for sale investments	(9.885)	8.501
1.2 Net change in fair value of available for sale investments (Transfer to Profit/Loss)	-	-
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES	-	-
5.1 Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
5.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS	-	-
6.1 Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
6.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS	-	-
IX. DEFERRED TAX OF VALUATION DIFFERENCES	-	-
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(9.885)	8.501
XI. PROFIT/LOSS	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	(9.885)	8.501

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2008

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

İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (***) (****)		
	THOUSAND NEW TURKISH LIRA	
	Current Period (31/12/2008)	Prior Period (31/12/2007)
I. DISTRIBUTION OF CURRENT PERIOD PROFIT		
1.1 CURRENT PERIOD PROFIT	60.219	45.797
1.2 TAXES AND DUES PAYABLE (-)	(1.063)	-
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Withholding Tax	-	-
1.2.3 Other taxes and dues (*)	(1.063)	-
A. NET PERIOD PROFIT (1.1 - 1.2)	59.156	45.797
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVE (-)	(2.958)	(1.273)
1.5 OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-) (**)	21	14
B DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)]	56.219	44.538
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	13.361
1.6.1 To Owners of Ordinary Shares (****)	-	13.361
1.6.2 To Owners of Preferred Stocks	-	-
1.6.3 To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Owners of the profit /loss Sharing Certificates	-	-
1.7 DIVIDEND TO PERSONNEL (-)	-	-
1.8 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Stocks	-	-
1.9.3 To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Owners of the profit /loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVE (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	31.177
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 SHARE TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Stocks	-	-
2.3.3 To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Owners of the profit /loss Sharing Certificates	-	-
2.4 SHARE TO PERSONNEL (-)	-	-
2.5 SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF STOCKS (TRY)	-	0,328
3.2 TO OWNERS OF STOCKS (%)	-	%33
3.3 TO OWNERS OF PREFERRED STOCKS (TRY)	-	-
3.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF STOCKS (TRY)	-	0,0958
4.2 TO OWNERS OF STOCKS (%)	-	%9
4.3 TO OWNERS OF PREFERRED STOCKS (TRY)	-	-
4.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-

(*) As per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase, the Company has deducted deferred tax income amounting to TRY 1.063 Thousand associated with the deferred tax asset from distributable net period profit.

(**) Comprising of donations made by the Company which shall be added back to distributable net profit.

(***) Since the Board of Directors has not prepared a dividend proposal for the year 2008, yet, it is presented only distributable net profit in the profit distribution table above.

(****) In preparation of the profit distribution table, only the Company's results have been taken into account while the subsidiary's results have been excluded.

(*****) Such dividend amount has been distributed in the form of bonus shares.

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 YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in thousand of New 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. The shares of the Company are listed on the Istanbul Stock Exchange.

As of 31 December 2008, the Company employs 98 persons. (31 December 2007: 98)

The financial statements have been approved by the Board of Directors and authorized for issue as of 12 February 2009. The Board of shareholders have the discretion of making changes in the financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Accounting Standards Applied

The Group has accounted its 2008 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.

In terms of 2008 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 Group prepared its 2007 financial statements in accordance with the accounting standards issued by International Accounting Standards Board (“IASB”) and International Accounting Standards Committee (“IASC”). The accompanying 2007 financial statements are reclassified in accordance with the Communiqué on the “Nature and Format of the Financial Statements for Public Presentation” issued by the BRSA.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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.

Consolidation Principles:

The details of the Group’s subsidiary as of 31 December 2008 are as follows:

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

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

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

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

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

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

Adoption of New and Revised International Financial Reporting Standards:

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by 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 2008.

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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

IFRIC 11, “IFRS 2 – Group and treasury share transactions”,
IFRIC 12, “Service concession arrangements”,
IFRIC 14, “IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction”,
IAS 39 and IFRS 7, “Amendments in connection with reclassification of financial assets”

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

IFRS 8 “Operating Segments”

IFRS 8 “Operating Segments” substitutes IAS 14 ‘Segment Reporting’. This standard requires segment reporting to be prepared based on the perspective of the management and segmentation criteria used in internal reports. The Group will apply IFRS 8 starting from 1 January 2009.

IAS 23 “(Revised) Borrowing Costs”

The amendment requires entities to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. This amendment prohibits the immediate expensing of borrowing costs.

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.

Except for IFRS 8 and amendments associated with this standard, the Group directors anticipate that the application of the Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

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

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

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.

Offsetting

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

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue

Leasing Receivables: 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.

b. Tangible Assets

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

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

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

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

b. Tangible Assets (cont'd)

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement.

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

d. Impairment of Tangible and Intangible Assets except Goodwill

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

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

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

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

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

e. Borrowing Costs

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

f. Financial Instruments

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

Finance lease receivables, Factoring receivables and other receivables

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

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

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

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

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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.

Financial Assets

Financial assets are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value, and are recognized and derecognized on trade date where the purchase or sales of an investment is under a contract whose terms require the delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as ‘at fair value through profit or loss’, ‘held to maturity investments’, ‘available for sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss:

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

Effective interest rate method:

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

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

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

f. Financial Instruments (cont’d)

Financial Assets (cont’d)

Held-to-maturity investments:

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

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

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

Impairment of financial assets

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

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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

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

Trade and other payables

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

Derivative financial instruments and hedge accounting

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and interest rate derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured 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.

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

g. Business Combinations and Goodwill

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of 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.

The foreign currency exchange rates used by the Group as of 31 December 2008 and 31 December 2007 are as follows:

	<u>31 December 2008</u>	<u>31 December 2007</u>
USD	1.5123	1.1647
EUR	2.1408	1.7102

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.

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

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.

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

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

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

Changes in accounting policies or fundamental accounting errors are applied retrospectively and the consolidated financial statements for the prior periods are restated. If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively. There is no major change in accounting estimates in the current year. Any material accounting error detected are applied retrospectively and prior year financial statement are restated, accordingly.

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

m. Finance Lease

- The Group as Lessor

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

- 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.

n. Segmental Information

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

o. Taxation on Income

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

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

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

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

o. Taxation on Income (cont'd)

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.

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.

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

p. 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.

s. Statement of Cash Flows

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

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4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets held for trading:

	31 December 2008		31 December 2007	
	TRY	FC	TRY	FC
Forward fair value differences	-	1.814	-	-
Mutual funds	90	-	25	-
	90	1.814	25	-

The Group has Türkiye İş Bankası A.Ş.’s mutual funds amounting to TRY 90 thousand. (31 December 2007: TRY 25 thousand).

5. BANKS

	31 December 2008		31 December 2007	
	TRY	FC	TRY	FC
Demand deposits	1.609	2.614	2.919	2.773
Time deposits	40.973	119.888	95.000	62.742
Interest accrual	201	126	564	10
	42.783	122.628	98.483	65.525

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>

As of 31 December 2008, TRY 121.085 thousand of total foreign currency deposits (31 December 2007: TRY 55.258 thousand) and TRY 38.648 thousand of total deposits (31 December 2007: TRY 37.819 thousand) consist of accounts at its main shareholders, Türkiye İş Bankası A.Ş..

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

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

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
Demand deposit	4.223	5.692
Time deposit (1-3 month)(without accrual)	160.861	157.742
Cash and cash equivalents	<u>165.084</u>	<u>163.434</u>

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6. FINANCIAL ASSETS AVAILABLE FOR SALE

Name of the investment	Core business	Incorporation and operation location	Voting Right (%)	Ownership percentage (%)		Fair Value	
				31 December 2008	31 December 2007	31 December 2008	31 December 2007
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	4.822	15.682
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Investment Services	İstanbul	0,89	0,89	0,89	318	584
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	2	2
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	25	21
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. – (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	328	328
TOTAL						5.495	16.617

7. FACTORING RECEIVABLES

	31 December 2008	31 December 2007
<u>Short-term factoring receivables (*)</u>		
Domestic factoring receivables (net)	66.448	54.172
Export and import factoring receivables (net)	815	3.266
Factoring interest income accrual	681	119
Unearned interest income	(846)	(1.467)
Factoring receivables under follow-up (**)	3.056	2.128
Gross factoring receivables	70.154	58.218
Provision for doubtful factoring receivables(**)	(3.056)	(2.128)
	<u>67.098</u>	<u>56.090</u>

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

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

EUR 389.581 and TRY 17.512 thousand of factoring receivables have variable interest rates (31 December 2007: EUR 707.257, GBP 1.019.418, USD 229.195 and TRY 5.829 thousand) while TRYR 48.752 thousand of factoring receivables have a fixed interest rate (31 December 2007: TRY 46.413 thousand).

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7. FACTORING RECEIVABLES (cont’d)

Types of factoring transactions are as follows:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Domestic irrevocables	17.301	7.708
Foreign irrevocables	-	3.280
Domestic revocables	48.963	45.102
Foreign revocables	834	-
	<u>67.098</u>	<u>56.090</u>

Except for its 100% provision allocated doubtful receivables, the Group has no overdue factoring receivables as of the balance sheet date. The carrying value of the Group’s restructured factoring receivables amounts to TRY 231 thousand (31 December 2007: TRY 172 thousand). If such receivables were not restructured, they would be classified as overdue or doubtful receivables. The Group has 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>31 December 2008</u>	<u>31 December 2007</u>
Mortgage	1.515	3.030
	<u>1.515</u>	<u>3.030</u>

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
Up to 90 days	566	-
Between 90 – 180 days	726	1.079
Between 180 – 360 days	-	189
Over 360 days	1.764	860
Outstanding amount	-	-
	<u>3.056</u>	<u>2.128</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- 31 December 2008</u>	<u>1 January- 31 December 2007</u>
Provision at the beginning of the period	(2.128)	(859)
Additions	(1.463)	(1.323)
Write off	204	-
Collections	331	54
Provision at the end of the period	<u>(3.056)</u>	<u>(2.128)</u>

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8. LEASE RECEIVABLES

<u>31 December 2008</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	28.262	-	28.262
Finance lease receivables under follow-up (*)	63.929	7.877	71.806
Uninvoiced finance lease receivables	431.502	604.904	1.036.406
Less: Unearned interest income	(86.041)	(90.924)	(176.965)
Ongoing leasing contracts (**)	-	2.794	2.794
Advances given for leasing contracts	-	28.711	28.711
Less: Specific provisions (*)	(24.648)	(3.037)	(27.685)
Net finance lease receivables	<u>413.004</u>	<u>550.325</u>	<u>963.329</u>

<u>31 December 2007</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	17.347	-	17.347
Finance lease receivables under follow-up (*)	60.683	7.093	67.776
Uninvoiced finance lease receivables	393.826	457.777	851.603
Less: Unearned interest income	(74.483)	(66.204)	(140.687)
Ongoing leasing contracts (**)	-	17.453	17.453
Advances given for leasing contracts	-	19.481	19.481
Less: Specific Provisions (*)	(30.685)	(2.967)	(33.652)
Net finance lease receivables	<u>366.688</u>	<u>432.633</u>	<u>799.321</u>

(*) Such amounts are classified 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 31 December 2008 and 31 December 2007.

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.

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8. LEASE RECEIVABLES (cont'd)

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	441.171	245.455	120.034	55.551	21.672	19.191	903.074
Unearned Interest	<u>(74.483)</u>	<u>(38.566)</u>	<u>(16.065)</u>	<u>(6.684)</u>	<u>(2.573)</u>	<u>(2.316)</u>	<u>(140.687)</u>
Finance lease receivables (net)	<u>366.688</u>	<u>206.889</u>	<u>103.969</u>	<u>48.867</u>	<u>19.099</u>	<u>16.875</u>	<u>762.387</u>

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

As of 31 December 2008, the compound interest rate applicable for the finance lease receivables is; 26,80 % for TRY, 9,19 % for USD, and 9,46 % for EUR. (31 December 2007: for TRY 26,22 %, for USD 9,69 % and for EUR 9,45 %).

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>

As of 31 December 2007, 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	208.285.508	242.590	35.998.952	41.928
EUR	174.929.303	299.164	25.765.493	44.064
TRY	-	220.633	-	54.695
Total		<u>762.387</u>		<u>140.687</u>

USD 29.501.258 and EUR 7.024.434 of the Group’s finance lease receivables have floating interest rates (2007: USD 27.648.300, EUR 2.271.042) while USD 199.297.366, EUR 170.703.766, and TRY 205.331 thousand of its finance lease receivables have fixed interest rates. (2007: USD 180.637.208, EUR 172.658.261, and TRY 220.633 thousand)

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8. LEASE RECEIVABLES (cont'd)

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

<u>Guarantee types</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
Mortgages	152.995	140.179
Guarantors	960	2.475
Cash blockages	4.443	8.029
Letter of guarantees	5.888	7.419
	<u>164.286</u>	<u>158.102</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 3.952 thousand of provision for TRY 17.008 thousand (31 December 2007: TRY 6.957 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>31 December 2008</u>	<u>31 December 2007</u>
Up to 30 days	7.857	4.237
Between 30 – 60 days	5.231	1.766
Between 60 – 90 days	2.125	954
Between 90 – 150 days	1.795	-
Overdue total	<u>17.008</u>	<u>6.957</u>
Undue amount	<u>119.589</u>	<u>71.808</u>
	<u>136.597</u>	<u>78.765</u>

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

<u>Guarantee type</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
Mortgage	45.775	26.371
Guarantors	33	734
Cash blockages	42	179
Letter of guarantees	812	1.106
	<u>46.662</u>	<u>28.390</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 .

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

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8. LEASE RECEIVABLES (cont'd)

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

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

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

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

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

<u>Guarantee type:</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
Mortgage	8.450	52.868
Guarantors	526	105
Cash blockages	280	846
Letter of guarantees	113	674
	<u>9.369</u>	<u>54.493</u>

In addition to the above guarantees, TRY 31.969 thousand of equipment subject to lease and TRY 177 thousand of pledged assets are considered in the provision calculation (31 December 2007: TRY 7.249 thousand of equipment subject to lease).

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

<u>Movement of specific provisions:</u>	<u>1 January- 31 December 2008</u>	<u>1 January- 31 December 2007</u>
Provision at the beginning of the period	(33.652)	(27.241)
Additions	(10.370)	(29.373)
Write offs	3.497	1.503
Collections	12.840	21.459
Provision at the end of the period	<u>(27.685)</u>	<u>(33.652)</u>

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9. DUE FROM / TO RELATED PARTIES

<u>Finance lease receivables</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
Türkiye İş Bankası A.Ş.	53.102	72.480
Gemport Gemlik Liman İşletmeleri A.Ş.	13.525	3.966
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	3.947	2.304
Avea İletişim Hizmetleri A.Ş.	3.823	3.200
Anadolu Anonim Türk Sigorta Şirketi	-	238
Türkiye Sınai Kalkınma Bankası A.Ş.	-	117
Gemnak Nakliye Taah. Ve Tic. Ltd. Şti.	398	670
Other	22	235
	<u>74.817</u>	<u>83.210</u>

Factoring receivables

Kültür Yayınları İş-Türk Ltd. Şti.	359	-
İş Koray Tur.Ormancılık Mad. İnş.Taah.ve Tic.A.Ş.	-	474
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	6.500	350
Nevotek Bilişim Ses Ve İletişim Sist.San.Ve Tic.A.Ş.	277	317
	<u>7.136</u>	<u>1.141</u>

Payables to related parties

Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	4.160	4.298
Türkiye İş Bankası A.Ş.	20	9
Türkiye Sınai Kalkınma Bankası A.Ş.	-	227
Gemport Gemlik Liman İşletmeleri A.Ş.	-	229
Other	21	4
	<u>4.201</u>	<u>4.767</u>

Borrowings from related parties

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2008</u>
TRY	17,00%	Revolving	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>

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

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

Borrowings from related parties (cont’d)

İş Bank GmbH

<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>

<u>Currency Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2007</u>
EUR	6,24%	Overdraft	1.466
			<u>1.466</u>

Türkiye Sınai Kalkınma Bankası A.Ş.

<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>

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

Deposits from related parties

	<u>31 December 2008</u>	<u>31 December 2007</u>
Türkiye İş Bankası A.Ş. Demand Deposit	1.546	5.254
İş Bank GmbH Demand Deposit	1	1
Türkiye İş Bankası A.Ş. Time Deposit	158.187	87.823
	<u>159.734</u>	<u>93.078</u>

Finance lease interest income

	<u>1 January 2008- 31 December 2008</u>	<u>1 January 2007- 31 December 2007</u>
Türkiye İş Bankası A.Ş.	8.001	10.021
Beyaz Filo Oto Kiralama A.Ş.	1.188	2.575
Gemport Gemlik Liman. İşl. A.Ş.	906	227
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	274	86
Anadolu Anonim Türk Sigorta Şti. A.Ş.	21	27
Türkiye Sınai Kalkınma Bankası A.Ş.	81	14
Other	338	251
	<u>10.809</u>	<u>13.201</u>

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

	1 January- 31 December 2008	1 January- 31 December 2007
<u>Interest income</u>		
Türkiye İş Bankası A.Ş.	6.620	2.426
	<u>6.620</u>	<u>2.426</u>
<u>Dividend income</u>		
Yatırım Finansman Menkul Değerler A.Ş	5	3
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş	37	12
İş Yatırım Menkul Değerler A.Ş	462	-
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	4	-
	<u>508</u>	<u>15</u>
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	19.252	13.516
İşbank Gmbh	78	54
Türkiye Sınai Kalkınma Bankası A.Ş.	2.483	1.322
	<u>21.813</u>	<u>14.892</u>
<u>Rent expense</u>		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	827	820
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	2.155	2.027
<u>Compensation to key management personnel (*)</u>		
Salaries and other short-term benefits (**)	2.267	1.645
Post-retirement benefits	-	-
Other long-term benefits	-	-
Dismissal compensations	-	-
Share-based payments	-	-
	<u>2.267</u>	<u>1.645</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.

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

	1 January- 31 December 2008	1 January- 31 December 2007
<u>Factoring commission income</u>		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1	123
Şişe Cam Dış Tic.AŞ.	155	48
Kültür Yayınları İş-Türk Ltd.Şti.	7	-
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	1	4
	<u>164</u>	<u>175</u>
<u>Factoring interest income</u>		
İş Koray Tur.Orman.Maden. İnş.Taah.Ve Tic.A.Ş.	43	-
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	280	8
Kültür Yayınları İş-Türk Ltd.Şti.	60	-
Nevotek Bil.Ses Ve İlet.Sist.San.Ve Tic.A.Ş	79	18
	<u>462</u>	<u>26</u>
<u>Mutual fund income</u>		
Türkiye İş Bankası A.Ş.	9	8

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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 2008	466	3.389	1.827	2.852	8.534
Additions	-	184	3	48	235
Disposals	(168)	-	-	-	(168)
Closing balance 31 December 2008	<u>298</u>	<u>3.573</u>	<u>1.830</u>	<u>2.900</u>	<u>8.601</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2008	(319)	(2.935)	(1.722)	(2.514)	(7.490)
Charge for period	(58)	(137)	(77)	(98)	(370)
Disposals	134	-	-	-	134
Closing balance 31 December 2008	<u>(243)</u>	<u>(3.072)</u>	<u>(1.799)</u>	<u>(2.612)</u>	<u>(7.726)</u>
Net book value as of 31 December 2008	<u>55</u>	<u>501</u>	<u>31</u>	<u>288</u>	<u>875</u>

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Acquisition cost</u>					
Opening balance 1 January 2007	466	3.113	1.819	2.848	8.246
Additions	-	276	8	4	288
Disposals	-	-	-	-	-
Closing balance 31 December 2007	<u>466</u>	<u>3.389</u>	<u>1.827</u>	<u>2.852</u>	<u>8.534</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2007	(225)	(2.806)	(1.637)	(2.402)	(7.070)
Charge for period	(94)	(129)	(85)	(112)	(420)
Disposals	-	-	-	-	-
Closing balance 31 December 2007	<u>(319)</u>	<u>(2.935)</u>	<u>(1.722)</u>	<u>(2.514)</u>	<u>(7.490)</u>
Net book value as of 31 December 2007	<u>147</u>	<u>454</u>	<u>105</u>	<u>338</u>	<u>1.044</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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11. INTANGIBLE ASSETS

	31 December <u>2008</u>	31 December <u>2007</u>
<u>Acquisition Cost (Rights)</u>		
Opening balance 1 January	207	170
Additions	<u>65</u>	<u>37</u>
Closing balance as of 31 December	<u><u>272</u></u>	<u><u>207</u></u>
<u>Amortization</u>		
Opening balance 1 January	(162)	(158)
Charge for the period	<u>(13)</u>	<u>(4)</u>
Closing balance as of 31 December	<u><u>(175)</u></u>	<u><u>(162)</u></u>
Net book value	<u><u>97</u></u>	<u><u>45</u></u>

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 31 December 2008 is TRY 166 thousand. (31 December 2007: 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.

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13. DEFERRED TAX ASSETS AND LIABILITIES

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its financial statements as reported for IFRS purposes and financials prepared according to the Turkish tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation and represented below. It is provided provision for deferred tax assets that will not be realized in future.

	<u>31 December 2008</u>	<u>31 December 2007</u>
Temporary differences subject to deferred tax:		
Finance lease adjustment	1.353	3.485
Tax base difference in tangible and intangible assets	(125)	(108)
Retirement pay provision	613	545
Unused vacation provision	132	81
Finance lease income accruals	(12.311)	(10.084)
Allowance for doubtful finance lease receivables	17.896	18.681
Financial instrument valuation differences	(1.814)	3.056
Unrealized finance expenses	-	9.654
Unused investment incentives	-	410.688
Other	72	(215)
	<u>5.816</u>	<u>435.783</u>

	<u>31 December 2008</u>	<u>31 December 2007</u>
<u>Deferred Tax Assets / (Liabilities)</u>		
Finance lease adjustment	271	1.045
Tax base difference in tangible and intangible assets	(25)	(28)
Retirement pay provision	123	151
Unused vacation provision	26	24
Finance lease income accruals	(2.462)	(3.025)
Allowance for doubtful finance lease receivables	3.579	5.604
Financial Instrument Valuation Differences	(363)	917
Unrealized finance expenses	-	2.896
Unused investment incentives	-	100.006
Other	14	(64)
Deferred tax asset	<u>1.163</u>	<u>107.526</u>
Provision	-	<u>(107.506)</u>
Deferred tax asset (net)	<u>1.163</u>	<u>20</u>

As it is anticipated that the Company will not be able to benefit from investment incentives starting from 2009, it has not taken into account such investment incentives in deferred tax calculation, the effective tax rate has been applied as 20% and the calculated deferred tax asset has been recognized in the accompanying financial statements for the first time. While the investment incentive amount that cannot be deducted from the 2008’s taxable income will not be carried forward to following years, legally, there is still uncertainty about the future. Therefore, a provision had been provided for the deferred tax asset of the Group in the prior year’s financial statements.

The Company’s subsidiary, İş Factoring Finansman Hizmetleri A.Ş., does not have any investment incentives to be used for the following years. Therefore, the effective tax rate has been determined as 20%.

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

Deferred tax assets/(liabilities) movement for the year ended as of 31 December 2008 is as follows:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Opening balance 1 January	20	19
Deferred tax benefit / (expense)	1.143	1
Closing balance	<u>1.163</u>	<u>20</u>

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	<u>31 December 2008</u>		<u>31 December 2007</u>	
	TRY	FC	TRY	FC
Assets held for sale (*)	2.871	-	2.865	-
	<u>2.871</u>	<u>-</u>	<u>2.865</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>31 December 2008</u>		<u>31 December 2007</u>	
	TRY	FC	TRY	FC
VAT deductible and other VAT	21.883	-	6.198	-
Insurance premium receivables	2.108	2.019	4.642	73
Other	1.105	-	1.229	-
	<u>25.096</u>	<u>2.019</u>	<u>12.069</u>	<u>73</u>

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16. FUNDS BORROWED

	<u>31 December 2008</u>	<u>31 December 2007</u>
<u>Short-term borrowings</u>		
Short-term borrowings	651.077	512.220
Short-term portions of long-term borrowings	135.503	28.525
Total short-term borrowings	<u>786.580</u>	<u>540.745</u>
<u>Long-term borrowings</u>		
Long-term portions of long-term borrowings	141.641	260.477
Total long-term borrowings	<u>141.641</u>	<u>260.477</u>
Total borrowings	<u>928.221</u>	<u>801.222</u>
<u>Maturity analysis of borrowings</u>		
	<u>31 December 2008</u>	<u>31 December 2007</u>
Within 1 year	786.580	540.745
Within 1-2 years	141.513	242.820
Within 2-3 years	32	17.657
Within 3-4 years	32	-
Within 4-5 years	64	-
Total	<u>928.221</u>	<u>801.222</u>

The details of short-term borrowings are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>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 accruals			12.809
TOTAL			<u>651.077</u>

(*) Foreign currency indexed loans amounting to USD 21.437.818 and EUR 10.052.090 (Total: TRY 53.940 thousand) have been classified as TRY in the accompanying balance sheet.

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

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16. FUNDS BORROWED (cont’d)

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

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

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

The details of long-term borrowing are as follows:

<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>

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

Compound credit interest rates are as follows:

	31 December 2008		31 December 2007	
	TRY (*)	FC	TRY	FC
Fixed rate	25.365	156.949	128.235	316.079
Variable rate	29.763	716.144	-	356.908
	<u>55.128</u>	<u>873.093</u>	<u>128.235</u>	<u>672.987</u>

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

As at 31 December 2008, the Group had available TRY 828.396 thousand of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. (31 December 2007: TRY 820.929 thousand)

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

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17. SUNDRY CREDITORS AND OTHER LIABILITIES

Sundry Creditors

	31 December 2008		31 December 2007	
	TRY	FC	TRY	FC
Payables to finance lease suppliers	853	4.104	965	8.854
Other trade payables (*)	1.674	2.997	4.096	366
	2.527	7.101	5.061	9.220

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

	31 December 2008		31 December 2007	
	TRY	FC	TRY	FC
Advances Received (**)	1.392	4.561	3.348	7.228
Other	135	-	-	-
	1.527	4.561	3.348	7.228

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

18. FINANCE LEASE PAYABLES

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

19. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING

	31 December 2008		31 December 2007	
	TRY	FC	TRY	FC
Forward fair value differences	-	-	-	1.776
	-	-	-	1.776

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20. TAXES PAYABLE AND OTHER LIABILITIES

	31 December 2008		31 December 2007	
	TRY	FC	TRY	FC
Taxes payable and liabilities	442	-	368	-
	442	-	368	-

21. PROVISIONS

Other Provisions:

	31 December	31 December
	<u>2008</u>	<u>2007</u>
Corporate tax provision (net)	306	-
Legal case provision (*)	41	7.945
General Provision for Finance Lease Receivables (***)	3.952	-
General Provision for Factoring Receivables (***)	300	-
Other	168	93
	<u>4.767</u>	<u>8.038</u>

	31 December	31 December
	<u>2008</u>	<u>2007</u>
Corporate tax provision	1.053	406
Prepaid taxes	(747)	(492)
Corporate tax provision (net) (**)	<u>306</u>	<u>(86)</u>

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

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

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

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22. EMPLOYEE BENEFITS

Retirement Pay Provision

	31 December 2008	31 December 2007
Retirement pay provision	613	545
Unused vacation provision	132	81
Premium provision	531	-
	<u>1.276</u>	<u>626</u>

Retirement Pay Provision

	31 December 2008	31 December 2007
1 January	545	461
Increase during the period	111	118
Amounts paid	(43)	(34)
Period End	<u>613</u>	<u>545</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 2.173,18 (2007: TRY 2.030,19) for each period of service at 31 December 2008.

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2008, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,4% and a discount rate of 12%, resulting in a real discount rate of approximately 6,26% (31 December 2007: with 5% inflation rate and 11% discount rate approximately 5,71%). The anticipated rate of forfeitures is considered and taken into account as 0% (2007: 0%). As the maximum liability is revised semi annually, the maximum amount of TRY 2.260,05 effective from 1 January 2009 has been taken into consideration in calculation of provision from employment termination benefits.

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23. MINORITY INTEREST

The Company owns 78,23% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share calculated from the balance sheet and income statement of the subsidiary amounts to TRY 6.096 thousand (31 December 2007: TRY 2.857 thousand) and TRY 4.480 thousand of gain, respectively as of 31 December 2008 (31 December 2007: TRY 256 thousand gain).

24. PAID-IN CAPITAL AND CAPITAL RESERVES

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

CAPITAL

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

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. Distribution of A Group shares among shareholders is as follows;

<u>Shareholder</u>	<u>31 December</u> <u>2008</u>	<u>31 December</u> <u>2007</u>
Türkiye İş Bankası A.Ş.	3.000.000	3.000.000
TSKB	2.550.000	2.550.000
Türkiye Şişe ve Cam Fab. A.Ş.	225.000	25.000
Nemtaş Nemrut Liman İşletmeleri A.Ş.	225.000	225.000
Total	6.000.000	6.000.000

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

CAPITAL RESERVES

	<u>31 December</u> <u>2008</u>	<u>31 December</u> <u>2007</u>
Other Capital Reserves:		
- Shareholders' equity inflation restatement differences:	12.581	12.581
Marketable securities revaluation reserve	(1.338)	8.547
TOTAL	11.243	21.128

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25. PROFIT RESERVES

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

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

27. FOREIGN CURRENCY POSITION

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

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27. FOREIGN CURRENCY POSITION (cont'd)

<u>31 December 2007</u>	<u>USD</u>	<u>EUR</u>	<u>CHF</u>	<u>GBP</u>	<u>JPY</u>	<u>DKK</u>	<u>AUD</u>	<u>TRY</u> <u>Equivalent</u>
Banks	11.597	30.313	11	69	27	15	2	65.525
Finance lease receivables	208.286	174.929	-	-	-	-	-	541.755
Factoring receivables	229	707	-	1.019	-	-	-	3.848
Advances given	6.200	5.704	200	-	-	-	-	17.181
Ongoing leasing contracts	5.942	2.643	-	-	-	-	-	11.441
Other Assets	63	-	-	-	-	-	-	73
Funds borrowed	(229.507)	(235.903)	-	(962)	-	-	-	(672.987)
Sundry creditors and other liabilities	(4.428)	(6.483)	(200)	-	237	-	-	(16.448)
Financial lease payables	(15)	-	-	-	-	-	-	(17)
Forward accruals	-	(1.038)	-	-	-	-	-	(1.776)
Balance sheet position								(51.405)
Off balance sheet position (Forward&Swap)	-	25.500	-	-	-	-	-	43.610
Net foreign currency position								(7.795)

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

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28. COMMITMENTS AND CONTINGENCIES

As of 31 December 2008, TRY 1.438 thousand of letter of guarantees are given to customs, authorities and banks (31 December 2007: TRY 32.928 thousand).

As of 31 December 2008, the total risk of court cases filed and currently pending against the Group amounts to approximately TRY 1.126 Thousand (31 December 2007: TRY 429 Thousand). The Group provided a provision amounting to TRY 41 Thousand (31 December 2007: TRY 41 Thousand) in the accompanying financial statements. Also, the Group has recognized TRY 7.904 Thousand of provision reversal in the accompanying financial statements in the current period in connection with the court case explained in Note 21.

As of 31 December 2008, the Group has commitments of USD 2.492.910, EUR 5.485.045, and CHF 990.000 letter of credits.

Forward Contracts:

	<u>31 December 2008</u>		<u>31 December 2007</u>	
	Currency Amount	TRY	Currency Amount	TRY
Purchases:				
EUR	10.000.000	<u>21.408</u>	5.500.000	<u>9.406</u>
		<u>21.408</u>		<u>9.406</u>
Sales:				
TRY		-	11.317.100	<u>11.317</u>
		-		<u>11.317</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	12.754.000	19.288	-	-
		19.288		-
Maturity Analysis:				
Short-term		25.717		9.406
Long-term		-		-
		<u>25.717</u>		<u>9.406</u>
Maturity Analysis:				
Short-term		23.570		11.317
Long-term		-		-
		<u>23.570</u>		<u>11.317</u>

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29. SEGMENTAL INFORMATION

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

As of 31 December 2007:

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

Segmental Income Statement as of 31 December 2008:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	103.948	16.497	-	120.445
Operating Expense (-)	(12.564)	(2.271)	-	(14.835)
Other Operating Income	568.980	19.880	-	588.860
Finance Expense (-)	(52.523)	(10.608)	-	(63.131)
Specific Provision for Receivables under follow-up (-)	(14.322)	(1.763)	-	(16.085)
Other Operating Expense (-)	(534.363)	(192)	-	(534.555)
Net Operating Income	59.156	21.543	-	80.699
Profit/Loss On Continuing Operations Before Tax	59.156	21.543	-	80.699
Tax Provision for Continuing Operations(±)	1.063	(973)	-	90
Net Period Profit/Loss from Continuing Operations	60.219	20.570	-	80.789
Minority Share	-	-	(4.480)	(4.480)
Net Period Profit/Loss	60.219	20.570	(4.480)	76.309
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	225	10	-	235
Depreciation and Amortization	(349)	(34)	-	(383)

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29. SEGMENTAL INFORMATION (cont’d)

As of 31 December 2007:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	101.650	8.888	-	110.538
Operating Expense (-)	(10.561)	(1.715)	-	(12.276)
Other Operating Income	91.171	557	-	91.728
Finance Expense (-)	(42.912)	(4.336)	-	(47.248)
Specific Provision for Non-Performing Receivables (-)	(7.914)	(1.323)	-	(9.237)
Other Operating Expense (-)	(85.637)	(491)	-	(86.128)
Net Operating Income	45.797	1.580	-	47.377
Profit/Loss On Continuing Operations Before Tax	-	-	-	-
Tax Provision for Continuing Operations(±)	-	(405)	-	(405)
Net Period Profit/Loss from Continuing Operations	45.797	1.175	-	46.972
Minority Share	-	-	(256)	(256)
Net Period Profit/Loss	45.797	1.175	(256)	46.716
	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	274	14	-	288
Depreciation and Amortization	(404)	(20)	-	(424)

30. SUBSEQUENT EVENTS

None.

31. OPERATING INCOME

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
Finance lease interest income	103.948	101.650
Factoring income	16.497	8.888
	<u>120.445</u>	<u>110.538</u>

32. OPERATING EXPENSE

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
Personnel expenses	(9.887)	(7.139)
Depreciation expense	(383)	(424)
Office rent expenses	(827)	(820)
Information technology expenses	(370)	(272)
Consultancy expenses	(434)	(383)
Travel and car expenses	(573)	(362)
Other general administrative expenses	(2.361)	(2.876)
	<u>(14.835)</u>	<u>(12.276)</u>

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33. OTHER OPERATING INCOME

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
Dividend income	508	15
Commission income	2.155	2.049
Interest income	15.080	5.921
Interest received from derivative financial operations	3.037	1.047
Foreign exchange gain	534.072	80.132
Legal case collection and provision cancellation income (*)	16.662	-
Collections from doubtful lease receivables (**)	13.171	-
Other	4.175	2.564
	<u>588.860</u>	<u>91.728</u>

(*) As a result of tax litigations resulted in favor of İş Factoring, the Group has realized TRY 16,6 million income in 2008 due to reversal of provisions allocated in previous years.

(**) The Group has performed its 2008 operations in accordance with the Turkish Accounting Standards applying the Communiqué on “The Application of Uniform Charts of Accounts and its Guide Book In Connection to the Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies and The Format of the Financial Statements for Public Presentation” published in the Official Gazette No: 26525 on 17 May 2007. In compliance with this standard, the Group classified collections from doubtful receivables as other operating income if a provision for the doubtful receivable was allocated in the previous years. In 2007, however, collections from doubtful receivables were offset against the provision expenses.

34. FINANCE EXPENSE

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
Interest expenses	(62.132)	(46.495)
Fees and commissions	(999)	(753)
	<u>(63.131)</u>	<u>(47.248)</u>

35. PROVISION FOR NON-PERFORMING RECEIVABLES

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
Specific provisions for non-performing receivables	(11.833)	(9.237)
General provision expenses (*)	(4.252)	-
	<u>(16.085)</u>	<u>(9.237)</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.

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36. OTHER OPERATING EXPENSE

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
Foreign exchange losses	(531.774)	(77.767)
Losses from derivative financial operations	(1.258)	(5.783)
Other	(1.523)	(2.578)
	<u>(534.555)</u>	<u>(86.128)</u>

37. TAXATION

	01.01.2008 - <u>31.12.2008</u>	01.01.2007 - <u>31.12.2007</u>
<u>Provision for taxes on income</u>		
Corporate tax provisions	(1.053)	(406)
Deferred tax income / (expense)	1.143	1
	<u>(90)</u>	<u>(405)</u>

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

<u>Tax Reconciliation</u>	<u>2008</u>	<u>2007</u>
Profit before taxation	80.699	47.377
Expected taxation	16.139	14.055
Tax effect of:		
-Change in deferred tax allowances	(4.624)	(6.355)
- Nondeductable expenses	333	722
- Investment incentives	(6.569)	(3.700)
- Carry forward tax losses	-	(1.409)
- Used unrealised finance expenses	(1.931)	(2.896)
- Non-taxable income	(3.438)	(12)
	<u>(90)</u>	<u>405</u>

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37. TAXATION (cont'd)

Corporate Tax

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

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

The effective tax rate in 2008 is 20%. (2007: 20%)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2008 is 20% (2007: 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.

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37. TAXATION (cont’d)

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

As it is anticipated that the Company will not benefit from investment incentives, tax rate has been determined as 20%. The Company’s subsidiary İş Factoring A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%.

Inflation adjusted tax calculation:

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

38. EARNINGS PER SHARE

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

	01.01.2008 - 31.12.2008	01.01.2007 - 31.12.2007
Number of outstanding shares (*)	18.500.000.000	18.500.000.000
Net period profit (thousand TRY)	76.309	46.716
Earning per share (TRY) (**)	0,41	0,25

(*) 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.

(**) The capital consists of 18.500.000.000 shares having YKr 1 nominal price.

Number of shares	<u>2008</u>	<u>2007</u>
Opening, 1 January	13.950.000.000	10.000.000.000
Additions for capital increase	4.550.000.000	3.950.000.000
Closing, 31 December	<u>18.500.000.000</u>	<u>13.950.000.000</u>

39. OTHER ISSUES

None.

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40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

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

There is no change in the capital risk management strategy in 2008, and the leverage ratio is 30% for the period ended 31 December 2008. (31 December 2007: 26%) As of 31 December 2008 and 2007, the leverage ratios are as follows;

	2008	2007
Total liabilities	943.937	826.079
Less: Cash and cash equivalents	(165.411)	(164.008)
Net liabilities	778.526	662.071
Total shareholders' equity	285.102	215.439
Shareholders' equity / liabilities	%30	%26

According to the credit rating report of Fitch issued at 23 June 2008, credit rating of the Company is as follows;

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

(b) Significant accounting policies

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

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

(c) Categories of financial instruments

	31 December 2008	31 December 2007
<u>Financial assets:</u>		
Banks	165.411	164.008
Financial Assets at Fair Value Through Profit and Loss:		
-Financial Assets Held for Trading	90	25
-Derivative Financial Assets Held for Trading	1.814	-
Finance Lease Receivables and Non-Performing Receivables	963.329	799.321
Factoring Receivables and Non-Performing Factoring Receivables	67.098	56.090
Insurance Premium Receivables (*)	4.127	4.715
Financial Assets Available for Sale	5.495	16.617
<u>Financial Liabilities:</u>		
Derivative Financial Liabilities Held for Trading	-	(1.776)
Finance Lease Payables (Net)	-	(17)
Sundry Creditors and Other Liabilities	(15.716)	(24.857)
Funds Borrowed	(928.221)	(801.222)

(*) Included in other assets.

(d) Financial risk management objectives

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

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

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

(e) Market risk

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

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

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

(e) Market risk (cont’d)

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

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

(f) Foreign currency risk management

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

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

Foreign currency sensitivity

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

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

	31 December 2008		Shareholders’ Equity	
	Gain / Loss		Appreciation of	Depreciation of
	Appreciation of foreign currency	Depreciation of foreign currency	foreign currency	foreign currency
15% appreciation of USD against TRY				
1 – Net USD Asset/Liability	2.296	(2.296)	-	-
2 – USD hedging	(2.247)	2.247	-	-
3 – USD, net effect (1+2)	49	(49)	-	-
15% appreciation of EUR against TRY				
4 – Net EUR Asset/Liability	(2.988)	2.988	-	-
5 – EUR hedging	2.569	(2.569)	-	-
6 – EUR, net effect (4+5)	(419)	419	-	-
15% appreciation of other currencies against TRY				
7 – Net other currency Asset/Liability	21	(21)	-	-
8 – Other Currency hedging	-	-	-	-
9 – Other currency, net effect (7+8)	21	(21)	-	-
Total (3 + 6 +9)	(349)	349	-	-

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

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

31 December 2007

	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	(285)	285	-	-
2 – USD hedging	-	-	-	-
3 – USD, net effect (1+2)	(285)	285	-	-
	15% appreciation of EUR against TRY			
4 – Net EUR Asset/Liability	(7.473)	7.473	-	-
5 – EUR hedging	6.542	(6.542)	-	-
6 – EUR, net effect (4+5)	(931)	931	-	-
	15% appreciation of other currencies against TRY			
7 – Net other currency Asset/Liability	48	(48)	-	-
8 – Other Currency hedging	-	-	-	-
9 – Other currency, net effect (7+8)	48	(48)	-	-
Total (3 + 6 +9)	(1.168)	1.168	-	-

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

Derivative Contracts	Forward Rate		Foreign Currency		Contract Value		Market Value	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
<u>EUR, buy</u>					TRY thousand	TRY thousand	TRY thousand	TRY thousand
0-3 months	1,2754	2,0915	10.000.000	5.000.000	19.287	10.458	1.812	(1.775)
0-3 months	-	1,7192	-	500.000	-	860	-	(1)
<u>USD, buy</u>					TRY thousand	TRY thousand	TRY thousand	TRY thousand
0-3 months	1,4245	-	2.849.000	-	4.282	-	2	-

As of the report date, the Group has TRY 1.814 thousand of unrealized profit in relation to the profit/loss arising from the fair value changes of forward transactions (2007: TRY 1.776 thousand of loss).

(g) Interest risk management

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

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

(g) Interest risk management (cont’d)

Interest rate sensitivity

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

Interest Position Table

	<u>31 December 2008</u>	<u>31 December 2007</u>
Fixed interest rate financial instruments		
Financial assets:		
Banks	165.411	164.008
Lease Receivables	872.171	726.301
Factoring receivables	48.752	46.413
Financial liabilities		
Borrowings	182.314	444.314
Floating interest rate financial instruments		
Financial assets:		
Banks	-	-
Lease Receivables	59.653	36.086
Factoring receivables	18.346	9.677
Financial liabilities		
Borrowings	745.907	356.908

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 588 thousand (31 December 2007: TRY 505 thousand), and interest income from fixed interest rate finance lease contracts would increase by TRY 8.046 thousand. (31 December 2007: TRY 6.685 thousand)
- Interest income from floating interest rate factoring contracts would increase by TRY 217 thousand (31 December 2007: TRY 141 thousand), and interest income from fixed interest rate factoring contracts would increase by TRY 543 thousand. (31 December 2007: TRY 458 thousand)
- Interest expense from floating interest rate borrowings would increase by TRY 6.996 thousand (31 December 2007: TRY 5.523 thousand), and interest expense from fixed interest rate borrowings would increase by TRY 1.539 thousand. (31 December 2007: TRY 956 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 771 thousand (2007: TRY 2.440 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:

	31 December 2008	31 December 2007
	%	%
Construction	12,41	17,14
Transportation	12,10	9,61
Textile	9,72	9,37
Finance	8,15	10,23
Health	8,04	5,06
Forestry Products and Paper	5,70	4,44
Metal industry	5,64	4,57
Chemical, Plastic and Pharmacy	5,13	4,88
Food	3,52	3,87
Tourism	3,14	3,45
Glass, Tile and Cement	2,60	2,17
Mining	2,25	3,60
Other	21,60	21,61
	<u>100,00</u>	<u>100,00</u>

Leased equipment allocation of finance lease receivables is as follows:

	31 December 2008	31 December 2007
	%	%
Machinery and Equipment	22,67	20,91
Building and Construction Machinery	15,54	19,87
Real Estate	14,29	14,15
Medical Equipment	7,05	5,65
Road Transportation Equipments	7,01	8,05
Office Equipments	6,31	7,98
Textile Machinery	6,26	6,62
Electronic Optical Instruments	6,17	7,36
Printing Machinery	3,62	3,38
Sea Transport Vessels	3,22	1,12
Tourism Equipment	2,97	2,59
Air Transportation Equipments	1,02	-
Other	3,87	2,32
	<u>100,00</u>	<u>100,00</u>

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

(i) Credit risk management

Credit risks based on categories of financial instruments;

	Receivables				Deposits	Fair value through profit/loss financial instruments	Available for sale financial assets	Insurance receivables
	Lease Receivables		Factoring Receivables					
<u>31 December 2008</u>	<u>Related party</u>	<u>Third party</u>	<u>Related party</u>	<u>Third party</u>				
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)

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 2007</u>	<u>Related party</u>	<u>Third party</u>	<u>Related party</u>	<u>Third party</u>				
Maximum net credit risk as of balance sheet date (*)	83.210	716.111	1.141	54.949	164.008	25	16.617	4.715
- The part of maximum is under guarantee with collateral etc.	-	212.595	-	3.030	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	83.210	603.222	1.141	54.787	164.008	25	16.617	4.715
- The part of maximum risk under guarantee with collateral etc. (-)	-	129.712	-	-	-	-	-	-
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	172	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	78.765	-	-	-	-	-	-
-The part under guarantee with collateral etc. (-)	-	28.390	-	-	-	-	-	-
D. Net book value of impaired assets	-	34.124	-	-	-	-	-	-
- Past due (gross carrying value)	-	49.486	-	(2.128)	-	-	-	-
- Impairment (-)	-	(24.711)	-	(2.128)	-	-	-	-
- The part of net value under guarantee with collateral etc. (-) (**)	-	54.493	-	3.030	-	-	-	-
- Not past due (gross carrying value)	-	18.290	-	-	-	-	-	-
- Impairment (-)	-	(8.941)	-	-	-	-	-	-
- 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		31 December 2008 %	31 December 2007 %
Internal rating results:			
A+ (Perfect)		6,88	11,79
A (Very good)		3,96	2,58
A- (Good)		9,17	8,66
B+ (Satisfactory)		15,76	14,89
B (Close Monitoring)		13,07	13,18
B- (Insufficient)		11,15	6,43
C+ (Doubtful)		4,58	1,65
C (Loss)		2,79	0,35
Not rated		32,64	40,47
Total		<u>100,00</u>	<u>100,00</u>

Maturities of past-due receivables are as follows:

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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17.008</u>
The part that is not past dues	119.589	-	-	-	-	119.589
Total	<u>136.597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136.597</u>
Part under guarantee with collateral etc.(-)	46.662	-	-	-	-	46.662

31 December 2007	Receivables		Deposits	Derivative Instruments	Other	Total
	Leasing Receivables	Factoring Receivables				
Past due by 1-30 days	4.237	-	-	-	-	4.237
Past due by 1-2 months	1.766	-	-	-	-	1.766
Past due by 2-3 months	954	-	-	-	-	954
Past due by 3-5 months	-	-	-	-	-	-
Total past due receivables	<u>6.957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6.957</u>
The part that is not past dues	71.808	-	-	-	-	71.808
Total	<u>78.765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78.765</u>
Part under guarantee with collateral etc.(-)	28.390	-	-	-	-	28.390

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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:

	31 December 2008		31 December 2007	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Other Mortgages	627.571	162.960	567.756	196.077
Guarantors	8.058	1.486	7.477	2.580
Cash blockages	13.147	4.723	17.793	8.875
Letters of guarantee	10.428	6.001	14.885	8.093
Other	-	-	2.632	-
	<u>659.204</u>	<u>175.170</u>	<u>610.543</u>	<u>215.625</u>

(i) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long term funding and liquidity management requirements. The Group manages 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.

31 December 2008

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

The Group makes payments based on contract maturities.

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

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

(i) Liquidity risk management (cont’d)

31 December 2007

<u>Maturities based on agreement</u>	<u>Book Value</u>	<u>Cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 month (I)</u>	<u>3-12 month (II)</u>	<u>1-5 year (III)</u>	<u>More than 5 year (IV)</u>
Non-derivative Financial Assets:						
Banks	164.008	166.022	166.022	-	-	-
Finance lease receivables (*)	762.387	896.688	138.502	292.370	446.624	19.192
Factoring receivables	56.090	56.090	40.298	14.195	1.597	-
Insurance premium receivables	4.715	4.715	4.715	-	-	-
Total Assets	987.200	1.123.515	349.537	306.565	448.221	19.192
Non-derivative Financial Liabilities						
Funds borrowed	801.222	839.595	176.555	389.731	273.309	-
Finance lease payables	17	17	17	-	-	-
Sundry creditors and other liabilities	24.857	24.857	24.322	535	-	-
Total liabilities	826.096	864.469	200.894	390.266	273.309	-

(*) 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.

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)	-	-	-

31 December 2007

<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	9.969	9.406	9.406	-	-	-
Cash outflows from derivatives	(11.317)	(11.317)	(11.317)	-	-	-

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

(j) Fair Value of Financial Instruments

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

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

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

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

31 December 2007	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	-	164.008	-	-	-	164.008	164.008	5
Fair value through profit and loss financial assets								
-Financial assets held for trading	25	-	-	-	-	25	25	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease. receivables	-	-	799.321	-	-	799.321	823.663	8
Factoring receivables and non-performing factoring. Receivables	-	-	56.090	-	-	56.090	56.090	7
Insurance premium receivables	-	-	4.715	-	-	4.715	4.715	15
Available for sale financial assets	-	-	-	16.617	-	16.617	16.617	6
<u>Financial liabilities</u>								
Fair value through profit and loss financial liabilities	1.776	-	-	-	-	1.776	1.776	19
Finance lease payables	-	-	-	-	17	17	17	18
Sundry creditors	-	-	-	-	14.281	14.281	14.281	17
Funds borrowed	-	-	-	-	801.222	801.222	808.797	16