

**İŞ FİNANSAL KİRALAMA  
ANONİM ŞİRKETİ**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

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

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CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009, 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 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 Banking Regulation and Supervision Board in respect of accounting and financial reporting, and pronouncements made by 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 Auditors 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 2009 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 Banking Regulation and Supervision Board in respect of accounting and financial reporting, and pronouncements made by Banking Regulation and Supervision Agency.

İstanbul, 12 February 2010

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

Sibel Türker  
Partner

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

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009**

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

		THOUSAND TURKISH LIRA						
<b>I. BALANCE SHEET- ASSETS</b>			Audited Current Period 31 December 2009			Audited Prior Period 31 December 2008		
		Footnote	TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I.</b>	<b>LIQUID ASSETS</b>		-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>4</b>	<b>139</b>	-	<b>139</b>	<b>90</b>	<b>1.814</b>	<b>1.904</b>
2.1	Financial Assets Held for Trading		139	-	139	90	-	90
2.2	Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	-	-	-	1.814	1.814
<b>III.</b>	<b>BANKS</b>	<b>5</b>	<b>271.863</b>	<b>91.891</b>	<b>363.754</b>	<b>42.783</b>	<b>122.628</b>	<b>165.411</b>
<b>IV.</b>	<b>RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS</b>		-	-	-	-	-	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>6</b>	<b>18.086</b>	-	<b>18.086</b>	<b>5.495</b>	-	<b>5.495</b>
<b>VI.</b>	<b>FACTORING RECEIVABLES</b>	<b>7</b>	<b>142.498</b>	<b>294</b>	<b>142.792</b>	<b>66.264</b>	<b>834</b>	<b>67.098</b>
6.1	Discount Factoring Receivables		55.277	-	55.277	28.976	-	28.976
6.1.1	Domestic		56.357	-	56.357	29.822	-	29.822
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		(1.080)	-	(1.080)	(846)	-	(846)
6.2	Other Factoring Receivables		87.221	294	87.515	37.288	834	38.122
6.2.1	Domestic		87.221	-	87.221	37.288	-	37.288
6.2.2	Foreign		-	294	294	-	834	834
<b>VII.</b>	<b>FINANCING LOANS</b>		-	-	-	-	-	-
7.1	Retail Loans		-	-	-	-	-	-
7.2	Credit Loans		-	-	-	-	-	-
7.3	Installment Commercial Loans		-	-	-	-	-	-
<b>VIII.</b>	<b>LEASE RECEIVABLES</b>	<b>8</b>	<b>138.602</b>	<b>623.301</b>	<b>761.903</b>	<b>181.709</b>	<b>737.499</b>	<b>919.208</b>
8.1	Lease Receivables		137.300	609.244	746.544	179.100	708.603	887.703
8.1.1	Financial Lease Receivables		178.444	727.763	906.207	236.142	828.526	1.064.668
8.1.2	Operational Lease Receivables		-	-	-	-	-	-
8.1.3	Other		-	-	-	-	-	-
8.1.4	Unearned Income (-)		(41.144)	(118.519)	(159.663)	(57.042)	(119.923)	(176.965)
8.2	Ongoing Leasing Contracts		912	6.064	6.976	417	2.377	2.794
8.3	Advances Given		390	7.993	8.383	2.192	26.519	28.711
<b>IX.</b>	<b>NON-PERFORMING RECEIVABLES</b>	<b>7,8</b>	<b>34.653</b>	<b>32.267</b>	<b>66.920</b>	<b>26.230</b>	<b>17.891</b>	<b>44.121</b>
9.1	Non-Performing Factoring Receivables		3.078	-	3.078	3.056	-	3.056
9.1	Non-Performing Financial Loans		-	-	-	-	-	-
9.1	Non-Performing Lease Receivables		55.893	50.549	106.442	43.733	28.073	71.806
9.2	Specific Provisions (-)		(24.318)	(18.282)	(42.600)	(20.559)	(10.182)	(30.741)
<b>X.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>		-	-	-	-	-	-
10.1	Fair Value Hedging		-	-	-	-	-	-
10.2	Cash Flow Hedging		-	-	-	-	-	-
10.3	Net Foreign Investment Hedging		-	-	-	-	-	-
<b>XI.</b>	<b>INVESTMENTS HELD TO MATURITY (Net)</b>		-	-	-	-	-	-
<b>XII.</b>	<b>SUBSIDIARIES (Net)</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>PARTICIPATIONS (Net)</b>		-	-	-	-	-	-
<b>XIV.</b>	<b>JOINT VENTURES (Net)</b>		-	-	-	-	-	-
<b>XV.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>10</b>	<b>778</b>	-	<b>778</b>	<b>875</b>	-	<b>875</b>
<b>XVI.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>240</b>	-	<b>240</b>	<b>263</b>	-	<b>263</b>
16.1	Goodwill	<b>12</b>	166	-	166	166	-	166
16.2	Other	<b>11</b>	74	-	74	97	-	97
<b>XVII.</b>	<b>DEFERRED TAX ASSETS</b>	<b>13</b>	<b>64.981</b>	-	<b>64.981</b>	<b>1.163</b>	-	<b>1.163</b>
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>14</b>	<b>1.528</b>	-	<b>1.528</b>	<b>2.871</b>	-	<b>2.871</b>
18.1	Held For Sale		1.528	-	1.528	2.871	-	2.871
18.2	Discontinued Operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	<b>15</b>	<b>16.992</b>	<b>2.467</b>	<b>19.459</b>	<b>25.096</b>	<b>2.019</b>	<b>27.115</b>
	<b>TOTAL ASSETS</b>		<b>690.360</b>	<b>750.220</b>	<b>1.440.580</b>	<b>352.839</b>	<b>882.685</b>	<b>1.235.524</b>

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009

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

		THOUSAND TURKISH LIRA						
I. BALANCE SHEET- LIABILITIES		Footnote	Audited Current Period 31 December 2009			Audited Prior Period 31 December 2008		
			TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>19</b>	-	-	-	-	-	-
<b>II.</b>	<b>FUNDS BORROWED</b>	<b>16</b>	<b>336.146</b>	<b>671.652</b>	<b>1.007.798</b>	<b>109.874</b>	<b>818.347</b>	<b>928.221</b>
<b>III.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IV.</b>	<b>LEASE PAYABLES</b>	<b>18</b>	-	-	-	-	-	-
4.1	Financial Lease Payables		-	-	-	-	-	-
4.2	Operational Lease Payables		-	-	-	-	-	-
4.3	Other		-	-	-	-	-	-
4.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>SUNDRY CREDITORS</b>	<b>17</b>	<b>1.312</b>	<b>11.212</b>	<b>12.524</b>	<b>2.527</b>	<b>7.101</b>	<b>9.628</b>
<b>VII.</b>	<b>OTHER LIABILITIES</b>	<b>17</b>	<b>2.105</b>	<b>7.419</b>	<b>9.524</b>	<b>1.527</b>	<b>4.561</b>	<b>6.088</b>
<b>VIII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>		-	-	-	-	-	-
8.1	Fair Value Hedging		-	-	-	-	-	-
8.2	Cash Flow Hedging		-	-	-	-	-	-
8.3	Net Foreign Investment Hedging		-	-	-	-	-	-
<b>IX.</b>	<b>TAXES PAYABLE AND OTHER LIABILITIES</b>	<b>20</b>	<b>487</b>	-	<b>487</b>	<b>442</b>	-	<b>442</b>
<b>X.</b>	<b>PROVISIONS</b>		<b>5.745</b>	-	<b>5.745</b>	<b>2.524</b>	<b>3.519</b>	<b>6.043</b>
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Reserves For Employee Benefits	22	1.563	-	1.563	1.276	-	1.276
10.3	Other Provisions	21	4.182	-	4.182	1.248	3.519	4.767
<b>XI.</b>	<b>DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XII.</b>	<b>PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
<b>XIII.</b>	<b>SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XIV.</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>404.502</b>	-	<b>404.502</b>	<b>285.102</b>	-	<b>285.102</b>
14.1	Paid-in Capital	<b>24</b>	250.000	-	250.000	185.000	-	185.000
14.2	Capital Reserves	<b>24</b>	9.825	-	9.825	11.243	-	11.243
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Revaluation Reserve		9.825	-	9.825	(1.338)	-	(1.338)
14.2.4	Tangible and Intangible Assets Revaluation Reserve		-	-	-	-	-	-
14.2.5	Bonus Shares Obtained From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.6	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.7	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
14.2.8	Other Capital Reserves		-	-	-	12.581	-	12.581
14.3	Profit Reserves	<b>25</b>	19.008	-	19.008	4.883	-	4.883
14.3.1	Legal Reserves		8.151	-	8.151	4.633	-	4.633
14.3.2	Statutory Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		10.857	-	10.857	250	-	250
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		116.724	-	116.724	77.880	-	77.880
14.4.1	Prior Years' Profit/Loss	<b>26</b>	11.336	-	11.336	1.571	-	1.571
14.4.2	Current Year Profit/Loss		105.388	-	105.388	76.309	-	76.309
14.5	Minority Interest		8.945	-	8.945	6.096	-	6.096
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>750.297</b>	<b>690.283</b>	<b>1.440.580</b>	<b>401.996</b>	<b>833.528</b>	<b>1.235.524</b>

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## STATEMENT OF OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2009

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

		THOUSAND TURKISH LIRA						
STATEMENT OF OFF-BALANCE SHEET ITEMS			Audited Current Period 31 December 2009			Audited Prior Period 31 December 2008		
	Footnote	TRY	FC	TOTAL	TRY	FC	TOTAL	
<b>I.</b>	<b>GUARANTEED FACTORING OPERATIONS</b>	18.114	4.612	22.726	17.301	-	17.301	
<b>II.</b>	<b>UNGUARANTEED FACTORING OPERATIONS</b>	134.724	1.252	135.976	48.963	834	49.797	
<b>III.</b>	<b>GUARANTEES TAKEN</b>	40	484.307	166.699	651.006	467.448	191.756	659.204
<b>IV.</b>	<b>GUARANTEES GIVEN</b>	28	1.525	-	1.525	1.438	-	1.438
<b>V.</b>	<b>COMMITMENTS</b>		-	14.822	14.822	-	16.928	16.928
5.1	Irrevocable Commitments		-	14.822	14.822	-	16.928	16.928
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VI.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	-	-	-	49.287	49.287
6.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading	28	-	-	-	-	49.287	49.287
6.2.1	Forward Foreign Currency Buy/Sell Transactions	28	-	-	-	-	49.287	49.287
6.2.2	Currency and Interest Rate Swaps		-	-	-	-	-	-
6.2.3	Currency, Interest Rate and Security Options		-	-	-	-	-	-
6.2.4	Currency, Interest Rate Futures		-	-	-	-	-	-
6.2.5	Other		-	-	-	-	-	-
<b>VII.</b>	<b>ITEMS HELD IN CUSTODY</b>		72.497	5.694	78.191	47.831	7.812	55.643
	<b>TOTAL</b>		711.167	193.079	904.246	582.981	266.617	849.598

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 2009

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

		THOUSAND TURKISH LIRA		
INCOME STATEMENT		Footnote	Audited Current Period 1 January-31 December 2009	Audited Prior Period 1 January-31 December 2008
<b>I.</b>	<b>OPERATING INCOME</b>	<b>31</b>	<b>112.133</b>	<b>120.445</b>
	<b>FACTORING INCOME</b>		<b>14.147</b>	<b>16.497</b>
1.1	A) Factoring Interest Income		13.260	15.211
1.1.1	a) Discount		5.844	11.199
1.1.2	b) Other		7.416	4.012
1.2	B) Factoring Commission Income		887	1.286
1.2.1	a) Discount		418	1.021
1.2.2	b) Other		469	265
	<b>INCOMES FROM FINANCING LOANS</b>		-	-
1.3	A) Interest Income From Financing Loans		-	-
1.4	B) Commission Income From Financing Loans		-	-
	<b>LEASE INCOME</b>		<b>97.986</b>	<b>103.948</b>
1.5	A) Finance Lease Income		97.986	103.948
1.6	B) Operational Lease Income		-	-
1.7	C) Commission Income From Lease Operations		-	-
<b>II.</b>	<b>OPERATING EXPENSE (-)</b>	<b>32</b>	<b>(15.450)</b>	<b>(14.835)</b>
2.1	A) Personal Expenses		(9.959)	(9.776)
2.2	B) Retirement Pay Provision Expenses		(167)	(111)
2.3	C) Research and Development Expenses		-	-
2.4	D) General Administration Expenses		(5.324)	(4.948)
2.5	E) Other		-	-
<b>III.</b>	<b>OTHER OPERATING INCOME</b>	<b>33</b>	<b>322.912</b>	<b>588.860</b>
3.1	A) Interest Income from Deposits		21.232	15.080
3.2	B) Interest Income from Reverse Repurchase Agreements		-	-
3.3	C) Interest Income from Marketable Securities		5	9
3.3.1	a) Interest Income from Financial Assets Held for Trading		5	9
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		692	508
3.5	E) Interest Received from Money Market Placements		2.355	3.037
3.5.1	a) Derivative Financial Operations		2.355	3.037
3.5.2	b) Other		-	-
3.6	F) Foreign Exchange Gains		289.410	534.072
3.7	G) Other		9.218	36.154
<b>IV.</b>	<b>FINANCIAL EXPENSE (-)</b>	<b>34</b>	<b>(50.739)</b>	<b>(63.131)</b>
4.1	A) Interest on Loans Borrowed		(50.156)	(62.132)
4.2	B) Interest on Factoring Payables		-	-
4.3	C) Finance Lease Expenses		-	-
4.4	D) Interest on Securities Issued		-	-
4.5	E) Other Interest Expenses		-	-
4.6	F) Other Fees and Commissions		(583)	(999)
<b>V.</b>	<b>SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES (-)</b>	<b>35</b>	<b>(17.886)</b>	<b>(16.085)</b>
<b>VI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>36</b>	<b>(293.243)</b>	<b>(534.555)</b>
6.1	A) Expense from Decrease in Value of Marketable Securities (-)		-	-
6.1.1	a) Financial Assets at Fair Value Through Profit and Loss		-	-
6.1.2	b) Financial Assets Available For Sale		-	-
6.1.3	c) Financial Assets Held to Maturity		-	-
6.2	B) Expense from Decrease in Value of Tangible and Intangible Assets		(1.161)	-
6.2.1	a) Expense from Decrease in Value of Tangible Assets		-	-
6.2.2	b) Expense from Decrease in Value of Assets Held for Sale and Discontinued Operations		(1.161)	-
6.2.3	c) Expense from Decrease in Value of Goodwill		-	-
6.2.4	d) Expense from Decrease in Value of Intangible Assets		-	-
6.2.5	e) Expense from Decrease in Value of Subsidiaries, Participations and Joint Ventures		-	-
6.3	C) Losses from Derivative Financial Operations		(491)	(1.258)
6.4	D) Foreign Exchange Losses		(289.608)	(531.774)
6.5	E) Other		(1.983)	(1.523)
<b>VII.</b>	<b>NET OPERATING INCOME</b>		<b>57.727</b>	<b>80.699</b>
<b>VIII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>IX.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>X.</b>	<b>POFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX</b>		<b>57.727</b>	<b>80.699</b>
<b>XI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>37</b>	<b>49.107</b>	<b>90</b>
11.1	A) Current Tax Provision		(14.711)	(1.053)
11.2	B) Loss Effect of Deferred Tax (+)		-	-
11.3	C) Gain Effect of Deferred Tax (-)		63.818	1.143
<b>XII.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS</b>		<b>106.834</b>	<b>80.789</b>
<b>XIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XIV.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XV.</b>	<b>POFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX</b>		-	-
<b>XVI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
16.1	A) Current Tax Provision		-	-
16.2	B) Loss Effect of Deferred Tax (+)		-	-
16.3	C) Gain Effect of Deferred Tax (-)		-	-
<b>XVII.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>		-	-
<b>XVIII.</b>	<b>MINORITY SHARE (INCOME) / EXPENSE</b>	<b>23</b>	<b>(1.446)</b>	<b>(4.480)</b>
<b>XIX.</b>	<b>NET PERIOD PROFIT/LOSS</b>		<b>105.388</b>	<b>76.309</b>
	Earnings Per Share	<b>38</b>	<b>0.42</b>	<b>0.41</b>

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 2009

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

THOUSAND TURKISH LIRA																		
CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Capital reserves from inflation adjustments to paid-in capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Marketable Securities Revaluation Reserve	Revaluation Reserve on Tangible and Intangible Assets	Bonus Shares Obtained From Investments	Hedging Funds	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Minority Interest	Total Shareholders' Equity	
<b>Prior Period (01.01 - 31.12.2008)</b> (Audited)																		
<b>I. Balances at beginning of the period(31.12.2007)</b>	139.500	12.581	-	-	3.360	-	296	-	46.716	1.582	8.547	-	-	-	-	2.857	215.439	
<b>II. Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted balances at the beginning of the period (I+II)</b>	139.500	12.581	-	-	3.360	-	296	-	46.716	1.582	8.547	-	-	-	-	2.857	215.439	
Changes during the period																		
<b>IV. Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>V. Hedging Reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	(9.885)	-	-	-	-	(1.241)	(11.126)	
<b>VII. Revaluation surplus on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Bonus shares of associates, subsidiaries and joint-ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Translation differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI. Changes resulted from disposal of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XII. Changes resulted from reclassification of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIII. Capital increase</b>	45.500	-	-	-	-	-	(31.209)	-	-	(14.291)	-	-	-	-	-	-	-	
<b>XIV. Share issuance</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XV. Capital reserves from inflation adjustments to paid-in capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVI. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVII. Subordinated loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVIII. Minority interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.480	4.480	
<b>XVIII. Current period net profit/loss</b>	-	-	-	-	-	-	-	-	76.309	-	-	-	-	-	-	-	76.309	
<b>XIX. Profit distribution</b>	-	-	-	-	1.273	-	31.163	-	(46.716)	14.280	-	-	-	-	-	-	-	
19.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19.2 Transfers to reserves	-	-	-	-	1.273	-	31.163	-	(46.716)	14.280	-	-	-	-	-	-	-	
19.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balances at the end of the period (31.12.2008)</b>	185.000	12.581	-	-	4.633	-	250	-	76.309	1.571	(1.338)	-	-	-	-	6.096	285.102	
<b>Current Period (01.01. -31.12.2009)</b> (Audited)																		
<b>I. Balances at the beginning of the prior period (31.12.2008)</b>	185.000	12.581	-	-	4.633	-	250	-	76.309	1.571	(1.338)	-	-	-	-	6.096	285.102	
Changes during the period																		
<b>II. Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Hedging Reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IV. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	11.163	-	-	-	-	1.403	12.566	
<b>V. Revaluation surplus on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Bonus shares of associates, subsidiaries and joint-ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Revaluation surplus on marketable securities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Translation differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Changes resulted from disposal of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Changes resulted from reclassification of assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI. Capital increase</b>	65.000	(12.581)	-	-	-	-	(30.423)	(21.996)	-	-	-	-	-	-	-	-	-	
<b>XII. Share issuance</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIII. Capital reserves from inflation adjustments to paid-in capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIV. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XV. Subordinated loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVI. Minority interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.446	1.446	
<b>XVI. Current period net profit/loss</b>	-	-	-	-	-	-	-	-	105.388	-	-	-	-	-	-	-	105.388	
<b>XVII. Profit distribution</b>	-	-	-	-	3.518	-	41.030	21.996	(76.309)	9.765	-	-	-	-	-	-	-	
17.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17.2 Transfers to reserves	-	-	-	-	3.518	-	41.030	21.996	(76.309)	9.765	-	-	-	-	-	-	-	
17.3 Other	-	-	-	-	202	-	-	-	-	(202)	-	-	-	-	-	-	-	
<b>Balances at the end of the period (31.12.2009)</b>	250.000	-	-	-	8.151	-	10.857	-	105.388	11.336	9.825	-	-	-	-	8.945	404.502	

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 2009

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

	THOUSAND TURKISH LIRA	
	Audited Current Period	Audited Prior Period
	31 December 2009	31 December 2008
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>56.921</b>	<b>134.881</b>
1.1.1 Interest/leasing income received	127.097	133.583
1.1.2 Leasing expenses	-	-
1.1.3 Dividend received	667	504
1.1.4 Fees and commissions received	-	-
1.1.5 Other income	10.347	14.535
1.1.6 Collections from previously written off receivables	3.045	13.171
1.1.7 Payments to personnel and service suppliers	(9.284)	(9.743)
1.1.8 Taxes paid	(11.465)	(661)
1.1.9 Others	(63.486)	(16.508)
<b>1.2 Changes in operating assets and liabilities</b>	<b>141.510</b>	<b>(133.873)</b>
1.2.1 Net (increase) decrease in factoring receivables	(76.407)	(12.209)
1.2.1 Net (increase) decrease in loans	-	-
1.2.1 Net (increase) decrease in leasing receivables	115.070	(18.441)
1.2.2 Net (increase) decrease in other assets	8.943	(16.252)
1.2.3 Net increase (decrease) in factoring payables	-	-
1.2.3 Net increase (decrease) in leasing payables	-	(17)
1.2.4 Net increase (decrease) in funds borrowed	89.812	(83.726)
1.2.5 Net increase (decrease) in due payables	-	-
1.2.6 Net increase (decrease) in other liabilities	4.092	(3.228)
<b>I. Net cash provided from operating activities</b>	<b>198.431</b>	<b>1.008</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(264)	(235)
2.4 Fixed assets sales	50	34
2.5 Cash paid for purchase of financial assets available for sale	-	-
2.6 Cash obtained from sale of financial assets available for sale	-	-
2.7 Cash paid for purchase of financial assets held to maturity	-	-
2.8 Cash obtained from sale of financial assets held to maturity	-	-
2.9 Other	-	-
<b>II. Net cash provided from investing activities</b>	<b>(214)</b>	<b>(201)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	-
<b>III. Net cash provided from financing activities</b>	<b>-</b>	<b>-</b>
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(904)</b>	<b>843</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>197.313</b>	<b>1.650</b>
<b>VI. Cash and cash equivalents at the beginning of the year</b>	<b>165.084</b>	<b>163.434</b>
<b>VII. Cash and cash equivalents at the end of the year</b>	<b>362.397</b>	<b>165.084</b>

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

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

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009**

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

	<b>THOUSAND TURKISH LIRA</b>	
	<b>Audited Current Period</b>	<b>Audited Prior Period</b>
	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER EQUITY</b>		
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	11.163	(9.885)
1.1 Net change in fair value of available for sale investments	11.163	(9.885)
1.2 Net change in fair value of available for sale investments (Transfer to Profit/Loss)	-	-
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES</b>	-	-
5.1 Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
5.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS</b>	-	-
6.1 Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
6.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	-	-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS</b>	-	-
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	-	-
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>	11.163	(9.885)
<b>XI. PROFIT/LOSS</b>	-	-
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	11.163	(9.885)

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 2009

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

<b>İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (***)</b>		
	<b>THOUSAND TURKISH LIRA</b>	
	Current Period (31 December 2009)	Prior Period (31 December 2008)
<b>I. DISTRIBUTION OF CURRENT PERIOD PROFIT</b>		
1.1 CURRENT PERIOD PROFIT	56.281	76.219
1.2 TAXES AND DUES PAYABLE (-)	49.107	90
1.2.1 Corporate Tax (Income Tax)	(14.711)	(1.053)
1.2.2 Withholding Tax	-	-
1.2.3 Other taxes and dues (*)	63.818	1.143
<b>A. NET PERIOD PROFIT (1.1 - 1.2)</b>	<b>105.388</b>	<b>76.309</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVE (-)	(5.010)	(3.011)
1.5 OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-) (**)	18	21
<b>B. DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)]</b>	<b>100.396</b>	<b>73.319</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	21.996
1.6.1 To Owners of Ordinary Shares (***)	-	21.996
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	-	51.323
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		
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 (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF STOCKS (TRY)	-	0,4125
3.2 TO OWNERS OF STOCKS ( % )	-	%41,25
3.3 TO OWNERS OF PREFERRED STOCKS (TRY)	-	-
3.4 TO OWNERS OF PREFERRED STOCKS ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF STOCKS (TRY)	-	0,1189
4.2 TO OWNERS OF STOCKS ( % )	-	%11,89
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 Group has deferred tax income amounting to TRY 63.818 Thousand associated with the deferred tax asset which will not be distributed.

(\*\*) 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 2009, yet, it is presented only distributable net profit in the profit distribution table above.

(\*\*\*\*) The dividend amount in connection with year 2008 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 2009

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

### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

As of 31 December 2009, the Company employs 93 persons. (31 December 2008: 98 persons)

#### Dividend Payable

As of 31 December 2009, the Company does not have dividend payable.

#### Approval of the Financial Statements

The financial statements have been approved by the Board of Directors and authorized for issue as of 12 February 2010. The General Assembly has the discretion of making changes in the financial statements.

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

#### 2.1 Basis of the Presentation

##### Accounting Standards Applied

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

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

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments. To determine historic cost fair value methodology is used.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

##### Currency Used

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

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

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

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

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

##### Consolidation Principles:

The details of the Group’s subsidiary as of 31 December 2009 are as follows:

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

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

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

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

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

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

###### Consolidation Principles (cont’d)

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

##### 2.2 Changes in Accounting Policies

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

##### 2.3 Change in Accounting Estimates and Errors

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements is explained in the following parts.

#### Standards affecting presentation and disclosures in 2009 financial statements

IAS 1 (as revised in 2007)  
*Presentation of Financial Statements*

IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group presents in the consolidated statement changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

IFRS 8 *Operating Segments*

IFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments.

Improving Disclosures about  
Financial Instruments  
*(Amendments to IFRS 7 Financial Instruments: Disclosures)*

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. (see note 40).

#### Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent’s separate financial statements.

Amendments to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*

The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of ‘non-vesting’ conditions, and clarify the accounting treatment for cancellations.



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

##### Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements (cont’d)

IAS 23 ‘Borrowing Costs’  
(as revised in 2007)

The principal change to the standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because the Group does not have qualifying assets.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

IAS 39 ‘*Financial Instruments: Recognition and Measurement- Eligible Hedged Items*’

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)

The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the ‘fair value through profit or loss’ category as permitted by the October 2008 amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (see above).

IFRIC 15 ‘Agreements for the Construction of Real Estate’

The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognized. The requirements have not affected the accounting since the Group does not have any construction activities.

IFRIC 16 ‘*Hedges of a Net Investment in a Foreign Operation*’

The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

##### Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements (cont’d)

IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from ‘customers’ and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 Revenue.

Improvements to IFRSs (2008)

In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group’s accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

##### Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted

IFRS 3 (as revised in 2008) *Business Combinations*

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

- a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as ‘minority’ interests) either at fair value or at the non-controlling interests’ share of the fair value of the identifiable net assets of the acquire.
- b) to change the recognition and subsequent accounting requirements for contingent consideration.
- c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

#### 2.4 Adoption of New and Revised International Financial Reporting Standards: (cont'd)

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted (cont'd)

##### *IFRS 9 Financial Instruments: Classification and Measurement*

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

##### *IAS 24(Revised 2009) Related Party Disclosures*

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

##### *IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements*

IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries. The revised standard requires that ownership decreases or increases that do not result in change in control to be recorded in equity.

The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

##### *IFRIC 17 Distributions of Non-cash Assets to Owners*

IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

##### *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010.

IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

Amendments related to Annual Improvements to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED

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 investment 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. The interest amount not accrued yet is followed up under the account of unearned income.

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (Cont'd)

#### c. Intangible Assets

##### Intangible Fixed Assets Acquired:

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

##### Computer Software

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

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

#### d. Impairment of Assets

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

#### e. Borrowing Costs

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (Cont’d)

#### f. Financial Instruments

##### Financial assets

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

Financial assets are classified into the following specified categories: financial assets as ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity investments’, ‘available-for-sale’ (AFS) 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.

##### Effective interest method

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

##### Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges.

##### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

#### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (Cont’d)

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

###### Financial assets (cont’d)

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

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can’t be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

###### 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.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

#### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (Cont’d)

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

###### Financial assets (cont’d)

###### Finance lease receivables, factoring receivables and other receivables (cont’d)

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.

While the Group allocates 100% provision for doubtful factoring receivables which do not have worthy collaterals without considering the time intervals above, allocates provision for doubtful factoring receivables having possibility of recovery based on 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.

Other receivables that have fixed or determinable payments that are not quoted in an active market are also classified in this category. These receivables are measured at amortized cost using the effective interest method less any impairment.

###### 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 the financial assets which are measured at amortised cost except for finance lease receivables and factoring receivables stated above, 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.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of finance lease receivables and factoring receivables where the carrying amount is reduced through the use of an allowance account. When a 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.



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (cont’d)

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

##### Cash and cash equivalents

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

##### Financial liabilities

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

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

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

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

##### Other financial liabilities

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

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

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

##### Derivative financial instruments and hedge accounting

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and interest rate derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates. Although some of the derivative transactions provide economic hedging, since all necessary conditions for hedge accounting have not been met, the Group classifies these transactions as “held for trading” therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (cont’d)

#### g. Business Combinations

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

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

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

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

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

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

	<u>31 December 2009</u>	<u>31 December 2008</u>
USD	1.5057	1.5123
EUR	2.1603	2.1408

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (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.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (cont’d)

#### 1. Finance Lease

##### - The Group as Lesser

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.

##### - 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 lesser 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.

#### m. Segmental Information

The Group has two different operating segments that is useful for management to decide source distribution and performance valuation . These segments are managed separately due to they are not affected same economic conditions in terms of risk and yield.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (cont’d)

#### n. Taxation on Income

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

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

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

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

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (cont’d)

#### n. Taxation on Income (cont’d)

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

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

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

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

The group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company’s shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### p. Statement of Cash Flows

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

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

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

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

#### r. Share Capital and Dividends

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

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

#### 3. VALUATION PRINCIPLES AND SIGNIFICANT ACCOUNTING POLICIES APPLIED (cont’d)

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

The critical decisions taken by the Group during application of the accounting policies

##### Deferred Tax

The application of investment incentives has been revoked commencing from 1 January 2006. While companies are allowed to offset their unused investment incentives as of 31 December 2005 against the 2006, 2007 and 2008’s taxable income, their non-deductible investment incentives from the 2008’s taxable income cannot be carried forward to following years. However, upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights, was revoked on the basis of being contradictory to the constitution. The related court decree was published in the Official Gazette on 8 January 2010. In that respect, the Group can use TRY 447.000 thousand of its unused investment incentive as long as this amount is offset against future profits. The Group has TRY 64.981 thousand of deferred tax assets comprising of unused investment incentives which can be offset against future profits and other temporary differences. Partial or whole recoverable amount of deferred tax assets are estimated based on current conditions. Future profit projections and potential tax planning strategies are taken into account in the calculation.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

Financial assets held for trading:

	31 December 2009		31 December 2008	
	TRY	FC	TRY	FC
Forward fair value differences	-	-	-	1.814
Mutual funds	139	-	90	-
	139	-	90	1.814

The Group has Türkiye İş Bankası A.Ş.’s mutual funds amounting to TRY 139 thousand. (31 December 2008: TRY 90 thousand).

### 5. BANKS

	31 December 2009		31 December 2008	
	TRY	FC	TRY	FC
Demand deposits	3.066	4.001	1.609	2.614
Time deposits	267.489	87.841	40.973	119.888
Interest accrual	1.308	49	201	126
	271.863	91.891	42.783	122.628

The details of time deposits as of 31 December 2009 are as follows:

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2009</u>
TRY	6,25%-10,50%	04.01.2010-11.02.2010	268.797
USD	1,60%-3,25%	04.01.2010-01.02.2010	53.346
EUR	0,50%-3,00%	04.01.2010-15.01.2010	34.544
			356.687

As of 31 December 2009, TRY 70.256 thousand of total foreign currency deposits (31 December 2008: TRY 121.085 thousand) and TRY 174.570 thousand of total deposits (31 December 2008: TRY 38.648 thousand) consist of accounts at its main shareholders, Türkiye İş Bankası A.Ş..

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

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

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

	31 December 2009	31 December 2008
Demand deposit	7.067	4.223
Time deposit (1-3 month)(without accrual)	355.330	160.861
Cash and cash equivalents	362.397	165.084



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 6. FINANCIAL ASSETS AVAILABLE FOR SALE

Name of the investment	Core business	Incorporation and operation location	Voting Right (%)	Ownership percentage (%)		Fair Value	
				31 December 2009	31 December 2008	31 December 2009	31 December 2008
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	17.077	4.822
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	645	318
Non-quoted Investments:							
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	2	2
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	25	25
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. – (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	337	328
<b>TOTAL</b>						<b>18.086</b>	<b>5.495</b>

### 7. FACTORING RECEIVABLES

	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>Short-term factoring receivables (*)</u>		
Domestic factoring receivables (net)	143.414	66.448
Export and import factoring receivables (net)	294	815
Factoring interest income accrual	164	681
Unearned interest income	(1.080)	(846)
Factoring receivables under follow-up (**)	3.078	3.056
Gross factoring receivables	<u>145.870</u>	<u>70.154</u>
Provision for doubtful factoring receivables (**)	<u>(2.971)</u>	<u>(3.056)</u>
	<u>142.899</u>	<u>67.098</u>

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

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

EUR 136.314 and TRY 87.080 thousand of factoring receivables have floating interest rates (31 December 2008: EUR 389.581 thousand and TRY 17.512 thousand) while TRY 55.524 thousand of factoring receivables have fixed interest rate (31 December 2008: TRY 48.752 thousand).

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 7. FACTORING RECEIVABLES (cont’d)

Types of factoring transactions are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Domestic irrevocable	13.048	17.301
Domestic revocable	129.557	48.963
Foreign revocable	294	834
	<u>142.899</u>	<u>67.098</u>

Except for its 100% provision allocated doubtful receivables, the Group has 50% provision allocated overdue factoring receivables amounts to TRY 214 thousand as of the balance sheet date. The carrying value of the Group’s restructured factoring receivables amounts to TRY 266 thousand (31 December 2008: TRY 231 thousand). If such receivables were not restructured, they would be classified as overdue or doubtful receivables. The Group has contractual guarantees for such receivables.

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

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

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

	<u>31 December 2009</u>	<u>31 December 2008</u>
Up to 90 days	119	566
Between 90 – 180 days	-	726
Between 180 – 360 days	94	-
Over 360 days	2.865	1.764
	<u>3.078</u>	<u>3.056</u>

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

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

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Provision at the beginning of the year	(3.056)	(2.128)
Period charge	(196)	(1.463)
Additions	-	204
Collections	281	331
Provision at the end of the year	<u>(2.971)</u>	<u>(3.056)</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 8. LEASE RECEIVABLES

<u>31 December 2009</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	38.074	-	38.074
Finance lease receivables under follow-up (*)	89.114	17.328	106.442
Uninvoiced finance lease receivables	329.202	538.931	868.133
Less: Unearned interest income	(75.063)	(84.600)	(159.663)
Ongoing leasing contracts (**)	-	6.976	6.976
Advances given for leasing contracts	-	8.383	8.383
Less: Specific provisions (*)	<u>(33.178)</u>	<u>(6.451)</u>	<u>(39.629)</u>
Net finance lease receivables	<u>348.149</u>	<u>480.567</u>	<u>828.716</u>
<u>31 December 2008</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	28.262	-	28.262
Finance lease receivables under follow-up (*)	63.929	7.877	71.806
Uninvoiced finance lease receivables	431.502	604.904	1.036.406
Less: Unearned interest income	(86.041)	(90.924)	(176.965)
Ongoing leasing contracts (**)	-	2.794	2.794
Advances given for leasing contracts	-	28.711	28.711
Less: Specific provisions (*)	<u>(24.648)</u>	<u>(3.037)</u>	<u>(27.685)</u>
Net finance lease receivables	<u>413.004</u>	<u>550.325</u>	<u>963.329</u>

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

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

The allocation of finance lease receivables according to their maturities as of 31 December 2009 is as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	423.212	241.217	153.262	101.298	32.313	21.718	973.020
Unearned interest	<u>(75.063)</u>	<u>(49.013)</u>	<u>(21.677)</u>	<u>(9.112)</u>	<u>(3.061)</u>	<u>(1.737)</u>	<u>(159.663)</u>
Finance lease receivables (net)	<u>348.149</u>	<u>192.204</u>	<u>131.585</u>	<u>92.186</u>	<u>29.252</u>	<u>19.981</u>	<u>813.357</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.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

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

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

As of 31 December 2009, the compound interest rate applicable for the finance lease receivables is; 25,31% for TRY, 9,09% for USD, and 10,09% for EUR. (31 December 2008: for TRY 26,80 %, for USD 9,19% and for EUR 9,46%).

As of 31 December 2009, the distribution of finance lease receivables in terms of foreign currency types is as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principle (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	188.565.674	283.923	31.973.658	48.143
EUR	165.526.832	357.588	32.577.057	70.376
TRY	-	171.846		41.144
Total		<u>813.357</u>		<u>159.663</u>

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

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

USD 33.941.065 and EUR 19.495.438 of the Group’s finance lease receivables have floating interest rates (31 December 2008: USD 29.501.258, EUR 7.024.434) while USD 154.624.609, EUR 146.031.394, and TRY 171.846 thousand of its finance lease receivables have fixed interest rates. (31 December 2008: USD 199.297.366, EUR 170.703.766, and TRY 205.330 thousand)

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

<u>Guarantee types</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Mortgages	130.924	152.995
Ship mortgage	3.302	1.739
Guarantors	412	960
Cash blockages	2.236	4.443
Letter of guarantees	3.663	5.888
	<u>140.537</u>	<u>166.025</u>

As of the balance sheet date, including uninvoiced portions classified under the finance lease receivables amounting to TRY 21.099 thousand overdue less than 150 days, the Group did not book provision due to its collectability capacity.(31 December 2008: It has been booked a general provision of TRY 3.952 thousand for invoiced receivables amounting to TRY 17.008 thousand and such allocated provision has been classified under the account of “provisions and other expense accruals.)

The aging analysis of such receivables is presented below:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Up to 30 days	6.842	7.857
Between 30 – 60 days	5.004	5.231
Between 60 – 90 days	3.309	2.125
Between 90 – 150 days	5.944	1.795
Overdue total	<u>21.099</u>	<u>17.008</u>
Undue amount	<u>167.206</u>	<u>119.589</u>
	<u>188.305</u>	<u>136.597</u>

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

<u>Guarantee type</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Mortgage	55.545	45.775
Ship Mortgage	3.197	-
Guarantors	128	33
Cash blockages	194	42
Letter of guarantees	580	812
	<u>59.644</u>	<u>46.662</u>

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that loan was initially granted to the reporting date until the balance sheet date. The concentration of credit risk is limited due to working with many customers.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

The aging of the finance lease receivables under follow-up as of 31 December 2009 is as follows:

	<u>31 December 2009</u>
Between 150 – 240 days	5.088
Between 240 – 360 days	6.684
Over 360 days	40.959
Uninvoiced doubtful finance lease receivables	60.299
Less: Doubtful finance lease receivables unearned	(6.588)
	<u>106.442</u>

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

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

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

<u>Guarantee type:</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Mortgage	12.632	8.450
Guarantors	25	526
Cash blockages	199	280
Letter of guarantees	-	113
	<u>12.856</u>	<u>9.369</u>

In addition to the above guarantees, TRY 48.167 thousand of equipment subject to lease and TRY 372 thousand of pledged assets are considered in the provision calculation (31 December 2008: TRY 31.969 thousand of equipment subject to lease and TRY 177 thousand of pledged assets).

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

<u>Movement of specific provisions:</u>	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Provision at the beginning of the year	(27.685)	(33.652)
Additions	(16.622)	(10.370)
Transfer from general provision	(3.207)	-
Write offs	7.234	3.497
Collections	651	12.840
Provision at the end of the year	<u>(39.629)</u>	<u>(27.685)</u>

### 9. EXPLANATIONS REGARDING RELATED PARTIES

<u>Finance lease receivables</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş.	18.381	53.102
Gemport Gemlik Liman İşletmeleri A.Ş.	9.441	13.525
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	26.923	3.947
İş Merkezleri Yönetim Ve İşletim A.Ş.	692	-
Avea İletişim Hizmetleri A.Ş.	3.449	3.823
Nemtrans Lojistik Hiz.ve Petrol Ür.Tic.A.Ş.	-	398
Diğer	-	22
	<u>58.886</u>	<u>74.817</u>
<u>Factoring receivables</u>		
Kültür Yayınları İş-Türk Ltd. Şti.	725	359
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	3.301	6.500
Nevotek Bilişim Ses Ve İletişim Sist.San.Ve Tic.A.Ş.	290	277
Ant Gıda Tarım Tur.En.Ve Demir Çelik San.Tic.A.Ş.	9.050	-
	<u>13.366</u>	<u>7.136</u>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	3.540	4.160
Türkiye İş Bankası A.Ş.	19	20
Other	6	21
	<u>3.565</u>	<u>4.201</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 9. EXPLANATIONS REGARDING RELATED PARTIES (cont’d)

#### Borrowings from related parties

##### Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2009</u>
TRY	7,60%	Revolving	8.465
USD	1,50%-6,00%	04.02.2010-29.09.2010	107.927
EUR	1,99%-3,48%	31.05.2010-04.01.2011	31.354
			<u>147.746</u>

<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>

##### İş Bank GmbH

<u>Currency Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2009</u>
EUR	5,13%	Overdraft	290
			<u>290</u>

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

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

<u>Currency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>31 December 2009</u>
USD	2,08%-2,48%	15.07.2010-15.07.2014	34.332
EUR	2,33%-4,63%	15.04.2010-15.07.2014	21.656
			<u>55.988</u>

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



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 9. EXPLANATIONS REGARDING RELATED PARTIES (cont’d)

#### Deposits from related parties

	<u>31 December 2009</u>	<u>31 December 2008</u>
Türkiye İş Bankası A.Ş. Demand Deposit	5.199	1.546
İş Bank Gmbh Demand Deposit	-	1
Türkiye İş Bankası A.Ş. Time Deposit	239.627	158.187
	<u>244.826</u>	<u>159.734</u>

#### Finance lease interest income

	<u>1 January - 31 December 2009</u>	<u>1 January - 31 December 2008</u>
Türkiye İş Bankası A.Ş.	3.176	6.503
Beyaz Filo Oto Kiralama A.Ş. (*)	-	1.052
Gemport Gemlik Liman. İşl. A.Ş.	971	884
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	1.196	245
Avea İletişim Hizmetleri A.Ş.	184	228
Anadolu Anonim Türk Sigorta Şti. A.Ş.	3	19
Nemtrans Lojistik Hiz.ve Petrol Ür.Tic.A.Ş.	15	4
İş Merkezleri Yönetim ve İşletim A.Ş.	87	-
Türkiye Sınai Kalkınma Bankası A.Ş.	33	80
Other	3	24
	<u>5.668</u>	<u>9.039</u>

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

#### Interest income

Türkiye İş Bankası A.Ş.	<u>12.737</u>	<u>6.460</u>
	<u>12.737</u>	<u>6.460</u>

#### Dividend income

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

#### Finance expense

Türkiye İş Bankası A.Ş.	9.117	16.080
İşbank Gmbh	23	78
Türkiye Sınai Kalkınma Bankası A.Ş.	1.808	1.629
	<u>10.948</u>	<u>17.787</u>

#### Rent expense

İş Gayrimenkul Yatırım Ortaklığı A.Ş.	<u>1.014</u>	<u>827</u>
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#### Commission income

Anadolu Anonim Türk Sigorta Şirketi	<u>2.087</u>	<u>2.155</u>
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# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 9. EXPLANATIONS REGARDING RELATED PARTIES (cont’d)

#### Factoring commission income

	1 January - 31 December 2009	1 January - 31 December 2008
Şişe Cam Dış Tic.AŞ.	97	155
Kültür Yayınları İş-Türk Ltd.Şti.	10	7
Nevotek Bil. Ses ve İlet. Sist. San. Ve Tic. A.Ş.	3	1
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	1
	<u>110</u>	<u>164</u>

#### Factoring interest income

İş Koray Tur.Orman.Maden. İnş. Taah.ve Tic. A.Ş.	-	43
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	886	280
Kültür Yayınları İş-Türk Ltd. Şti.	122	60
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	176	79
	<u>1.184</u>	<u>462</u>

#### Mutual fund income

Türkiye İş Bankası A.Ş.	<u>5</u>	<u>9</u>
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#### Compensation to key management personnel (\*)

Salaries and other short-term benefits (**)	<u>2.361</u>	<u>2.267</u>
	<u>2.361</u>	<u>2.267</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.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 10. TANGIBLE ASSETS

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Acquisition cost</u>					
Opening balance 1 January 2009	298	3.573	1.830	2.900	8.601
Additions	-	71	-	193	264
Transfer	-	(79)	79	-	-
Disposals	(269)	(107)	(4)	-	(380)
Closing balance 31 December 2009	<u>29</u>	<u>3.458</u>	<u>1.905</u>	<u>3.093</u>	<u>8.485</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2009	(243)	(3.072)	(1.799)	(2.612)	(7.726)
Transfer	-	7	(7)	-	-
Charge for the year	(6)	(136)	(51)	(118)	(311)
Disposals	223	105	1	1	330
Closing balance 31 December 2009	<u>(26)</u>	<u>(3.096)</u>	<u>(1.856)</u>	<u>(2.729)</u>	<u>(7.707)</u>
Net book value as of 31 December 2009	<u>3</u>	<u>362</u>	<u>49</u>	<u>364</u>	<u>778</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 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 the year	(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>

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 11. INTANGIBLE ASSETS

	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>Acquisition Cost (Rights)</u>		
Opening balance 1 January	272	207
Additions	-	65
Closing balance at the end of the year	<u>272</u>	<u>272</u>
<u>Amortization</u>		
Opening balance 1 January	(175)	(162)
Charge for the period	(23)	(13)
Closing balance at the end of the year	<u>(198)</u>	<u>(175)</u>
Net book value	<u>74</u>	<u>97</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 of the Company on this subsidiary is 78,23%. Positive goodwill has arisen amounting to TRY 169 thousand on purchased equity of TRY 16.603 thousand. As of 31 December 2009, net amount of goodwill is TRY 166 thousand. (31 December 2008: TRY 166 Thousand) Based on IFRS 3 “Business Combinations”, for the annual periods beginning on or after 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions made before 31 December 2004. Impairment analysis is performed for the goodwill as of each balance sheet date.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 13. DEFERRED TAX ASSETS AND LIABILITIES

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

	<u>31 December 2009</u>	<u>31 December 2008</u>
Temporary differences subject to deferred tax:		
Finance lease adjustment	137	1.353
Tax base differences in tangible and intangible assets	(199)	(125)
Retirement pay provision	718	613
Unused vacation provision	170	132
Finance lease income accruals	(17.512)	(12.311)
Allowance for doubtful finance lease receivables	27.441	17.896
Financial instruments valuation differences	-	(1.814)
Unrealized finance expenses	(468)	(461)
Impairment on assets held for sale	1.161	-
Bonus accrual	675	533
Investment incentive – with withholding tax	136.312	-
Investment incentive – without withholding tax	310.795	-
Legal case provision	629	-
	<u>459.859</u>	<u>5.816</u>
	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>Deferred Tax Assets / (Liabilities)</u>		
Finance lease adjustment	27	271
Tax base difference in tangible and intangible assets	(40)	(25)
Retirement pay provision	144	123
Unused vacation provision	34	26
Finance lease income accruals	(3.502)	(2.462)
Allowance for doubtful finance lease receivables	5.488	3.579
Financial Instrument Valuation Differences	-	(363)
Unrealized finance expenses	(94)	(92)
Impairment on assets held for sale	232	-
Bonus accrual	135	106
Investment incentive – with withholding tax	272	-
Investment incentive – without withholding tax	62.159	-
Legal case provision	126	-
Deffered tax asset	<u>64.981</u>	<u>1.163</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

	<u>31 December 2009</u>	<u>31 December 2008</u>
Opening balance 1 January	1.163	20
Deferred tax benefit / (expense)	63.818	1.143
Closing balance	<u>64.981</u>	<u>1.163</u>

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

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

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

### 15. OTHER ASSETS

	<u>31 December 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
VAT deductible and other VAT	14.467	-	21.883	-
Insurance premium receivables	830	2.445	2.108	2.019
Other	1.695	22	1.105	-
	<u>16.992</u>	<u>2.467</u>	<u>25.096</u>	<u>2.019</u>

### 16. FUNDS BORROWED

Short-term borrowings	<u>31 December 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
Short-term borrowings	307.705	580.689	56.116	594.962
Short-term portions of long-term borrowings	-	5.160	26.815	108.687
Total short-term borrowings	<u>307.705</u>	<u>585.849</u>	<u>82.931</u>	<u>703.649</u>
Long-term borrowings	<u>31 December 2009</u>		<u>31 December 2008</u>	
	TRY	FC	TRY	FC
Long-term portions of long-term borrowings	28.441	85.803	26.943	114.698
Total long-term borrowings	<u>28.441</u>	<u>85.803</u>	<u>26.943</u>	<u>114.698</u>
Total borrowings	<u>336.146</u>	<u>671.652</u>	<u>109.874</u>	<u>818.347</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

<u>Maturity analysis of borrowings</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Within 1 year	893.554	786.580
Within 1-2 years	81.941	141.513
Within 2-3 years	13.563	32
Within 3-4 years	11.630	32
Within 4-5 years	7.110	64
<b>TOTAL</b>	<b>1.007.798</b>	<b>928.221</b>

The details of short-term borrowings are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2009</u>
TRY(*)	7,10%-7,75%	-	279.009
USD	1,50%-10,15%	179.420.607	270.154
EUR	1,99%-7,19%	153.696.850	332.031
Interest accruals		-	7.200
<b>TOTAL</b>			<b>888.394</b>

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

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

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

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2009</u>
USD	1,65%-2,14%	3.427.001	5.160
EUR	-	-	-
<b>TOTAL</b>			<b>5.160</b>

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 16. FUNDS BORROWED (cont’d)

The details of long-term borrowing are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Currency amount</u>	<u>31 December 2009</u>
USD	1,65%-5,47%	39.507.749	59.487
EUR	2,74%-4,55%	25.347.090	54.757
TOTAL			<u>114.244</u>

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

Credit interest rates are presented as compound.

	<u>31 December 2009</u>		<u>31 December 2008</u>	
	<u>TRY (*)</u>	<u>FC</u>	<u>TRY(*)</u>	<u>FC</u>
Fixed rate	244.071	349.475	25.365	156.949
Variable rate	35.000	379.252	29.763	716.144
	<u>279.071</u>	<u>728.727</u>	<u>55.128</u>	<u>873.093</u>

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

As at 31 December 2009, the Group has available TRY 1.358.218 thousand of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. (31 December 2008: TRY 828.396 thousand)

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



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 17. SUNDRY CREDITORS AND OTHER LIABILITIES

#### Sundry Creditors

	31 December 2009		31 December 2008	
	TRY	FC	TRY	FC
Payables to finance lease suppliers	240	8.512	853	4.104
Other trade payables (*)	1.072	2.700	1.674	2.997
	1.312	11.212	2.527	7.101

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

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

#### Other Liabilities

	31 December 2009		31 December 2008	
	TRY	FC	TRY	FC
Advances Received (**)	1.629	7.221	1.392	4.561
Other	476	198	135	-
	2.105	7.419	1.527	4.561

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

### 18. FINANCE LEASE PAYABLES

None.

### 19. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING

None.

### 20. TAXES PAYABLE AND OTHER LIABILITIES

	31 December 2009		31 December 2008	
	TRY	FC	TRY	FC
Taxes payable and other liabilities	487	-	442	-
	487	-	442	-

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 21. PROVISIONS

Other Provisions:

	<u>31 December 2009</u>	<u>31 December 2008</u>
Corporate tax provision (net)	3.552	306
Legal case provision	630	41
General provision for finance lease receivables (*)	-	3.952
General provision for factoring receivables (*)	-	300
Other	-	168
	<u>4.182</u>	<u>4.767</u>

	<u>31 December 2009</u>	<u>31 December 2008</u>
Corporate tax provision	14.711	1.053
Prepaid taxes	(11.159)	(747)
Corporate tax provision (net)	<u>3.552</u>	<u>306</u>

#### 31 December 2009

	<u>General Provision for Finance Lease Receivables</u>	<u>General Provision for Factoring Receivables</u>	<u>Legal Case Provision</u>	<u>Corporate Tax Provision</u>	<u>Other</u>
Provision at the beginning of the year	3.952	300	41	306	168
Additions	468	600	589	14.711	-
Transfer to specific provisions	(3.207)	-	-	-	-
Payments	-	-	-	(11.465)	-
Cancellations	-	-	-	-	(168)
Collections	(1.213)	(900)	-	-	-
	<u>-</u>	<u>-</u>	<u>630</u>	<u>3.552</u>	<u>-</u>

#### 31 December 2008

	<u>General Provision for Finance Lease Receivables</u>	<u>General Provision for Factoring Receivables</u>	<u>Legal Case Provision</u>	<u>Corporate Tax Provision</u>	<u>Other</u>
Provision at the beginning of the year	-	-	7.945	(86)	93
Additions	3.952	300	-	1.053	75
Payments	-	-	-	(661)	-
Cancellations	-	-	(7.904)	-	-
Collections	-	-	-	-	-
	<u>3.952</u>	<u>300</u>	<u>41</u>	<u>306</u>	<u>168</u>

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 22. EMPLOYEE BENEFITS

#### Retirement Pay Provision

	<u>31 December 2009</u>	<u>31 December 2008</u>
Retirement pay provision	718	613
Unused vacation provision	170	132
Bonus accrual	675	531
	<u>1.563</u>	<u>1.276</u>

#### Retirement Pay Provision

	<u>31 December 2009</u>	<u>31 December 2008</u>
1 January	613	545
Charge for the year	167	111
Amounts paid	(62)	(43)
Year end	<u>718</u>	<u>613</u>

#### Retirement Pay Provision:

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

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4,8% and a discount rate of 11%, resulting in a real discount rate of approximately 5,92% ( 31 December 2008: with 5,4% inflation rate and 12% discount rate approximately 6,26%). The anticipated rate of forfeitures is considered and taken into account as 0% (2008: 0%). As the maximum liability is revised semi annually, the maximum amount of TRY 2.427,04 effective from 1 January 2010 has been taken into consideration in calculation of provision from employment termination benefits.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

<u>Unused vacation provision</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
1 January	132	81
Charge for the year	38	51
Year end	<u>170</u>	<u>132</u>
<u>Premium Provision</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
1 January	531	-
Charge for the year	675	531
Amounts paid	(531)	-
Year end	<u>675</u>	<u>531</u>

#### 23. MINORITY INTEREST

The Company owns 78,23% of İş Factoring Finansman Hizmetleri A.Ş. The minority share calculated from the balance sheet and income statement of the subsidiary amounts to TRY 8.945 thousand (31 December 2008: TRY 6.096 thousand) and TRY 1.446 thousand of gain, respectively as of 31 December 2009. (31 December 2008: TRY 4.480 thousand gain).

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

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

##### CAPITAL

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

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

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

#### CAPITAL (cont’d)

The Group has increased its capital to TRY 250.000 thousand through increase of TRY 65.000 thousand . The increase comprises of TRY 30.423 thousand of extraordinary reserves, TRY 12.581 thousand of capital reserves from inflation adjustments, and TRY 21.996 thousand of bonus shares from previous year’s profit.

#### CAPITAL RESERVES

	<u>31 December 2009</u>	<u>31 December 2008</u>
Other Capital Reserves:		
- Shareholders’ equity inflation restatement differences:	-	12.581
Marketable securities revaluation reserve	<u>9.825</u>	<u>(1.338)</u>
TOTAL	<u><u>9.825</u></u>	<u><u>11.243</u></u>

#### Marketable Securities Revaluation Reserve:

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

### 25. PROFIT RESERVES

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

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

### 26. PRIOR YEAR PROFIT/LOSS

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 27. FOREIGN CURRENCY POSITION

<u>31 December 2009 (*)</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>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>000</u>	<u>Equivalent</u>
Banks	36.853	16.837	1	11	26	-	-	91.891
Finance lease receivables	188.566	165.527	-	-	-	-	-	641.511
Factoring receivables	884	136	-	-	-	-	-	1.625
Advances given	760	3.061	-	99	-	-	-	7.993
Ongoing leasing contracts	2.530	1.044	-	-	-	-	-	6.064
Other Assets	901	514	-	-	-	-	-	2.467
Funds borrowed	(224.603)	(180.784)	-	-	-	-	-	(728.732)
Sundry creditors and other liabilities	(4.241)	(5.658)	-	(10)	74	-	-	(18.631)
Other Provisions	-	-	-	-	-	-	-	-
<b>Balance sheet position</b>								<b>4.188</b>
Off balance sheet position (Forward&Swap)	-	-	-	-	-	-	-	-
<b>Net foreign currency position</b>								<b>4.188</b>

(\*) Foreign currency indexed loans amounting to USD 23.590.695 and EUR 9.979.835 (Total: TRY 57.080 thousand) and foreign currency indexed factoring receivables amounting to 884.247 USD (Total: TRY 1.331 thousand) are classified in TRY column of the accompanying balance sheet.

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

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 28. COMMITMENTS AND CONTINGENCIES

As of 31 December 2009, TRY 1.525 thousand of letter of guarantees are given to customs, authorities and banks (31 December 2008: TRY 1.438 thousand).

As of 31 December 2009, the total risk of court cases filed and currently pending against the Group amounting to approximately TRY 2.173 thousand (31 December 2008: TRY 1.126 thousand). The Group has provided a provision amounting to TRY 630 Thousand for such court cases (31 December 2008: TRY 41 Thousand) in the accompanying financial statements. The Group management does not anticipate any further provision for the remaining litigations.

As of 31 December 2009, the Group has letter of credit commitments of USD 3.213.375, EUR 4.530.823, GBP 21.366, CHF 100.000. (31 December 2008: USD 2.492.910, EUR 5.485.045, CHF 990.000)

As of the balance sheet date, the Group does not have any guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables.

Forward Contracts:

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

As of 31 December 2009, there is no unrealised gain / loss arising from changes in fair value of forward transactions. (31 December 2008: TRY 1.814 thousand gain).

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 29. SEGMENTAL INFORMATION

As of 31 December 2009:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Total assets	1.181.087	276.099	(16.606)	1.440.580
Total liabilities	801.048	235.030	-	1.036.078
Net profit	100.194	6.640	(1.446)	105.388

As of 31 December 2008:

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

Segmental Income Statement as of 31 December 2009:

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Operating Income	97.986	14.147	-	112.133
Operating Expense (-)	(12.687)	(2.763)	-	(15.450)
Other Operating Income	313.844	9.068	-	322.912
Finance Expense (-)	(39.734)	(11.005)	-	(50.739)
Specific Provision for Receivables under follow-up (-)	(17.090)	(796)	-	(17.886)
Other Operating Expense (-)	(292.838)	(405)	-	(293.243)
Net Operating Income	49.481	8.246	-	57.727
Profit/Loss On Continuing Operations Before Tax	49.481	8.246	-	57.727
Tax Provision for Continuing Operations(±)	50.713	(1.606)	-	49.107
Net Period Profit/Loss from Continuing Operations	100.194	6.640	-	106.834
Minority Share	-	-	(1.446)	(1.446)
Net Period Profit/Loss	100.194	6.640	(1.446)	105.388

	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Eliminations</u>	<u>Consolidated</u>
Fixed Asset Additions	262	2	-	264
Depreciation and Amortization	(297)	(37)	-	(334)



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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 Non-Performing Receivables (-)	(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)

### 30. SUBSEQUENT EVENTS

The application of investment incentive exemption has been revoked as of 1 January 2006 in accordance with the requirement set out in Article 2 of Law No: 5479, which has become effective following the issuance of the Official Gazette No: 26133 on 8 April 2006. On the other hand, taxpayers can use their investment incentive exemption vested as a result of their existing investments at maximum of three years. Taxpayers, therefore, can offset their investment incentive exemption against their earnings disclosed under the 2006, 2007 and 2008’s corporate tax return. However, companies cannot carry forward and use their unused investment incentives as of 31 December 2008. In this respect, a lawsuit is filed against the Constitutional Court on the basis of imposing time limitation on the use of investment incentives vested under an overriding law.

In the meeting of Constitutional Court held on 15 October 2009, the phrase “comprising only the years 2006, 2007 and 2008” in the Provisional Article 69 of the Income Tax Law regarding the investment incentives is revoked by the Constitutional Court on the basis of being contradictory to the constitution. The said court decree was published in the Official Gazette as at 8 January 2010. Due to issuing the related court decree in the Official Gazette on 8 January 2010, the matter of not being able to benefit from investment incentives exemption has arisen during electronic declaration of temporary taxes of fourth quarter of 2009. If the Ministry of Finance concretize its decision in this respect, the Group will not be able to benefit from the investment incentive exemption in the fourth quarter of 2009, same as previous quarters and will submit its tax return for 2009 year end with reservations and file for a lawsuit. Accordingly, the Group management has provided corporate tax provision for the 31 December 2009 in its consolidated financial statements, taking into account the assumption that the Group may not benefit from the exemption in 2009.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 31. OPERATING INCOME

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Finance lease interest income	97.986	103.948
Factoring income	14.147	16.497
	<u>112.133</u>	<u>120.445</u>

### 32. OPERATING EXPENSE

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Personnel expenses	(9.959)	(9.776)
Office rent expenses	(1.227)	(1.135)
Travel and car expenses	(628)	(614)
Information technology expenses	(464)	(421)
Consultancy expenses	(351)	(443)
Depreciation expense	(334)	(383)
Capital Increase expense	(267)	(190)
Other general administrative expenses	(2.220)	(1.873)
	<u>(15.450)</u>	<u>(14.835)</u>

### 33. OTHER OPERATING INCOME

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Dividend income	692	508
Commission income	2.087	2.155
Interest income	21.237	15.089
Interest received from derivative financial operations	2.355	3.037
Foreign exchange gain	289.410	534.072
Legal case collection and provision cancellation income	-	16.662
Collections from doubtful lease receivables	3.045	13.171
Other	4.086	4.166
	<u>322.912</u>	<u>588.860</u>

### 34. FINANCE EXPENSE

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Interest expenses	(50.156)	(62.132)
Fees and commissions	(583)	(999)
	<u>(50.739)</u>	<u>(63.131)</u>

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 35. PROVISION FOR NON-PERFORMING RECEIVABLES

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Specific provisions for non-performing receivables	(16.818)	(11.833)
General provision expenses (*)	(1.068)	(4.252)
	<u>(17.886)</u>	<u>(16.085)</u>

(\*) In addition to the provision for doubtful receivables, the Group management has allocated an additional provision for its risky leasing receivables which are overdue less than legally defined terms.

### 36. OTHER OPERATING EXPENSE

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
Foreign exchange losses	(289.608)	(531.774)
Losses from derivative financial operations	(491)	(1.258)
Expenses from decrease in value of assets held for sale	(1.161)	-
Other	(1.983)	(1.523)
	<u>(293.243)</u>	<u>(534.555)</u>

### 37. TAXATION

	<u>1 January- 31 December 2009</u>	<u>1 January- 31 December 2008</u>
<u>Provision for taxes on income</u>		
Corporate tax provision	(14.711)	(1.053)
Deferred tax income / (expense)	63.818	1.143
	<u>49.107</u>	<u>90</u>

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

<u>Tax Reconciliation</u>	<u>1 January- 31 December 2009</u>	<u>1 January - 31 December 2008</u>
Profit before taxation	57.727	80.699
Tax rate	%20	%20
Tax effect of:	11.545	16.139
- Change in deferred tax allowances	-	(4.624)
- Nondeductible expenses	1.509	333
- Impact of Investment incentives	(62.431)	(6.569)
- Unrealized finance expenses	-	(1.931)
- Non-taxable income	(205)	(3.438)
- Other	475	-
	<u>(49.107)</u>	<u>(90)</u>

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

#### 37. TAXATION (Cont’d)

##### Corporate Tax

The Group is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the year. 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. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

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

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

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, 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% period between 24 April 2003 and 22 July 2006. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 22 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. After 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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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### 37. TAXATION (Cont’d)

#### Investment Incentives

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.

However, upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights, was revoked on the basis of being contradictory to the constitution. The related court decree was published in the Official Gazette as at 8 January 2010.

### 38. EARNINGS PER SHARE

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

	<u>1 January - 31 December 2009</u>	<u>1 January – 31 December 2008</u>
Number of outstanding shares (*)	25.000.000.000	25.000.000.000
Net period profit (thousand TRY )	105.388	76.309
Earnings per share (TRY) (**)	0,42	0,41

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

	<u>2009</u>	<u>2008</u>
Number of shares		
Opening, 1 January	18.500.000.000	13.950.000.000
Additions for capital increase (**)	6.500.000.000	4.550.000.000
Closing, 31 December	<u>25.000.000.000</u>	<u>18.500.000.000</u>

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

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

None.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

### 40. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

#### (a) Capital risk management

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

There is no change in the capital risk management strategy in 2009, and the leverage ratio is 39% for the period ended 31 December 2009. (31 December 2008: 30%) As of 31 December 2009 and 31 December 2008, the leverage ratios are as follows;

	2009	2008
Total liabilities	1.029.846	943.937
Less: Cash and cash equivalents	(363.754)	(165.411)
Net liabilities	666.092	778.526
Total shareholders’ equity	404.502	285.102
Shareholders’ equity / liabilities	61%	37%

According to the credit rating report of Fitch issued at 31 December 2009, credit rating of the Company is as follows;

<b>Foreign Currency</b>	
Long term	BBB-
Short term	F3
Outlook	Stable
<b>TRY</b>	
Long term	BBB-
Short term	F3
Outlook	Stable
<b>National</b>	
Long term	AAA (tur)
Outlook	Stable
Support	2

#### (b) Significant accounting policies

The Group’s accounting policies on the financial instruments are disclosed in Note 3 “Valuation principles / significant accounting policies applied” to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

#### (c) Categories of financial instruments

	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>Financial assets:</u>		
Banks	363.754	165.411
Financial assets at fair value through profit and loss:		
-Financial assets held for trading	139	90
-Derivative financial assets held for trading	-	1.814
Finance lease receivables and non-performing receivables	828.716	963.329
Factoring receivables and non-performing factoring receivables	142.899	67.098
Insurance premium receivables (*)	3.275	4.127
Financial assets available for sale	18.086	5.495
<u>Financial Liabilities:</u>		
Derivative financial liabilities held for trading	-	-
Finance lease payables (net)	-	-
Sundry creditors and other liabilities	(22.048)	(15.716)
Funds borrowed	(1.007.798)	(928.221)

(\*) Included in other assets.

#### (d) Financial risk management objectives

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

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

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

#### (e) Market risk

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

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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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 2009			
	Gain / Loss		Shareholders’ Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	15% appreciation of USD against TRY			
1 – Net USD Asset/Liability	373	(373)	-	-
2 – USD hedging	-	-	-	-
<b>3 – USD, net effect ( 1+2)</b>	<b>373</b>	<b>(373)</b>	<b>-</b>	<b>-</b>
	15% appreciation of EUR against TRY			
4 – Net EUR Asset/Liability	220	(220)	-	-
5 – EUR hedging	-	-	-	-
<b>6 – EUR, net effect ( 4+5)</b>	<b>220</b>	<b>(220)</b>	<b>-</b>	<b>-</b>
	15% appreciation of other currencies against TRY			
7 – Net other currency Asset/Liability	22	(22)	-	-
8 – Other Currency hedging	-	-	-	-
<b>9 – Other currency, net effect ( 7+8)</b>	<b>22</b>	<b>(22)</b>	<b>-</b>	<b>-</b>
Total (3 + 6 +9)	615	(615)	-	-



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

#### Forward contracts and currency swaps

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

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

#### (g) Interest risk management

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

##### Interest rate sensitivity

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

Interest Position Table

	<u>31 December 2009</u>	<u>31 December 2008</u>
Fixed interest rate financial instruments		
Financial assets:		
Banks	363.754	165.411
Lease receivables (*)	720.136	872.171
Factoring receivables	55.524	48.752
Financial liabilities		
Borrowings	593.546	182.314
Floating interest rate financial instruments		
Financial assets:		
Banks	-	-
Lease receivables(*)	93.221	59.653
Factoring receivables	87.375	18.346
Financial liabilities		
Borrowings	414.252	745.907

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

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

- Interest income from floating interest rate finance lease contracts would increase by TRY 919 thousand (31 December 2008: TRY 588 thousand), and interest income from fixed interest rate finance lease contracts would increase by TRY 6.356 thousand. (31 December 2008: TRY 8.046 thousand)
- Interest income from floating interest rate factoring contracts would increase by TRY 853 thousand (31 December: TRY 214 thousand), and interest income from fixed interest rate factoring contracts would increase by TRY 573 thousand. (31 December 2008: TRY 543 thousand)
- Interest expense from floating interest rate borrowings would increase by TRY 4.091 thousand (31 December 2008: TRY 7.294 thousand), and interest expense from fixed interest rate borrowings would increase by TRY 5.970 thousand. (31 December 2008: TRY 1.705 thousand)

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

##### (h) Other price risks

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

##### Equity price sensitivity

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

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

- There would not be any difference in the net profit/loss to the extent that equity investments are classified as available or are not disposed of or are not subject to impairment.
- Funds under other equity would increase/decrease by TRY 2.651 thousand (31 December 2008: TRY 771 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)

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

Sectoral allocation of finance lease receivables is as follows:

	31 December 2009	31 December 2008
	%	%
Transportation	13,50	12,10
Health	10,45	8,04
Construction	10,08	12,41
Textile	8,01	9,72
Finance	5,42	8,15
Forestry Products and Paper	5,76	5,70
Metal industry	5,76	5,64
Tourism	4,35	3,14
Chemical, Plastic and Pharmacy	4,07	5,13
Food	3,23	3,52
Glass, Tile and Cement	2,58	2,60
Mining	1,97	2,25
Other	24,82	21,60
	<u>100,00</u>	<u>100,00</u>

Leased equipment allocation of finance lease receivables is as follows:

	31 December 2009	31 December 2008
	%	%
Machinery and Equipment	25,62	22,67
Real Estate	19,16	14,29
Building and Construction Machinery	13,21	15,54
Medical Equipment	6,19	7,05
Road Transportation Equipments	5,41	7,01
Textile Machinery	5,24	6,26
Electronic Optical Instruments	5,20	6,17
Office Equipments	4,04	6,31
Sea Transport Vessels	4,92	3,22
Printing Machinery	3,40	3,62
Tourism Equipment	2,86	2,97
Air Transportation Equipments	1,10	1,02
Other	3,65	3,87
	<u>100,00</u>	<u>100,00</u>

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

#### (1) 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 2009</u>	Related party	Third party	Related party	Third party				
Maximum net credit risk as of balance sheet date (*)	58.886	769.830	13.366	129.533	363.754	139	18.086	3.275
- The part of maximum is under guarantee with collateral etc.	-	153.393	-	1.515	-	-	-	-
A. Carrying value of financial assets that not past due nor impaired	58.886	514.712	13.366	129.160	363.754	139	18.086	3.275
- The part of maximum risk under guarantee with collateral etc.	-	80.893	-	-	-	-	-	-
B. Net book value of financial assets that terms are reassessed, if not accepted as past due or impaired	-	-	-	266	-	-	-	-
C. Carrying value of financial assets that past due not impaired	-	188.305	-	-	-	-	-	-
-The part under guarantee with collateral etc.	-	59.644	-	-	-	-	-	-
D. Net book value of impaired assets	-	66.813	-	107	-	-	-	-
- Past due ( gross carrying value )	-	77.110	-	3.078	-	-	-	-
- Impairment ( - )	-	(30.872)	-	(2.971)	-	-	-	-
- The part of net value under guarantee with collateral etc. (**)	-	12.856	-	1.515	-	-	-	-
- Not past due ( gross carrying value )	-	29.332	-	-	-	-	-	-
- Impairment ( - )	-	(8.757)	-	-	-	-	-	-
- 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)

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

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

	Receivables				Deposits	Fair value through profit/loss financial instruments	Available for sale financial assets	Insurance receivables
	Lease Receivables		Factoring Receivables					
<u>31 December 2008</u>	Related party	Third party	Related party	Third party				
Maximum net credit risk as of balance sheet date (*)	74.817	888.510	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.

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

Finance Lease Receivables	31 December 2009 %	31 December 2008 %
Internal rating results:		
A+ (Perfect)	2,99	6,88
A (Very good)	3,43	3,96
A- (Good)	6,99	9,17
B+ (Satisfactory)	15,05	15,76
B (Close Monitoring)	13,22	13,07
B- (Insufficient)	21,41	11,15
C+ (Doubtful)	4,79	4,58
C (Loss)	5,38	2,79
Not rated	26,74	32,64
<b>Total</b>	<b>100,00</b>	<b>100,00</b>

Maturities of past-due receivables are as follows:

31 December 2009	Receivables		Deposits	Derivative Instruments	Other	Total
	Leasing Receivables	Factoring Receivables				
Past due by 1-30 days	6.842	-	-	-	-	6.842
Past due by 1-2 months	5.004	-	-	-	-	5.004
Past due by 2-3 months	3.309	-	-	-	-	3.309
Past due by 3-5 months	5.944	-	-	-	-	5.944
Total past due receivables	21.099	-	-	-	-	21.099
The part that is not past dues	167.206	-	-	-	-	167.206
Total	188.305	-	-	-	-	188.305
Part under guarantee with collateral etc.(-)	59.644	-	-	-	-	59.644

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

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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 2009		31 December 2008	
	Nominal Value	Fair Value(*)	Nominal Value	Fair Value(*)
Other Mortgages	627.302	145.071	627.571	162.960
Ship mortgage	3.764	3.302	-	-
Guarantors	4.185	437	8.058	1.486
Cash blockages	10.230	2.435	13.147	4.723
Letters of guarantee	5.525	3.663	10.428	6.001
	<u>651.006</u>	<u>154.908</u>	<u>659.204</u>	<u>175.170</u>

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

#### (i) Liquidity risk management

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

#### Liquidity risk table

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

31 December 2009

<u>Maturities based on agreement</u>	Book Value	Cash outflow according to contract (I+II+III+IV)	Less than	3-12 month	1-5 year	More than 5
			3 month (I)	(II)	(III)	year (IV)
<b>Non-derivative Financial Assets:</b>						
Banks	363.754	365.812	365.812	-	-	-
Financial assets at fair value through profit and loss:						
Finance lease receivables (*)	139	139	139	-	-	-
Factoring receivables	813.357	955.509	152.331	246.920	534.540	21.718
Insurance premium receivables	142.899	142.899	104.586	38.313	-	-
Total Assets	3.275	3.275	3.275	-	-	-
	<u>1.323.424</u>	<u>1.467.634</u>	<u>626.143</u>	<u>285.233</u>	<u>534.540</u>	<u>21.718</u>
<b>Non-derivative Financial Liabilities</b>						
Funds borrowed	1.007.798	1.027.857	429.271	480.300	118.286	-
Sundry creditors and other liabilities	22.048	22.048	16.603	5.183	262	-
Total liabilities	<u>1.029.846</u>	<u>1.049.905</u>	<u>445.874</u>	<u>485.483</u>	<u>118.548</u>	<u>-</u>

The Group makes payments based on contractual 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.



# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

31 December 2008

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

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

31 December 2009

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

31 December 2008

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

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

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

31 December 2009	Financial assets held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Book value	Fair value	Note
<u>Financial Assets</u>								
Banks	-	363.754	-	-	-	363.754	363.754	5
Fair value through profit and loss financial assets								
-Financial assets held for trading	139	-	-	-	-	139	139	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease receivables	-	-	828.716	-	-	828.716	909.058	8
Factoring receivables and non-performing factoring receivables	-	-	142.899	-	-	142.899	142.899	7
Insurance premium receivables	-	-	3.275	-	-	3.275	3.275	15
Available for sale financial assets	-	-	-	18.086	-	18.086	18.086	6
<u>Financial liabilities</u>								
Sundry creditors	-	-	-	-	12.524	12.524	12.524	17
Funds borrowed	-	-	-	-	1.007.798	1.007.798	1.014.494	16

# İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

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

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

Fair Value Level as of 31 December 2009

Financial Instruments	<u>31 December 2009</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets at fair value through profit and loss				
Forward fair value differences	-	-	-	-
- Mutual fund	139	139	-	-
Assets held for sale				
Equity securities (*)	18.086	17.722	-	-
Total	<u>18.225</u>	<u>17.861</u>	-	-

(\*) As of 31 December 2009, not publicly traded shares amounting to TRY 364 thousand have been valued at cost

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

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

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

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

Fair Value Level as of 31 December 2008

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

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

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

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

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