(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1)

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements
As at and for the six-month ended
30 June 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

31 July 2013

This report includes 1 page of “Independent Auditors’ Review Report’’ and 76 pages of interim financial information together with their explanatory notes.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONTENTS PAGE

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

Convenience Translation of the Independent Auditors' Review Report Originally Prepared and Issued in Turkish (See *Note 2.1*)

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of İş Finansal Kiralama Anonim Şirketi

We have reviewed the consolidated balance sheet of İş Finansal Kiralama Anonim Şirketi and its subsidiary (together "the Group") as at 30 June 2013 and the related consolidated statements of income, cash flows, and changes in equity ("consolidated financial statements") for the six-month period then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility, as independent auditors, is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the accounting rules, policies and auditing standards set out by the Banking Law numbered 5411. These regulations require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing the financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the consolidated financial position of İş Finansal Kiralama Anonim Şirketi and its subsidiary as at 30 June 2013, and of the consolidated results of its operations and its consolidated cash flows for the six-month period then ended in accordance with the communiqués, disclosures and directives promulgated by the Banking Regulation and Supervision Agency on accounting and financial reporting principles (see *Note 2*).

Istanbul, 31 July 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

Orhan Akova, Certified Public Accountant
Partner

Additional paragraph for convenience translation to English

As explained in Section *Note 2.1*, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013
(STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	BALANCE SHEET – ASSETS		**Reviewed Current Period 30 June 2013**			**Audited Prior Period 31 December 2012**		
		Notes	**TRY**	**FC**	**TOTAL**	**TRY**	**FC**	**TOTAL**
I.	**CASH**		-	-	-	-	-	-
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)**	**4**	**661**	**1.179**	**1.840**	**1.631**	**7.092**	**8.723**
2.1	Financial Assets Held for Trading		661	-	661	1.631	-	1.631
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	1.179	1.179	-	7.092	7.092
III.	**BANKS**	**5**	**28.964**	**173.463**	**202.427**	**198.284**	**118.870**	**317.154**
IV.	**RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS AVAILABLE FOR SALE (Net)**	**6**	**26.652**	**-**	**26.652**	**25.595**	**-**	**25.595**
VI.	**FACTORING RECEIVABLES**	**7**	**724.674**	**73.308**	**797.982**	**987.008**	**27.936**	**1.014.944**
6.1	Discounted Factoring Receivables		205.519	-	205.519	274.184	-	274.184
6.1.1	Domestic		209.001	-	209.001	278.954	-	278.954
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		(3.482)	-	(3.482)	(4.770)	-	(4.770)
6.2	Other Factoring Receivables		519.155	73.308	592.463	712.824	27.936	740.760
6.2.1	Domestic		519.155	-	519.155	712.824	-	712.824
6.2.2	Foreign		-	73.308	73.308	-	27.936	27.936
VII.	**FINANCING LOANS**		-	-	-	-	-	-
7.1	Retail Loans		-	-	-	-	-	-
7.2	Credit Loans		-	-	-	-	-	-
7.3	Instalment Commercial Loans		-	-	-	-	-	-
VIII.	**LEASE RECEIVABLES**	**8**	**324.079**	**1.269.375**	**1.593.454**	**274.660**	**1.072.257**	**1.346.917**
8.1	Lease Receivables		312.703	1.216.439	1.529.142	272.117	1.056.067	1.328.184
8.1.1	Finance Lease Receivables		380.809	1.386.662	1.767.471	335.914	1.217.243	1.553.157
8.1.2	Operational Lease Receivables		-	-	-	-	-	-
8.1.3	Other		-	-	-	-	-	-
8.1.4	Unearned Income (-)		(68.106)	(170.223)	(238.329)	(63.797)	(161.176)	(224.973)
8.2	Leasing Contracts in Progress		7.047	24.646	31.693	1.683	8.622	10.305
8.3	Advances Given for Lease Transactions		4.329	28.290	32.619	860	7.568	8.428
IX.	**NON-PERFORMING RECEIVABLES**	**7, 8**	**45.518**	**3.449**	**48.967**	**37.343**	**6.378**	**43.721**
9.1	Non-Performing Factoring Receivables		12.561	-	12.561	10.902	-	10.902
9.2	Non-Performing Financing Loans		-	-	-	-	-	-
9.3	Non-Performing Lease Receivables		94.773	15.928	110.701	76.769	24.918	101.687
9.4	Specific Provisions (-)		(61.816)	(12.479)	(74.295)	(50.328)	(18.540)	(68.868)
X.	**DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT**		-	-	-	-	-	-
10.1	Fair Value Hedges		-	-	-	-	-	-
10.2	Cash Flow Hedges		-	-	-	-	-	-
10.3	Net Foreign Investment Hedges		-	-	-	-	-	-
XI.	**INVESTMENTS HELD TO MATURITY (Net)**		-	-	-	-	-	-
XII.	**INVESTMENT IN SUBSIDIARIES (Net)**		-	-	-	-	-	-
XIII.	**INVESTMENT IN ASSOCIATES (Net)**		-	-	-	-	-	-
XIV.	**INVESTMENT IN JOINT VENTURES (Net)**		-	-	-	-	-	-
XV.	**TANGIBLE ASSETS (Net)**	**10**	**1.874**	**-**	**1.874**	**1.344**	**-**	**1.344**
XVI.	**INTANGIBLE ASSETS (Net)**		**845**	**-**	**845**	**870**	**-**	**870**
16.1	Goodwill	**12**	166	-	166	166	-	166
16.2	Other Intangibles	**11**	679	-	679	704	-	704
XVII.	**DEFERRED TAX ASSETS**	**13**	**47.615**	**-**	**47.615**	**51.370**	**-**	**51.370**
XVIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	**14**	**1.446**	**-**	**1.446**	**248**	**-**	**248**
18.1	Assets Held For Sale		1.446	-	1.446	248	-	248
18.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIX.	**OTHER ASSETS**	**15**	**7.155**	**2.067**	**9.222**	**6.933**	**2.503**	**9.436**
	TOTAL ASSETS		**1.209.483**	**1.522.841**	**2.732.324**	**1.585.286**	**1.235.036**	**2.820.322**

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013
(STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	BALANCE SHEET - LIABILITIES		Reviewed Current Period 30 June 2013			Audited Prior Period 31 December 2012		
		Notes	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	**4**	**-**	**35.512**	**35.512**	**-**	**7.089**	**7.089**
II.	**FUNDS BORROWED**	**16**	**925.793**	**913.752**	**1.839.545**	**1.192.117**	**870.259**	**2.062.376**
III.	**FACTORING PAYABLES**		-	-	-	-	-	-
IV.	**LEASE OBLIGATIONS**	**18**	-	-	-	-	-	-
4.1	Finance Lease Obligations		-	-	-	-	-	-
4.2	Operational Lease Obligations		-	-	-	-	-	-
4.3	Other		-	-	-	-	-	-
4.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
V.	**DEBT SECURITIES ISSUED (Net)**	**19**	**201.686**	**-**	**201.686**	**151.005**	**-**	**151.005**
5.1	Bills		-	-	-	-	-	-
5.2	Asset-Backed Securities		-	-	-	-	-	-
5.3	Bonds		201.686	-	201.686	151.005	-	151.005
VI.	**MISCELLANEOUS PAYABLES**	**17**	**7.317**	**17.016**	**24.333**	**4.063**	**10.741**	**14.804**
VII.	**OTHER LIABILITIES**	**17**	**6.523**	**25.456**	**31.979**	**2.560**	**5.881**	**8.441**
VIII.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT**		-	-	-	-	-	-
8.1	Fair Value Hedges		-	-	-	-	-	-
8.2	Cash Flow Hedges		-	-	-	-	-	-
8.3	Net Foreign Investment Hedges		-	-	-	-	-	-
IX.	**TAXES AND DUTIES PAYABLE**	**20**	**2.511**	**-**	**2.511**	**4.551**	**-**	**4.551**
X.	**PROVISIONS**		**4.949**	**2.068**	**7.017**	**4.142**	**2.116**	**6.258**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserves For Employee Benefits	22	3.343	-	3.343	3.228	-	3.228
10.3	Other Provisions	21	1.606	2.068	3.674	914	2.116	3.030
XI.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XII.	**PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS**		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	**SUBORDINATED LOANS**		-	-	-	-	-	-
XIV.	**SHAREHOLDERS' EQUITY**		**589.741**	**-**	**589.741**	**565.798**	**-**	**565.798**
14.1	Paid-in Capital	24	424.365	-	424.365	389.000	-	389.000
14.2	Capital Reserves	24	8.935	-	8.935	10.082	-	10.082
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Securities Value Increase Fund		6.997	-	6.997	8.144	-	8.144
14.2.4	Revaluation Surplus on Tangible and Intangible Assets		-	-	-	-	-	-
14.2.5	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities		1.938	-	1.938	1.938	-	1.938
14.2.6	Hedging Reserves (Effective Portion)		-	-	-	-	-	-
14.2.7	Revaluation Surplus on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
14.2.8	Other Capital Reserves		-	-	-	-	-	-
14.3	Profit Reserves	25	99.571	-	99.571	112.907	-	112.907
14.3.1	Legal Reserves		21.291	-	21.291	19.251	-	19.251
14.3.2	Statutory Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		78.280	-	78.280	93.656	-	93.656
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		42.456	-	42.456	40.805	-	40.805
14.4.1	Prior Periods Profit/Loss	26	18.775	-	18.775	-	-	-
14.4.2	Current Period Profit/Loss		23.681	-	23.681	40.805	-	40.805
14.5	Non-Controlling Interests	23	14.414	-	14.414	13.004	-	13.004
	TOTAL LIABILITIES AND EQUITY		**1.738.520**	**993.804**	**2.732.324**	**1.924.236**	**896.086**	**2.820.322**

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS AT 30 JUNE 2013

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	OFF-BALANCE SHEET ITEMS		Reviewed Current Period 30 June 2013			Audited Prior Period 31 December 2012		
		Notes	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	**IRREVOCABLE FACTORING TRANSACTIONS**		**30.106**	**13.264**	**43.370**	**69.042**	**18.083**	**87.125**
II.	**REVOCABLE FACTORING TRANSACTIONS**		**85.143**	**40.239**	**125.382**	**40.259**	**12.680**	**52.939**
III.	**COLLATERALS RECEIVED**	**39**	**399.429**	**200.474**	**599.903**	**405.987**	**155.077**	**561.064**
IV.	**COLLATERALS GIVEN**	**27**	**2.826**	**-**	**2.826**	**2.815**	**-**	**2.815**
V.	**COMMITMENTS**		**26.604**	**200.543**	**227.147**	**6.311**	**41.408**	**47.719**
5.1	Irrevocable Commitments		-	111.030	111.030	1.000	12.187	13.187
5.2	Revocable Commitments		26.604	89.513	116.117	5.311	29.221	34.532
5.2.1	Lease Commitments		26.604	89.513	116.117	5.311	29.221	34.532
5.2.1.1	Finance Lease Commitments		26.604	89.513	116.117	5.311	29.221	34.532
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**502.711**	**576.206**	**1.078.917**	**311.121**	**306.400**	**617.521**
6.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading	27	502.711	576.206	1.078.917	311.121	306.400	617.521
6.2.1	Forward Foreign Currency Purchases/Sales		235	251	486	1.960	1.929	3.889
6.2.2	Swap Purchases/Sales	27	502.476	575.955	1.078.431	309.161	304.471	613.632
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	**ITEMS HELD IN CUSTODY**		**152.051**	**25.754**	**177.805**	**138.511**	**25.838**	**164.349**
	TOTAL OFF-BALANCE SHEET ITEMS		**1.198.870**	**1.056.480**	**2.255.350**	**974.046**	**559.486**	**1.533.532**

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	INCOME STATEMENT	Notes	Reviewed Current Period 01.01- 30.06.2013	Not Reviewed Current Period 01.04- 30.06.2013	Reviewed Prior Period 01.01- 30.06.2012	Not Reviewed Prior Period 01.04- 30.06.2012
I.	**OPERATING INCOME**	**30**	**84.565**	**42.590**	**73.312**	**37.821**
	FACTORING INCOME		**27.924**	**13.779**	**23.443**	**12.379**
1.1	Factoring Interest Income		25.252	11.979	22.190	11.713
1.1.1	Discounted		9.377	4.345	9.767	4.904
1.1.2	Other		15.875	7.634	12.423	6.809
1.2	Factoring Commission Income		2.672	1.800	1.253	666
1.2.1	Discounted		648	307	466	290
1.2.2	Other		2.024	1.493	787	376
	INCOME FROM FINANCING LOANS		-	-	-	-
1.1	Interest Income From Financing Loans		-	-	-	-
1.2	Commission Income From Financing Loans		-	-	-	-
	LEASE INCOME		**56.641**	**28.811**	**49.869**	**25.442**
1.1	Finance Lease Income		56.641	28.811	49.869	25.442
1.2	Operational Lease Income		-	-	-	-
1.3	Fees and Commission Income on Lease Operations		-	-	-	-
II.	**OPERATING EXPENSES (-)**	**31**	**(14.255)**	**(7.763)**	**(12.222)**	**(6.220)**
2.1	Personal Expenses		(8.212)	(4.324)	(7.576)	(3.700)
2.2	Employee Severance Indemnity Expense	22	(268)	(117)	(227)	(161)
2.3	Research and Development Expense		-	-	-	-
2.4	General Administration Expense		(5.775)	(3.322)	(4.419)	(2.359)
2.5	Other		-	-	-	-
III.	**OTHER OPERATING INCOME**	**32**	**48.026**	**34.059**	**42.942**	**19.464**
3.1	Interest Income on Bank Deposits		6.225	1.856	5.200	2.006
3.2	Interest Income on Reverse Repurchase Agreements		-	-	-	-
3.3	Interest Income on Securities Portfolio		55	19	778	276
3.3.1	Interest Income on Financial Assets Held for Trading		55	19	778	276
3.3.2	Interest Income on Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
3.3.3	Interest Income on Financial Assets Available For Sale		-	-	-	-
3.3.4	Interest Income on Financial Assets Held to Maturity		-	-	-	-
3.4	Dividend Income		2.454	2.333	2.222	2.178
3.5	Trading Account Income		6.970	1.661	30.007	12.635
3.5.1	Income From Derivative Financial Instruments		6.970	1.661	30.007	12.635
3.5.2	Other		-	-	-	-
3.6	Foreign Exchange Gains		28.867	26.586	-	-
3.7	Others		3.455	1.604	4.735	2.369
IV.	**FINANCIAL EXPENSES (-)**	**33**	**(46.162)**	**(22.611)**	**(48.441)**	**(25.000)**
4.1	Interest Expense on Funds Borrowed		(38.780)	(18.423)	(39.017)	(19.180)
4.2	Interest Expense on Factoring Payables		-	-	-	-
4.3	Interest Expense of Finance Leases		-	-	-	-
4.4	Interest Expense on Securities Issued		(6.136)	(3.553)	(8.172)	(5.120)
4.5	Other Interest Expenses		-	-	-	-
4.6	Fees and Commissions Paid		(1.246)	(635)	(1.252)	(700)
V.	**PROVISION FOR LOSSES ON NON-PERFORMING RECEIVABLES (-)**	**34**	**(5.897)**	**(4.296)**	**(8.626)**	**(3.000)**
VI.	**OTHER OPERATING EXPENSES (-)**	**35**	**(35.829)**	**(30.005)**	**(18.569)**	**(2.352)**
6.1	Impairment Losses on Securities Portfolio		-	-	(51)	(3)
6.1.1	Impairment Losses on Financial Assets at Fair Value Through Profit or Loss		-	-	(51)	(3)
6.1.2	Impairment Losses on Financial Assets Available For Sale		-	-	-	-
6.1.3	Impairment Losses on Financial Assets Held to Maturity		-	-	-	-
6.2	Impairment Losses on Non-Current Assets		-	-	-	-
6.2.1	Impairment Losses on Tangible Assets		-	-	-	-
6.2.2	Impairment Losses on Assets Held for Sale and Discontinued Operations		-	-	-	-
6.2.3	Impairment Losses on Goodwill		-	-	-	-
6.2.4	Impairment Losses on Other Intangible Assets		-	-	-	-
6.2.5	Impairment Losses on Subsidiaries, Associates and Joint Ventures		-	-	-	-
6.3	Losses From Derivative Financial Instruments		(34.078)	(29.419)	(7.007)	(7.005)
6.4	Foreign Exchange Losses		-	-	(7.352)	5.151
6.5	Other		(1.751)	(586)	(4.159)	(495)
VII.	**NET OPERATING PROFIT / LOSS**		**30.448**	**11.974**	**28.396**	**20.713**
VIII.	**INCOME RESULTED FROM MERGES**		-	-	-	-
IX.	**GAIN/LOSS ON NET MONETARY POSITION**		-	-	-	-
X.	**PROFIT FROM CONTINUING OPERATIONS BEFORE TAX**		**30.448**	**11.974**	**28.396**	**20.713**
XI.	**INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)**	**36**	**(5.266)**	**(1.659)**	**(7.863)**	**(3.524)**
11.1	Current Tax Charge		(1.511)	(655)	10.408	11.386
11.2	Deferred Tax Charge (-)		(3.755)	(1.004)	(18.271)	(14.910)
11.3	Deferred Tax Benefit (+)		-	-	-	-
XII.	**NET PROFIT FROM CONTINUING OPERATIONS**		**25.182**	**10.315**	**20.533**	**17.189**
XIII.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-	-	-
13.1	Income from Assets Held for Sale		-	-	-	-
13.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
13.3	Other Income from Discontinued Operations		-	-	-	-
XIV.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-	-	-
14.1	Expense on Assets Held for Sale		-	-	-	-
14.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
14.3	Other Expenses from Discontinued Operations		-	-	-	-
XV.	**PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX**		-	-	-	-
XVI.	**INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)**		-	-	-	-
16.1	Current Tax Charge		-	-	-	-
16.2	Deferred Tax Charge (-)		-	-	-	-
16.3	Deferred Tax Benefit (+)		-	-	-	-
XVII.	**NET PROFIT FROM DISCONTINUED OPERATIONS**		-	-	-	-
XVIII.	**NON-CONTROLLING INTEREST (INCOME) / EXPENSE**	**23**	**(1.501)**	**(701)**	**21**	**(979)**
XIX.	**NET PROFIT FOR THE PERIOD**		**23.681**	**9.614**	**20.554**	**16.210**
	Earnings Per Share	**37**	0,06	0,02	0,05	0,04

The accompanying notes are an integral part of these consolidated financial statements.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	PROFIT/LOSS ITEMS RECOGNISED DIRECTLY IN EQUITY	Reviewed Current Period 30 June 2013	Reviewed Current Period 30 June 2012
I.	**ADDITIONS TO MARKETABLE SECURITIES VALUE INCREASE FUND FROM AVAILABLE FOR SALE FINANCIAL ASSETS**	**(1.147)**	**2.423**
1.1	Change in the Fair Value of the Financial Assets Available For Sale, Net	(1.147)	2.423
1.2	Change in the Fair Value of the Financial Assets Available For Sale, Net (Transfer to Profit/Loss)	-	-
II.	**REVALUATION SURPLUS ON TANGIBLE ASSETS**	-	-
III.	**REVALUATION SURPLUS ON INTANGIBLE ASSETS**	-	-
IV.	**FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS**	-	-
V.	**PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS FOR CASH FLOW HEDGES**	-	-
5.1	Profit/Loss on Derivative Financial Assets for Cash Flow Hedges (Effective Portion of the Changes in Fair Value)	-	-
5.2	The Portion of Derivative Financial Assets Held for Cash Flow Hedges Reclassified in and Transferred to Income Statement	-	-
VI.	**PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR NET FOREIGN INVESTMENT HEDGES**	-	-
6.1	Profit/Loss from Derivative Financial Assets for Net Investment Hedges (Effective Portion of Fair Value Differences)	-	-
6.2	The Portion of Derivative Financial Assets Held for Net Foreign Investment Hedges Reclassified in and Transferred to Income Statement	-	-
VII.	**EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN THE ACCOUNTING POLICIES**	-	-
VIII.	**OTHER INCOME AND EXPENSES RECOGNISED UNDER EQUITY IN ACCORDANCE WITH TAS**	-	-
IX.	**DEFERRED TAXES ON REVALUATION DIFFERENCES**	-	-
X.	**NET PROFIT/LOSS RECOGNIZED DIRECTLY IN EQUITY (I+II+…+IX)**	**(1.147)**	**2.423**
XI.	**PROFIT/LOSS FOR THE PERIOD**	23.681	20.554
XII.	**TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD**	**22.534**	**22.977**

The accompanying notes are an integral part of these consolidated financial statements.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

	CHANGES IN EQUITY	Notes	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value Changes Of Marketable Securities	Revaluation Reserve on Tangible and Intangible Assets	Bonus Shares Obtained From Subs., Assoc., and Jointly Contr. Ent.	Hedge Reserves (Effective Portion)	Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Shareholders' Equity Before Non-Controlling Interests	Non-Controlling Interest	Total Equity
	Prior Period (01.01 – 30.06.2012) (Reviewed))																			
I.	**Balance at the Beginning of the Period (31.12.2011)**		**339.000**	**-**	**-**	**-**	**16.627**	**-**	**94.241**	**-**	**52.473**	**(434)**	**4.639**	**-**	**1.938**	**-**	**-**	**508.484**	**11.534**	**520.018**
II.	**Correction Made According to TAS 8**																			
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**339.000**	**-**	**-**	**-**	**16.627**	**-**	**94.241**	**-**	**52.473**	**(434)**	**4.639**	**-**	**1.938**	**-**	**-**	**508.484**	**11.534**	**520.018**
	Changes During the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**Increase/Decrease Due to Merges**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Hedge Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2	Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Fair Value Changes on Securities**	24	-	-	-	-	-	-	-	-	-	-	**2.423**	-	-	-	-	**2.423**	**309**	**2.732**
VII.	**Revaluation Surplus on Tangible Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Bonus Shares of Associates, Subsidiaries and Joint-Ventures**	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Translation Differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes Resulted from Disposal of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Changes Resulted from Reclassification of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital Increase**	24	**50.000**	-	-	-	-	-	**(34.935)**	**(15.065)**	-	-	-	-	-	-	-	-	-	-
XIII.	**Issuances of Share Certificates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Paid-in-Capital Inflation Adjustment**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	**Profit for the Period**		-	-	-	-	-	-	-	-	**20.554**	-	-	-	-	-	-	**20.554**	**(21)**	**20.533**
XVIII.	**Profit Distribution**		-	-	-	-	**2.624**	-	**34.350**	**15.065**	**(52.473)**	**434**	-	-	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfer to Reserves		-	-	-	-	2.624	-	34.350	15.065	(52.473)	434	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (30.06.2012)		**389.000**	**-**	**-**	**-**	**19.251**	**-**	**93.656**	**-**	**20.554**	**-**	**7.062**	**-**	**1.938**	**-**	**-**	**531.461**	**11.822**	**543.283**
	Current Period 01.01 – 30.06.2013) (Reviewed))																			
I.	**Balance at the Beginning of the Period (31.12.2012)**		**389.000**	**-**	**-**	**-**	**19.251**	**-**	**93.656**	**-**	**40.805**	**-**	**8.144**	**-**	**1.938**	**-**	**-**	**552.794**	**13.004**	**565.798**
	Changes During the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	**Increase/Decrease Due to Merges**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Hedge Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	Net Foreign Investment Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**Fair Value Changes on Securities**	24	-	-	-	-	-	-	-	-	-	-	**(1.147)**	-	-	-	-	**(1.147)**	**(91)**	**(1.238)**
V.	**Revaluation Surplus on Tangible Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Bonus Shares of Associates, Subsidiaries and Joint-Ventures**	24	-	-	-	-	-	-	**(18.775)**	-	-	**18.775**	-	-	-	-	-	-	-	-
VII.	**Translation Differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Changes Resulted from Disposal of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Changes Resulted from Reclassification of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Capital Increase**	24	**35.365**	-	-	-	-	-	-	**(35.365)**	-	-	-	-	-	-	-	-	-	-
XI.	**Issuances of Share Certificates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital reserves from inflation adjustments to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Profit for the Period**		-	-	-	-	-	-	-	-	**23.681**	-	-	-	-	-	-	**23.681**	**1.501**	**25.182**
XVI.	**Profit Distribution**		-	-	-	-	**2.040**	-	**3.399**	**35.365**	**(40.805)**	-	-	-	-	-	-	**(1)**	-	**(1)**
16.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16.2	Transfer to Reserves		-	-	-	-	**2.040**	-	**3.399**	**35.365**	**(40.805)**	-	-	-	-	-	-	(1)	-	(1)
16.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (30.06.2013)		**424.365**	**-**	**-**	**-**	**21.291**	**-**	**78.280**	**-**	**23.681**	**18.775**	**6.997**	**-**	**1.938**	**-**	**-**	**575.327**	**14.414**	**589.741**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

			Reviewed Current Period	Reviewed Prior Period
		Notes	30 June 2013	30 June 2012
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	**Operating Profit Before Changes İn Operating Assets And Liabilities**		**76.054**	**15.618**
1.1.1	Interests Received/Lease Income		89.458	81.499
1.1.2	Lease Expenses		-	-
1.1.3	Dividends Received		1.160	886
1.1.4	Fees and Commissions Received		2.672	1.253
1.1.5	Other Income		44.497	5.491
1.1.6	Collections from Non-performing Receivables	32	319	1.076
1.1.7	Payments to Personnel and Service Suppliers		(7.400)	(7.244)
1.1.8	Taxes Paid		(2.066)	(3.448)
1.1.9	Others		(52.586)	(63.895)
1.2	**Changes in Operating Assets and Liabilities**		**(238.493)**	**(362.504)**
1.2.1	Net (Increase) Decrease in Factoring Receivables		212.986	(268.155)
1.2.2	Net (Increase) Decrease in Financing Loans		-	-
1.2.3	Net (Increase) Decrease in Lease Receivables		(336.078)	74.759
1.2.4	Net (Increase) Decrease in Other Assets		(28.438)	23.607
1.2.5	Net Increase (Decrease) in Factoring Payables		-	-
1.2.6	Net Increase (Decrease) in Lease Payables		-	-
1.2.7	Net Increase (Decrease) in Funds Borrowed		(146.377)	(202.588)
1.2.8	Net Increase (Decrease) in Due Payables		-	-
1.2.9	Net Increase (Decrease) in Other Liabilities		59.414	9.873
I.	**Net Cash Provided from / (Used in) Operating Activities**		**(162.439)**	**(346.886)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		(1.000)	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3	Purchases of Tangible and Intangible Assets	10, 11	(899)	(97)
2.4	Proceeds From Sale of Tangible and Intangible Assets	10	33	-
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		-	-
2.6	Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7	Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8	Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9	Other		-	-
II.	**Net cash used in investing activities**		**(1.866)**	**(97)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash obtained from funds borrowed and securities issued		(50.000)	150.000
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
III.	**Net Cash Used in Financing Activities**		**50.000**	**150.000**
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**(224)**	**383**
V.	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**(114.529)**	**(196.600)**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	**5**	**316.849**	**309.118**
VII.	**Cash and Cash Equivalents at the End of the Period**	**5**	**202.320**	**112.518**

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. ("the Company") was incorporated on 9 March 1988 to operate in Turkey in accordance with Finance Lease, Factoring and Financing Companies Law No: 6361. The core business of the Company is leasing operations, both domestic and abroad, and it started its leasing operations in July 1988. The head office of the Company is located at İş Kuleleri Kule:1 Kat:6 34330 Levent-İstanbul/Turkey.

The Company has purchased nominal shares of İş Faktoring A.Ş.(*) ("İş Faktoring") amounting to TRY 12.517 in consideration of USD 10.952.375 on 11 August 2004. The Company owns 78,23% of this subsidiary and it has been consolidated in the accompanying financial statements.

(*) The title "İş Faktoring Finansman Hizmetleri A.Ş." has been changed as "İş Faktoring A.Ş."

The Company and its subsidiary run their operations in accordance with "Finance Lease, Factoring and Financing Companies Law" published on the Official Gazette no. 28496 dated 13 December 2012 and "Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies" of Banking Regulation and Supervision Agency ("BRSA").

The ultimate parent of the Company is Türkiye İş Bankası A.Ş.. The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with 28,56% participation. The Company's 42,67% of shares are publicly traded and listed on the Istanbul Stock Exchange.

As at 30 June 2013, the Company and its subsidiary ("the Group") has 150 employees (31 December 2012: 138 employees).

Dividend Payable

As at 30 June 2013, the Company does not have any dividend payable.

Approval of the Financial Statements

The consolidated financial statements as at 30 June 2013 have been approved by the Board of Directors of the Company and authorized for issue as at 31 July 2013. General Assembly and / or legal authorities have the discretion of making changes in the accompanying consolidated financial statements after their issuance.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Accounting Standards Applied

The accompanying consolidated financial statements are prepared in accordance with "Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public" published on the Official Gazette no.26525 dated 17 May 2007 promulgated by BRSA, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the appendices and interpretations promulgated by Turkish Accounting Standards Board ("TASB") and the statements and guidance published by BRSA on accounting and financial reporting principles (together referred as "Reporting Standards").

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Accounting Standards Applied (continued)

The consolidated financial statements have been prepared on the historical cost basis, except for the financial instruments measured at fair value. Determination of historical cost is generally based on the fair value amount paid for the assets.

Additional Paragraph for Convenience Translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

Functional and Reporting Currency

The individual financial statements of each group entities 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 consolidated financial statements of the Group have been adjusted for the effects of inflation in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" until 31 December 2004. By a circular issued on 28 April 2005, BRSA and by a decision taken on 17 March 2005, Capital Markets Board of Turkey ("CMB") declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore. Accordingly, non-monetary assets and liabilities, and components of equity as at 31 December 2012 were adjusted for the effects of inflation that lasted till 31 December 2004 for the items acquired before 31 December 2004 and the items which were acquired after 1 January 2005 were accounted for at their respective nominal amounts.

Comparative Information and Restatement of the 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.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Accounting estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant accounting estimates used are described in the following notes:

Note 3 (b) and (c) – Useful lives of tangible and intangible assets

Note 4 – Financial assets and liabilities at fair value through profit or loss

Note 6 – Financial assets available for sale

Note 7 – Factoring receivables

Note 8 – Lease receivables

Note 13 – Deferred tax assets and liabilities

Note 21 – Provisions

Note 22 – Employee benefits

Note 27 – Commitments and contingencies

Note 39 – Additional information on financial instruments

Basis of Consolidation

The details of the Group's subsidiary as at 30 June 2013 and 31 December 2012 are as follows:

Subsidiary	Establishment and operation location	Shareholding rate %	Voting right rate %	Core business
İş Faktoring	Istanbul	78,23	78,23	Factoring operations

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary on the basis set out in "Subsidiaries" section below. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

As at 30 June 2013 and 31 December 2012, the Company owns 78,23% of İş Faktoring. As the Company has the power to control the operations of the İş Faktoring, the financial statements of İş Faktoring have been fully consolidated in the accompanying consolidated financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Basis of Consolidation (Continued)

(ii) Transactions eliminated on consolidation

Financial statements of İş Faktoring have been fully consolidated in the accompanying financial statements and the investment balance in the Company's statement of financial position have been eliminated against the paid-in capital of İş Faktoring. Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of the subsidiary have been adjusted when necessary to align them with the policies adopted by the Group.

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

(iii) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest in equity since the date of the combination.

Offsetting

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

2.2 Changes in Accounting Policies

Material changes in accounting policies are adjusted retrospectively and prior periods' consolidated financial statements are restated. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current year.

Material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.4 Standards and Interpretations not yet effective as at 30 June 2013

The Group applied all of the relevant and required standards promulgated by TASB as at 30 June 2013.

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 June 2013, and have not been applied in preparing these consolidated financial statements. These standards are as follows;

TFRS 9 – *Financial instruments*

TFRS 9 – *Financial instruments*, is published by Turkish Accounting Standards Board in April 2010 as a part of a wider project that aims to bring new regulations to replace TAS 39 – *Financial Instruments: Recognition and Measurement*.

Developing a new standard for the financial reporting of financial assets that is principle-based and less complex is aimed by this project. The objective of *TFRS 9*, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity's future cash flows. With *TFRS 9* an entity shall classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in TAS 39 on impairment of financial assets and hedge accounting continues to apply.

An entity shall apply TFRS 9 for annually years beginning on or after 1 January 2015. An earlier application is permitted. If an entity adopts this TFRS in its financial statements for a period beginning before 1 January 2012, then prior periods are not needed to be restated.

3. SIGNIFICANT ACCOUNTING POLICIES

a. <u>Revenue</u>

Finance lease income: Initial value of leased assets at the beginning of the leasing period under the numbered 6361 Finance Lease, Factoring and Financing Companies Law No:6361 is recognized as finance lease receivables in the consolidated statement of financial position. Interest income resulting from the difference between the total finance lease receivables and the investment value of the leased assets are recognized in the period in which the relevant receivable portion for each accounting period is distributed over the related period using the fixed interest rate through the leasing period. The interest income not accrued yet is followed up under the account of unearned interest income.

Factoring revenue: Consists of factoring interest and commission income collected or accrued on advances given to the customers.

Factoring commission income is a certain percentage of the total amount of invoices subject to factoring transactions.

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 dividend.

Commissions collected or paid on any transactions are recorded on accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Tangible Assets

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Tangible assets are depreciated over the estimated useful lives of the related assets on a straight-line basis over the cost. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date.

Leasehold improvements are depreciated over their respective lease periods.

The cost of replacing part of an item of tangible assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the profit or loss as incurred.

The estimated useful lives for the current and comparative periods are as follows:

Definition	***Years***
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years

Gains and losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets, and are recognized net within other operating income/expense in the consolidated income statement.

c. Intangible Assets

Intangible assets include computer software, licenses and goodwill. Intangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY units current at the 31 December 2004 less accumulated amortisation and impairment losses and intangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated amortisation and impairment losses. The estimated useful lives, residual values and amortization method of intangible assets other than goodwill are reviewed at each reporting date. Amortization is charged on a straight-line basis over their estimated useful lives. The intangible assets are comprised of computer software and licenses. The useful lives of intangible assets are 5 years.

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 assets. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment of Non-Financial Assets

Assets that have an indefinite useful life, like goodwill, are not subject to amortization, but 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). Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

e. Borrowing Costs

All borrowing costs are recorded in the income statement on accrual basis.

f. Financial Assets Held For Sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated income statement. Gains are not recognized in excess of any cumulative impairment loss.

g. 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 ("HTM")", "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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

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 using effective interest method.

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 cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and presented under the marketable securities 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 marketable securities revaluation reserve is transferred to profit or loss.

Dividends on available-for-sale equity instruments are recognized in the 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 exchange rate valid 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 amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

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 non-performing receivables 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 "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued at 20 July 2007 by BRSA, the Group's specific provision rate allocated for the below finance lease receivables considering their collaterals as at 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.

The Group classifies its overdue finance lease receivables not exceeding 360 days as under the "Non-Performing Receivables" and classifies its finance lease receivables overdue more than 1 year under "Non-Performing Receivables".

In accordance with the above-mentioned Communiqué, specific provision rate allocated for the factoring receivables considering their collaterals are as follows: 20%, at a minimum, for factoring receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for factoring receivables overdue more than 180 days not exceeding 360 days; and 100%, at a minimum, for factoring receivables overdue more than 1 year.

While the Group provides 100% provision for doubtful Factoring receivables which do not have worthy collaterals without considering the time intervals above, the Group provides provision for its other doubtful receivables having possibility of recovery based on the time intervals mentioned 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 also ceases 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each reporting date to determine whether there is any indicator of impairment for financial asset or financial asset group. An entity shall assess at each reporting 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 amortized 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 objectively related 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 the amortized cost that would have been impaired.

Increase in fair value of available for sale equity instruments subsequent to impairment is recognized in directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with maturities of three months or less than three months from date of acquisition and that are readily convertible to cash and are subject to an insignificant risk of changes in 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 and stated at fair value, with any resulting gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

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 effective interest method.

The effective interest method that calculates the amortized cost of a financial liability and allocates 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 currency swap 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 and therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Business Combinations

The acquisitions of subsidiaries are accounted for by 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. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under TFRS 3 "Business Combinations" 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 TFRS 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. When 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 non-controlling shareholders in the acquiree is initially measured at the non-controlling party's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. 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 at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
USD	1,9248	1,7826
Euro	2,5137	2,3517
GBP	2,9292	2,8708
CHF	2,0323	1,9430
100 JPY	1,9400	2,0656

In preparation of 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 reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting 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.

j. Earnings Per Share

Earnings per share presented in the accompanying consolidated income statement is determined by dividing net income by the weighted average number of shares in issue during the year. Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior years' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

In Turkey, companies can increase their share capitals by issue of "Bonus Shares" to their shareholders from their retained earnings. In computing earnings per share, such issues of "Bonus Shares" are treated as issued shares. Accordingly, the retrospective effect for those share issues is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

k. After the Reporting Period

Events after the reporting period means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 "Events After the Balance Sheet Date"; post-balance sheet events that provide additional information about the Group's position at the balance sheet dates (adjusting events) are reflected in the consolidated financial statements. Post- balance sheet events that are not adjusting events are disclosed in the notes when material.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Provisions, Contingent Liabilities and Contingent Assets:

In accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision.

Contingent assets are disclosed in the notes and not recognized unless they are realized.

m. Leases

- Group as Lessor

The Group's accounting policies over finance leases are disclosed in note (g).

- Group as Lessee

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

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position 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 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. Lease incentives received or to be received to enter into an operating lease are also recognized in the profit or loss on a straight-line basis over the lease term.

n. Segment Reporting

The Group has two different operating segments, leasing and Factoring, that is used by management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available (Note 28).

o. Taxes 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 or credit comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Taxes on Income (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, investment incentives, tax credits and deductable temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxes related to fair value measurement of available for sale assets are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realized.

p. Employee Benefits / Reserve for Employee Termination Benefits

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are recognized in the accompanying consolidated financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

In accordance with TAS 19 "Employee Benefits", the Group calculated the employee severance indemnities incurred due to retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the consolidated financial statements. The main estimates used are as follows:

	30 June 2013	31 December 2012
Discount rate	2,12%	2,12%
Expected rate of salary/limit increase	5%	5%
Probability of retirement	100%	100%

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Statement of Cash Flows

The Group presents statement of cash flows as an integral part of its financial statements to inform the users of financial statements about its ability to manage changes in its net assets, its financial structure and the amount and timing of its cash flows under changing conditions.

In the statement of cash flows, the cash flows for the period are reported with a classification of operating, investment and financing activities. Cash flows related with operating activities compose of the cash flows arising from core operations of the Company. Cash flows related with investment activities compose of cash flows that the Group generates from or uses in investment activities (tangible and financial investments). Cash flows related with financing activities represent resources that the Group uses for financing activities and the reimbursements of such resources.

s. 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.

t. Related Parties

In accordance with TAS 24 "Related Party Disclosures" shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying consolidated financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 9).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets held for trading:

As at 30 June 2013 and 31 December 2012, details of financial assets held for trading are as follows:

	30 June 2013		**31 December 2012**	
	TRY	FC	TRY	FC
Debt securities issued by private sector	-	-	1.617	-
Mutual funds	661	-	14	-
	661	**-**	**1.631**	**-**

The Group has investments in Türkiye İş Bankası A.Ş mutual funds amounting to TRY 661 (31 December 2012: TRY 14).

Derivative Financial Assets and Liabilities Held For Trading:

Derivative financial instruments are measured at their fair values. Favorable fair value changes of derivative financial instruments are recognized under derivative financial assets held for trading and unfavorable fair value changes of derivative financial instruments are recognized under derivative financial liabilities held for trading.

	30 June 2013		**31 December 2012**	
	TRY	FC	TRY	FC
Derivative Financial Assets				
Forwards	-	-	-	21
Swaps	-	1.179	-	7.071
	-	**1.179**	**-**	**7.092**

	30 June 2013		**31 December 2012**	
	TRY	FC	TRY	FC
Derivative Financial Liabilities				
Forwards	-	17	-	7
Swaps	-	35.495	-	7.082
	-	**35.512**	**-**	**7.089**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

5. BANKS

As at 30 June 2013 and 31 December 2012, the details of the banks are as follows:

	30 June 2013		**31 December 2012**	
	TRY	FC	TRY	FC
Demand Deposits	5.470	10.080	695	5.355
Time Deposits	23.429	163.341	197.328	113.471
Interest Accrual	65	42	261	44
	28.964	**173.463**	**198.284**	**118.870**

The details of the time deposits as at 30 June 2013 are as follows:

Currency	Interest Rate %	Maturity	**30 June 2013**
TRY	3,50-7,00	01.07.2013-19.07.2013	23.494
USD	0,50-3,20	01.07.2013-26.08.2013	62.111
Euro	0,50-2,25	01.07.2013	101.272
			186.877

The details of the time deposits as at 31 December 2012 are as follows:

Currency	Interest Rate (%)	Maturity	**31 December 2012**
TRY	4,00-8,30	02.01.2013-28.01.2013	197.589
USD	0,50-3,35	02.01.2013-08.01.2013	89.276
Euro	0,40-2,60	02.01.2013	24.239
			311.104

As at 30 June 2013, TRY 11.148 portion of total foreign currency deposits (31 December 2012: TRY 16.890) and TRY 28.914 portion of total TRY deposits (31 December 2012: TRY 158.173) consist of accounts at the Company's main shareholder, Türkiye İş Bankası A.Ş.

The reconciliation of carrying value of cash and cash equivalents in the accompanying consolidated balance sheet and the statement of cash flow is as follows:

	30 June 2013	**31 December 2012**
Demand deposits	15.550	6.050
Time deposits (1-3 months) (excluding accrual)	186.770	310.799
Cash and cash equivalents	**202.320**	**316.849**

As at 30 June 2013 and 31 December 2012, there is no blockage on cash and cash equivalents.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

6. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 30 June 2013 and 31 December 2012, details of financial assets available for sale are as follows:

				Ownership Rate (%)		Carrying Amount	
Name of the investment	Core business	Incorporation and location	Voting right (%)	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	22.507	22.957
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	1.801	1.319
Unquoted investments:							
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	4	4
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	38	38
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	302	277
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	10,00	10,00	10,00	2.000	1.000
TOTAL						**26.652**	**25.595**

7. FACTORING RECEIVABLES

As at 30 June 2013 and 31 December 2012, details of factoring receivables are as follows:

	30 June 2013	**31 December 2012**
Short-term factoring receivables (*)		
Domestic factoring receivables (net)	727.439	988.967
Export and import factoring receivables	73.043	27.750
Factoring interest income accrual	982	2.997
Unearned interest income	(3.482)	(4.770)
	797.982	1.014.944
Non-performing factoring receivables (**)	12.561	10.902
Provision for non-performing factoring receivables (**)	(12.561)	(10.902)
	797.982	**1.014.944**

(*) Consists of factoring receivables of the subsidiary, İş Faktoring, which is owned by the Company with the ownership percentage of 78,23%.

(**) Presented under the non-performing receivables in the accompanying consolidated statement of financial position.

Euro 863.992 and TRY 130.190 of factoring receivables have variable rates (31 December 2012: Euro 2.417.083, USD 2.617.254 and TRY 376.288) while Euro 18.294.330, USD 12.985.240, GBP 52.997 and TRY 594.484 of factoring receivables have fixed rates (31 December 2012: 5.176.643, USD 3.035.993 and TRY 610.720).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

7. FACTORING RECEIVABLES (Continued)

As at 30 June 2013, the average interest rates applicable for the factoring receivables are 9.28% for TRY, 5.20% for USD, 5.28% for Euro and 6.00% for GBP (31 December 2012: 8.71% for TRY, 7.17% for USD and 5.16% for Euro).

The details of the factoring receivables based on types of factoring transactions are as follows:

	30 June 2013	31 December 2012
Domestic irrevocable	364.390	636.446
Foreign irrevocable	20.332	8.816
Domestic revocable	360.285	350.562
Foreign revocable	52.975	19.120
	797.982	**1.014.944**

Except for its non-performing receivables for which 100% provision provided, the Group has no overdue factoring receivables as at the reporting date. The carrying amount of the Group's restructured Factoring receivables amounts to TRY 607 (31 December 2012: TRY 87). The Group has contractual securities as collateral for such receivables.

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

Collateral type	30 June 2013	31 December 2012
Letters of guarantee	1.621	854
	1.621	**854**

The aging of non-performing factoring receivables is as follows:

	30 June 2013	31 December 2012
Up to 90 Days	1.651	-
Between 90 – 180 days	314	8.763
Between 180 – 360 days	2.889	-
Over 360 days	7.707	2.139
	12.561	**10.902**

The Group has contractual sureties as collateral for the above non-performing factoring receivables.

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

	1 January- 30 June 2013	1 January- 30 June 2012
Provision at the beginning of the period	(10.902)	(2.603)
Provision set during the period	(1.961)	(5.374)
Collections	302	151
Provision at the end of the period	**(12.561)**	**(7.826)**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

8. LEASE RECEIVABLES

As at 30 June 2013 and 31 December 2012, details of finance lease receivables are as follows:

30 June 2013	Short Term	Long Term	Total
Invoiced finance lease receivables	35.646	-	35.646
Uninvoiced finance lease receivables	589.152	1.142.673	1.731.825
Less: Unearned interest income	(106.862)	(131.467)	(238.329)
Leasing contracts in progress (**)	-	31.693	31.693
Advances given for lease transactions	-	32.619	32.619
Gross finance lease receivables	517.936	1.075.518	1.593.454
Non-performing finance lease receivables (*)	104.734	5.967	110.701
Specific provisions (*)	(58.406)	(3.328)	(61.734)
Net finance lease receivables	**564.264**	**1.078.157**	**1.642.421**

31 December 2012	Short Term	Long Term	Total
Invoiced finance lease receivables	33.704	-	33.704
Uninvoiced finance lease receivables	487.678	1.031.775	1.519.453
Less: Unearned interest income	(98.323)	(126.650)	(224.973)
Leasing contracts in progress (**)	-	10.305	10.305
Advances given for lease transactions	-	8.428	8.428
Gross finance lease receivables	423.059	923.858	1.346.917
Non-performing finance lease receivables (*)	91.470	10.217	101.687
Specific provisions (*)	(52.142)	(5.824)	(57.966)
Net finance lease receivables	**462.387**	**928.251**	**1.390.638**

(*) Presented as non-performing receivables in the accompanying consolidated statement of financial position.

(**) The Group purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contract terms. As at 30 June 2013 and 31 December 2012, leasing contracts in progress balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet.

As at 30 June 2013, analysis of finance lease receivables according to their maturities is as follows:

	2013 (**)	2014	2015	2016	2017	2018 and after	Total
Finance lease receivables (gross) (*)	394.088	531.539	360.723	224.508	154.764	150.816	1.816.438
Unearned interest	(57.750)	(86.410)	(47.802)	(26.224)	(13.495)	(6.648)	(238.329)
Finance lease receivables (net)	**336.338**	**445.129**	**312.921**	**198.284**	**141.269**	**144.168**	**1.578.109**

(*) Leasing contracts in progress and advances given balances are not included in the maturity analysis as they have not been scheduled to payment plans yet.

(**) Non-performing finance lease receivables amounting to TRY 48.967 are presented in 2013 column since their collection dates are not certain.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

8. LEASE RECEIVABLES (Continued)

As at 31 December 2012, analysis of finance lease receivables according to their maturities is as follows:

	2013(**)	2014	2015	2016	2017	2018 and after	Total
Finance lease receivables (gross) (*)	565.103	403.954	266.070	159.745	103.499	98.507	1.596.878
Unearned Interest	(98.323)	(63.131)	(33.730)	(17.605)	(8.551)	(3.633)	(224.973)
Finance lease receivables (net)	**466.780**	**340.823**	**232.340**	**142.140**	**94.948**	**94.874**	**1.371.905**

(*) Leasing contracts in progress and advances given balances are not included in the maturity analysis as they have not been scheduled by the payment plans yet.

(**) Non-performing finance lease receivables amounting to TRY 43.721 are presented in 2013 column since their collection dates are not certain.

As at 30 June 2013, the average compound interest rates applicable for the finance lease receivables are 14.81% for TRY, 6.33% for USD, and 7.03% for Euro (31 December 2012: 16.33% for TRY, 6.81% for USD, and 7.46% for Euro).

As at 30 June 2013, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency (Thousand)	Principal (*) (Net)	Unearned interest in foreign currency (Thousand)	Unearned interest
USD	337.613	649.838	48.529	93.409
Euro	226.777	570.050	30.558	76.814
TRY	-	358.221	-	68.106
Total		**1.578.109**		**238.329**

As at 31 December 2012, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (*) (Net)	Unearned interest in foreign currency	Unearned interest
USD	303.041	540.200	45.514	81.134
Euro	222.071	522.245	34.036	80.042
TRY	-	309.460	-	63.797
Total		**1.371.905**		**224.973**

(*) Leasing contracts in progress and advances given balances are not included in details of finance lease receivables in terms of currency types.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

8. LEASE RECEIVABLES (Continued)

USD 58.973.767 and Euro 23.747.070 portion of the Group's finance lease receivables have variable rates (31 December 2012: 60.332.219 and Euro 26.305.478) while USD 278.639.174, Euro 203.030.318 and TRY 358.221 portion of its finance lease receivables have fixed rates (31 December 2012: USD 242.708.730, Euro 195.765.894 and TRY 309.460).

The collaterals obtained by the Group, except for the leased assets, for its all finance lease receivables, except for non-performing finance lease receivables are as follows; (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table).

Collateral type	30 June 2013	31 December 2012
Mortgages	108.235	91.798
Letters of guarantee	3.371	3.457
Cash blockages	3.364	1.175
Equity securities	2.450	2.450
Guarantors	49	72
	117.469	**98.952**

In addition to collaterals above, the Group also has pledged vehicles amounting to TRY 11.688 and pledged machines amounting to TRY 426 (31 December 2012: pledged vehicles amounting to TRY 11.471, pledged machines amounting to TRY 200).

As at the reporting date, the Group did not record provision for invoiced finance lease receivables overdue less than 150 days classified under the finance lease receivables amounting to TRY 19.558 (31 December 2012: TRY 18.732) since the Group management assessed that there is no deterioration in the collection capacity and therefore these receivables are recoverable. The aging analysis of such receivables is as follows:

	30 June 2013	31 December 2012
Up to 30 days	13.621	11.291
Between 30 – 60 days	3.201	3.087
Between 60 – 90 days	1.911	2.251
Between 90 – 150 days	825	2.103
Total overdue	19.558	18.732
Not due amount	217.944	165.972
	237.502	**184.704**

Details of the collaterals obtained by Group for overdue lease receivables mentioned above are as follows:

Collateral type	30 June 2013	31 December 2012
Mortgages	27.796	26.793
Letters of guarantee	316	115
Cash blockages	168	16
	28.280	**26.924**

In addition to above guarantees, the Group also has pledged vehicles amounting to TRY 1.312 (31 December 2012: pledged vehicles amounting to TRY 1.408).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

8. LEASE RECEIVABLES (Continued)

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that receivable was initially recognized to the reporting date. The Group does not have significant credit risk concentration. The sectoral distribution of the finance lease receivables are given in Note 39.

Starting from 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 Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued by BRSA.

As at 30 June 2013 and 31 December 2012, the aging of non-performing finance lease receivables is as follows:

	30 June 2013	**31 December 2013**
Between 150 – 240 days	1.633	1.853
Between 240 – 360 days	1.976	1.650
Over 360 days	47.983	44.374
Uninvoiced non-performing finance lease receivables	62.116	57.617
Unearned interest of non-performing finance lease receivables	(3.007)	(3.807)
	110.701	**101.687**

Collaterals obtained for non-performing finance lease receivables as at 30 June 2013 and 31 December 2012 are as follows:

Guarantee type:	**30 June 2013**	**31 December 2013**
Mortgages	7.111	8.963
	7.111	**8.963**

In addition to the above collaterals, leased equipments amounting to TRY 38.264 and pledged assets (vehicles) amounting to TRY 344 are considered in the provision calculation (31 December 2012: leased equipments amounting to TRY 31.679 and pledged assets (vehicles) amounting to TRY 334).

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

Movement of specific provisions:	**1 January-30 June 2013**	**1 January-30 June 2012**
Provision at the beginning of the period	(57.966)	(57.527)
Provision set during the period	(3.785)	(3.298)
Collections	17	877
Provision at the end of the period	**(61.734)**	**(59.948)**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. RELATED PARTIES

As at 30 June 2013 and 31 December 2012, details of related party balances are as follows:

	30 June 2013	31 December 2012
Finance lease receivables		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	31.051	30.301
Aras Kargo Yurt İçi Yurt Dışı Taşımacılık A.Ş.	2.641	3.094
Avea İletişim Hizmetleri A.Ş.	2.461	2.559
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	1.666	1.944
Anadolu Cam Sanayii A.Ş.	519	633
Antgıda Gıda Tarım Tur.Ener.ve Dem.Çelik San.ve.Tic.A.Ş.	144	171
Nemtaş Nemrut Liman İşletmeleri A.Ş.	39	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	5
	38.521	**38.707**
Factoring receivables		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	32.530	16.595
Ant Gıda Tarım Turizm Enerji ve Demir Çelik San.Tic. A.Ş.	3.523	6.353
Kültür Yayınları İş-Türk Ltd. Şti.	193	1.142
	36.246	**24.090**
Payables to related parties		
Anadolu Anonim Türk Sigorta Şirketi (Insurance premium)	10.224	7.246
Türkiye İş Bankası A.Ş.	156	47
Aras Kargo Yurtiçi Yurtdışı Taş.A.Ş.	-	5
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	2	31
İş Merkezleri Yönetim ve İşletim A.Ş.	-	175
Avea İletişim Hizmetleri A.Ş.	-	4
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	3
	10.382	**7.511**
Deposits placed to related parties		
Türkiye İş Bankası A.Ş. Time Deposits	24.717	169.024
Türkiye İş Bankası A.Ş. Demand Deposits	15.345	6.039
	40.062	**175.063**
Derivative financial assets held for trading		
Türkiye İş Bankası A.Ş.	322	6.131
	322	**6.131**
Derivative financial liabilities held for trading		
Türkiye İş Bankası A.Ş.	17.038	3.810
	17.038	**3.810**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. RELATED PARTIES (Continued)

As at 30 June 2013 and 31 December 2012, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.Ş.

Currency	Interest Rate %	Maturity	30 June 2013
TRY	7,00-9,30	30.09.2013-15.06.2018	240.196
USD	2,80-6,92	18.07.2013-30.09.2016	215.907
Euro	3,20-4,00	08.07.2013-26.12.2016	96.726
			552.829

Currency	Interest Rate %	Maturity	31 December 2012
TRY	6,40-12,00	07.01.2013-15.06.2018	533.608
USD	3,50-6,92	04.02.2013-30.09.2016	174.032
Euro	3,75-4,50	04.01.2013-26.12.2016	94.597
			802.237

İşbank AG

Currency	Interest Rate %	Maturity	30 June 2013
USD	4,13-4,67	29.05.2013-07.11.2013	17.384
Euro	1,90-4,54	Overdraft-27.12.2013	83.196
			100.580

Currency	Interest Rate %	Maturity	31 December 2012
USD	4,13-4,67	29.05.2013-07.11.2013	9.845
Euro	1,90-4,54	Overdraft-27.12.2013	56.087
			65.932

Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	Interest Rate %	Maturity	30 June 2013
USD	2,52-2,96	15.07.2014-15.06.2017	60.685
Euro	2,24-2,60	15.07.2014-15.06.2017	20.274
			80.959

Currency	Interest Rate %	Maturity	31 December 2012
USD	2,75-3,06	15.07.2014-15.06.2017	63.643
Euro	2,59-2,71	15.07.2014-15.06.2017	20.421
			84.064

Arap Türk Bankası A.Ş.

Currency	Interest Rate %	Maturity	30 June 2012
TL	7,23-7,50	01.07.2013	24.049
			24.049

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. RELATED PARTIES (Continued)

For the periods ended 30 June 2013 and 30 June 2012, finance income and expenses from related parties are as follows:

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Finance lease interest income				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	905	475	996	489
Aras Kargo Yurtiçi Yurtdışı Taş.A.Ş.	233	112	-	-
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	117	56	48	23
Anadolu Cam Sanayii A.Ş.	53	25	21	21
Avea İletişim Hizmetleri A.Ş.	37	17	43	28
Antgıda Gıda Tarım Tur.Ener.ve Dem.Çelik San.ve Tic.A.Ş.	11	5	-	-
Nemtaş Nemrut Liman İşletmeleri A.Ş.	2	2	-	-
Türkiye İş Bankası A.Ş.	-	-	19	15
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	5	-
Other	1	-	21	5
Total	**1.359**	**692**	**1.153**	**581**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Interest income from related parties				
Türkiye İş Bankası A.Ş.	4.143	1.078	230	142
Total	**4.143**	**1.078**	**230**	**142**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Dividend income from related parties				
İş Yatırım Menkul Değerler A.Ş.	2.166	2.166	1.999	1.999
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	232	167	179	179
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	56	-	40	-
Yatırım Finansman Menkul Değerler A.Ş.	-	-	4	-
Total	**2.454**	**2.333**	**2.222**	**2.178**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Finance expense				
Türkiye İş Bankası A.Ş.	9.167	4.102	16.906	5.391
İşbank AG	1.343	390	1.581	755
Türkiye Sınai Kalkınma Bankası A.Ş.	1.253	642	1.389	741
İş Yatırım Menkul Değerler A.Ş.	173	86	346	184
Arap Türk Bankası A.Ş.	34	34	-	-
İş Portföy Yönetimi A.Ş.	-	-	53	11
Total	**11.970**	**5.220**	**20.275**	**7.082**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. RELATED PARTIES (Continued)

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Rent Expense				
Türkiye İş Bankası A.Ş.	1.036	523	344	173
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	564	287
Total	**1.036**	**523**	**908**	**460**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Commission income				
Anadolu Anonim Türk Sigorta Şirketi	1.029	603	1.051	672
Total	**1.029**	**603**	**1.051**	**672**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Factoring commission income from related parties				
Şişe Cam Dış Tic. A.Ş.	55	19	62	36
Kültür Yayınları İş-Türk Ltd.Şti.	3	1	8	1
Total	**58**	**20**	**70**	**37**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Factoring interest income from related parties				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	885	450	20	-
Ant Gıda Tarım Turizm Enerji Ve Demir Çelik San.Tic.A.Ş.	311	127	279	145
Kültür Yayınları İş-Türk Ltd. Şti.	25	4	85	45
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	-	-	23	12
Total	**1.221**	**581**	**407**	**202**

	01.01.2013-30.06.2013	01.04.2013-30.06.2013	01.01.2012-30.06.2012	01.04.2012-30.06.2012
Mutual fund income				
Türkiye İş Bankası A.Ş	6	2	15	7
Total	**6**	**2**	**15**	**7**

Financial assets of related parties in the Group's portfolio are presented in Note 4.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. RELATED PARTIES (Continued)

As at 30 June 2013 and 31 December 2012, nominal values of derivative transactions from related parties are as follows:

	30 June 2013		31 December 2012	
	Purchase	Sale	Purchase	Sale
Forward Transactions	235	251	1.960	1.929
Swap Transactions	257.580	262.474	220.182	214.795
	257.815	**262.725**	**222.142**	**216.724**

As at 30 June 2013 and 31 December 2012, the amount of the Company's issued debt securities (with maturities of 26 February 2014, 10 June 2014 and 03 April 2015) in related parties' portfolio are as follows:

	30 June 2013	31 December 2012
Türkiye Sınai Kalkınma Bankası A.Ş.	27.557	13.698
Türkiye İş Bankası A.Ş.	7.168	7.037
Millî Reasürans T.A.Ş.	5.614	524
İş Portföy Yönetimi A.Ş.	4.677	4.688
İş Yatırım Menkul Değerler A.Ş.	4.556	4.567
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	4.058	1.004
İş Yatırım Menkul Değerler A.Ş.	2.692	2.218
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	181	181
	56.503	**33.917**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

9. RELATED PARTIES (Continued)

For the periods ended 30 June 2013 and 30 June 2012, the remuneration of the key management during year comprised the following:

Key management personnel compensation (*)	**01.01.2013-30.06.2013**	**01.04.2013-30.06.2013**	**01.01.2012-30.06.2012**	**01.04.2012-30.06.2012**
Salaries and other short-term benefits (**)	2.231	958	1.673	759
	2.231	**958**	**1.673**	**759**

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

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

10. TANGIBLE ASSETS

For the periods ended 30 June 2013 and 30 June 2012, movements in tangible assets are as follows:

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Cost					
Opening balance at 1 January 2013	179	2.888	1.867	2.541	7.475
Additions	-	121	-	680	801
Disposals	-	(207)	-	(32)	(239)
Closing balance at 30 June 2013	179	2.802	1.867	3.189	8.037
Accumulated depreciation					
Opening balance at 1 January 2013	(57)	(2.161)	(1.867)	(2.046)	(6.131)
Depreciation for the period	(18)	(124)	-	(96)	(238)
Disposals	-	206	-	-	206
Closing balance at 30 June 2013	(75)	(2.079)	(1.867)	(2.142)	(6.163)
Carrying amounts at 30 June 2013	**104**	**723**	**-**	**1.047**	**1.874**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

10. TANGIBLE ASSETS (Continued)

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Cost					
Opening balance 1 January 2012	179	3.166	1.867	2.107	7.319
Additions	-	22	-	2	24
Disposals	-	-	-	(1)	(1)
Closing balance 30 June 2012	179	3.188	1.867	2.108	7.342
Accumulated depreciation					
Opening balance 1 January 2012	(21)	(2.314)	(1.867)	(2.013)	(6.215)
Depreciation for the period	(18)	(120)	-	(14)	(152)
Disposals	-	-	-	1	1
Closing balance 30 June 2012	(39)	(2.434)	(1.867)	(2.026)	(6.366)
Carrying amounts at 30 June 2012	**140**	**754**	**-**	**82**	**976**

As at 30 June 2013 and 30 June 2012, there is no restriction on the tangible assets of the Group.

11. INTANGIBLE ASSETS

For the periods ended 30 June 2013 and 30 June 2012, movements in intangible assets are as follows:

	30 June 2013	**30 June 2012**
Cost		
Opening balance at 1 January	1.799	1.639
Additions	98	73
Disposals	-	-
Closing balance at the end of the period	**1.897**	**1.712**
Amortization		
Opening balance at 1 January	(1.095)	(847)
Amortization for the period	(123)	(126)
Disposals	-	-
Closing balance at the end of the period	**(1.218)**	**(973)**
Carrying amounts	**679**	**739**

12. GOODWILL

The Company has purchased nominal shares of İş Faktoring amounting to TRY 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TRY 169 on purchased equity of TRY 16.603. As at 30 June 2013, net amount of goodwill is TRY 166 (31 December 2012: TRY 166). Based on TFRS 3, for the annual periods beginning on or after 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

13. DEFERRED TAX ASSETS AND LIABILITIES

As at 30 June 2013 and 31 December 2012, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

Temporary differences subject to deferred tax	30 June 2013	31 December 2012
Investment incentive – without witholding tax	159.504	211.910
Investment incentive – with witholding tax	172.595	169.576
Allowance for doubtful finance lease receivables	53.018	51.288
Valuation differences on financial instruments	34.333	(3)
Unearned Factoring income	3.482	4.770
Reserve for employee benefits	1.953	2.001
Provision for lawsuit	1.399	923
Employee bonus accrual	667	750
Unused Vacation	665	477
BRSA contributions accruals	135	-
Expense accruals	88	-
Prepaid expenses	(89)	(132)
Tax base difference in tangible and intangible assets	(936)	(944)
Finance lease adjustment	(1.257)	(146)
Finance lease income accruals	(16.729)	(15.856)
Other	115	115
	408.943	**424.729**

Deferred tax assets / (liabilities)	30 June 2013	31 December 2012
Investment incentive – without witholding tax	31.901	42.382
Investment incentive – with witholding tax	345	339
Allowance for doubtful finance lease receivables	10.604	10.258
Valuation differences on financial instruments	6.867	(1)
Unearned Factoring income	696	954
Reserve for employee benefits	390	400
Provision for lawsuit	280	185
Unused vacation	133	95
Employee bonus accrual	133	150
BRSA contributions accruals	27	-
Expense accruals	18	-
Prepaid expenses	(18)	(26)
Tax base difference in tangible and intangible assets	(187)	(189)
Finance lease adjustment	(251)	(29)
Finance lease income accruals	(3.346)	(3.171)
Other	23	23
Deferred tax asset	**47.615**	**51.370**

Tax rate used in computation of deferred tax assets and liabilities is 0,2% for "Investment incentives with witholding tax" and 20% for the other items (31 December 2012: 0,2% and 20%).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Investment Incentive:

The statement "limited to 2006, 2007 and 2008 only" in the 69th Article of the Income Tax Law No. 193, which was cancelled by the Constitutional Court decision No. 2009/144 and published in the Official Gazette on 8 January 2010, was re-regulated by the Law No. 6009 Article 5, published in the Official Gazette No. 27659, dated 1 August 2010. This new legislation enabled without any year limitation the continued utilization of investment allowances, which are carried forward due to insufficient current year earnings. However, the amount of investment allowance to be utilised may not exceed 25% of earnings for the year. With this change, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate (20%) instead of the previous rate of 30%. The clause "The amount which to be deducted as investment incentive to estimate tax base cannot exceed 25% of related income" which has been added to first clause of the temporary 69th article of Law No:193 with the 5th article of Law No:6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the decision of the Constitutional Court dated 9 February 2012 no. 2012/9. Subsequent to the decision of the Court, necessary amendments has been made by Revenue Administration Department for the tax payers to utilize investment incentives in their 2011 tax declarations without taking 25% limit into account. The Group may utilise TRY 332.099 (31 December 2012: TRY 381.486) of its unused investment allowances as offset against its future profits. The Group has TRY 32.246 (31 December 2012: TRY 42.721) of deferred tax assets comprising of unused investment allowances, which may be offset against future profits. Partial or whole recoverable amounts of deferred tax asset are estimated based on current conditions. Future profit projections and potential tax planning strategies have been taken into consideration for valuation purposes.

There is no unused tax losses carried forward.

Movements in deferred tax assets/(liabilities) are as follows:

	30 June 2013	**30 June 2012**
Opening balance at 1 January	51.370	72.516
Deferred tax benefit	(3.755)	(18.271)
Closing balance	**47.615**	**54.245**

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 30 June 2013 and 31 December 2012, details of assets held for sale and discontinued operations are as follows:

	30 June 2013		**31 December 2012**	
	TRY	FC	TRY	FC
Assets held for sale (*)	1.446	-	248	-
	1.446	**-**	**248**	**-**

(*) Consists of properties acquired as a result of the legal proceedings in relation to its non-performing receivables.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

15. OTHER ASSETS

As at 30 June 2013 and 31 December 2012, details of other assets are as follows:

	30 June 2013		31 December 2012	
	TRY	FC	TRY	FC
Prepaid Expenses	5.274	-	3.880	-
Insurance receivables	928	1.826	562	1.636
Receivables from sales of tangible assets (*)	-	-	-	740
Advanced Given	-	-	1.501	-
Others	953	241	990	127
	7.155	**2.067**	**6.933**	**2.503**

(*) Receivables from sales of tangible assets consists receivable from sales of fixed assets which is related to uncollected financial lease receivables.

16. FUNDS BORROWED

As at 30 June 2013 and 31 December 2012, details of funds borrowed are as follows:

	30 June 2013		31 December 2012	
	TRY	FC	TRY	FC
Short-term borrowings	742.852	494.918	1.091.985	496.377
Short-term portion of long-term borrowings	33.750	114.086	26.072	109.272
Total short-term borrowings	776.602	609.004	1.118.057	605.649
Long-term borrowings	149.191	304.748	74.060	264.610
Total long-term borrowings	149.191	304.748	74.060	264.610
Total borrowings	**925.793**	**913.752**	**1.192.117**	**870.259**

As at 30 June 2013 and 31 December 2012, maturity analysis of borrowings is as follows:

Maturity analysis of borrowings	**30 June 2013**	**31 December 2012**
Within 1 year	1.385.606	1.723.706
Within 1-2 years	269.356	195.226
Within 2-3 years	135.851	86.030
Within 3-4 years	35.590	46.598
Within 4-5 years	6.218	9.324
5 years and over	6.924	1.492
TOTAL	**1.839.545**	**2.062.376**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

16. FUNDS BORROWED (Continued)

As at 30 June 2013 and 31 December 2012, details of borrowings based on types of currency are as follows:

Currency (*)	Interest rate %	Original Currency Amount	30 June 2013
TRY	6,20-9,00	-	724.160
USD	1,68-6,92	98.495.987	189.586
Euro	1,50-7,12	124.366.017	312.619
GBP	4,50	45.789	134
Interest accruals			11.271
TOTAL			**1.237.770**

Currency (*)	Interest rate %	Original Currency Amount	31 December 2012
TRY	6,00-13,02	-	1.071.595
USD	1,72-6,92	110.422.206	196.839
Euro	1,90-7,12	131.206.602	308.558
Interest accruals			11.370
TOTAL			**1.588.362**

(*) Foreign currency indexed borrowings have been presented in TRY column in the accompanying consolidated statement of financial position.

As at 30 June 2013 and 31 December 2012, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

Currency	Interest rate %	Original Currency Amount	30 June 2013
TRY	7,11-9,30	-	102.257
USD	2,52-6,92	147.916.863	284.710
Euro	1,21-4,41	85.454.990	214.808
TOTAL			**601.775**

Currency	Interest rate %	Original Currency Amount	31 December 2012
TRY	8,77	-	16.408
USD	2,75-6,92	157.059.510	279.974
Euro	1,41-5,04	75.533.315	177.632
TOTAL			**474.014**

As at 30 June 2013 and 31 December 2012, compounded interest rates have been presented.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

16. FUNDS BORROWED (Continued)

As at 30 June 2013 and 31 December 2012 details of borrowings based on types of interest rate are as follows:

	30 June 2013		31 December 2012	
	TRY	FC	TRY	FC
Fixed rate	375.961	674.059	214.098	522.731
Variable rate	549.832	239.693	978.019	347.528
	925.793	**913.752**	**1.192.117**	**870.259**

Fair values of the funds borrowed are presented in Note 39.

As at 30 June 2013, the Group has available TRY 3.987.550 of unused credit lines for which all precedent conditions were met (31 December 2012: TRY 3.157.970).

17. MISCELLANEOUS PAYABLES AND OTHER LIABILITIES

As at 30 June 2013 and 31 December 2012, details of miscellaneous payables are as follows:

	30 June 2013		31 December 2012	
	TRY	FC	TRY	FC
Payables to suppliers for lease transactions	1.461	11.774	131	6.487
Other payables (*)	5.856	5.242	3.932	4.254
	7.317	**17.016**	**4.063**	**10.741**

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

The Group purchases generally 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.

As at 30 June 2013 and 31 December 2012, details of other liabilities are as follows:

	30 June 2013		31 December 2012	
	TRY	FC	TRY	FC
Advances received (*)	6.282	24.711	2.242	5.808
Others	241	745	318	73
	6.523	**25.456**	**2.560**	**5.881**

(*) Advances received consist of 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 OBLIGATIONS

None.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

19. DEBT SECURITIES ISSUED

	30 June 2013		31 December 2012	
	TRY	FC	TRY	FC
Bond issue	200.000	-	150.000	-
Interest accruals	1.686	-	1.005	-
	201.686	-	**151.005**	-

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TRY 100.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 11/T-868 dated 23 February 2012). Issuance of bond was held on 27-28 February 2012. The floating rate quarterly coupon bond have a maturity of 26 February 2014 and the sixth coupon annual compound interest rate of 1,65 % (1st coupon interest rate is 2,58%, 2nd coupon interest rate is 2,63%, 3rd coupon interest rate is 2,25%, 4th coupon interest rate is 1,89%, 5th coupon interest rate is 1,77%).

The date of coupon payments are as follows:

Date of first coupon payment(*)	31 May 2012
Date of second coupon payment(*)	29 August 2012
Date of third coupon payment(*)	28 November 2012
Date of fourth coupon payment(*)	27 February 2013
Date of fifth coupon payment(*)	29 May 2013
Date of sixth coupon payment	28 August 2013
Date of seventh coupon payment	27 November 2013
Date of eighth coupon payment	26 February 2014

(*)The first coupon payment of bond was made on 31 May 2012, the second coupon payment of bond was made on 29 August 2012, the third coupon payment of bond was made on 28 November 2012, the fourth coupon payment of bond was made on 27 February 2013 and the fifth coupon payment of bond was made on 29 May 2013.

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TRY 50.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 45/T-611 dated 05 June 2012). Issuance of bond was held on 12 June 2012. The floating rate quarterly coupon bond have a maturity of 10 June 2014 and the fifth coupon annual compound interest rate of 1,95 % (1st coupon interest rate is 2,58, 2nd coupon interest rate is 2,18, 3rd coupon interest rate is 1,79, 4th coupon interest rate is 1.78).

Date of first coupon payment (*)	11 September 2012
Date of second coupon payment (*)	11 December 2012
Date of third coupon payment(*)	12 March 2013
Date of fourth coupon payment(*)	11 June 2013
Date of fifth coupon payment	10 September 2013
Date of sixth coupon payment	10 December 2013
Date of seventh coupon payment	11 March 2014
Date of eighth coupon payment	10 June 2014

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

19. DEBT SECURITIES ISSUED (Continued)

(*)The first coupon payment of bond was made on 11 September 2012, the second coupon payment of bond was made on 11 December 2012 , the third coupon payment of bond was made on 12 March 2013 and the fourth coupon payment of bond was made on 11 June 2013.

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TRY 50.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 45/T-611 dated 05 June 2012). Issuance of bond was held on 05 April 2013. The floating rate quarterly coupon bond have a maturity of 03 April 2015 and the first coupon annual compound interest rate of 1,92%.

The date of coupon payments are as follows:

Date of first coupon payment	5 July 2013
Date of second coupon payment	4 October 2013
Date of third coupon payment	3 January 2014
Date of fourth coupon payment	4 April 2014
Date of fifth coupon payment	4 July 2014
Date of sixth coupon payment	3 October 2014
Date of seventh coupon payment	2 January 2015
Date of eighth coupon payment	3 April 2015

20. TAXES AND DUTIES PAYABLE

As at 30 June 2013 and 31 December 2012, details of taxes and duties payable are as follows:

	30 June 2013		**31 December 2012**	
	TRY	FC	TRY	FC
Corporate tax provision	656	-	1.211	-
Taxes and duties payable	1.855	-	3.340	-
	2.511	**-**	**4.551**	**-**

As at 30 June 2013 and 31 December 2012, details of corporate tax provision and prepaid taxes are as follows:

	30 June 2013	**31 December 2012**
Current period corporate tax provision (Note:36)	1.511	3.633
Corporation taxes paid in advance during the period	(855)	(2.422)
Corporate tax provision (net)	**656**	**1.211**

As at 30 June 2013 and 30 June 2012, details of corporate tax provision are as follows:

	30 June 2013	**30 June 2012**
Corporate tax provision at the beginning of the period	1.211	2.474
Total income tax expense (Note:36)	1.511	1.628
Corporation taxes paid during the period	(2.066)	(3.448)
Corporate tax provision (net)	**656**	**654**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

21. PROVISIONS

As at 30 June 2013 and 31 December 2012, other provisions are as follows:

	30 June 2013	31 December 2012
General provision for financial lease receivables	2.053	1.902
Provision for lawsuits	1.399	923
Provision for general administrative expenses	222	205
	3.674	**3.030**

Movements in provisions for the periods ended 30 June 2013 and 30 June 2012 are as follows:

30 June 2013	General provision for financial lease receivables	Provision for lawsuits	Provision for general administrative expenses
At the beginning of the period	1.902	923	205
Additions	151	725	222
Cancellations	-	(249)	(205)
At the end of the period	**2.053**	**1.399**	**222**

30 June 2012	General provision for financial lease receivables	Provision for lawsuits	Provision for general administrative expenses
At the beginning of the period	666	966	-
Additions	(46)	(10)	343
Cancellations	-	(30)	-
Collections	(48)	-	-
At the end of the period	**572**	**926**	**343**

22. EMPLOYEE BENEFITS

As at 30 June 2013 and 31 December 2012, reserve for employee benefits are as follows:

	30 June 2013	31 December 2012
Reserve for employee severance indemnity	2.011	2.001
Unused vacation provision	665	477
Employee bonus accrual	667	750
	3.343	**3.228**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

22. EMPLOYEE BENEFITS (Continued)

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to 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 were excluded from the scope of the Law since the related law was amended on 23 May 2002.

TAS 19 – "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions as at 30 June 2013 and 2012 are used in the calculation of the total liability:

	30 June 2013	30 June 2012
Discount rate	2,12%	3,82%
Inflation	5%	5%
Probability of retirement	100%	100%

For the periods ended 30 June 2013 and 30 June 2012, movements in reserve for employee severance indemnity are as follows:

	30 June 2013	30 June 2012
Balance at the beginning of the period	2.001	1.198
Charge for the period	39	(51)
Cost of services	229	278
Amounts paid	(184)	(45)
Cancellations	(74)	-
Balance at the end of the period	**2.011**	**1.380**

The movements of the provision for unused vacation for the periods ended 30 June 2013 and 30 June 2012 are as follows:

	30 June 2013	30 June 2012
Balance at the beginning of the period	477	325
Provision set during the period	188	221
Balance at the end of the period	**665**	**546**

The movements of the provision for employee bonus accrual for the periods ended 30 June 2013 and 30 June 2012 are as follows:

	30 June 2013	30 June 2012
Balance at the beginning of the period	750	1.219
Provision set during the period	667	375
Cancellations	-	(397)
Payment made during the period	(750)	(822)
Balance at the end of the period	**667**	**375**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

23. NON-CONTROLLING INTERESTS

The Company owns 78,23% of İş Faktoring. As at 30 June 2013, the non-controlling interests amounting to TRY 14.414 (31 December 2012: TRY 13.004) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TRY 1.501 (30 June 2012: TRY 21) has been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the periods ended 30 June 2013 and 30 June 2012 are as follows:

	30 June 2013	30 June 2012
Balance at the beginning of the period	13.004	11.534
Fair value changes of marketable securities	(92)	309
Profit for the period	1.501	(21)
Balance at the end of the period	**14.414**	**11.822**

24. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 30 June 2013 nominal capital of company is TRY 424.365. The share capital company consist of 42.436.500.000 shares Kurus 1 price.

As at 30 June 2013 and 31 December 2012, shareholders and their ownership percentages are as follows:

Shareholders	(%)	30 June 2013	(%)	31 December 2012
Türkiye Sınai Kalkınma Bankası A.Ş.	28,56	121.199	28,56	111.098
Türkiye İş Bankası A.Ş.	27,79	117.948	27,79	108.119
Camiş Yatırım Holding A.Ş.	0,83	3.537	0,83	3.243
Türkiye Şişe ve Cam Fab. A.Ş.	0,08	324	0,08	297
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,07	282	0,07	258
Publicly traded	42,67	181.075	42,67	165.985
TOTAL	**100,00**	**424.365**	**100,00**	**389.000**

The Group has increased its share capital by TRY 35.365 to TRY 424.365. The increase comprises of TRY 35.365 of bonus shares from previous year's profit. Capital increase was registered on 25 June 2013.

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

Shareholders	30 June 2013	31 December 2012
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	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	**600.000.000**	**600.000.000**

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

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

24. PAID-IN CAPITAL AND CAPITAL RESERVES (Continued)

CAPITAL RESERVES

As at 30 June 2013 and 31 December 2012, details of capital reserves are as follows:

	30 June 2013	31 December 2012
Marketable securities revaluation reserve	6.997	8.144
Bonus shares obtained from associates, subsidiaries and jointly controlled entities	1.938	1.938
Total	**8.935**	**10.082**

Marketable Securities Revaluation Reserve:

Marketable securities revaluation reserve arises as a result of valuation of 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 reserve in connection with the disposed asset is immediately recognized in profit or 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 or loss.

Bonus shares obtained from associates, subsidiaries and jointly controlled entities:

Bonus shares obtained from associates, subsidiaries and jointly controlled entities arise as a result of the capital increase of the associates, subsidiaries and jointly controlled entities from their capital reserves that are not stemmed from profit or loss.

25. PROFIT RESERVES

As at 30 June 2013 and 31 December 2012, details of profit reserves are as follows:

	30 June 2013	31 December 2012
Legal reserves	21.291	19.251
Extraordinary reserves (*)	78.280	93.656
TOTAL	**99.571**	**112.907**

The legal reserves consist of 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. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses.

(*) As per the BRSA, 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 amounting to TRY 51.250 classified in extraordinary reserves which will not be distributed as at 30 June 2013 (31 December 2012: TRY 72.606).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

26. PRIOR YEARS' PROFIT/LOSS

The Group has retained earnings of 30 June 2013 as 18.775 (31 December 2012: None).

27. COMMITMENTS AND CONTINGENCIES

As at 30 June 2013, TRY 2.826 of letters of guarantee are given to customs, authorities and banks (31 December 2012: TRY 2.815).

As at 30 June 2013, the total risk of litigations filed and currently pending against the Group amounting to approximately TRY 8.641 (31 December 2012: TRY 4.443). The Group has provided a provision amounting to TRY 1.399 for litigations (31 December 2012: TRY 923) in the accompanying consolidated financial statements (Note 21). The Group management does not anticipate any further provision for the remaining litigations.

As at 30 June 2013, the Group has letter of credit commitments of USD 1.221.612, Euro 43.234.450, (31 December 2012: USD 70.000, Euro 4.861.836, GBP 219.000).

As at 30 June 2013, the Group has lease commitments of USD 12.743.677, Euro 25.851.783, TRY 26.604 (31 December 2012: USD 4.203.198, Euro 9.239.227, TRY 5.311).

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

As at 30 June 2013 details of derivatives are as follows:

	30 June 2013	
	Amount as Original Currency	TRY
Currency Swap Purchases:		
TRY	-	502.476
Euro	11.509.246	28.391
		531.407
Currency Swap Sales:		
USD	162.212.267	312.226
Euro	93.407.264	234.798
		547.024

	30 June 2013	
	Amount as Original Currency	TRY
Forward Purchase Transactions:		
TRY	-	235
		235
Forward Sales Transactions:		
Euro	100.000	232
		232

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

27. COMMITMENTS AND CONTINGENCIES (Continued)

As at 31 December 2012 details of derivatives are as follows:

	31 December 2012	
	Amount as Original Currency	TRY
Currency Swap Purchases:		
TRY	-	309.161
		309.161
Currency Swap Sales:		
USD	122.345.600	218.093
Euro	36.729.825	86.378
		304.471

	31 December 2012	
	Amount as Original Currency	TRY
Forward Purchase Transactions:		
TRY	-	1.960
		1.960
Forward Sales Transactions:		
USD	950.000	1.694
Euro	100.000	235
		1.929

Derivative transactions with related parties are presented in Note 9.

The Group has TRY 1.179 of unrealized profit and TRY 35.512 of unrealized loss in relation to the fair value changes of swap transactions designated at through profit or loss at 30 June 2013 (Note 4) (31 December 2012: TRY 7.092 profit, 7.089 loss).

As at 30 June 2013, analysis of derivatives according to their maturities is as follows:

	Short Term	Long Term	Total
Currency Swap Purchases	372.462	158.945	531.407
Currency Swap Sales	388.631	158.393	547.024
Forward Purchase Transactions	235	-	235
Forward Sales Transactions	251	-	251

As at 31 December 2012, analysis of derivatives according to their maturities is as follows:

	Short Term	Long Term	Total
Currency Swap Purchases	145.736	163.425	309.161
Currency Swap Sales	137.245	167.226	304.471
Forward Purchase Transactions	1.960	-	1.960
Forward Sales Transactions	1.929	-	1.929

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

28. SEGMENT REPORTING

Information regarding the Group's operating business segments is based on the Group's management and internal reporting structure.

Segment capital expenditure is the total cost incurred during the period to acquire tangible assets and intangible assets.

Business segments

The Group comprises the following main business segments:

- Leasing — Includes the Group's finance lease activities
- Factoring operations — Includes the Group's factoring activities

30 June 2013	Leasing	Factoring	Consolidation Adjustments	Consolidated
Total assets	1.908.030	859.676	(35.382)	2.732.324
Total liabilities	1.349.111	793.472	-	2.142.583
Net profit	37.061	6.897	(20.277)	23.681

31 December 2012	Leasing	Factoring	Consolidation Adjustments	Consolidated
Total assets	1.795.669	1.041.259	(16.606)	2.820.322
Total liabilities	1.272.989	981.535	-	2.254.524
Net profit	37.226	4.575	(996)	40.805

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

28. SEGMENT REPORTING (Continued)

30 June 2013	**Leasing**	**Factoring**	**Consolidation Adjustments**	**Total**
Operating Income	56.641	27.924	-	84.565
Operating Expense (-)	(10.037)	(4.218)	-	(14.255)
Other Operating Income	64.461	2.341	(18.776)	48.026
Financial Expenses (-)	(30.758)	(15.404)	-	(46.162)
Provision for Losses on Non-Performing Receivables (-)	(3.936)	(1.961)	-	(5.897)
Other operating Expenses (-)	(35.819)	(10)	-	(35.829)
Profit or Loss from Continuing Operations	40.552	8.672	(18.776)	30.448
Provision for Taxes from Continuing Operations (±)	(3.491)	(1.775)	-	(5.266)
Net Profit or Loss from Continuing Operations	37.061	6.897	(18.776)	25.182
Non-controlling Interests	-	-	(1.501)	(1.501)
Net Profit or Loss for the Period	37.061	6.897	(20.277)	23.681
Fixed Asset Additions	807	92	-	899
Depreciation and Amortisation	(270)	(91)	-	(361)

30 June 2012	**Leasing**	**Factoring**	**Consolidation Adjustments**	**Total**
Operating Income	49.869	23.443	-	73.312
Operating Expense (-)	(9.083)	(3.139)	-	(12.222)
Other Operating Income	41.048	1.894	-	42.942
Financial Expenses (-)	(32.331)	(16.110)	-	(48.441)
Provision for Losses on Non-Performing Receivables (-)	(3.252)	(5.374)	-	(8.626)
Other operating Expenses (-)	(18.589)	20	-	(18.569)
Profit or Loss from Continuing Operations	27.662	734	-	28.396
Provision for Taxes from Continuing Operations (±)	(7.034)	(829)	-	(7.863)
Net Profit or Loss from Continuing Operations	20.628	(95)	-	20.533
Non-controlling Interests	-	-	21	21
Net Profit or Loss for the Period	20.628	(95)	21	20.554
Fixed Asset Additions	34	63	-	97
Depreciation and Amortisation	(198)	(80)	-	(278)

29. EVENTS AFTER REPORTING PERIOD

Decision was taken for delegation of authority given to the Company's Management for setting conditions and elements (type, maturity, authorization brokerage house, etc) of issuing a maximum 3 years maturity financing bill and/or bond amounting to TL 200.000 notional, by the way of sale to qualified investors, setting interest rates as fixed or floating rates, completion of sale of bond issues and also all necessary transactions for trading at Borsa İstanbul by the Board of Director's Meeting of the Company as at 11 July 2013.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

30. OPERATING INCOME

For the periods ended 30 June 2013 and 30 June 2012, details of operating income are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Finance lease interest income	56.641	28.811	49.869	25.442
Factoring income	27.924	13.779	23.443	12.379
	84.565	**42.590**	**73.312**	**37.821**

31. OPERATING EXPENSES

For the periods ended 30 June 2013 and 30 June 2012, operating expenses are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Personnel expenses	(8.212)	(4.324)	(7.576)	(3.700)
Office rent expenses	(1.150)	(580)	(1.017)	(514)
Consulting expenses	(982)	(775)	(265)	(111)
Board of Directors attendance fee	(586)	(322)	(443)	(243)
Office contribution expenses	(472)	(248)	(342)	(187)
Information technology expenses	(444)	(211)	(470)	(253)
Travel and car expenses	(398)	(191)	(404)	(195)
Provision for employee Severance Indemnity	(268)	(117)	(227)	(161)
Depreciation and amortisation expense	(361)	(191)	(278)	(138)
Capital increase expense	(210)	(132)	(153)	(136)
Advertising expense	(95)	(55)	(83)	(17)
Litigation expenses	(70)	(34)	(315)	(268)
Other general administrative expenses	(1.007)	(583)	(649)	(297)
	(14.255)	**(7.763)**	**(12.222)**	**(6.220)**

32. OTHER OPERATING INCOME

For the periods ended 30 June 2013 and 30 June 2012, details of other operating income are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Foreign exchange gains, net	28.867	26.586	-	-
Income from derivative financial transactions	6.970	1.661	30.007	12.635
Interest ıncome	6.280	1.875	5.978	2.282
Dividend income	2.454	2.333	2.222	2.178
Commission income	1.029	603	1.051	672
Collections from non-performing receivables	319	30	1.076	230
Other	2.107	971	2.608	1.467
	48.026	**34.059**	**42.942**	**19.464**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

33. FINANCE EXPENSES

For the periods ended 30 June 2013 and 30 June 2012, details of financial expenses are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Interest expense	(38.780)	(18.423)	(39.017)	(19.180)
Interest expense on debt securities issued	(6.136)	(3.553)	(8.172)	(5.120)
Fees and commissions expense	(1.246)	(635)	(1.252)	(700)
	(46.162)	**(22.611)**	**(48.441)**	**(25.000)**

34. PROVISION FOR NON-PERFORMING RECEIVABLES

For the periods ended 30 June 2013 and 30 June 2012, details of provision for non-performing receivables are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Specific provision expenses	(5.746)	(4.172)	(8.672)	(3.021)
General provision expenses (*)	(151)	(124)	46	21
	(5.897)	**(4.296)**	**(8.626)**	**(3.000)**

(*) In addition to the specific provision for non-performing receivables, the Group management provided an additional provision for finance lease receivables having overdue less than legal terms but regarded as risky by the management.

35. OTHER OPERATING EXPENSES

For the periods ended 30 June 2013 and 30 June 2012, details of other operating expenses are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Foreign exchange losses	-	-	(7.352)	5.151
Losses from derivative financial transactions (**)	(34.078)	(29.419)	(7.007)	(7.005)
Tax penalties (*)	-	-	(2.997)	-
Impairment losses on assets held for sale	-	-	(51)	(3)
Other	(1.751)	(586)	(1.162)	(495)
	(35.829)	**(30.005)**	**(18.569)**	**(2.352)**

35. OTHER OPERATING EXPENSES (Continued)

(*) Pursuant to no. 394 decision of the 3 February 2012 dated, 2448 numbered meeting of the Financial Crimes Investigation Board, it has been decided to impose administrative fine of 3.996 TL to the Company at open legal appeal facilities by the reason of infringing the conviction of Article No.3 of Act. No.5549.

"Regarding the Prevention of Laundering of Crime Revenues". The fine was paid on 24 February 2012 as 2.997 TL by benefiting from the reduction in accordance with Article No.17 Misdemeanor Act No.5326 and with the save for the right to plead a counterclaim. The Company has filed an annulment action at 28th Criminal Court of peace on duty in İstanbul with the request of conducting a trial. The judgment of the trial has been decided by 24th Criminal Court of Peace against the Company. The exception against the decision by the Company has been revoked by the 38th Criminal Court of General Jurisdiction.

(**) Derivative financial instruments with a view to directing the Group's financial risks (forward and currency swap contracts) consist of combination of more than one sub-transaction as time or spot. Entire such transactions are not trading and are preferred due to economic worth occurred at the maturity. Although, entire such transactions do not cover all conditions for hedge accounting, buy-sell spot transactions at the transaction date are recorded at initial amounts, buy-sell transactions that held to maturity date are recorded in fair values.

Measurement differences of such sub-transactions which are integrated and fixed by the initial date economic worth at the maturity date on initial measurement of buy-sell transactions and measurement at the maturity date of buy-sell transactions cause the differences on income/expense components in the interim periods.

The difference as foreign currency expense difference between income/loss is at amounting TL 9.584 from measurement difference of such transactions in the Group's financial statements as at 30 June 2013. The difference is expected to be substantially, extensively at the maturity of transactions.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

36. TAXATION

For the periods ended 30 June 2013 and 30 June 2012, details of income tax expense are as follows:

	01.01.2013 - 30.06.2013	01.04.2013 - 30.06.2013	01.01.2012 - 30.06.2012	01.04.2012 - 30.06.2012
Current tax charge	(1.511)	(655)	(1.628)	(650)
Adjustment to prior period corparate tax	-	-	12.036	12.036
Deferred tax benefit	(3.755)	(1.004)	(18.271)	(14.910)
	(5.266)	**(1.659)**	**(7.863)**	**(3.524)**

The reported income tax expense for the period is different than the amounts computed by applying the statutory tax rate of the Company to profit before income tax of the Group, as shown in the following reconciliation:

	%	1 January- 30 June 2013	%	1 January- 30 June 2012
Net profit for the period		25.182		20.533
Total tax expense/(income)		5.266		7.863
Profit before tax		30.448		28.396
Income tax using the Company's tax rate	20,00	6.090	20,00	5.679
- Non deductible expenses	4,02	1.223	6,55	1.861
- Tax exempt income	(1,61)	(491)	(1,49)	(422)
- Investment incentives	(2,55)	(777)	7,65	2.171
- Other	(2,56)	(779)	(5,02)	(1.426)
Total income tax expense / (income)	**17,30**	**5.266**	**27,69**	**7.863**

36. TAXATION (Continued)

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 period.

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 non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As at 30 June 2013, corporate income tax rate is 20% (31 December 2012: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2013 is 20% (31 December 2012: 20%). Under the Turkish taxation system, tax losses can be carried forward up to five years. Tax losses cannot be carried back to offset profit 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 fourth month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% period between 24 April 2003 and 22 July 2006. This rate was changed to 15% with the cabinet decision numbered 2006/10731 commencing from 22 June 2006. 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 companies. There is no withholding tax on the investments incentives utilized without investment incentive certificates.

Investment Incentives

Temporary Article 69 added to the Income Tax Law numbered 193 with Law no 5479, which became effective starting from 1 January 2006, upon being promulgated in Official Gazette no 26133 dated 8 April 2006, stating that taxpayers can deduct the investment allowance exemption amounts which were present according to legislative provisions effective on 31 December 2005 (and by taking into account the corporate tax legislation in that date) only from the corporate profits of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006.

At this perspective, an investment allowance which cannot be deducted partially or totally in three years was not allowed to be transferred to following years and became unavailable as of 31 December 2008. On the other side, Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January

2006 with effectiveness of Article 2 and Article 15 of the Law no 5479 and the right of investment allowance became unavailable during the period of 1 January 2006 and 8 April 2006.

36. TAXATION (Continued)

However, on 15 October 2009, Turkish Constitutional Court decided to cancel the clause numbered (2) of the Article 15 of the Law 5479 and expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as at 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, time limitations for carried forward investment allowance gained in the previous period of mentioned date and limitations related to investments commenced between the dates of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation of investment allowance become effective with promulgation of decision on the official gazette and the decision of Turkish Constitutional Court was promulgated in Official Gazette no 27456 dated 8 January 2010.

According to the decision mentioned above, investment allowances transferred to 2006 due to lack of profit and investment allowances gained by the investments that are commenced before 1 January 2006 and continued after that date constituting economic and technical integrity will not be only used in 2006, 2007 and 2008, but also in the following years. However, the amount of investment allowance to be utilised may not exceed 25% of earnings for the year according to amendments to the Income Tax Law promulgated in Official Gazette no 27659 dated 1 August 2010. With this amendment, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate (20%) instead of the previous rate of 30%.

The statement "the amount of investment allowance to be utilized may not exceed %25 of earnings for the year" was cancelled by the Constitutional Court decision No.2012/9 dated 9 February 2012. Subsequent to the decision of the Court, necessary amendments has been made by Revenue Administration Department for the tax payers to utilize investment incentives in their 2011 tax declarations without taking 25% limit into account.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes. Transactions like buying, selling, manufacturing and construction, leasing, borrowing and lending money, premiums, fee and transactions required similar payments in all circumstances are evaluated service taking or selling. The companies are obliged to fill the transfer pricing form attached to the annual corporate tax declaration. On this form, all the related party transactions, amounts and the related Transfer Pricing methods are disclosed.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

37. EARNINGS PER SHARE

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Calculations of earning per share was made by the division of distrubutable net profit to weighted number of issued shares.

The weighted average number of shares of the Group and earnings per share for the periods ended 30 June 2013 and 2012 are as follows:

	1 January- 30 June 2013	**1 January- 30 June 2012**
Weighted average number of outstanding shares (*)	42.436.500.000	38.900.000.000
Net profit for the period (TRY)	23.681	20.554
Basic earnings per share (full Kurus) (**)	0,06	0,05

(*) As at 30 June 2013, the share capital of the Company consists of 42.436.500.000 shares having Kurus 1 nominal price.

	30 June 2013	**31 December 2012**
Number of shares at beginning of the period	38.900.000.000	33.900.000.000
Capital increase (**)	3.536.500.000	5.000.000.000
Number of shares at end of the period	**42.436.500.000**	**38.900.000.000**

(**) Capital increase has been made through internal resources and has been used in the calculation of the prior period's earnings per share figure.

38. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON 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.

Although there is no change in the capital risk management strategy in 2013, the debt/equity ratio is 31% as at 30 June 2013 (31 December 2012: 29%). As at 30 June 2013 and 31 December 2012, the leverage ratios are as follows:

	30 June 2013	**31 December 2012**
Funds borrowed	1.839.545	2.062.376
Debt securities issued	201.686	151.005
Miscellaneous payables	24.333	14.804
Other liabilities	31.979	8.441
Total liabilities	2.097.543	2.236.626
Banks (-)	(202.427)	(317.154)
Net liabilities	**1.895.116**	**1.919.472**
Total shareholders' equity	589.741	565.798
Shareholders' equity / liabilities	31%	29%

According to the credit rating reports of Fitch issued at 14 December 2012, credit ratings of the Company are as follows:

Foreign Currency	
Long term	BBB
Short term	F3
Outlook	Stable
TRY	
Long term	BBB
Short term	F3
Outlook	Stable
National	
Long term	AAA (tur)
Outlook	Stable
Support	2

(b) Significant accounting policies

The Group's accounting policies on financial instruments are disclosed in Note 3 "Significant accounting policies".

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(c) Categories of financial instruments:

	30 June 2013	31 December 2012
Financial Assets:		
Banks	202.427	317.154
Financial assets at fair value through profit or loss:		
-Financial assets held for trading	661	1.631
-Derivative financial assets held for trading	1.179	7.092
Finance lease receivables and non-performing receivables, net	1.642.421	1.390.638
Factoring receivables and non-performing factoring receivables, net	797.982	1.014.944
Insurance receivables (*)	2.754	2.198
Other receivables (*)	-	740
Financial assets available for sale	26.652	25.595
Financial Liabilities:		
Derivative financial liabilities held for trading	(35.512)	(7.089)
Miscellaneous payables and other liabilities	(56.312)	(23.245)
Funds borrowed	(1.839.545)	(2.062.376)
Debt securities issued	(201.686)	(151.005)

(*) 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, interest rate risk and price risk), liquidity risk and credit 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

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section f), interest rates (refer to section g) and equity prices will affect the Group's income or the value of its holdings of financial instruments. To manage risks relating to exchange rates and interest rates, the Group uses various derivative financial instruments including the following:

- "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.

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.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Group manages this currency risk by using the foreign exchange derivative contracts.

As at 30 June 2013 and 31 December 2012, details of foreign currency denominated assets and liabilities are as follows:

30 June 2013 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	35.992	41.426	-	18	26	173.463
Finance lease receivables	337.613	226.777	-	-	-	1.219.888
Factoring receivables	34.317	24.148	-	53	-	126.911
Advances given for lease transactions	4.636	7.705	-	-	-	28.290
Leasing contracts in progress	4.783	6.142	-	-	-	24.646
Other assets	427	495	-	-	-	2.067
Total assets (**)	417.768	306.693	-	71	26	1.575.265
Funds borrowed	(248.299)	(212.427)	-	(46)	-	(1.012.039)
Miscellaneous payables and other liabilities	(5.755)	(12.220)	(9)	(22)	(30.700)	(42.472)
Other provisions	(1.074)	-	-	-	-	(2.068)
Total liabilities (**)	(255.128)	(224.647)	(9)	(68)	(30.700)	(1.056.579)
Balance sheet position	162.640	82.046	(9)	3	(30.674)	518.686
Notional amounts of derivatives	(162.212)	(81.998)	-	-	-	(518.345)
Net foreign currency position	**428**	**(48)**	**(9)**	**3**	**(30.674)**	**(341)**

(*) As at 30 June 2013 , foreign currency indexed borrowings amounting to USD 33.128.207 and Euro 13.733.296 (Total: TRY 98.287) and foreign currency indexed Factoring receivables amounting to USD 21.332.246 and Euro 4.989.818 (Total: TRY 53.603) are presented in TRY column in the accompanying consolidated statement of financial position.

(**) As at 30 June 2013, accruals of derivative assets and liabilities amounting to TRY, 1.179 and TRY 35.512, respectively, are not included.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2012 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	51.068	11.812	-	20	26	118.870
Finance lease receivables	303.041	222.071	-	-	-	1.062.445
Factoring receivables	41.215	9.072	-	-	-	94.804
Advances given for lease transactions	818	2.598	-	-	-	7.568
Leasing contracts in progress	2.021	2.134	-	-	-	8.622
Other assets	303	835	-	-	-	2.503
Total assets (**)	398.466	248.522	-	20	26	1.294.812
Funds borrowed	(269.528)	(208.495)	-	-	-	(970.779)
Miscellaneous payables and other liabilities	(1.929)	(5.574)	(9)	(21)	61	(16.622)
Other provisions	(1.187)	-	-	-	-	(2.116)
Total liabilities (**)	(272.644)	(214.069)	(9)	(21)	61	(989.517)
Balance sheet position	125.822	34.453	(9)	(1)	87	305.295
Off balance sheet position	(123.296)	(36.830)	-	-	-	(306.400)
Net foreign currency position	**2.526**	**(2.377)**	**(9)**	**(1)**	**87**	**(1.105)**

(*) As at 31 December 2012 , foreign currency indexed borrowings amounting to USD 44.660.385 and Euro 8.890.970 (Total: TRY 100.520) and foreign currency indexed Factoring receivables amounting to USD 35.561.532 and Euro 1.478.184 (Total: TRY 66.868) are presented in TRY column in the accompanying consolidated statement of financial position.

(**) As at 31 December 2012, accruals of derivative assets and liabilities amounting to TRY 7.092 and TRY 7.089, respectively, are not included.

Foreign currency sensitivity

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

The table below indicates the sensitivity of the Group to USD and Euro 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 management's expectation on the exchange rate fluctuations. Sensitivity analysis 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 analysis are fixed during the reporting period. Positive amount refers to an increase in the net profit.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit / (Loss)		**Equity(*)**	
30 June 2013	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
15% change of the USD against TRY				
1- Net USD asset/liability	46.957	(46.957)	46.957	(46.957)
2- Hedged portion of TRY against USD risk (-)	(46.834)	46.834	(46.834)	46.834
3- Net effect of USD (1+ 2)	123	(123)	123	(123)
15% change of the Euro against TRY				
4- Net Euro asset/liability	30.936	(30.936)	30.936	(30.936)
5- Hedged portion of TRY against Euro risk (-)	(30.918)	30.918	(30.918)	30.918
6- Net effect of Euro (4+5)	18	(18)	18	(18)
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	(92)	92	(92)	92
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	(92)	92	(92)	92
TOTAL (3+6+9)	**49**	**(49)**	**49**	**(49)**

(*) Includes profit/loss effect.

	Profit / (Loss)		**Equity(*)**	
31 December 2012	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
15% change of the USD against TRY				
1- Net USD asset/liability	33.643	(33.643)	33.643	(33.643)
2- Hedged portion of TRY against USD risk (-)	(32.968)	32.968	(32.968)	32.968
3- Net effect of USD (1+ 2)	675	(675)	675	(675)
15% change of the Euro against TRY				
4- Net Euro asset/liability	12.153	(12.153)	12.153	(12.153)
5- Hedged portion of TRY against Euro risk (-)	(12.992)	12.992	(12.992)	12.992
6- Net effect of Euro (4+5)	(839)	839	(839)	839
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	(4)	4	(4)	4
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	(4)	4	(4)	4
TOTAL (3+6+9)	**(168)**	**168**	**(168)**	**168**

(*) Includes profit/loss effect.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps

The Group uses forward contracts and currency swaps to cover the risks of receipts and payments, expected sales and purchases in a certain foreign currency.

(g) Interest rate risk management

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

Interest rate sensitivity

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

As at 30 June 2013 and 31 December 2012, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	30 June 2013	**31 December 2012**
Fixed rate instruments		
Financial assets:		
Banks	186.877	311.104
Finance lease receivables (*)	1.404.903	1.202.494
Factoring receivables	665.620	628.306
Financial liabilities:		
Funds borrowed	1.050.020	736.829
Debt securities issued	-	-
Variable rate instruments		
Financial assets:		
Finance lease receivables (*)	173.206	169.411
Factoring receivables	132.362	386.638
Financial liabilities:		
Borrowings	789.525	1.325.547
Debt securities issued	201.686	151.005

(*) Leasing contracts in progress and advances given are not included in the balances above.

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

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

- Interest income from finance leases with variable interest rates would be higher at an amount of TRY 854 (30 June 2012: TRY 680).

- Interest income from Factoring transactions variable interest rates would be higher at an amount of TRY 653 (30 June 2012: TRY 1.109).

- Interest expense on funds borrowed with variable interest rates would be higher at an amount of TRY 5.121 (30 June 2012: TRY 3.357).

(h) Other price risks

The Group is exposed to equity securities price risks because of equity investments. Equity securities 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 at the reporting date.

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

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

The effect on equity (without tax effects) as a result of change in the fair value of equity instruments quoted to Istanbul Stock Exchange held as financial assets available for sale in the accompanying consolidated financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, would be TRY 1.527 (30 June 2012: TRY 1.594).

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management

Credit risk refers 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.

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.

Sectoral allocation of finance lease receivables is as follows:

	30 June 2013 (%)	31 December 2012(%)
Construction	18,44	14,47
Transportation	15,42	15,39
Metal industry	14,79	15,62
Tourism	7,61	7,70
Healthcare	6,15	7,31
Textile	5,54	6,69
Forestry products and paper	4,76	5,97
Food and beverage	3,48	3,86
Finance	3,41	3,11
Agriculture and forestry	3,08	3,20
Mining	3,02	2,75
Chemical and Plastic	2,70	3,26
Machinery and equipment	1,88	2,53
Retail and wholesale	1,84	1,70
Other	7,88	6,44
	100,00	**100,00**

Leased asset allocation of finance lease receivables is as follows:

	30 June 2013 (%)	31 December 2012(%)
Real Estate	27,92	22,90
Machinery and equipment	23,58	25,71
Building and construction machinery	16,70	15,93
Sea transport vessels	5,68	5,52
Air transportation equipments	4,51	4,66
Textile machinery	4,27	5,19
Medical equipment	4,06	5,00
Electronic and optical equipment	3,26	3,28
Tourism equipment	2,35	2,81
Printing machinery	2,32	3,31
Road transportation equipments	1,66	1,88
Office equipments	1,42	1,80
Other	2,27	2,01
	100,00	**100,00**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 30 June 2013, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables							
	Finance Lease Receivables		Factoring Receivables					
30 June 2013	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets	Insurance receivables	Other Receivables
Exposure to maximum credit risk as at reporting date (*)	38.521	1.603.900	36.246	761.736	202.427	1.840	2.754	-
- The portion of maximum risk covered by guarantee	-	124.580	-	1.621	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	38.521	1.317.431	36.246	761.129	202.427	1.840	2.754	-
- The portion covered by guarantee	-	89.189	-	1.621	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	607	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	237.502	-	-	-	-	-	-
- The portion covered by guarantee	-	28.280	-	-	-	-	-	
D. Net carrying value of impaired assets	-	48.967	-	-	-	-	-	-
- Overdue (gross book value)	-	101.638	-	12.561	-	-	-	-
- Impairment (-)	-	(56.429)	-	(12.561)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	7.111	-	-	-	-	-	-
- Not past due (gross book value)	-	9.063	-	-	-	-	-	-
- Impairment (-)	-	(5.305)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*) Guarantees received arenot taken into account in the calculation.

(**) Includes collaterals for the assets impaired but not overdue.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2012, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables							
	Finance Lease Receivables		Factoring Receivables					
31 December 2012	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets	Insurance receivables	Other Receivables
Exposure to maximum credit risk as at reporting date (*)	38.707	1.351.931	24.090	990.854	317.154	8.723	2.198	740
- The portion of maximum risk covered by guarantee	-	107.915	-	854	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	38.707	1.123.506	24.090	990.767	317.154	8.723	2.198	740
- The portion covered by guarantee	-	72.028	-	854	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	87	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	184.704	-	-	-	-	-	-
- The portion covered by guarantee	-	26.924	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	43.721	-	-	-	-	-	-
- Overdue (gross book value)	-	81.557	-	10.902	-	-	-	-
- Impairment (-)	-	(56.502)	-	(10.902)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	8.963	-	-	-	-	-	-
- Not past due (gross book value)	-	20.130	-	-	-	-	-	-
- Impairment (-)	-	(1.464)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*) Guarantees received are not taken into account in the calculation.

(**) Includes collaterals for the assets impaired but not overdue.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 30 June 2013 and 31 December 2012, details of finance lease receivables rating in terms of internal rating information:

		30 June 2013 (%)	31 December 2012 (%)
Internal rating results:			
A+	(Perfect)	0,17	0,21
A	(Very good)	5,97	6,77
A-	(Good)	6,56	5,81
B+	(Satisfactory)	19,75	16,98
B	(Moderate)	26,17	25,24
B-	(Close Monitoring)	23,50	24,76
C+	(Insufficient)	11,51	11,34
C	(Doubtful)	3,07	3,71
Not rated		3,30	5,18
Total		**100,00**	**100,00**

The Company has started SME-Micro scoring system. Accordingly, clients with revenue amounts under USD 1 million and credit limits below USD 60.000 will be subject to scoring under Micro title and the clients with revenue amounts between USD 1 million and USD 8 million and credit limits between USD 60.000 and USD 1 million are to be categorized as SME. The ratio of companies which are subjected to SME and Micro Scoring to total portfolio is 15,39% as at 30 June 2013 (31 December 2012: 14,68%).

As at 30 June 2013, details of finance lease receivables ratings in terms of SME-Micro scoring information:

	30 June 2012 (%)
High	31,20
Medium	57,54
Low	11,26
Total	**100,00**

As at 31 December 2012, details of finance lease receivables ratings in terms of SME-Micro scoring information:

	31 December 2012 (%)
High	31,20
Medium	57,54
Low	11,26
Total	**100,00**

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(ii) Credit risk management (Continued)

The aging analysis of overdue finance lease receivables is disclosed in Note 8. The Group does not have overdue financial assets other than finance lease receivables.

Collaterals obtained for finance lease receivables and factoring receivables including past dues and non-performing receivables are as follows:

	30 June 2013		**31 December 2012**	
	Nominal Value	Fair Value (*)	Nominal Value	Fair Value (*)
Other mortgages	555.365	115.346	524.407	100.761
Letters of guarantee	28.227	4.992	26.437	4.311
Cash blockages	8.046	3.364	2.244	1.175
Ship mortgage	4.812	-	4.457	-
Equities	2.450	2.450	2.450	2.450
Guarantors	1.003	49	1.069	72
	599.903	**126.201**	**561.064**	**108.769**

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

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) 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 maturities of non-derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual amounts of the financial assets and liabilities based on their maturities. Interest amounts to be collected and to be disbursed regarding the Group's assets and liabilities have also been included in the table below.

30 June 2013

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	202.427	202.628	202.628	-	-	-
Financial Assets Held For Trading	661	661	661	-	-	-
Finance Lease Receivables (*)	1.578.109	1.799.709	220.007	431.063	1.074.218	74.422
Factoring Receivables	797.982	801.463	616.849	182.134	2.480	-
Insurance Receivables	2.754	2.754	2.754	-	-	-
Other Receivables	-	-	-	-	-	-
Total Assets	**2.581.933**	**2.807.215**	**1.042.899**	**613.197**	**1.076.698**	**74.422**
Non-derivative Financial Liabilities:						
Funds Borrowed	1.839.545	1.902.140	1.008.888	407.913	478.288	7.051
Debt Securities Issued	201.686	217.685	3.585	159.600	54.500	-
Miscellaneous Payables and Other Liabilities	56.312	56.312	52.809	-	3.503	-
Total Liabilities	**2.097.543**	**2.176.137**	**1.065.282**	**567.513**	**536.291**	**7.051**

(*) Advances given for lease receivables and leasing contracts in progress are not included in finance lease receivables, because payment plan for these transactions have not scheduled yet.

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk management (Continued)

31 December 2012

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	317.154	318.223	318.223	-	-	-
Financial Assets Held For Trading	1.631	1.631	15	1.616	-	-
Finance Lease Receivables (*)	1.371.905	1.581.022	173.381	365.649	943.485	98.507
Factoring Receivables	1.014.944	1.020.284	858.075	161.676	533	-
Insurance Receivables	2.198	2.198	2.198	-	-	-
Other Receivables	740	740	605	135	-	-
Total Assets	**2.708.572**	**2.924.098**	**1.352.497**	**529.076**	**944.018**	**98.507**
Non-derivative Financial Liabilities:						
Funds Borrowed	2.062.376	2.113.713	1.190.745	565.734	355.695	1.539
Debt Securities Issued	151.005	166.620	3.170	9.544	153.906	-
Miscellaneous Payables and Other Liabilities	23.245	23.245	20.430	258	2.557	-
Total Liabilities	**2.236.626**	**2.303.578**	**1.214.345**	**575.536**	**512.158**	**1.539**

(*) Advances given for lease receivables and leasing contracts in progress are not included in finance lease receivables, because payment plan for these transactions have not scheduled yet.

The following table details the maturities of derivative financial assets and liabilities as at 30 June 2013 and 31 December 2012:

30 June 2013 **Contractual Maturities**	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows from derivatives	-	531.641	153.816	218.880	158.945	-
Cash outflows from derivatives	(15.634)	(547.275)	(153.540)	(235.342)	(158.393)	-

31 December 2012 **Contractual Maturities**	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows from derivatives	4.721	311.121	80.173	67.523	161.933	1.492
Cash outflows from derivatives	-	(306.400)	(75.167)	(64.008)	(165.740)	(1.485)

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments

Except for the items below, the Group management estimates that the carrying amount of the financial assets and liabilities approximate to 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 discounting 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 fair value in the financial statements.

30 June 2013	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
Financial Assets								
Banks					-	202.427	202.427	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	-	202.427	-	-	-	661	661	4
- Derivative financial assets held for trading					-	1.179	1.179	4
Finance lease receivables and non-performing lease receivables	661	-	-	-	-	1.642.420	1.673.381	8
Factoring receivables and non-performing Factoring receivables	1.179	-	-	-	-	797.982	797.982	7
Insurance receivables	-	-	1.642.420	-	-	2.754	2.754	15
Other Receivables	-	-	797.982	-	-	-	-	15
Available for sale financial assets	-	-	2.754	-	-	26.652	26.652	6
	-	-	-	-				
Financial liabilities	-	-	-	26.652				
Derivative financial assets held for trading					-	35.512	35.512	4
Miscellaneous payables and other liabilities					56.312	56.312	56.312	17
Funds borrowed	35.512	-	-	-	1.839.545	1.839.545	1.854.103	16
Debt securities issued	-	-	-	-	201.686	201.686	201.686	19

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

31 December 2012	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
Financial Assets								
Banks	-	317.154	-	-	-	317.154	317.154	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	1.631	-	-	-	-	1.631	1.631	4
- Derivative financial assets held for trading	7.092	-	-	-	-	7.092	7.092	4
Finance lease receivables and non-performing lease receivables	-	-	1.390.638	-	-	1.390.638	1.449.984	8
Factoring receivables and non-performing Factoring receivables	-	-	1.014.944	-	-	1.014.944	1.014.944	7
Insurance receivables	-	-	2.198	-	-	2.198	2.198	15
Other Receivables	-	-	740	-	-	740	740	15
Available for sale financial assets	-	-	-	25.595	-	25.595	25.595	6
Financial liabilities								
Derivative financial assets held for trading	7.089	-	-	-	-	7.089	7.089	4
Miscellaneous payables and other liabilities	-	-	-	-	23.245	23.245	23.245	17
Funds borrowed	-	-	-	-	2.062.376	2.062.376	2.067.408	16
Debt securities issued	-	-	-	-	151.005	151.005	151.005	19

(Amounts are expressed in thousands of Turkish Lira ("TRY") unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(l) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2013	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	-	661	-	661
Derivative financial assets held for trading	-	1.179	-	1.179
Available-for-sale financial assets (*)	24.308	-	302	24.610
Total financial assets carried at fair value	**24.308**	**1.840**	**302**	**26.450**
Derivative financial liabilities held for trading	-	35.512	-	35.512
Total financial liabilities carried at fair value	**-**	**35.512**	**-**	**35.512**

(*) As at 30 June 2013, securities that are not publicly traded amounting to TRY 2.042 have been measured at cost.

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	1.616	15	-	1.631
Derivative financial assets held for trading	-	7.092	-	7.092
Available-for-sale financial assets (*)	24.276	-	277	24.553
Total financial assets carried at fair value	**25.892**	**7.107**	**277**	**33.276**
Derivative financial liabilities held for trading	-	7.089	-	7.089
Total financial liabilities carried at fair value	**-**	**7.089**	**-**	**7.089**

(*) As at 31 December 2012, securities that are not publicly traded amounting to TRY 1.042 have been measured at cost.