(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 year ended
31 December 2010

With Independent Auditors' Report

.

Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

11 February 2011

This report contains the "Independent Auditors' Report'' comprising 2 pages and the ''Consolidated Financial Statements and Their Explanatory Notes" comprising 75 pages.

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors' of
İş Finansal Kiralama Anonim Şirketi,

We have audited the accompanying consolidated balance sheet of İş Finansal Kiralama Anonim Şirketi ("the Company") and its subsidiary (all together "the Group") as at 31 December 2010, and the related consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Disclosure for the responsibility of the Company's Board of Directors

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

Disclosure for the Responsibility of the Authorized Audit Firm

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit is performed in accordance with the "Regulation on Authorization and Activities of Institutions to Perform External Audit in Banks" published on the Official Gazette no.26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. However, our object is to set forth the relationship between the financial statements prepared by the Company management and the internal control system to design audit techniques according to conditions, rather than expressing an opinion about effectiveness of the internal control. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of İş Finansal Kiralama Anonim Şirketi and its subsidiary as at 31 December 2010 and the results of its consolidated operations and consolidated cash flows for the year then ended in accordance with the communiqués, regulations and circulars issued by the BRSA regarding accounting and financial reporting (see *Note 2.1*).

Other Matter

The consolidated financial statements of the Company and its subsidiary as at and for the year ended 31 December 2009 were audited by another auditor who expressed an unqualified opinion in their report dated 12 February 2010.

Istanbul, 11 February 2011

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010

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

	BALANCE SHEET - ASSETS		Audited Current Period 31 December 2010			Audited Prior Period 31 December 2009		
		Notes	**TRY**	**FC**	**TOTAL**	**TRY**	**FC**	**TOTAL**
I.	**CASH**		-	-	-	-	-	-
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)**	**4**	**4.364**	**-**	**4.364**	**139**	**-**	**139**
2.1	Financial Assets Held for Trading		4.364	-	4.364	139	-	139
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	-	-	-	-	-
III.	**BANKS**	**5**	**554.284**	**137.000**	**691.284**	**271.863**	**91.891**	**363.754**
IV.	**RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS AVAILABLE FOR SALE (Net)**	**6**	**26.516**	**-**	**26.516**	**18.086**	**-**	**18.086**
VI.	**FACTORING RECEIVABLES**	**7**	**312.189**	**19.131**	**331.320**	**142.498**	**294**	**142.792**
6.1	Discounted Factoring Receivables		103.685	-	103.685	55.277	-	55.277
6.1.1	Domestic		105.268	-	105.268	56.357	-	56.357
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		(1.583)	-	(1.583)	(1.080)	-	(1.080)
6.2	Other Factoring Receivables		208.504	19.131	227.635	87.221	294	87.515
6.2.1	Domestic		208.504	-	208.504	87.221	-	87.221
6.2.2	Foreign		-	19.131	19.131	-	294	294
VII.	**FINANCING LOANS**		-	-	-	-	-	-
7.1	Retail Loans		-	-	-	-	-	-
7.2	Credit Loans		-	-	-	-	-	-
7.3	Instalment Commercial Loans		-	-	-	-	-	-
VIII.	**LEASE RECEIVABLES**	**8**	**151.435**	**740.236**	**891.671**	**138.602**	**623.301**	**761.903**
8.1	Lease Receivables		148.223	703.200	851.423	137.300	609.244	746.544
8.1.1	Finance Lease Receivables		186.575	827.190	1.013.765	178.444	727.763	906.207
8.1.2	Operational Lease Receivables		-	-	-	-	-	-
8.1.3	Other		-	-	-	-	-	-
8.1.4	Unearned Income (-)		(38.352)	(123.990)	(162.342)	(41.144)	(118.519)	(159.663)
8.2	Leasing Contracts in Progress		2.614	5.245	7.859	912	6.064	6.976
8.3	Advances Given for Lease Transactions		598	31.791	32.389	390	7.993	8.383
IX.	**NON-PERFORMING RECEIVABLES**	**7, 8**	**26.327**	**17.623**	**43.950**	**34.653**	**32.267**	**66.920**
9.1	Non-Performing Factoring Receivables		2.651	-	2.651	3.078	-	3.078
9.2	Non-Performing Financing Loans		-	-	-	-	-	-
9.3	Non-Performing Lease Receivables		54.446	34.111	88.557	55.893	50.549	106.442
9.4	Specific Provisions (-)		(30.770)	(16.488)	(47.258)	(24.318)	(18.282)	(42.600)
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**	**448**	**-**	**448**	**336**	**-**	**336**
XVI.	**INTANGIBLE ASSETS (Net)**		**806**	**-**	**806**	**682**	**-**	**682**
16.1	Goodwill	**12**	166	-	166	166	-	166
16.2	Other Intangibles	**11**	640	-	640	516	-	516
XVII.	**DEFERRED TAX ASSETS**	**13**	**78.615**	**-**	**78.615**	**64.981**	**-**	**64.981**
XVIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	**14**	**278**	**-**	**278**	**1.528**	**-**	**1.528**
18.1	Assets Held For Sale		278	-	278	1.528	-	1.528
18.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIX.	**OTHER ASSETS**	**15**	**21.970**	**2.176**	**24.146**	**16.992**	**2.467**	**19.459**
	TOTAL ASSETS		**1.177.232**	**916.166**	**2.093.398**	**690.360**	**750.220**	**1.440.580**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010

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

	BALANCE SHEET - LIABILITIES		**Audited Current Period 31 December 2010**			**Audited Prior Period 31 December 2009**		
		Notes	**TRY**	**FC**	**TOTAL**	**TRY**	**FC**	**TOTAL**
I.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	**4**	**-**	**1.201**	**1.201**	**-**	**-**	**-**
II.	**FUNDS BORROWED**	**16**	**717.310**	**869.590**	**1.586.900**	**336.146**	**671.652**	**1.007.798**
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.	**SECURITIES ISSUED (Net)**		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset-Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	**MISCELLANEOUS PAYABLES**	**17**	**2.472**	**12.008**	**14.480**	**1.312**	**11.212**	**12.524**
VII.	**OTHER LIABILITIES**	**17**	**2.568**	**6.020**	**8.588**	**2.105**	**7.419**	**9.524**
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**	**19**	**3.186**	**-**	**3.186**	**4.039**	**-**	**4.039**
X.	**PROVISIONS**		**2.908**	**174**	**3.082**	**2.193**	**-**	**2.193**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserves For Employee Benefits	**21**	2.218	-	2.218	1.563	-	1.563
10.3	Other Provisions	**20**	690	174	864	630	-	630
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**		**475.961**	**-**	**475.961**	**404.502**	**-**	**404.502**
14.1	Paid-in Capital	**23**	295.000	-	295.000	250.000	-	250.000
14.2	Capital Reserves	**23**	15.666	-	15.666	9.825	-	9.825
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Securities Value Increase Fund		13.728	-	13.728	9.825	-	9.825
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	-	-	-
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	**24**	91.166	-	91.166	19.008	-	19.008
14.3.1	Legal Reserves		13.442	-	13.442	8.151	-	8.151
14.3.2	Statutory Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		77.724	-	77.724	10.857	-	10.857
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		63.268	-	63.268	116.724	-	116.724
14.4.1	Prior Periods Profit/Loss	**25**	(434)	-	(434)	11.336	-	11.336
14.4.2	Current Period Profit/Loss		63.702	-	63.702	105.388	-	105.388
14.5	Non-Controlling Interest	**22**	10.861	-	10.861	8.945	-	8.945
	TOTAL LIABILITIES AND EQUITY		**1.204.405**	**888.993**	**2.093.398**	**750.297**	**690.283**	**1.440.580**

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

CONSOLIDATED OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2010

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

	STATEMENT OF OFF-BALANCE SHEET ITEMS		**Audited Current Period 31 December 2010**			**Audited Prior Period 31 December 2009**		
		Notes	**TRY**	**FC**	**TOTAL**	**TRY**	**FC**	**TOTAL**
I.	**IRREVOCABLE FACTORING TRANSACTIONS**		**18.785**	**1.893**	**20.678**	**18.114**	**4.612**	**22.726**
II.	**REVOCABLE FACTORING TRANSACTIONS**		**21.849**	**3.060**	**24.909**	**134.724**	**1.252**	**135.976**
III.	**COLLETERALS RECEIVED**	**38**	**438.565**	**137.129**	**575.694**	**484.307**	**166.699**	**651.006**
IV.	**COLLETERALS GIVEN**	**26**	**493**	**-**	**493**	**1.525**	**-**	**1.525**
V.	**COMMITMENTS**		**-**	**14.135**	**14.135**	**-**	**14.822**	**14.822**
5.1	Irrevocable Commitments		-	14.135	14.135	-	14.822	14.822
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Finance Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**-**	**48.147**	**48.147**	**-**	**-**	**-**
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	**26**	**-**	**48.147**	**48.147**	**-**	**-**	**-**
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales	**26**	-	48.147	48.147	-	-	-
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	**ITEMS HELD IN CUSTODY**		**71.991**	**7.159**	**79.150**	**72.497**	**5.694**	**78.191**
	TOTAL OFF-BALANCE SHEET ITEMS		**551.683**	**211.523**	**763.206**	**711.167**	**193.079**	**904.246**

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2010

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

	INCOME STATEMENT	Notes	Audited Current Period 01.01. - 31.12.2010	Audited Prior Period 01.01. - 31.12.2009
I.	**OPERATING INCOME**	**29**	**100.159**	**112.133**
	FACTORING INCOME		**18.671**	**14.147**
1.1	Factoring Interest Income		17.469	13.260
1.1.1	Discounted		4.987	5.844
1.1.2	Other		12.482	7.416
1.2	Factoring Commission Income		1.202	887
1.2.1	Discounted		434	418
1.2.2	Other		768	469
	INCOME FROM FINANCING LOANS		-	-
1.1	Interest Income From Financing Loans		-	-
1.2	Commission Income From Financing Loans		-	-
	LEASE INCOME		**81.488**	**97.986**
1.1	Finance Lease Income		81.488	97.986
1.2	Operational Lease Income		-	-
1.3	Fees and Commission Income on Lease Operations		-	-
II.	**OPERATING EXPENSES (-)**	**30**	**(18.352)**	**(15.450)**
2.1	Personal Expenses		(11.722)	(9.959)
2.2	Employee Severance Indemnity Expense		(316)	(167)
2.3	Research and Development Expense		-	-
2.4	General Administration Expense		(6.314)	(5.324)
2.5	Other		-	-
III.	**OTHER OPERATING INCOME**	**31**	**335.541**	**322.912**
3.1	Interest Income on Bank Deposits		39.803	21.232
3.2	Interest Income on Reverse Repurchase Agreements		-	-
3.3	Interest Income on Securities Portfolio		343	5
3.3.1	Interest Income on Financial Assets Held for Trading		343	5
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		2.960	692
3.5	Trading Account Income		309	2.355
3.5.1	Income From Derivative Financial Instruments		309	2.355
3.5.2	Other		-	-
3.6	Foreign Exchange Gains		280.412	289.410
3.7	Others		11.714	9.218
IV.	**FINANCIAL EXPENSES (-)**	**32**	**(60.230)**	**(50.739)**
4.1	Interest Expense on Funds Borrowed		(59.492)	(50.156)
4.2	Interest Expense on Factoring Payables		-	-
4.3	Interest Expense of Finance Leases		-	-
4.4	Interest Expense on Securities Issued		-	-
4.5	Other Interest Expenses		-	-
4.6	Fees and Commissions Paid		(738)	(583)
V.	**PROVISION FOR LOSSES ON NON-PERFORMING RECEIVABLES (-)**	**33**	**(12.372)**	**(17.886)**
VI.	**OTHER OPERATING EXPENSES (-)**	**34**	**(282.299)**	**(293.243)**
6.1	Impairment Losses on Securities Portfolio		(115)	-
6.1.1	Impairment Losses on Financial Assets at Fair Value Through Profit or Loss		-	-
6.1.2	Impairment Losses on Financial Assets Available For Sale		(115)	-
6.1.3	Impairment Losses on Financial Assets Held to Maturity		-	-
6.2	Impairment Losses on Non-Current Assets		-	(1.161)
6.2.1	Impairment Losses on Tangible Assets		-	-
6.2.2	Impairment Losses on Assets Held for Sale and Discontinued Operations		-	(1.161)
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		(1.609)	(491)
6.4	Foreign Exchange Losses		(278.200)	(289.608)
6.5	Other		(2.375)	(1.983)
VII.	**NET OPERATING PROFIT / LOSS**		**62.447**	**57.727**
VIII.	**INCOME RESULTED FROM MERGES**		-	-
IX.	**GAIN/LOSS ON NET MONETARY POSITION**		-	-
X.	**PROFIT FROM CONTINUING OPERATIONS BEFORE TAX**		**62.447**	**57.727**
XI.	**INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)**	**35**	**2.422**	**49.107**
11.1	Current Tax Charge		(11.212)	(14.711)
11.2	Deferred Tax Charge (-)		-	-
11.3	Deferred Tax Benefit (+)		13.634	63.818
XII.	**NET PROFIT FROM CONTINUING OPERATIONS**		**64.869**	**106.834**
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**	**22**	(1.167)	(1.446)
XIX.	**NET PROFIT FOR THE PERIOD**		**63.702**	**105.388**
	Earnings Per Share	**36**	**0,23**	**0,38**

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2010

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

	PROFIT/LOSS ITEMS RECOGNISED DIRECTLY IN EQUITY	**Audited Current Period**	**Audited Prior Period**
		31 December 2010	**31 December 2009**
I.	**ADDITIONS TO MARKETABLE SECURITIES VALUE INCREASE FUND FROM FINANCIAL ASSETS AVAILABLE FOR SALE**	**4.391**	**12.566**
1.1	Change in the Fair Value of the Financial Assets Available For Sale, Net	4.391	12.566
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)**	**4.391**	**12.566**
XI.	**PROFIT/LOSS FOR THE PERIOD**	64.869	106.834
XII.	**TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD**	**69.260**	**119.400**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2010

(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.	HedgeReserves (Effective Portion)	Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Non-Controlling Interest	Total Equity
	Prior Period (01.01 – 31.12.2009) (Audited)																		
I.	**Beginning Balance (31.12.2008)**		**185.000**	**12.581**	-	-	**4.633**	-	**250**	-	**76.309**	**1.571**	**(1.338)**	-	-	-	-	**6.096**	**285.102**
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)**		**185.000**	**12.581**	-	-	**4.633**	-	**250**	-	**76.309**	**1.571**	**(1.338)**	-	-	-	-	**6.096**	**285.102**
	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**	**23**	-	-	-	-	-	-	-	-	-	-	**11.163**	-	-	-	-	**1.403**	**12.566**
VII.	**Revaluation Surplus on Tangible Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Bonus Shares of Associates, Subsidiaries and Joint-Ventures**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Translation Differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes Resulted from Disposal of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Changes Resulted from Reclassification of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital Increase**	**23**	**65.000**	**(12.581)**	-	-	-	-	**(30.423)**	**(21.996)**	-	-	-	-	-	-	-	-	-
XIII.	**Issuances of Share Certificates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Paid-in-Capital Inflation Adjustment**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Non-controlling Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1.446**	**1.446**
XVII.	**Profit for the Period**		-	-	-	-	-	-	-	-	**105.388**	-	-	-	-	-	-	-	**105.388**
XVIII.	**Profit Distribution**		-	-	-	-	**3.518**	-	**41.030**	**21.996**	**(76.309)**	**9.765**	-	-	-	-	-	-	-
19.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.2	Transfer to Reserves		-	-	-	-	3.316	-	41.030	21.996	(76.309)	9.967	-	-	-	-	-	-	-
19.3	Other		-	-	-	-	202	-	-	-	-	(202)	-	-	-	-	-	-	-
	Ending Balance (31.12.2009)		**250.000**	-	-	-	**8.151**	-	**10.857**	-	**105.388**	**11.336**	**9.825**	-	-	-	-	**8.945**	**404.502**
	Current Period (01.01. –31.12.2010) (Audited)																		
I.	**Beginning Balance (31.12.2009)**		**250.000**	-	-	-	**8.151**	-	**10.857**	-	**105.388**	**11.366**	**9.825**	-	-	-	-	**8.945**	**404.502**
	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**	**23**	-	-	-	-	-	-	-	-	-	-	**3.903**	-	-	-	-	**488**	**4.391**
V.	**Revaluation Surplus on Tangible Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Bonus Shares of Associates, Subsidiaries and Joint-Ventures**	**23**	-	-	-	-	-	-	-	-	-	-	-	-	**1.938**	-	-	**261**	**2.199**
VIII.	**Translation Differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Changes Resulted from Disposal of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes Resulted from Reclassification of Assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Capital Increase**	**23**	**45.000**	-	-	-	-	-	**(3.545)**	**(30.119)**	-	**(11.336)**	-	-	-	-	-	-	-
XII.	**Issuances of Share Certificates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Capital reserves from inflation adjustments to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Non-controlling Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1.167**	**1.167**
XVI.	**Profit for the Period**		-	-	-	-	-	-	-	-	**63.702**	-	-	-	-	-	-	-	**63.702**
XVII.	**Profit Distribution**		-	-	-	-	**5.291**	-	**70.412**	**30.119**	**(105.388)**	**(434)**	-	-	-	-	-	-	-
17.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.2	Transfer to Reserves		-	-	-	-	5.291	-	70.412	30.119	(105.388)	(434)	-	-	-	-	-	-	-
17.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance (31.12.2010)		**295.000**	-	-	-	**13.442**	-	**77.724**	-	**63.702**	**(434)**	**13.728**	-	**1.938**	-	-	**10.861**	**475.961**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2010

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

			Audited Current Period	Audited Prior Period
		Notes	31 December 2010	31 December 2009
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	**Operating Profit Before Changes İn Operating Assets And Liabilities**		**65.575**	**56.921**
1.1.1	Interests Received/Lease Income		137.259	127.097
1.1.2	Lease Expenses		-	-
1.1.3	Dividends Received		1.009	667
1.1.4	Fees and Commissions Received		-	-
1.1.5	Other Income		7.477	10.347
1.1.6	Collections from Non-performing Receivables	31	6.090	3.045
1.1.7	Payments to Personnel and Service Suppliers		(11.352)	(9.284)
1.1.8	Taxes Paid		(12.165)	(11.465)
1.1.9	Others		(62.743)	(63.486)
1.2	**Changes in Operating Assets and Liabilities**		**259.720**	**141.510**
1.2.1	Net (Increase) Decrease in Factoring Receivables		(188.286)	(76.407)
1.2.2	Net (Increase) Decrease in Financing Loans		-	-
1.2.3	Net (Increase) Decrease in Lease Receivables		(114.650)	115.070
1.2.4	Net (Increase) Decrease in Other Assets		(8.907)	8.943
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		569.111	89.812
1.2.8	Net Increase (Decrease) in Due Payables		-	-
1.2.9	Net Increase (Decrease) in Other Liabilities		2.452	4.092
I.	**Net Cash Provided from Operating Activities**		**325.295**	**198.431**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3	Purchases of Tangible and Intangible Assets	10, 11	(634)	(264)
2.4	Proceeds From Sale of Tangible and Intangible Assets	10	6	50
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**		**(628)**	**(214)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
III.	**Net Cash Used in Financing Activities**		**-**	**-**
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**(158)**	**(904)**
V.	**Net Increase in Cash and Cash Equivalents**		**324.509**	**197.313**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	**5**	**362.397**	**165.084**
VII.	**Cash and Cash Equivalents at the End of the Period**	**5**	**686.906**	**362.397**

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

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2010

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

	İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (***)	Current Period (31 December 2010)	Prior Period (31 December 2009)
I.	**DISTRIBUTION OF CURRENT PERIOD PROFIT**		
1.1	CURRENT PERIOD PROFIT	61.280	56.281
1.2	TAXES AND DUES PAYABLE (-)	2.422	49.107
1.2.1	Corporate Tax (Income Tax)	(11.212)	(14.711)
1.2.2	Withholding Tax	-	-
1.2.3	Other taxes and dues (*)	13.634	63.818
A.	**NET PERIOD PROFIT (1.1 - 1.2)**	**63.702**	**105.388**
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVE (-)	(2.975)	(5.010)
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-) (**)	40	18
B	**DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)]**	**60.767**	**100.396**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	30.119
1.6.1	To Owners of Ordinary Shares (****)	-	30.119
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit /loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit /loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVE (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	70.259
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION FROM RESERVES**		
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	SHARE TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit /loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE**		
		-	0.4215
3.1	TO OWNERS OF STOCKS (TRY)	-	%42,15
3.2	TO OWNERS OF STOCKS (%)	-	-
3.3	TO OWNERS OF PREFERRED STOCKS (TRY)	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF STOCKS (TRY)	-	0.1205
4.2	TO OWNERS OF STOCKS (%)	-	%12,05
4.3	TO OWNERS OF PREFERRED STOCKS (TRY)	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

(*) As per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase, the Group has deferred tax income amounting to TRY 13.634 associated with the deferred tax asset which will not be distributed.
(**) Comprising of donations made by the Company which shall be added back to distributable net profit.
(***) Since the Board of Directors has not made any decision regarding profit distribution for the year 2010, only distributable net profit is presented in the profit distribution table above.
(****) The dividend amount in connection with the year 2009 has been distributed in the form of bonus shares.

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 the Finance Lease Act No: 3226. 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:2 Kat:10 34330 Levent-İstanbul/Turkey.

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. ("İş Factoring") 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 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 31 December 2010, the Company and it's subsidiary ("Group") employ 121 employees (31 December 2009: 112 employees).

Dividend Payable

As at 31 December 2010, the Company does not have any dividend payable.

Approval of the Financial Statements

The consolidated financial statements as at 31 December 2010 have been approved by the Board of Directors of the Company and authorized for issue as at 11 February 2011. General Assembly and / or legal authorities has 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 Banking Regulation and Supervision Agency ("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)

In terms of accounting of 2010 operations, the Group has applied the requirements of the communiqué on the "Regulation on Procedures and Principles for Establishment and Operations of Financial Leasing, Factoring and Consumer Financing Companies " published on the Official Gazette no. 26315 dated 10 October 2006 and the communiqué on the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published on the Official Gazette no. 26588 dated 20 July 2007.

The consolidated financial statements have been prepared on the historical cost basis except for the remeasurement of financial instruments. Historical cost is generally determined as fair value of the consideration 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 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 2010 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.

A portion of intangible assets which were recorded as furniture and fixtures and leasehold improvements at the prior period was classified as intangible assets in the current period (Note 10).

(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 life of tangible and intangible assets
- Note 4 – Financial assets at fair value through profit or loss
- Note 6 – Financial assets available for sale
- Note 13 – Deferred tax asset and liabilities
- Note 21 – Provisions
- Note 26 – Commitments and contingencies
- Note 33 – Provisions for non-performing receivables
- Note 38 – Additional information about financial instruments

Basis of Consolidation

The details of the Group's subsidiary as at 31 December 2010 and 2009 are as follows:

Subsidiary	Incorporation and operation location	Shareholding rate %	Voting right rate %	Core business
İş Factoring	İstanbul	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.

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

2.1 Basis of the Presentation (Continued)

Basis of Consolidation (Continued)

As at 31 December 2010 and 2009, the Company owns 78,23% of İş Factoring. As the Company has the power to control the operations of the İş Factoring, the financial statements of İş Factoring have been fully consolidated in the accompanying consolidated financial statements.

(ii) Transactions eliminated on consolidation

Financial statements of İş Factoring have been fully consolidated in the accompanying financial statements and the investment balance in the Company's balance sheet have been eliminated against the paid-in capital of İş Factoring. 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 changed 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 interest

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.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or 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. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

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.

2.4 Standards and Interpretations not Yet Effective as at 31 December 2010

The Group applied all of the relevant and required standards promulgated by TASB as at 31 December 2010.

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2010, and have not been applied in preparing these consolidated financial statements. These standards are as follows;

The revised TAS 24 "Related Party Disclosures" amends the definition of a related party and modifies certain related party disclosure requirements government-related entities. The main changes to TAS 24 are: a partial exemption from the disclosure requirements for transactions between a government-controlled reporting entity and that government or other entities controlled by that government; and amendments to the definition of a related party.

TASB agreed that the partial exemption from the disclosure requirements should be required to be made retrospectively, because this should result in a reduction of 'clutter' in the footnotes and an identification of better information about the nature and extent of significant transactions with the government.

In addition, TASB agreed that the definition of a related party should also be applied retrospectively from the effective date.

Moreover, TASB agreed that an entity should be permitted to adopt the partial exemption for government-controlled entities before the effective date even if it does not adopt the amended definition of related party until a later date.

TFRS 9 "Financial Instruments" has been issued on April 2010, by the TASB as the first step in its project to replace TAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in TAS 39 on impairment of financial assets and hedge accounting continues to apply.

The amendment is effective for annual periods beginning on or after 1 January 2013, although entities are permitted to adopt them earlier. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2013.

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

2.4 Standards and Interpretations not yet effective as at 31 December 2010 (Continued)

TASB issued interpretations about prepayments of a minimum funding (interpretations for TFRIC 14) on 26 November 2009. The amendments to TFRIC 14, which is itself an interpretation of TAS 19 applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment, "Prepayments of a Minimum Funding Requirement", has an effective date for mandatory adoption of 1 January 2011, with early adoption permitted.

Amendments to TFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.

TFRS 7 Financial Instruments is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. The amendment is effective for annual periods beginning on or after 1 January 2011.

TAS 34 Interim Financial Reporting - Significant Events and Transactions; a number of examples have been added to the list of events or transactions that require disclosure under TAS 34. The amendment is effective for annual periods beginning on or after 1 January 2011.

TAS 27 Consolidated and Separate Financial Statements – Transition requirements for amendments made as a result of TAS 27 (2008) to TAS 21, TAS 28 and TAS 31; consequential amendments to TAS 21 The Effects of Changes in Foreign Exchange Rates, TAS 28 Investments in Associates and TAS 31 Interests in Joint Ventures (as a result of prior amendments to TAS 27) to be applied prospectively, except for the amendments to TAS 28 and TAS 31 that solely are the result of renumbering in TAS 27 (2008). The amendment is effective for annual periods beginning on or after 1 January 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Revenue

Finance lease income: Initial value of leased assets at the beginning of the leasing period under the Finance Lease Act is recognized as finance lease receivables in the consolidated balance sheet. 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.

Commission income is a certain percentage of the total amount of invoices subject to factoring.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net book value of the related asset. Dividend income from equity share investments is recognized when the shareholders have the right to receive the payment.

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:

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

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", "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)

h. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

Available for sale financial assets (Continued)

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.

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 doubtful factoring receivables having possibility of recovery based on the time intervals mentioned above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

Finance lease receivables, factoring receivables and other receivables (Continued)

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.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indicator of impairment for financial asset or financial asset group. An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For the financial assets which are measured at 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 31 December 2010 and 2009 are as follows:

	2010	2009
USD	1,5460	1,5057
Euro	2,0491	2,1603

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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Subsequent Events

Subsequent events 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.

l. Provisions, Contingent Liabilities and Contingent Assets:

In accordance with the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Leases

- Group as Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

- Group as Lessee

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

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2010	**2009**
Discount rate	5,10%	5,92%
Expected rate of salary/limit increase	4,66%	4,80%
Probability of retirement	100%	100%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the retirement pay ceiling is revised semi annually, the ceiling amount of full TRY 2.623,23 effective from 1 January 2011 has been taken into consideration in calculation of provision for employee termination benefits (retirement pay provision) (31 December 2009: full TRY 2.427,03).

r. Statement of Cash Flows

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

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

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

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

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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

Financial assets held for trading:

As at 31 December 2010 and 2009, details of financial assets held for trading are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Debt securities issued by private sector	3.259	-	-	-
Investment funds	1.105	-	139	-
	4.364	-	139	-

	Nominal Value TRY	Fair Value TRY
Debt securities issued by private sector	3.127	3.259
	3.127	3.259

Debt securities issued by private sector are matured on 2 March 2012 and 1 June 2012.

The Group has investments in Türkiye İş Bankası A.Ş. funds amounting to TRY 1.105 (31 December 2009: TRY 139).

Derivative Financial 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.

	2010		2009	
	TRY	FC	TRY	FC
Derivative Financial Liabilities Held For Trading	-	1.201	-	-
	-	1.201	-	-

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

5. BANKS

As at 31 December 2010 and 2009, the details of the banks are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Demand deposits	1.597	5.099	3.066	4.001
Time deposits	548.331	131.879	267.489	87.841
Interest accrual	4.356	22	1.308	49
	554.284	137.000	271.863	91.891

The details of the time deposits as at 31 December 2010 are as follows:

Currency	Interest Rate %	Maturity	2010
TRY	6,25-9,40	03.01.2011-07.02.2011	552.686
USD	0,50-2,50	03.01.2011	60.229
Euro	0,50-2,80	03.01.2011-07.01.2011	71.673
			684.588

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

Currency	Interest Rate (%)	Maturity	2009
TRY	6,25-10,50	04.01.2010-11.02.2010	268.797
USD	1,60-3,25	04.01.2010-01.02.2010	53.346
Euro	0,50-3,00	04.01.2010-15.01.2010	34.544
			356.687

As at 31 December 2010, TRY 21.278 portion of total foreign currency deposits (31 December 2009: TRY 70.256) and TRY 379.538 portion of total TRY deposits (31 December 2009: TRY 174.570) consist of accounts at the Company's main shareholders, Türkiye İş Bankası A.Ş.

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

	2010	2009
Demand deposits	6.696	7.067
Time deposits (1-3 months) (without accrual)	680.210	355.330
Cash and cash equivalents	686.906	362.397

As at 31 December 2010 and 2009, there is no any 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 31 December 2010 and 2009, 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 (%)	2010	2009	2010	2009
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	25.298	17.077
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	959	645
Unquoted investments:							
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	3	2
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	29	25
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	227	337
TOTAL						26.516	18.086

7. FACTORING RECEIVABLES

As at 31 December 2010 and 2009, details of factoring receivables are as follows:

	2010	2009
Short-term factoring receivables (*)		
Domestic factoring receivables (net)	313.352	143.414
Export and import factoring receivables	19.130	294
Factoring interest income accrual	421	164
Unearned interest income	(1.583)	(1.080)
	331.320	142.792
Non-performing factoring receivables (**)	2.651	3.078
Provision for non-performing factoring receivables (**)	(2.651)	(2.971)
	331.320	142.899

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

(**) Presented under the non-performing receivables in the accompanying consolidated balance sheet.

Euro 1.372.353, GBP 179.354 and TRY 208.504 of factoring receivables have variable rates (31 December 2009: Euro 136.314 and TRY 87.080) while Euro 2.701.380, USD 6.698.152 and TRY 103.685 of factoring receivables have fixed rate (31 December 2009: TRY 55.524).

As at 31 December 2010, the average interest rate applicable for the factoring receivables is; 8,56% for TRY, 4,62% for USD, 4,65% for Euro and 4,55% for GBP (31 December 2009: 9,58% for TRY, 5,42% for USD and 7,5% for Euro).

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

7. FACTORING RECEIVABLES (Continued)

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

	2010	2009
Domestic irrevocable	121.789	13.048
Foreign irrevocable	15.460	-
Domestic revocable	190.399	129.557
Foreign revocable	3.672	294
	331.320	142.899

Except for its non-performing receivables for which 100% provision provided, the Group does not have overdue factoring receivables as at the balance sheet date. The carrying amount of the Group's restructured factoring receivables amounts to TRY 41 (31 December 2009: TRY 266). If such receivables were not restructured, they would be classified as overdue or doubtful receivables. 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	2010	2009
Mortgage	1.500	1.515
	1.500	1.515

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

	2010	2009
Up to 90 days	-	119
Between 90 – 180 days	-	-
Between 180 – 360 days	-	94
Over 360 days	2.651	2.865
	2.651	3.078

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

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

	2010	2009
Provision at the beginning of the period	(2.971)	(3.056)
Provision set during the period	(15)	(196)
Collections	335	281
Provision at the end of the period	(2.651)	(2.971)

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

8. LEASE RECEIVABLES

As at 31 December 2010 and 2009, details of finance lease receivables are as follows:

31 December 2010	Short Term	Long Term	Total
Invoiced finance lease receivables	29.483	-	29.483
Uninvoiced finance lease receivables	326.702	657.580	984.282
Less: Unearned interest income	(69.507)	(92.835)	(162.342)
Leasing contracts in progress (**)	-	7.859	7.859
Advances given for lease transactions	-	32.389	32.389
Gross finance lease receivables	286.678	604.993	891.671
Non-performing finance lease receivables(*)	74.255	14.302	88.557
Specific provisions (*)	(37.403)	(7.204)	(44.607)
Net finance lease receivables	323.530	612.091	935.621

31 December 2009	Short Term	Long Term	Total
Invoiced finance lease receivables	38.074	-	38.074
Uninvoiced finance lease receivables	329.202	538.931	868.133
Less: Unearned interest income	(75.063)	(84.600)	(159.663)
Leasing contracts in progress (**)	-	6.976	6.976
Advances given for lease transactions	-	8.383	8.383
Gross finance lease receivables	292.213	469.690	761.903
Non-performing finance lease receivables (*)	89.114	17.328	106.442
Specific provisions (*)	(33.178)	(6.451)	(39.629)
Net finance lease receivables	348.149	480.567	828.716

(*) Presented as the non-performing receivables in the accompanying consolidated balance sheet.

(**) 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 31 December 2010 and 2009, leasing contracts in progress balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet.

As at 31 December 2010, analysis of finance lease receivables according to their maturities is as follows:

	2011	2012	2013	2014	2015	2016 and after	Total
Finance lease receivables (gross) (*)	349.088	250.662	195.935	117.276	58.698	42.106	1.013.765
Unearned interest	(69.508)	(43.990)	(28.562)	(12.152)	(5.046)	(3.084)	(162.342)
Finance lease receivables (net)	279.580	206.672	167.373	105.124	53.652	39.022	851.423

(*) 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. Moreover, non-performing finance lease receivables are not included in the maturity analyses as related collection dates are not specified.

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

8. LEASE RECEIVABLES (Continued)

As at 31 December 2009, analysis of finance lease receivables according to their maturities is as follows:

	2010	2011	2012	2013	2014	2015 and after	Total
Finance lease receivables (gross) (*)	356.399	241.217	153.262	101.298	32.313	21.718	906.207
Unearned Interest	(75.063)	(49.013)	(21.677)	(9.112)	(3.061)	(1.737)	(159.663)
Finance lease receivables (net)	281.336	192.204	131.585	92.186	29.252	19.981	746.544

(*) 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. Moreover, non-performing finance lease receivables are not included in the maturity analyses as related collection dates are not specified

As at 31 December 2010, the average compound interest rate applicable for the finance lease receivables is; 18,57% for TRY, 7,86% for USD, and 8,52% for Euro (31 December 2009: 25,31 % for TRY, 9,09% for USD and 10,09% for Euro).

As at 31 December 2010, 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	215.308.642	332.867	33.283.481	51.456
Euro	189.329.957	387.956	35.397.692	72.534
TRY	-	174.550	-	38.352
Total		895.373		162.342

As at 31 December 2009, 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	188.565.674	283.923	31.973.658	48.143
Euro	165.526.832	357.588	32.577.057	70.376
TRY	-	171.846		41.144
Total		813.357		159.663

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

USD 30.877.584 and Euro 20.464.686 portion of the Group's finance lease receivables have variable rates (31 December 2009: USD 33.941.065 and Euro 19.495.438) while USD 184.431.058, Euro 168.865.272, and TRY 174.550 portion of its finance lease receivables have fixed rates (31 December 2009: USD 154.624.609, Euro 146.031.394, and TRY 171.846).

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

8. LEASE RECEIVABLES (Continued)

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	2010	2009
Mortgages	111.180	130.924
Mortgage on ship	-	3.302
Guarantors	136	412
Cash blockages	2.228	2.236
Letters of guarantee	1.918	3.663
	115.462	140.537

As at the balance sheet date, the Group did not book provision for uninvoiced finance lease receivables overdue less than 150 days classified under the finance lease receivables amounting to TRY 13.290 (31 December 2009: TRY 21.099) 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:

	2010	2009
Up to 30 days	10.078	6.842
Between 30 – 60 days	1.234	5.004
Between 60 – 90 days	905	3.309
Between 90 – 150 days	1.073	5.944
Total overdue	13.290	21.099
Not due amount	180.829	167.206
	194.119	188.305

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

Collateral type	2010	2009
Mortgages	33.679	55.545
Mortgage on ship	-	3.197
Guarantors	45	128
Cash blockages	25	194
Letters of guarantee	305	580
	34.054	59.644

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 balance sheet date. The Group does not have significant credit risk concentration. The sectoral distribution of the finance lease receivables are given in Note 38.

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.

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

8. LEASE RECEIVABLES (Continued)

As at 31 December 2010 and 2009, the aging of non-performing finance lease receivables is as follows:

	2010	2009
Between 150 – 240 days	1.651	5.088
Between 240 – 360 days	3.475	6.684
Over 360 days	38.721	40.959
Uninvoiced non-performing finance lease receivables	50.448	60.299
Unearned interest of non-performing finance lease receivables	(5.738)	(6.588)
	88.557	106.442

Collaterals obtained for non-performing finance lease receivables as at 31 December 2010 and 2009 are as follows:

Guarantee type:	2010	2009
Mortgages	10.174	12.632
Guarantors	-	25
Cash blockages	107	199
Letter of guarantee	6	-
	10.287	12.856

In addition to the above collaterals, leased equipments amounting to TRY 29.143 and pledged assets (vehicles) amounting to TRY 279 are considered in the provision calculation (31 December 2009: leased equipments amounting to TRY 48.167 and pledged assets (vehicles) amounting to TRY 372).

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

Movement of specific provisions:	2010	2009
Provision at the beginning of the period	(39.629)	(27.685)
Provision set during the period	(12.357)	(16.622)
Transfer from general provision	-	(3.207)
Write off	1.624	7.234
Collections	5.755	651
Provision at the end of the period	(44.607)	(39.629)

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

9. RELATED PARTIES

As at 31 December 2010 and 2009, details of related party balances are as follows:

Finance lease receivables	2010	2009
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	37.254	26.923
Gemport Gemlik Liman İşletmeleri A.Ş.	4.741	9.441
Türkiye İş Bankası A.Ş.	3.207	18.381
Avea İletişim Hizmetleri A.Ş.	3.094	3.449
İş Merkezleri Yönetim Ve İşletim A.Ş.	442	692
TSKB Gayrimenkul Aracılık Hizm. A.Ş.	32	-
	48.770	58.886

Factoring receivables		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	28.250	3.301
Dr. Feridun Frik İlaç San. Tic. A.Ş.	2.759	-
Kültür Yayınları İş-Türk Ltd. Şti.	618	725
Nevotek Bilişim Ses Ve İletişim Sist.San.Ve Tic.A.Ş.	-	290
Ant Gıda Tarım Tur.En.Ve Demir Çelik San.Tic.A.Ş.	-	9.050
	31.627	13.366

Payables to related parties		
Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	4.571	3.540
Türkiye İş Bankası A.Ş.	-	19
Other	-	6
	4.571	3.565

Deposits placed to related parties		
Türkiye İş Bankası A.Ş. Demand Deposit	6.678	5.199
Türkiye İş Bankası A.Ş. Time Deposit	394.138	239.627
	400.816	244.826

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

9. RELATED PARTIES (Continued)

As at 31 December 2010 and 2009, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.Ş.

Currency	Interest Rate %	Maturity	2010
TRY	7,25-7,45	07.11.2010	177.987
USD	2,90-4,14	05.01.2011-30.09.2016	128.487
Euro	2,51-3,50	04.01.2011-28.10.2011	250.186
GBP	3,48	Overdaft	426
			557.086

Currency	Interest Rate %	Maturity	2009
TRY	7,60	Revolving	8.465
USD	1,50-6,00	04.02.2010-29.09.2010	107.927
Euro	1,99-3,48	31.05.2010-04.01.2011	31.354
			147.746

İş Bank GmbH

Currency	Interest Rate %	Maturity	2010
Euro	3,05-4,00	Overdraft-26.10.2011	31.636
			31.636

Currency	Interest Rate %	Maturity	2009
Euro	5,13	Overdraft	290
			290

Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	Interest Rate %	Maturity	2010
USD	2,24-2,46	15.07.2014-15.05.2015	45.376
Euro	2,58	15.07.2014	10.051
			55.427

Currency	Interest Rate %	Maturity	2009
USD	2,08-2,48	15.07.2010-15.07.2014	34.332
Euro	2,33-4,63	15.04.2010-15.07.2014	21.656
			55.988

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

9. RELATED PARTIES (Continued)

For the period ended 31 December 2010 and 2009, income and expenses from related parties is as follows:

	2010	2009
Finance lease interest income from related parties		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	1.910	1.196
Türkiye İş Bankası A.Ş.	880	3.176
Gemport Gemlik Liman İşletmeleri A.Ş.	567	971
İş Merkezleri Yönetim ve İşletim A.Ş.	114	87
Avea İletişim Hizmetleri A.Ş.	41	184
Other	6	54
Total	3.518	5.668
Interest income from related parties		
Türkiye İş Bankası A.Ş.	26.489	12.737
Total	26.489	12.737
Dividend income from related parties		
İş Yatırım	2.912	630
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş	27	46
İş Net	17	16
Yatırım Finansman Menkul Değerler A.Ş	4	-
Total	2.960	692
Finance expense		
Türkiye İş Bankası A.Ş	10.530	9.117
TSKB	284	1.808
İşbank Gmbh	13	23
Total	10.827	10.948
Rent expense		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1.034	1.014
Total	1.034	1.014
Commission income		
Anadolu Anonim Türk Sigorta Şirketi	1.355	2.087
Total	1.355	2.087
Factoring commission income		
Şişe Cam Dış Tic.AŞ.	61	97
Kültür Yayınları İş-Türk Ltd.Şti.	11	10
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	-	3
Total	72	110

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

9. RELATED PARTIES (Continued)

	2010	2009
Factoring interest income from related parties		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	1.376	886
Ant Gıda Tarım Turizm Enerji ve Demir Çelik San. Tic. A.Ş.	169	-
Dr. Feridun Frik İlaç San. Tic. A.Ş.	128	-
Kültür Yayınları İş-Türk Ltd. Şti.	119	122
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	23	176
Total	1.815	1.184
Investment fund income		
Türkiye İş Bankası A.Ş	3	5
	3	5

The remuneration of the key management during year comprised the following:

Key management personnel compensation (*)

	2010	2009
Salaries and other short-term benefits (**)	2.402	2.361
	2.402	2.361

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

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

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

10. TANGIBLE ASSETS

For the period ended 31 December 2010 and 2009, the movement in tangible assets is as follows:

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Cost					
Opening balance at 1 January 2010	29	3.161	1.905	2.616	7.711
Additions	-	301	-	5	306
Disposals	-	(452)	(3)	(514)	(969)
Closing balance at 31 December 2010	29	3.010	1.902	2.107	7.048
Accumulated depreciation					
Opening balance at 1 January 2010	(26)	(2.987)	(1.856)	(2.506)	(7.375)
Depreciation for the year	(3)	(113)	(32)	(40)	(188)
Disposals	-	447	2	514	963
Closing balance at 31 December 2010	(29)	(2.653)	(1.886)	(2.032)	(6.600)
Carrying amounts at 31 December 2010	-	357	16	75	448

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Cost					
Opening balance 1 January 2009	298	3.573	1.830	2.900	8.601
Transfers (*)	-	(341)	79	(353)	(615)
Additions	-	36	-	69	105
Disposals	(269)	(107)	(4)	-	(380)
Closing balance 31 December 2009	29	3.161	1.905	2.616	7.711
Accumulated depreciation					
Opening balance 1 January 2009	(243)	(3.072)	(1.799)	(2.612)	(7.726)
Transfers (*)	-	61	(7)	137	191
Depreciation for the year	(6)	(81)	(51)	(32)	(170)
Disposals	223	105	1	1	330
Closing balance 31 December 2009	(26)	(2.987)	(1.856)	(2.506)	(7.375)
Carrying amounts at 31 December 2009	3	174	49	110	336

(*) A portion of intangible assets which were recorded as furniture and fixtures and leasehold improvements at prior periods was classified as intangible assets in the current period.

As at 31 December 2010 and 2009, there is no restriction on the tangible assets of the Group.

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

11. INTANGIBLE ASSETS

For the period ended 31 December 2010 and 2009, the movement in intangible assets is as follows:

	2010	2009
Opening balance at 1 January	1.046	272
Transfer (*)	-	615
Additions	328	159
Closing balance at the end of the period	1.374	1.046
Amortisation		
Opening balance at 1 January	(530)	(175)
Transfer (*)	-	(191)
Amortisation for the year	(204)	(164)
Closing balance at the end of the period	(734)	(530)
Carrying amounts	640	516

(*) Please refer to Note 10.

12. GOODWILL

The Company has purchased nominal shares of İş Factoring 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 31 December 2010, net amount of goodwill is TRY 166 (31 December 2009: 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 31 December 2010 and 2009, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

	2010	2009
Temporary differences subject to deferred tax:		
Investment incentive – without witholding tax	371.305	310.795
Investment incentive – with witholding tax	145.383	136.312
Allowance for doubtful finance lease receivables	34.061	27.441
Valuation differences on financial instruments	1.201	-
Employee bonus accrual	1.045	675
Reserve for employee benefits	921	718
Provision for lawsuit	864	630
Unused vacation	252	170
Finance lease adjustment	(137)	137
Prepaid expenses	(512)	(468)
Tax base differences in tangible and intangible assets	(553)	(199)
Finance lease income accruals	(16.938)	(17.512)
Impairment losses on assets held for sale	-	1.161
Other	115	-
	537.007	459.860

	2010	2009
Deferred tax assets / (liabilities)		
Investment incentive – without witholding tax	74.261	62.159
Allowance for doubtful finance lease receivables	6.812	5.488
Investment incentive – with witholding tax	291	272
Valuation differences on financial instruments	240	-
Employee bonus accrual	209	135
Reserve for employee benefits	184	144
Provision for lawsuit	173	126
Unused vacation provision	50	34
Finance lease adjustment	(27)	27
Prepaid expenses	(102)	(94)
Tax base difference in tangible and intangible assets	(111)	(40)
Finance lease income accruals	(3.388)	(3.502)
Impairment losses on assets held for sale	-	232
Other	23	-
Deferred tax asset	78.615	64.981

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 2009: 0.2% and 20%).

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

13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

<u>Investment Incentive:</u>

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 Group may utilise TRY 516.688 of its unused investment allowances as offset against its future profits. The Group has TRY 78.615 of deferred tax assets comprising of unused investment allowances and other temporary differences, 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:

	2010	2009
Opening balance at 1 January	64.981	1.163
Deferred tax benefit / (expense)	13.634	63.818
Closing balance	78.615	64.981

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2010 and 2009, details of assets held for sale and discontinued operations are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Assets held for sale (*)	278	-	2.689	-
Impairment in value of assets held for sale	-	-	(1.161)	-
	278	-	1.528	-

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

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

15. OTHER ASSETS

As at 31 December 2010 and 2009, details of other assets are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Deductible value added tax	20.277	-	14.467	-
Insurance premium receivables	325	1.998	830	2.445
Others	1.368	178	1.695	22
	21.970	2.176	16.992	2.467

16. FUNDS BORROWED

As at 31 December 2010 and 2009, details of funds borrowed are as follows:

Short-term borrowings	2010		2009	
	TRY	FC (*)	TRY	FC (*)
Short-term borrowings	688.927	706.793	307.705	580.689
Short-term portion of long-term borrowings	7.096	13.583	-	5.160
Total short-term borrowings	696.023	720.376	307.705	585.849
Long-term borrowings	21.287	149.214	28.441	85.803
Total long-term borrowings	21.287	149.214	28.441	85.803
Total borrowings	717.310	869.590	336.146	671.652

(*) Total TRY 28.707 foreign currency indexed borrowings have been presented in TRY column in the accompanying consolidated balance sheet (31 December 2009 – TRY 57.080).

As at 31 December 2010 and 2009, maturity analysis of borrowings are as follows:

Maturity analysis of borrowings	2010	2009
Within 1 year	1.416.399	893.554
Within 1-2 years	97.841	81.941
Within 2-3 years	30.948	13.563
Within 3-4 years	23.989	11.630
Within 4-5 years	17.723	7.110
TOTAL	1.586.900	1.007.798

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

16. FUNDS BORROWED (Continued)

As at 31 December 2010 and 2009 details of borrowings based on types of currency are as follows:

Currency	Interest rate %	Original currency amount	2010
TRY(*)	7,05-7,50	-	688.169
USD	2,40-5,47	202.118.698	312.476
Euro	2,40-4,81	188.058.618	385.351
GBP	3,48	178.328	426
Interest accruals			9.298
TOTAL			1.395.720

Currency	Interest rate %	Original currency amount	2009
TRY(*)	7,10-7,75	-	279.009
USD	1,50-10,15	179.420.607	270.154
Euro	1,99-7,19	153.696.850	332.031
Interest accrual		-	7.200
TOTAL			888.394

(*) Foreign currency indexed borrowings have been presented in TRY column in the accompanying consolidated balance sheet.

As at 31 December 2010 and 2009,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	2010
USD	1,66-4,14	86.752.267	134.119
Euro	2,58-3,40	27.847.090	57.061
TOTAL			191.180

Currency	Interest rate %	Original currency amount	2009
USD	1,65-5,47	42.934.750	64.647
Euro	2,74-4,55	25.347.090	54.757
TOTAL			119.404

As at 31 December 2010 and 2009, compounded interest rates are as follows:

	2010		2009	
	TRY	FC (*)	TRY	FC (*)
Fixed rate	600.733	581.401	244.071	349.475
Variable rate	87.870	316.896	34.995	379.257
	688.603	898.297	279.066	728.732

(*) Foreign currency indexed borrowings have been presented in TRY column in the accompanying consolidated balance sheet.

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

16. FUNDS BORROWED (Continued)

Fair values of the funds borrowed are presented in Note 38.

As at 31 December 2010, the Group has available TRY 1.745.674 of unused credit lines for which all precedent conditions were met (31 December 2009: TRY 1.358.218)

17. MISCELLANEOUS PAYABLES AND OTHER LIABILITIES

As at 31 December 2010 and 2009, details of miscellaneous payables are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Payables to suppliers for lease transactions	796	8.790	240	8.512
Other trade payables (*)	1.676	3.218	1.072	2.700
	2.472	12.008	1.312	11.212

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

The Group 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 31 December 2010 and 2009, details of other liabilities are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Advances received (**)	1.972	5.870	1.629	7.221
Others	596	150	476	198
	2.568	6.020	2.105	7.419

(**) Advances received consist of lease 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. TAXES AND DUTIES PAYABLE

As at 31 December 2010 and 2009, details of taxes and duties payable are as follows:

	2010		2009	
	TRY	FC	TRY	FC
Corporate tax provision	2.599		3.552	
Taxes and duties payable	587	-	487	-
	3.186	-	4.039	-

As at 31 December 2010 and 2009, details of corporate tax provision and prepaid taxes are as follows:

	2010	2009
Current period corporate tax provision	11.212	14.711
Corporation taxes paid in advance during the year	(8.613)	(11.159)
Corporate tax provision (net)	2.599	3.552

	2010	2009
Corporate tax provision at the beginning of the period	3.552	306
Total income tax expense	11.212	14.711
Corporation taxes paid during the year	(12.165)	(11.465)
Corporate tax provision (net)	2.599	3.552

20. PROVISIONS

For the period ended 31 December 2010 and 2009, other provisions are as follows:

	2010	2009
Provision for lawsuit	864	630
	864	630

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

20. PROVISIONS (Continued)

For the period ended 31 December 2010 and 2009, movements in provisions are as follows:

31 December 2010	General Provision for Finance Lease Receivables	General Provision for Factoring Receivables	Provision for Lawsuit	Others
Provision at the beginning of the year	-	-	630	-
Additions	-	-	275	-
Transfer to specific provisions	-	-	-	-
Payments	-	-	-	-
Cancellations	-	-	(41)	-
Collections	-	-	-	-
	-	-	864	-

31 December 2009	General Provision for Finance Lease Receivables (*)	General Provision for Factoring Receivables (*)	Provision for Lawsuit	Others
Provision at the beginning of the year	3.952	300	41	168
Additions	468	600	589	-
Transfer to specific provisions	(3.207)	-	-	-
Payments	-	-	-	-
Cancellations	-	-	-	(168)
Collections	(1.213)	(900)	-	-
	-	-	630	-

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

21. EMPLOYEE BENEFITS

As at 31 December 2010 and 2009, details of reserve for employee benefits are as follows:

	2010	2009
Reserve for employee severance indemnity	921	718
Unused vacation provision	252	170
Employee bonus accrual	1.045	675
	2.218	1.563

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

21. 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. As the retirement pay ceiling is revised semi annually, the ceiling amount of TRY full 2.623,23 effective from 1 January 2011 has been taken into consideration in calculation of provision for employee termination benefits.

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 are used in the calculation of the total liability:

	2010	2009
Discount rate	4.66%	5.92%
Probability of retirement	100%	100%

For the period ended 31 December 2010 and 2009, movements in retirement pay provision are as follows:

	2010	2009
Balance at the beginning of the year	718	613
Cost of interest	22	14
Cost of services	52	44
Payment made during the year	(98)	(62)
Actuarial difference	227	109
Balance at the end of the period	921	718

Actuarial gains and losses are recorded to income statement.

The movement of the provision for unused vacation during the periods ended 31 December 2010 and 2009 are as follows:

	2010	2009
Balance at the beginning of the period	170	132
Provision set during the year (net)	82	38
Balance at the end of the period	252	170

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

21. EMPLOYEE BENEFITS (Continued)

The movement of the provision for employee bonus accrual during the periods ended 31 December 2010 and 2009 are as follows:

	2010	2009
Balance at the beginning of the period	675	531
Provision set during the year	904	675
Payment made during the year	(534)	(531)
Balance at the end of the period	1.045	675

22. NON-CONTROLLING INTEREST

The Company owns 78,23% of İş Factoring. As at 31 December 2010, the minority interest amounted to TRY 10.861 (31 December 2009: TRY 8.945) calculated on the total equity of the subsidiary and TRY 1.167 (31 December 2009: TRY 1.446) calculated on the net profit of the subsidiary.

For the periods ended 31 December 2010 and 2009, the movement of non-controlling interest is as follows:

	2010	2009
Balance at the beginning of the period	8.945	6.096
Charge for the period	1.916	2.849
Balance at the end of the period	10.861	8.945

23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 December 2010 and 2009, shareholders and their ownership percentages are as follows:

Shareholders	(%)	2010	(%)	2009
Türkiye İş Bankası A.Ş.	27,79	81.993	27,79	69.485
TSKB	28,56	84.252	28,56	71.400
Türkiye Şişe ve Cam Fab. A.Ş.	0,08	225	0,45	1.125
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,90	2.655	0,90	2.250
Publicly traded	42,67	125.875	42,30	105.740
TOTAL	100,00	295.000	100,00	250.000

On 27 May 2010, the Group has increased its share capital by TRY 45.000 to TRY 295.000. The increase comprises of TRY 30.119 of bonus shares from previous year's profit, TRY 11.336 of retained earnings, and TRY 3.545 of extraordinary reserves.

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

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

The Company's share capital is divided into group A and group B shares. 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	2010	2009
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
TSKB	255.000.000	255.000.000
Türkiye Şişe ve Cam Fab. A.Ş.	22.500.000	22.500.000
Nemtaş Nemrut Liman İşletmeleri A.Ş.	22.500.000	22.500.000
Total	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.

CAPITAL RESERVES

As at 31 December 2010 and 2009, details of capital reserves are as follows:

	2010	2009
Marketable securities revaluation reserve	13.728	9.825
Bonus shares obtained from associates, subsidiaries and jointly controlled entities	1.938	-
Total	15.666	9.825

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 stems from profit or loss.

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

24. PROFIT RESERVES

As at 31 December 2010 and 2009, details of profit reserves are as follows:

	2010	2009
Legal reserves	13.442	8.151
Extraordinary reserves	77.724	10.857
TOTAL	91.166	19.008

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.

25. PRIOR YEARS' PROFIT/LOSS

As at 31 December 2010 prior years' profit/loss is TRY 434 (31 December 2009: TRY 11.336).

26. COMMITMENTS AND CONTINGENCIES

As at 31 December 2010, TRY 493 of letters of guarantee are given to customs, authorities and banks (31 December 2009: TRY 1.525).

As at 31 December 2010, the total risk of litigations filed and currently pending against the Group amounting to approximately TRY 2.900 (31 December 2009: TRY 2.173). The Group has provided a provision amounting to TRY 864 for litigations (31 December 2009: TRY 630) in the accompanying consolidated financial statements (Note 20). The Group management does not anticipate any further provision for the remaining litigations.

As at 31 December 2010, the Group has letter of credit commitments of USD 1.788.507, Euro 5.023.425, GBP 283.500 and JPY 21.060.000 (31 December 2009: USD 3.213.375, Euro 4.530.823, GBP 21.366, and CHF 100.000).

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

Tax inspections covering the whole factoring sector on accounting period of the year 2008 has been initiated by the Revenue Administration Department of Ministry of Finance of Turkish Republic and the Company's subsidiary, İş Factoring, has been investigated in this respect. Based on the inspections on the accounts of factoring companies, the amounts that is recorded under unearned revenue account and recognized as income when they are realized and the principal amounts related to the provision for impaired factoring receivables arising from factoring transactions at either law-suit or execution stage for which no revenue has been recorded have been subjected to critics. In this context, İş Factoring has paid the tax penalty charged amounting to TRY 311 on 23 June 2010 and recognized this amount as expense in the accompanying consolidated income statement.

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

26. COMMITMENTS AND CONTINGENCIES (Continued)

As at 31 December 2010 details of derivatives are as follows (31 December 2009: None):

	2010	
	Amount as original currency	TRY
Currency Swap Purchases:		
USD	15.214.568	23.522
		23.522
Currency Swap Sales:		
Euro	12.017.395	24.625
		24.625

All swap transactions are short-term. As at 31 December 2010, the Group has TRY 1.201 of unrealized loss in relation to the fair value changes of swap transactions designated at through profit or loss (Note 4) (31 December 2009: None).

27. 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

As at 31 December 2010:	Leasing	Factoring	Total
Total assets	1.615.894	477.504	2.093.398
Total liabilities	1.189.814	427.623	1.617.437
Net profit	59.508	4.194	63.702

As at 31 December 2009:	Leasing	Factoring	Total
Total assets	1.164.481	276.099	1.440.580
Total liabilities	801.048	235.030	1.036.078
Net profit	100.194	5.194	105.388

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

27. SEGMENT REPORTING (Continued)

31 December 2010	Leasing	Factoring	Total
Operating Income	81.488	18.671	100.159
Operating Expense (-)	(14.481)	(3.871)	(18.352)
Other Operating Income	319.796	15.745	335.541
Financial Expenses (-)	(39.137)	(21.093)	(60.230)
Provision for Losses on Non-Performing Receivables (-)	(12.357)	(15)	(12.372)
Other Operating Expense (-)	(279.265)	(3.034)	(282.299)
Profit from Continuing Operations Before Tax	56.044	6.403	62.447
Provision for Taxes from Continuing Operations (±)	3.464	(1.042)	2.422
Net Profit from Continuing Operations	59.508	5.361	64.869
Non-Controlling Interest	-	(1.167)	(1.167)
Net Profit for the Period	59.508	4.194	63.702
Fixed Asset Additions	561	73	634
Depreciation and Amortisation	(348)	(44)	(392)

31 December 2009	Leasing	Factoring	Total
Operating Income	97.986	14.147	112.133
Operating Expense (-)	(12.687)	(2.763)	(15.450)
Other Operating Income	313.844	9.068	322.912
Financial Expenses (-)	(39.734)	(11.005)	(50.739)
Provision for Losses on Non-Performing Receivables (-)	(17.090)	(796)	(17.886)
Other Operating Expense (-)	(292.838)	(405)	(293.243)
Profit from Continuing Operations Before Tax	49.481	8.246	57.727
Provision for Taxes from Continuing Operations (±)	50.713	(1.606)	49.107
Net Profit from Continuing Operations	100.194	6.640	106.834
Non-Controlling Interest	-	(1.446)	(1.446)
Net Profit for the Period	100.194	5.194	105.388
Fixed Asset Additions	262	2	264
Depreciation and Amortisation	(297)	(37)	(334)

28. SUBSEQUENT EVENTS

None.

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

29. OPERATING INCOME

For the periods ended 31 December 2010 and 2009, details of operating income are as follows:

	2010	2009
Finance lease interest income	81.488	97.986
Factoring income	18.671	14.147
	100.159	112.133

30. OPERATING EXPENSES

For the periods ended 31 December 2010 and 2009, details of operating expenses are as follows:

	2010	2009
Personnel expenses	(11.722)	(9.959)
Office rent expenses	(1.221)	(1.227)
Travel and car expenses	(665)	(628)
Information technology expenses	(479)	(464)
Litigation expenses	(407)	(100)
Consultancy expenses	(366)	(351)
Depreciation and amortisation expense	(392)	(334)
Capital increase expense	(184)	(267)
Other general administrative expenses	(2.916)	(2.120)
	(18.352)	(15.450)

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

31. OTHER OPERATING INCOME

For the periods ended 31 December 2010 and 2009, details of other operating income are as follows:

	2010	2009
Foreign exchange gains	280.412	289.410
Interest income	40.146	21.237
Collections from non-performing receivables	6.090	3.045
Dividend income	2.960	692
Commission income	1.355	2.087
Income from derivative financial transactions	309	2.355
Others	4.269	4.086
	355.541	322.912

32. FINANCIAL EXPENSES

For the periods ended 31 December 2010 and 2009, details of financial expenses are as follows:

	2010	2009
Interest expense	(59.492)	(50.156)
Fees and commissions expense	(738)	(583)
	(60.230)	(50.739)

33. PROVISION FOR NON-PERFORMING RECEIVABLES

For the periods ended 31 December 2010 and 2009, details of provision for non-performing receivables are as follows:

	2010	2009
Specific provision expenses	(12.372)	(16.818)
General provision expenses (*)	-	(1.068)
	(12.372)	(17.886)

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

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

34. OTHER OPERATING EXPENSES

For the periods ended 31 December 2010 and 2009, details of other operating expenses are as follows:

	2010	2009
Foreign exchange losses	(278.200)	(289.608)
Losses from derivative financial transactions	(1.609)	(491)
Impairment losses on marketable securities	(115)	-
Impairment losses on assets held for sale	-	(1.161)
Other	(2.375)	(1.983)
	(282.299)	(293.243)

35. TAXATION

For the periods ended 31 December 2010 and 2009, details of income tax expense are as follows:

Provision for taxes	2010	2009
Current tax charge	(11.212)	(14.711)
Deferred tax benefit	13.634	63.818
	2.422	49.107

The reported income tax expenses for the year 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:

	%	2010	%	2009
Net profit for the period		64.869		106.834
Total tax income		(2.422)		(49.107)
Profit before tax		62.447		57.727
Income tax using the Company's tax rate	20.00	12.489	20.00	11.545
- Non deductible expenses	2.66	1.662	2.61	1.509
- Tax exempt income	(0.98)	(610)	(0.36)	(205)
- Investment incentives	(36.18)	(22.592)	(108.15)	(62.431)
- Other	10.62	6.629	0.82	475
Total income tax expense	(3.88)	(2.422)	(85.08)	(49.107)

35. 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 31 December 2010, corporate income tax rate is 20% (31 December 2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2010 is 20% (2009: 20%). Under the Turkish taxation system, tax losses can be carried forward up to five years. Tax losses can not 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 4. 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.

35. TAXATION (Continued)

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.

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%.

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.

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

36. EARNINGS PER SHARE

The weighted average number of shares of the Group and earnings per share for the period ended 31 December 2010 and 2009 are as follows:

	2010	2009
Weighted average number of outstanding shares (*)	27.625.000.000	21.750.000.000
Net profit for the period (TRY)	63.702	105.388
Basic earnings per share (full Kurus) (**)	0,23	0,38
Diluted earnings per share	0,23	0,38

(*) As at 31 December 2010, the share capital of the Company consists of 29.500.000.000 shares having Kurus 1 nominal price.

	2010	2009
Number of shares at beginning of the period	25.000.000.000	18.500.000.000
Capital increase (**)	4.500.000.000	6.500.000.000
Number of shares at end of the period	29.500.000.000	25.000.000.000

(**) Capital increase is made through internal resources and prior period's earnings per share figure is revised by using the number of shares subsequent to the capital increase.

37. 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.)

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

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

Although there is no change in the capital risk management strategy in 2010, the debt/equity ratio is 52% as at 31 December 2010 (31 December 2009: 61%). As at 31 December 2010 and 2009, the leverage ratios are as follows;

	2010	2009
Funds borrowed	1.586.900	1.007.798
Miscellaneous payables	14.480	12.524
Other liabilities	8.588	9.524
Total liabilities	1.609.968	1.029.846
Banks (-)	(691.284)	(363.754)
Net liabilities	918.684	666.092
Total shareholders' equity	475.961	404.502
Shareholders' equity / liabilities	52%	61%

According to the credit rating report of Fitch issued at 27 July 2010 and 31 December 2009, credit rating of the Company is as follows:

	2010	2009
Foreign Currency		
Long term	BBB-	BBB-
Short term	F3	F3
Outlook	Stable	Stable
TRY		
Long term	BBB-	BBB-
Short term	F3	F3
Outlook	Stable	Stable
National		
Long term	AAA (tur)	AAA (tur)
Outlook	Stable	Stable
Support	2	2

(b) Significant accounting policies

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

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(c) Categories of financial instruments

	2010	2009
Financial assets:		
Banks	691.284	363.754
Financial assets at fair value through profit or loss:		
-Financial assets held for trading	4.364	139
Finance lease receivables and non-performing receivables, net	935.621	828.716
Factoring receivables and non-performing factoring receivables, net	331.320	142.899
Insurance premium receivables (*)	2.323	3.275
Financial assets available for sale	26.516	18.086
Financial Liabilities:		
Derivative financial liabilities held for trading	(1.201)	-
Miscellaneous payables and other liabilities	(23.068)	(22.048)
Funds borrowed	(1.586.900)	(1.007.798)

(*) 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.

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(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 below:

- "Forward foreign exchange contracts" to hedge the exchange rate risk arising from operations,

- "Currency swaps" to control the exchange rate risk of foreign currency denominated liabilities.

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

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

(f) 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.

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

As at 31 December 2010 and 2009, details of foreign currency denominated assets and liabilities are as follows:

31 December 2010 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	40.478	36.303	-	14	26	137.000
Finance lease receivables	215.309	189.330	-	-	-	720,823
Factoring receivables	7.967	4.074	-	179	-	21.093
Advances given for lease transactions	11.055	6.929	-	211	-	31.791
Leasing contracts in progress	951	1.842	-	-	-	5.245
Other assets	663	562	-	-	-	2.176
Total assets	276.423	239.040	-	404	26	918.128
Funds borrowed	(291.745)	(218.063)	-	(178)	-	(898.297)
Miscellaneous payables and other liabilities	(2.381)	(6.706)	(1)	(253)	74	(18.028)
Other provisions	(113)	-	-	-	-	(174)
Total liabilities (**)	(294.239)	(224.769)	(1)	(431)	74	(916.499)
Balance sheet position	(17.816)	14.271	(1)	(27)	100	1.629
Off balance sheet position (Forward & Swap)	15.215	(12.017)	-	-	-	(1.103)
Net foreign currency position	(2.601)	2.254	(1)	(27)	100	526

(*) Foreign currency indexed borrowings amounting to USD 12.066.560 and Euro 4.905.306 (Total: TRY 28.707) and foreign currency indexed factoring receivables amounting to USD 1.269.016 (Total: TRY 1.961) are presented in TRY column in the accompanying consolidated balance sheet.

(**) Derivative financial liabilities amounting to TRY 1.201 is not taken into consideration.

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2009 (***)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	36.853	16.837	1	11	26	91.891
Finance lease receivables	188.566	165.527	-	-	-	641.511
Factoring receivables	884	136	-	-	-	1.625
Advances given for lease transactions	760	3.061	-	99	-	7.993
Leasing contracts in progress	2.530	1.044	-	-	-	6.064
Other assets	901	514	-	-	-	2.467
Total assets	230.494	187.119	1	110	26	751.551
Funds borrowed	(224.603)	(180.784)	-	-	-	(728.732)
Miscellaneous payables and other liabilities	(4.241)	(5.658)		(10)	74	(18.631)
Total liabilities	(228.844)	(186.442)		(10)	74	(747.363)
Balance sheet position	1.650	677	1	100	100	4.188
Off balance sheet position	-	-	-	-	-	-
Net foreign currency position	1.650	677	1	100	100	4.188

(***) Foreign currency indexed borrowings amounting to USD 23.590.695 and Euro 9.979.835 (Total: TRY 57.080) and foreign currency indexed factoring receivables amounting to USD 884.247 (Total: TRY 1.331) are presented in TRY column in the accompanying consolidated balance sheet.

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.)

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit / (Loss)		Equity(*)	
31 December 2010	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	(4.174)	4.174	(4.174)	4.174
2- Hedged portion of TRY against USD risk (-)	3.528	(3.528)	3.528	(3.528)
3- Net effect of USD (1+ 2)	(646)	646	(646)	646
15% change of the Euro against TRY				
4- Net Euro asset/liability	4.248	(4.248)	4.248	(4.248)
5- Hedged portion of TRY against Euro risk (-)	(3.694)	3.694	(3.694)	3.694
6- Net effect of Euro (4+5)	554	(554)	554	(554)
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	(7)	7	(7)	7
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	(7)	7	(7)	7
TOTAL (3+6+9)	(99)	99	(99)	99

(*) Includes profit/loss effect.

	Profit / (Loss)		Equity(*)	
31 December 2009	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	373	(373)	373	(373)
2- Hedged portion of TRY against USD risk (-)	-	-	-	-
3- Net effect of USD (1+ 2)	373	(373)	373	(373)
15% change of the Euro against TRY				
4- Net Euro asset/liability	220	(220)	220	(220)
5- Hedged portion of TRY against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	220	(220)	220	(220)
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	22	(22)	22	(22)
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	22	(22)	22	(22)
TOTAL (3+6+9)	615	(615)	615	(615)

(*) Includes profit/loss effect.

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

38. ADDITIONAL INFORMATION ABOUT 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 currencies.

(g) Interest 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 31 December 2010 and 2009, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	2010	2009
Fixed rate instruments		
Financial assets:		
Banks	691.284	363.754
Finance lease receivables (*)	805.702	720.136
Factoring receivables	119.576	55.524
Financial liabilities		
Funds borrowed	1.182.134	593.546
Variable rate instruments		
Financial assets:		
Finance lease receivables(*)	89.671	93.221
Factoring receivables	211.744	87.375
Financial liabilities		
Borrowings	404.766	414.252

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(g) Interest risk management (Continued)

Interest rate sensitivity (Continued)

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

- Interest income from variable rate finance lease contracts would increase by TRY 884 (31 December 2009: TRY 919), and interest income from fixed rate finance lease contracts would increase by TRY 7.412 (31 December 2009: TRY 6.356).

- Interest income from variable rate factoring contracts would increase by TRY 1.196 (31 December 2009: TRY 8.536), and interest income from fixed rate factoring contracts would increase by TRY 2.117 (31 December 2009: TRY 573).

- Interest expense from variable rate funds borrowed (borrowings) would increase by TRY 3.980 (31 December 2009: TRY 4.091), and interest expense from fixed rate borrowings would increase by TRY 11.712 (31 December 2009: TRY 5.970).

(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 balance sheet date.

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

- There would not be any difference in the net profit/loss to the extent that equity investments are classified as available or are not disposed of or are not subject to impairment.

- Revaluation reserve under equity would increase/decrease by TRY 2.332 (for the period ended 31 December 2009: TRY 2.651). It is mainly because of changes in fair value of the available for sale equity securities.

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

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

38. ADDITIONAL INFORMATION ABOUT 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:

	2010 %	2009 %
Transportation	16,09	14,14
Construction	11,20	10,08
Healthcare	10,80	10,45
Metal industry	10,25	8,34
Forestry products and paper	6,85	5,76
Textile	5,99	8,01
Finance	4,76	8,08
Agriculture and forestry	4,55	5,89
Tourism	4,51	4,35
Chemical and plastic	4,23	3,54
Machinery and equipment	3,29	2,84
Food and beverage	3,22	3,23
Retail and wholesale	2,85	3,76
Mining	2,40	1,97
Other	9,01	9,56
	100,00	100,00

Leased equipment allocation of finance lease receivables is as follows:

	2010 %	2009 %
Machinery and equipment	25,61	25,62
Real estate	18,81	19,16
Building and construction machinery	13,52	13,21
Sea transport vessels	8,88	4,92
Medical equipment	7,12	6,19
Printing machinery	4,56	3,40
Textile machinery	3,77	5,24
Road transportation equipments	3,62	5,41
Tourism equipment	3,60	2,86
Electronic and optical equipment	3,46	5,20
Office equipments	3,06	4,04
Air transportation equipments	1,30	1,10
Other	2,69	3,65
	100,00	100,00

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2010, details of exposure to credit risk based on categories of financial instruments are as follows:

	Receivables							
	Finance Lease Receivables		Factoring Receivables					
31 December 2010	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets	Available for sale financial assets	Insurance premium receivables
Exposure to maximum credit risk as at reporting date (*)	48.770	886.851	31.627	299.693	691.284	4.364	-	2.323
- The portion of maximum risk covered by guarantee	-	125.749	-	1.500	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	48.770	648.782	31.627	299.652	691.284	4.364	-	2.323
- The portion covered by guarantee	-	81.408		1.500	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	41	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	194.119	-	-	-	-	-	-
- The portion covered by guarantee	-	34.054	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	43.950	-	-	-	-	-	-
- Overdue (gross book value)	-	68.567	-	2.651	-	-	-	-
- Impairment (-)	-	(36.472)	-	(2.651)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	10.287	-	-	-	-	-	-
- Not past due (gross book value)	-	19.990	-	-	-	-	-	-
- Impairment (-)	-	(8.135)	-	-	-	-	-	-
- 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.)

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2009, details of exposure to credit risk based on categories of financial instruments are as follows:

	Receivables							
	Finance Lease Receivables		Factoring Receivables					
31 December 2009	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets	Available for sale financial assets	Insurance premium receivables
Exposure to maximum credit risk as at reporting date (*)	58.886	769.830	13.366	129.533	363.754	139	-	3.275
- The portion of maximum risk covered by guarantee	-	153.393	-	1.515	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	58.886	514.712	13.366	129.160	363.754	139	-	3.275
- The portion covered by guarantee	-	80.893	-	-	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	266	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	188.305	-	-	-	-	-	-
- The portion covered by guarantee	-	59.644	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	66.813	-	107	-	-	-	-
- Overdue (gross book value)	-	77.110	-	3.078	-	-	-	-
- Impairment (-)	-	(30.872)	-	(2.971)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	12.856	-	1.515	-	-	-	-
- Not past due (gross book value)	-	29.332	-	-	-	-	-	-
- Impairment (-)	-	(8.757)	-	-	-	-	-	-
- 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.)

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

		2010 %	2009 %
Internal rating results:			
A+	(Perfect)	0,32	2,99
A	(Very good)	4,06	3,43
A-	(Good)	3,71	6,99
B+	(Satisfactory)	16,92	15,05
B	(Close Monitoring)	15,29	13,22
B-	(Insufficient)	25,68	21,41
C+	(Doubtful)	14,12	4,79
C	(Loss)	6,88	5,38
Not rated		13,02	26,74
Total		100,00	100,00

Collaterals obtained for all finance lease receivables including past dues and non-performing receivables (Note 8) are as follows:

	2010		2009	
	Nominal Value	Fair Value(*)	Nominal Value	Fair Value(*)
Other mortgages	542.525	156.533	627.302	200.616
Ship mortgage	3.865	-	3.764	6.499
Guarantors	1.889	181	4.185	565
Cash blockages	3.557	2.360	10.230	2.629
Letters of guarantee	23.858	2.229	5.525	4.243
	575.694	161.303	651.006	214.552

(*) 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.)

38. ADDITIONAL INFORMATION ABOUT 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.

31 December 2010

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	691.284	693.181	693.181	-	-	-
Financial Assets at Fair Value Through Profit or Loss	4.364	4.364	4.364	-	-	-
Finance Lease Receivables (*)	895.373	1.040.776	124.462	244.432	629.776	42.106
Factoring Receivables	331.320	331.320	292.026	39.294	-	-
Insurance Premium Receivables	2.323	2.323	2.323	-	-	-
Total Assets	1.924.664	2.071.964	1.116.356	283.726	629.776	42.106
Non-derivative Financial Liabilities						
Funds Borrowed	(1.586.900)	(1.618.361)	(849.902)	(561.739)	(200.156)	(6.564)
Miscellaneous Payables And Other Liabilities	(23.068)	(23.068)	(21.574)	(135)	(1.359)	-
Total Liabilities	(1.609.968)	(1.641.429)	(871.476)	(561.874)	(201.515)	(6.564)

The Group makes payments based on contractual maturities.

(*) 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 prepared yet.

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk management (Continued)

31 December 2009

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	363.754	365.812	365.812	-	-	-
Financial Assets at Fair Value Through Profit or Loss	139	139	139	-	-	-
Finance Lease Receivables (*)	813.357	955.509	152.331	246.920	534.540	21.718
Factoring Receivables	142.899	142.899	104.586	38.313	-	-
Insurance Premium Receivables	3.275	3.275	3.275	-	-	-
Total Assets	1.323.424	1.467.634	626.143	285.233	534.540	21.718
Non-derivative Financial Liabilities						
Funds Borrowed	(1.007.798)	(1.027.857)	(429.271)	(480.300)	(118.286)	-
Miscellaneous Payables and Other Liabilities	(22.048)	(22.048)	(16.603)	(5.183)	(262)	-
Total Liabilities	(1.029.846)	(1.049.905)	(445.874)	(485.483)	(118.548)	-

The following table details the maturities of derivative financial assets and liabilities as at 31 December 2010 (31 December 2009: None).

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	-	23.522	-	23.522	-	-
Cash outflows from derivatives	(1.103)	(24.625)	-	(24.625)	-	-

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

38. ADDITIONAL INFORMATION ABOUT 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.

31 December 2010	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		691.284	-	-	-	691.284	691.284	5
Financial assets at fair value through profit or loss	-							
- Financial assets held for trading	4.364	-	-	-	-	4.364	4.364	4
- Derivative financial assets held for trading								
Finance lease receivables and non-performing lease receivables	-	-	935.621	-	-	935.621	1.001.798	8
Factoring receivables and non-performing factoring receivables	-	-	331.320	-	-	331.320	331.320	7
Insurance premium receivables	-	-	2.323	-	-	2.323	2.323	15
Available for sale financial assets	-	-	-	26.516	-	26.516	26.516	6
Financial liabilities								
Derivative financial assets held for trading	1.201	-	-	-	-	1.201	1.201	4
Miscellaneous payables and other liabilities	-	-	-	-	23.068	23.068	23.068	17
Funds borrowed	-	-	-	-	1.586.900	1.586.900	1.597.863	16

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

38. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

31 December 2009	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
Financial Assets								
Banks	-	363.754	-	-	-	363.754	363.754	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	139	-	-	-	-	139	139	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease receivables	-	-	828.716	-	-	828.716	909.058	8
Factoring receivables and non-performing factoring receivables	-	-	142.899	-	-	142.899	142.899	7
Insurance premium receivables	-	-	3.275	-	-	3.275	3.275	15
Available for sale financial assets	-	-	-	18.086	-	18.086	18.086	6
Financial liabilities								
Miscellaneous payables and other liabilities	-	-	-	-	22.048	22.048	22.048	17
Funds borrowed	-	-	-	-	1.007.798	1.007.798	1.014.494	16

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

38. ADDITIONAL INFORMATION ABOUT 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).

31 December 2010	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	3.259	1.105	-	4.364
Available-for-sale financial assets (*)	26.257	-	227	26.484
Total financial assets carried at fair value	29.516	1.105	227	30.848
Derivative financial liabilities	-	1.201	-	-
Total financial liabilities carried at fair value	-	1.201	-	-

(*) As at 31 December 2010, securities that are not publicly traded amounting to TRY 32 have been measured at cost.

31 December 2009	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	139	-	-	-
Available-for-sale financial assets (*)	17.722	-	-	-
Total financial assets carried at fair value	17.861	-	-	-
Derivative financial liabilities	-	-	-	-
Total financial liabilities carried at fair value	-	-	-	-

(*) As at 31 December 2009, securities that are not publicly traded amounting to TRY 364 have been measured at cost.