İŞ FİNANSAL KİRALAMA A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH THE
COMMUNIQUE NO: XI/25 PUBLISHED BY
CAPITAL MARKET BOARD
FOR THE PERIOD ENDED 30 JUNE 2006

(Translated into English from
the Original Turkish Report)

Deloitte.

Denetim Serbest
Mali Müşavirlik A.Ş.
Büyükdere Caddesi
Yapı Kredi Plaza
B Blok Kat: 5,
Levent 34330 İstanbul
Türkiye

Tel : (212) 317 64 00
Fax : (212) 317 64 64
www.deloitte.com.tr

CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

İŞ FİNANSAL KİRALAMA A.Ş.

LIMITED REVIEW REPORT FOR THE PERIOD 1 JANUARY 2006 - 30 JUNE 2006

To the Board of Directors of
İş Finansal Kiralama A.Ş.

1. We have reviewed the accompanying consolidated interim balance sheet of İş Finansal Kiralama A.Ş. and its subsidiaries (together "Group") as of 30 June 2006 and the related consolidated interim statements of income, changes in shareholders' equity and cash flows for the six months period then ended prepared in accordance with Capital Market Board ("CMB") standards applicable to review engagements. Our review on the consolidated interim financial statements is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards issued by CMB. For the purposes of understanding the system of preparing the consolidated interim financial statements, our review consisted principally of applying analytical procedures, obtaining information and included such other review procedures, as we considered necessary in the circumstances. Accordingly, our review report should be considered different than the annual independent auditors' report.

2. Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles determined by CMB (Note 2).

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Sibel Türker
Partner
Istanbul, 25 August 2006

Member of
Deloitte Touche Tohmatsu

CONTENTS		PAGE NUMBER

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
FOR THE PERIODS ENDED 30 JUNE 2006 AND 31 DECEMBER 2005

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

ASSETS	Note	30 June 2006 Reviewed	31 December 2005 Audited
Current Assets		485.508	413.882
Liquid assets	4	36.501	71.329
Marketable securities (net)	5	155	13
Trade receivables (net)	7	-	-
Finance lease receivables (net)	8	370.949	292.138
Due from related parties (net) (*)	9	-	-
Other receivables (net)	10	19.552	16.098
Biological assets (net)	11	-	-
Inventories (net)	12	-	-
Receivables from ongoing construction contracts (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	58.351	34.304
Long-term Assets		403.663	319.508
Trade receivables (net)	7	-	-
Finance lease receivables (net)	8	395.381	311.140
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	7.150	7.068
Positive / (negative) goodwill (net)	17	166	166
Investment properties (net)	18	-	-
Tangible assets (net)	19	946	1.108
Intangible assets (net)	20	3	3
Deferred tax assets	14	17	23
Other long-term assets	15	-	-
TOTAL ASSETS		889.171	733.390

(*) Receivables due from related parties in Note 9 are included in finance lease receivables.

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
FOR THE PERIODS ENDED 30 JUNE 2006 AND 31 DECEMBER 2005

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

LIABILITIES	Note	30 June 2006 Reviewed	31 December 2005 Audited
Short-term Liabilities		465.048	325.233
Short-term borrowings	6	352.655	229.486
Short-term portions of long-term borrowings	6	86.730	70.163
Finance lease payables (net)	8	58	39
Other financial liabilities	10	-	-
Trade payables (net)	7	8.595	13.426
Due to related parties (net)	9	-	-
Advances received	21	16.494	11.488
Ongoing construction progress payments	13	-	-
Provisions	23	217	161
Deferred tax liabilities (net)	14	-	-
Other short-term liabilities	15	299	470
Long-term Liabilities		280.664	273.652
Long-term borrowings (net)	6	280.257	273.273
Finance lease payables (net)	8	-	-
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	-	-
Due to related parties (net)	9	-	-
Advances received	21	-	-
Provisions	23	407	379
Deferred tax liabilities (net)	14	-	-
Other long-term liabilities	15	-	-
MINORITY SHARES	24	4.930	4.726
SHAREHOLDER'S EQUITY		138.529	129.779
Capital	26	50.000	50.000
Capital reserves	26	31.428	31.365
- Premium in excess of par		-	-
- Gain on cancellation of equity shares		-	-
- Revaluation fund		-	-
- Valuation fund on financial assets	26	62	(1)
- Shareholders' equity inflation restatement differences	26	31.366	31.366
Profit reserves	27	31.964	7.722
- Legal reserves	27	3.186	2.381
- Statutory reserves		-	-
- Extraordinary reserves	27	28.778	5.434
- Special reserves		-	-
- Gain on sale of properties and equity participations which will be transferred to capital		-	-
- Currency translation reserve	27	-	(93)
Net profit for the period	42	8.594	40.022
Retained earnings	28	16.543	670
TOTAL LIABILITIES and SHAREHOLDER'S EQUITY		889.171	733.390

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

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2006 AND 2005

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

INCOME STATEMENT	Note	Reviewed 1 January - 30 June 2006	Reviewed 1 January - 30 June 2005	Reviewed 1 April - 30 June 2006	Reviewed 1 April - 30 June 2005
OPERATING INCOME					
Sales (net)	36	159.556	5.030	133.781	(6.737)
Cost of sales (-)		-	-	-	-
Service income (net)		-	-	-	-
Other operating income (interest+dividend+rent) (net)		-	-	-	-
GROSS PROFIT / (LOSS)		159.556	5.030	133.781	(6.737)
Operating expenses (-)	37	(5.089)	(4.690)	(2.294)	(2.306)
NET OPERATING PROFIT / (LOSS)		154.467	340	131.487	(9.043)
Other income and profit	38	5.706	4.347	3.388	2.053
Other expenses and losses (-)	38	(10.263)	(1.614)	(8.628)	(1.219)
Finance income/(expense) (net)	39	(140.907)	16.027	(127.401)	18.104
OPERATING PROFIT / (LOSS)		9.003	19.100	(1.154)	9.895
Net monetary gain / (loss)		-	-	-	-
Minority interest	24	(186)	(201)	(138)	(155)
PROFIT/ (LOSS) BEFORE TAXATION		8.817	18.899	(1.292)	9.740
Taxation	41	(223)	146	(129)	146
NET PROFIT/ (LOSS) FOR THE PERIOD	42	8.594	19.045	(1.421)	9.886
EARNINGS PER SHARE (NTL)	42	0,0017	0,0038	(0,0003)	(0,0020)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 JUNE 2006 AND 30 JUNE 2005

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

	Capital	Increase/ (Decrease) in fair value of available for sale investments	Legal reserves	Extraordinary reserves	Translation reserves	Shareholders equity inflation restatement differences	Accumulated profit/loss	Total
As of 1 January 2005	25.000	-	840	5.434	(93)	52.335	6.242	89.758
Reserves	-	-	1.541	-	-	-	(1.541)	-
Translation reserves	-	-	-	-	-	-	-	-
Decrease in fair value of available for sale	-	(113)	-	-	-	-	-	(113)
Capital increase	25.000	-	-	-	-	(20.969)	(4.031)	-
Net period profit	-	-	-	-	-	-	19.045	19.045
Balance as of 30 June 2005	50.000	(113)	2.381	5.434	(93)	31.366	19.715	108.690
Balance as of 1 January 2006	50.000	(1)	2.381	5.434	(93)	31.366	40.692	129.779
Reserves	-	-	805	23.344	-	-	(24.149)	-
Translation reserves	-	-	-	-	93	-	-	93
Increase in fair value of available for sale	-	63	-	-	-	-	-	63
Net period profit	-	-	-	-	-	-	8.594	8.594
Balance as of 30 June 2006	50.000	62	3.186	28.778	-	31.366	25.137	138.529

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

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS AS OF 30 JUNE 2006 AND 30 JUNE 2005

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

	Note	30 June 2006	30 June 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		8.594	19.045
Adjustments to reconcile net profit to net cash used in operating activities:			
Depreciation of tangible fixed assets	19	307	470
Amortization of intangible assets	20	-	9
Retirement pay provision	23	48	79
Allowances for doubtful receivables	38	9.779	1.596
Forward income accrual	15	(3.821)	-
Interest income	38	(4.675)	(2.640)
Interest expenses	39	21.124	10.087
Minority interest		186	201
Provision for corporate tax	23	217	-
Deferred tax	41	6	(146)
Translation reserves		93	-
Operating cash flows before movements in working capital		31.858	28.701
Change in assets and liabilities:			
Change in finance lease receivables		(172.831)	(11.608)
Change in factoring receivables		(3.454)	385
Change in other receivables and current assets		(20.226)	(26.113)
Change in trade payables		(4.831)	1.338
Change in advances received		5.006	4.330
Change in other payables and liabilities		(153)	(410)
Cash used in operating activities		(164.631)	(3.377)
Income tax paid		(161)	-
Retirement pay provision paid	23	(20)	(52)
Interest paid	39	(21.124)	(10.087)
Net cash used in operating activities		(185.936)	(13.516)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	(156)	(71)
Sale of property, plant and equipment (net)	19	11	2
Marketable securities sales/(purchases) (net)		(142)	3.489
Financial asset sales		-	362
Interest income	38	4.675	2.640
Net cash provided by investing activities		4.388	6.422
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		302.710	67.724
Repayment of loans		(155.990)	(81.890)
Net cash (used in) / provided by financing activities		146.720	(14.166)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(34.828)	(21.260)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		71.329	67.158
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		36.501	45.898

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

İş Finansal Kiralama A.Ş. (İş Leasing) was incorporated on 8 February 1988 to operate in Turkey under the provisions of the Turkish financial leasing law number 3226 and started leasing operations at the end of July in 1988. The head office of İş Leasing is located at İş Kuleler Kule: 2 Flat: 10 34330 Levent- İstanbul/ Turkey.

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to NTL 12.517 thousand with a price of US $ 10.952.375 as of 11 August 2004. The shareholding rate on this subsidiary is 78,22%. Positive goodwill has been occurred amounting to NTL 169 thousand on purchased equity of NTL 16.603.154. Net amount of goodwill as at the balance sheet date is NTL 166 thousand.(31 December 2005 : NTL 166 thousand)

The operations of the subsidiary, Karya Trading Ltd. (Karya) which was established on 23 June 1999 and incorporated in Jersey have been ceased as of 19 July 2006.

The ultimate parent enterprise of the Company is Türkiye İş Bankası A.Ş. (İş Bankası).

The shares of the Company are listed at the Istanbul Stock Exchange.

As of 30 June 2006, the Company employs 85 persons.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Accounting Standards Applied

The Capital Markets Board ("CMB") has published Communiqué No: XI/25 "Communiqué on Capital Markets Accounting Standards" on 15 November 2003. This Communiqué is applicable for the financial statements which will be prepared after 1 January 2005.

The Group maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

Communiqué No: XI/25 "Communiqué on Capital Markets Accounting Standards" issued by the CMB, provides a detailed set of accounting principles. The Communiqué declared that as an alternative the compliance with accounting standards issued by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will be counted as in compliance to the CMB Accounting Standards. The accompanying consolidated financial statements were prepared in accordance with the above mentioned alternative application permitted by CMB. The financial statements were prepared in accordance with the CMB's decree mentioned above and with the CMB's decree announced on 20 December 2004 regarding the format of the financial statements and footnotes.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

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

Accounting Standards Applied (cont'd)

The CMB declared with a decision taken dated 17 March 2005 that hyperinflationary period is over. Therefore, the CMB declared that; for the companies operated in Turkey and subject to CMB rules, the inflation accounting has been ceased starting from 1 January 2005. Accordingly, the Group did not apply inflation accounting starting from 1 January 2005.

Inflation Accounting

The Group's functional and reporting currency is New Turkish Lira ("NTL"). International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit currency at the balance sheet date.

Restatement adjustments as of 31 December 2004 have been made according to the wholesale price indices published by the State Institute of Statistics.

Such indices and the conversion factors used to restate the accompanying financial statements as of 31 December 2004 are given below:

	Index	Conversion Factor
31 December 2001	4.951,7	1,6972
31 December 2002	6.478,8	1,2971
31 December 2003	7.382,1	1,1384
31 December 2004	8.403,8	1,0000

At 30 June 2006 the exchange rate announced by the Turkish Central Bank was NTL 1,6029 = US$ 1 (31 December 2005: NTL 1,3418 = 1 US$).

The main guidelines for IAS 29 as of 31 December 2004 are as follows.

- All balance sheet amounts as of 31 December 2004 expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general price index (the WPI).

- As of 31 December 2004, monetary assets and liabilities were not restated because they are already expressed in terms of the measuring unit current at the balance sheet date. Monetary items are money held and items to be received or paid in money.

- As of 31 December 2004 non-monetary assets and liabilities were restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is calculated at their restated amounts. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.

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

Inflation Accounting (cont'd)

- The gain or loss on the net monetary position as of 31 December 2004, was the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and income statement items. The gain or loss on the net monetary position was included in net income.

Consolidation Principles:

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

The principles of consolidation followed in the preparation of the accompanying consolidated financial statements are as follows:

- The balance sheet and statement of income of the consolidated subsidiary are consolidated on a line-by-line basis, and the carrying value of investment held by İş Leasing is eliminated against the related shareholders' equity accounts,

- All significant intercompany transactions and balances between consolidated companies have been eliminated,

- As of 31 December 2005, for the purpose of consolidation, the US$ financial statements of Karya have been translated into the New Turkish Lira.

Adoption of New and Revised International Financial Reporting Standards:

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2005 except for the ones that contradict with CMB's decree regarding required format, announced on 20 December 2004.

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

In the consolidated financial statements, if positive goodwill that indicates the difference between the share in the fair value of the acquired Company's net assets and the original price is related to the sales prior to 31 March 2004, it is capitalized and amortized over their estimated useful lives, using the straight line amortization method. Under IFRS 3-"Business Combinations", positive goodwill arising from acquisitions subsequent to 31 March, 2004 is reviewed and, if any impairment should be allocated. Also for the purchases after the same period, any excess of the Company's interest in the net fair value of the identifiable assets, liabilities acquired over cost of acquisition, (previously known as negative goodwill) this amount should be recognized as income in the period in which it incurred. As of its first annual period beginning on or after 31 March 2004 (1 January 2005), the Company has ceased to amortize positive goodwill arising from the transactions that took place before 31 March 2004.

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

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

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

IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim reporting and impairment

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

Comparative information and adjustments made in previous periods' consolidated financial statements:

If the presentation or classification of the financial statements is changed in the current period, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

Offsetting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue recognition:

Leasing Receivables: The initial value at the beginning of the leasing period of the assets that are subject to leasing under the Leasing Law are represented as leasing receivables in the balance sheet. Financial revenues that are the spread between the total leasing receivables and the real value of the assets subject to leasing are recorded in the related period with the receivables of each accounting period distributed over the related period via the fixed interest rate throughout the duration of the leasing agreement.

b. Inventory:

None.

c. Tangible Assets:

Property, plant and equipment and intangible assets purchased before 1 January 2005 are carried at indexed historical cost and purchases after 1 January 2005 are carried at historical cost, less accumulated depreciation and impairment.

Property, plant and equipment are depreciated principally on a straight-line basis considering expected useful lives, acquisition and assembly dates. Expected useful lives which have been used by the Group are summarized below:

Vehicles	5 years
Furniture and fittings	5 years
Computer software	5 years

Expenses for the repair of property, plant and equipment are normally charged against income.

d. Intangible Assets:

Intangible assets that are acquired before 1 January 2005 are carried with their restated cost as of 31 December 2004; and intangible assets that are acquired after 1 January 2005 are carried with their cost, less accumulated amortization and impairment.

Intangible assets are amortized principally on a straight-line basis considering expected useful lives. Related intangible assets are depreciated when they are ready to use. The deprecation rate used for intangible assets is 20%.

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

e. Impairment of Assets:

At each balance sheet date, assets other than deferred tax and financial assets are investigated whether there is an indication which requires impairment of the asset or not. If there is such an indication, recoverable amount of that asset is estimated. If the carrying amount of an asset exceeds its recoverable amount, allowance for impairment should be provided. Recoverable amount of an asset is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its life.

f. Borrowing Costs:

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

g. Financial Instruments:

Financial assets are recognized on a trade-date basis and are initially measured at cost.

At subsequent reporting periods, debt securities that the Company has the expressed intention and ability to hold to maturity are measured at amortized cost, less any impairment loss recognized to reflect irrecoverable amounts.

Financial assets other than held-to-maturity debt securities are classified as either held for trading or available-for-sale and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, unrealized gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealized gains and losses are recognized directly in equity, until the security is decided to be disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. The investments which are not traded in an active market and whose fair value can not be measured via other valuation methodologies are measured at their indexed cost in the accompanying consolidated financial statements.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Market value is the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented in this report may not necessarily be indicative of the amounts the Group could realize in a current market exchange.

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

g. Financial Instruments (cont'd):

Balances with banks, receivables, contingent liabilities like letters of guarantee, letters of credit are important financial instruments which would have negative effects on the financial structure of the Group if the other party failed to comply with the terms and conditions of the agreement.

The fair values of certain financial assets carried at cost are considered to be representative of the carrying values due to their short-term nature.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Cash and bank balances: Cash and bank balances denominated in foreign currencies are translated at year-end exchange rates. The carrying amounts of the remaining cash and bank balances are reasonable estimates of their fair value.

Investments: Fair value is estimated using quoted market prices wherever applicable. For those where no market price is available, the carrying amounts in the books are estimated to be their fair values.

Trade receivables and trade payables: Book values of the trade receivables and trade payables along with the related allowances for uncollectibility and carrying values of receivables and payables with certain credit terms are estimated to be their fair values.

Finance lease receivables and payables: Book values of the finance lease receivables based on the relevant leasing contracts along with the related allowances for uncollectibility and trade payables balances are estimated to be their fair values.

Due to/from related parties: The carrying value of due to and due from related parties are estimated to be their fair value except the ones having certain credit terms and discounted to their present values.

Borrowings: Borrowings have interest rates that are fixed on an entry value basis but may be subject to fluctuation in accordance with prevailing interest rates in the market. Bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

During its operations, the Group uses financial instruments, such as derivative instruments, letter of credits, which have off balance sheet risks. The possible loss from these instruments to the Group is equal to the amount on the instruments contracts.

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

h. Credit Risk

The Group's credit risk is primarily attributable to its lease contract receivables. The leasing receivable amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The credit risk on liquid funds is limited to the extent the funds are invested in time deposits for short term purposes.

i. Market Risk

Market risk is the fluctuations in interest rates, currency exchange rates or the price of marketable securities and other financial agreements that have an adverse financial impact on the Group. Main risks within the Group's activities are interest rate and exchange rate risks. Turkish interest rates can be volatile, and a substantial part of the Group's balance sheet is denominated in currencies other than the Turkish Lira (principally the US Dollar and Euro).

j. Liquidity Risk

The Group is generally raising funds by liquidating its short term financial instruments such as collecting its receivables and turning into cash its bank balances. The Group's proceedings from these instruments are carried at their fair values in the books.

The Group obtains funds from its bankers if short of liquidity.

k. Mergers and Acquisitions:

Within the framework of IFRS 3 "Mergers and Acquisitions", goodwill arising from the acquisitions after March 31, 2004 is not amortized and for the carrying value of the goodwill amount, an impairment analysis is performed at each balance sheet period. Yet, if the Group's share in the fair value the assets and liabilities that can be identified out of the acquisitions after March 31, 2004 are exceeding the acquisition value, this amount is recorded as revenue in the period it occurred. Within the framework of IFRS 3, starting with the beginning of the first annual accounting period ending after March 31,2004 (that is January 1, 2005), the Group ceased to amortize goodwill out of transactions before March 31, 2004, and the effect of any impairment regarding this goodwill amount is reflected on the period end (closing) figures.

l. Foreign Currency Transactions:

The financial statements of Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of Group are expressed in NTL, which is the functional currency of the Group, and the presentation currency for the financial statements. In preparing the financial statements of the Group, transactions in currencies other than NTL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

m. Earnings per Share:

In accordance with IAS 33, it is required that the companies publicly traded or in the process of public offer should disclose the earnings per share which is determined by excluding the items which might cause distortion in the net profit of the companies. The earning per share figure disclosed in the accompanying consolidated financial statements is calculated by dividing the net profit into the total number of common shares which represent the Group's share capital.

n. Subsequent Events:

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even occurred after any declaration of the net profit for the period or specific financial information publicly disclosed.

The Group adjusts its consolidated financial statements if such subsequent events arise which require to adjust financial statements.

o. Provisions, Contingent Liabilities and Contingent Assets:

In case of an existent liability that stems from a past event, that the redeeming of which would by any chance require outflow of resources bearing economic use from the enterprise, and that the amount of which is reliably estimated, provision is made for the subject liability in the financial statements. Contingent liabilities are regularly evaluated in order to see whether there is a probability of outflow of resources bearing economic use. Provision is booked in the financial statements for the items treated as contingent liabilities when the outflow of resources bearing economic use turns to be likely, except the cases when a reliable estimation is unavailable.

In such cases when the outflow of resources bearing economic use becomes likely but a reliable estimation is unavailable, the Group mentions the related liability in the notes to the financial statements.

The Group does not include the contingent assets in its financial statements.

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

Changes in accounting policies or fundamental accounting errors are applied retrospectively and the consolidated financial statements for the prior periods are restated. If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively.

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

q. Finance Lease:

- the Group as Lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

- the Group as Lessor

Within the framework of the Turkish financial leasing law, the receivable of the lessor is included in the balance sheet same as initial value of the asset held under finance lease in the beginning of the leasing transaction. Finance lease income, which represents the difference between the total leasing receivables and the fair value of the assets leased, are recorded to the income statement over the term of the relevant lease so as to produce a constant periodic rate of income on the remaining balance of the receivables for each accounting period.

r. Related Parties:

In the accompanying financial statements, shareholders of the Group, related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies.

s. Segmental Information:

Segmental information is prepared in business segment basis and the Group is in both leasing and factoring businesses.

t. Construction Agreements:

None.

u. Discontinued Operations:

None.

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

v. Government Grant and Incentives:

None.

y. Investment Properties:

None.

z. Taxation and Deferred Tax:

Taxes on income for the period comprise of the current tax and the change in deferred taxes. The Group calculates the taxes on income and deferred taxes on the basis of the period results, in conformity with IAS 12, 'Taxation'.

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.

Provision is made in the accompanying consolidated financial statements for the estimated corporate and income tax and other liabilities based on the Group's results for the period. Current taxation is calculated from the statutory accounting profit by adding back non-deductible expenses and taking into consideration of the other income exemptions.

Deferred tax assets and liabilities are recognized in respect of material temporary timing differences arising from different treatment of items for accounting and taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. A provision is provided if it is not probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the statement of income.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred income tax assets and liabilities are also offset.

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

aa. Employee Benefits / Retirement Pay Provision:

Under the Turkish Law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. The total provision represents the vested benefit obligation as at the balance sheet date. Future retirement payments are discounted to their present value at the balance sheet date in accordance with IAS 19 by the CMB and reflected to the accompanying consolidated financial statements.

ab. Retirement Plans:

None.

ac. Agricultural Operations:

None.

ad. Statement of Cash Flows:

The Group prepares its statement of cash flow as an integral part of the financial statements in order to inform financial statement users about the change in the assets, financial structure and the ability to direct cash flow amounts and timing according to the economic situation.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

4. LIQUID ASSETS

	30 June 2006	31 December 2005
Demand deposits	10.788	2.861
Time deposits	25.713	68.468
	36.501	71.329

The details of time deposits as of 30 June 2006 are as follows:

Time Deposits:

Currency	Interest rate	Maturity	30 June 2006
NTL	% 15,5 - % 20	03.07.2006	15.121
US$	% 4,90 - % 5,25	03.07.2006	10.592
			25.713

As of 30 June 2006, NTL 9.720 thousand of total foreign currency deposits (31 December 2005: NTL 65.480 thousand) and 15.231 NTL thousand (31 December 2005: NTL 4.188 thousand) of total NTL deposits consist of accounts at its main shareholder, Türkiye İş Bankası.

The details of time deposits as of 31 December 2005 are as follows:

Currency	Interest rate	Maturity	31 December 2005
NTL	17,5% - 18,50%	01 - 31.01.2006	24.046
US$	3,50% - 4,00%	01.01.2006	24.843
EURO	2% - 2,25%	01.01.2006	19.579
			68.468

5. MARKETABLE SECURITIES (NET)

Trading Securities:	30 June 2006	31 December 2005
Mutual funds	155	13

The Group has T. İş Bankası A.Ş.'s mutual funds amounting to NTL 155 thousand.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

6. BORROWINGS

	30 June 2006	31 December 2005
Short-term borrowings		
Short-term borrowings	352.655	229.486
Short-term portions of long-term borrowings	86.730	70.163
Total short-term borrowings	439.385	299.649
Long-term borrowings		
Long-term portions of long-term borrowings	280.257	273.273
Total long-term borrowings	280.257	273.273
Total borrowings	719.642	572.922

	30 June 2006	31 December 2005
Maturity analysis of borrowings		
Within 1 year	439.385	299.649
Within 1-2 years	240.325	223.008
Within 2-3 years	37.910	47.576
Within 3-4 years	1.855	1.969
Over 4 years	167	720
TOTAL	719.642	572.922

The details of short-term borrowings are as follows:

Currency Type	Interest Rate %	Currency Amount	30 June 2006
NTL	14,00% - 20,25%		30.152
US$	5,00% - 8,32%	133.385.516	213.804
EURO	3,36% - 9,81%	49.571.707	99.614
Accruals			9.085
Total			352.655

Currency Type	Interest Rate %	Currency Amount	31 December 2005
NTL	14% - 14,90%		25.455
US$	3,77% - 7,56%	98.393.683	132.025
EURO	2,52% - 9,25%	41.937.911	66.576
Accruals			5.430
Total			229.486

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

6. BORROWINGS (cont'd)

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

Currency Type	Interest Rate %	Currency Amount	30 June 2006
US$	3,98% - 8,16%	18.922.179	30.330
EURO	4,58% - 5,37%	28.066.667	56.400
Total			86.730

Currency Type	Interest Rate %	Currency Amount	31 December 2005
US$	3,77% - 7,56%	17.422.179	23.378
EURO	2,52% - 9,25%	29.471.145	46.785
Total			70.163

The details of long-term borrowings are as follows:

Currency Type	Interest Rate %	Currency Amount	30 June 2006
US$	3,98% - 8,16%	53.746.734	86.151
EURO	3,79% - 5,37%	96.594.445	194.106
Total			280.257

Currency Type	Interest Rate %	Currency Amount	31 December 2005
US$	3,77% - 7,56%	82.791.157	111.089
EURO	2,52% - 9,25%	102.163.351	162.184
Total			273.273

7. TRADE RECEIVABLES AND PAYABLES

Trade payables	30 June 2006	31 December 2005
Payables to finance lease suppliers	3.817	9.153
Other trade payables (*)	4.778	4.273
	8.595	13.426

(*) 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 payable and payable to suppliers resulting from daily operations of the Group.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

8. FINANCE LEASE RECEIVABLES AND PAYABLES

Finance Lease Receivables

30 June 2006	Short-Term	Long-Term	Total
Invoiced leased rental receivables	20.095	-	20.095
Doubtful leasing receivables	23.475	-	23.475
Uninvoiced leased rental receivables	425.680	477.818	903.498
Less: Unearned interest income	(77.323)	(62.241)	(139.564)
Less: Allowance for possible losses (*)	(20.978)	(20.196)	(41.174)
Net financial leasing receivables	370.949	395.381	766.330

(*)Allowance for possible losses includes some allowances accounted by the Group in order to avoid some possible credit risks.

31 December 2005	Short-Term	Long-Term	Total
Invoiced leased rental receivables	18.021	-	18.021
Doubtful leasing receivables	24.356	-	24.356
Uninvoiced leased rental receivables	339.606	361.757	701.363
Less: Unearned interest income	(61.842)	(46.228)	(108.070)
Less: Allowance for possible losses(*)	(28.003)	(4.389)	(32.392)
Net financial leasing receivables	292.138	311.140	603.278

(*)Allowance for possible losses includes some allowances accounted by the Group in order to avoid some possible credit risks.

Movement of allowance for possible losses	30 June 2006	31 December 2005
Allowance at the beginning of the period	32.392	29.688
Additions	15.598	11.366
Write offs	(997)	(867)
Collections	(5.819)	(7.795)
Allowance at the end of the period	41.174	32.392

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

8. FINANCE LEASE RECEIVABLES AND PAYABLES (cont'd)

The distribution of uninvoiced rental receivables according to their maturities as of 30 June 2006 is as follows:

	2006	2007	2008	2009	2010	2011 and after	Total
Financial Lease receivables	237.285	347.355	205.449	83.459	23.243	6.707	903.498
Unearned interest	(45.968)	(57.293)	(25.326)	(8.535)	(2.111)	(331)	(139.564)
Total	191.317	290.062	180.123	74.924	21.132	6.376	763.934

The distribution of uninvoiced rental receivables according to their maturities as of 31 December 2005 is as follows:

	2006	2007	2008	2009	2010	2011 and after	Total
Financial Lease receivables	339.606	212.150	104.314	33.991	8.269	3.033	701.363
Unearned interest	(61.842)	(30.151)	(11.652)	(3.641)	(617)	(167)	(108.070)
Total	277.764	181.999	92.662	30.350	7.652	2.866	593.293

As of 30 June 2006, the average interest rates of lease receivables denominated all in foreign currency are 9,12% for US$, 9,53% for EURO and %21,78 for NTL, respectively.(31 December 2005: 8,98% for US$ and 10,18% for EURO and %23,31 for NTL).

As of 30 June 2006, the distribution of uninvoiced rental receivables according to foreign currency types is as follows:

Foreign Currency	Principal Foreign Currency	Principal	Unearned Interest Foreign Currency	Unearned Interest
US $	146.369.123	234.615	19.759.628	31.673
EURO	163.759.086	329.074	24.293.925	48.818
NTL		200.245		59.073
Total		763.934		139.564

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

8. FINANCE LEASE RECEIVABLES AND PAYABLES (cont'd):

As of 31 December 2005, the distribution of uninvoiced rental receivables according to foreign currency types are as follows:

Foreign Currency	Principal Foreign Currency	Principal	Unearned Interest Foreign Currency	Unearned Interest
US $	154.033.390	206.682	20.516.652	27.529
EURO	144.036.997	228.659	21.433.364	34.025
NTL		157.952		46.516
Total		593.293		108.070

Finance Lease Payables

	30 June 2006	31 December 2005
Finance Lease Payables	62	41
Less: Cost of Deferred Finance Lease Payable	(4)	(2)
Net Finance Lease Payable	58	39

9. DUE FROM / TO RELATED PARTIES (NET)

Finance Lease Receivables	30 June 2006	31 December 2005
Türkiye İş Bankası A.Ş.	101.888	87.216
Gemport Gemlik Liman İşletmeleri A.Ş.	2.385	2.676
İş Koray Turizm Ormancılık Madencilik	1.055	2.020
Bayek Tedavi Sağlık Hizmetleri ve İşletmesi A.Ş.	1.346	1.188
Anadolu Anonim Türk Sigorta A.Ş.	1.003	324
Other	2.913	2.075
	110.590	95.499
Payables to Related Parties		
Anadolu Anonim Türk Sigorta A.Ş.	4.993	4.405
Türkiye İş Bankası A.Ş.	114	555
Türkiye Sınai Kalkınma Bankası A.Ş.	135	44
İş Koray Turizm Ormancılık Madencilik	6	16
Other	235	128
	5.483	5.148
Borrowings		
Türkiye İş Bankası A.Ş.	274.816	230.461
Türkiye Sınai Kalkınma Bankası A.Ş.	5.608	5.021
	280.424	235.482

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

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

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Finance Lease Interest Income				
Türkiye İş Bankası A.Ş.	4.102	2.219	2.481	1.238
Gemport Gemlik Liman. İşl. A.Ş.	130	370	68	146
Petrol Ofisi A.Ş. (*)	-	185	-	82
İş Koray Turizm Ormancılık Madencilik	94	35	35	16
Avea İletişim Hizm. A.Ş. (Former name:İş-Tim)	-	49	-	-
Bayek Tedavi Sağlık Hizm. Ve İşl.A.Ş.	75	87	31	40
Anadolu Anonim Türk Sigorta A.Ş.	14	7	12	3
Other	242	21	182	14
	4.657	2.973	2.809	1.539
Factoring Interest Income				
Türkiye İş Bankası A.Ş.	-	1	-	1
Cam Pazarlama A.Ş.	-	59	-	37
Kültür Yayınları A.Ş.	-	2	-	-
	-	62	-	38
Interest Income				
Türkiye İş Bankası A.Ş.	1.976	474	1.378	433
İş Yatırım ve Menkul Değerler A.Ş.	333	791	333	-
Türkiye Sınai Kalkınma Bankası A.Ş.	48	-	15	-
	2.357	1.265	1.726	433
Interest Expenses				
Türkiye İş Bankası A.Ş.	7.603	6.518	4.549	3.278
Türkiye Sınai Kalkınma Bankası A.Ş.	128	127	50	62
	7.731	6.645	4.599	3.340
Rent Expense				
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	412	405	211	205
Commission Income				
Anadolu Anonim Türk Sigorta A.Ş.	1.013	659	523	342

(*) T. İş Bankası A.Ş.'s shares in Petrol Ofisi A.Ş. were sold to Doğan Şirketler Grubu Holding A.Ş. as at 2 September 2005.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

10. OTHER RECEIVABLES AND PAYABLES (NET)

	30 June 2006	31 December 2005
Factoring receivables (*)		
Short-term	19.552	16.098
Long-term	-	-
Doubtful factoring receivables	1.190	1.257
Doubtful factoring receivables provision	(1.190)	(1.257)
	19.552	16.098

(*) The balance consists of factoring receivables of the subsidiary İş Factoring Finansman Hizmetleri A.Ş. which is owned by the Group with the ownership percentage of 78,22 %.

11. BIOLOGICAL ASSETS

None.

12. INVENTORIES

None.

13. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS (NET)

None.

14. DEFERRED TAX ASSETS AND LIABILITIES (NET)

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its financial statements as reported for IFRS purposes and financials prepared according to the Turkish tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation. Deferred tax assets resulting from deductible temporary differences are not recognized or it is provided provision if it is not probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

	30 June 2006	31 December 2005
Deferred tax (liability) /asset	17	23

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

14. DEFERRED TAX ASSETS AND LIABILITIES (NET) (Cont'd)

	30 June 2006	31 December 2005
Temporary differences subject to deferred tax::		
Finance Lease Adjustment	47.856	67.948
Tax Base Difference in Property, Plant and Equipment and Intangible Assets	4.492	3.233
Retirement Pay Provision	407	379
Finance Lease Income Accruals	(4.946)	(2.560)
Allowance for Doubtful Finance Lease Receivables	15.985	1.593
Forward Accrual	3.821	-
Unreal Finance Expense	4.827	9.654
Unused investment incentives	388.124	388.124
	460.566	468.371

The effective tax rate has been applied as 30% except investment incentives since the Company has decided to use investment incentive option in case the Company has taxable income in the following years. On the other hand, the Company's subsidiary İş Factoring A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%. A provision has been provided for the deferred tax asset of the Company, since it is not probable that future taxable income will be available against which the deductible temporary difference can be utilized.

	30 June 2006	31 December 2005
Deferred Tax Assets/(Liabilities)		
Finance Lease Adjustment	14.357	20.384
Tax Base Difference in Property, Plant and Equipment and Intangible Assets	1.349	970
Retirement Pay Provision	112	114
Finance Lease Income Accruals	(1.484)	(768)
Allowance for Doubtful Finance Lease Receivables	4.796	478
Forward Accrual	1.146	-
Unreal Finance Expense	1.448	2.896
Unused Investment Incentives	95.221	95.221
Deferred Tax Asset	116.945	119.295
Provision	(116.928)	(119.272)
Deferred Tax Asset (net)	17	23

Deferred tax assets/ (liabilities) movement for the period ended as of 30 June 2006 is as follows:

	30 June 2006	31 December 2005
Opening Balance 1 January	23	(24)
Deferred Tax (Benefit) / Expense	(6)	47
Closing Balance 31 December	17	23

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

15. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER CURRENT/ NON-CURRENT LIABILITIES

Other Current/ Non-Current Assets	30 June 2006	31 December 2005
Equipment to be Leased (*)	8.562	6.941
Advances Given	27.589	10.084
VAT Deductible and Other VAT	5.290	5.386
Insurance Premium Receivables	4.026	3.537
Forward Income Accruals	3.821	-
Assets Held for Sale	2.917	2.797
Other (**)	6.146	5.559
	58.351	34.304

(*) The Company purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contract terms. The balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet as of 30 June 2006 and 31 December 2005.
(**) Regarding the disclosure amounting to NTL 4.265 thousand in other is expressed in Note 31.

Other Current/ Non-Current Liabilities	30 June 2006	31 December 2005
Social Security Premiums Payable	185	280
Other Short-Term Advances Received	-	99
Litigation Provisions	41	41
Other	73	50
	299	470

16. FINANCIAL ASSETS (NET)

	30 June 2006		31 December 2005	
Name	000 NTL	Share (%)	000 NTL	Share (%)
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	5.990	6,0	5.990	6,0
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim) (former name: İş Risk Sermayesi Yatırım Ortaklığı A.Ş.)	791	0,9	709	0,9
Camiş Menkul Değerler A.Ş.	2	0,5	2	0,5
TSKB Menkul Değerler A.Ş.	39	0,6	39	0,6
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İletişim Hiz. A.Ş. – (İş Net)	328	1,0	328	1,0
Total	7.150		7.068	

17. POSITIVE / (NEGATIVE) GOODWILL

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to NTL 12.517 thousand with a price of US $ 10.952.375 as of 11 August 2004. The shareholding rate on this subsidiary is 78,22 %. Positive goodwill has been occurred amounting to NTL 169 thousand on purchased equity of NTL 16.603 thousand. The net amount of goodwill as at the balance sheet date is NTL 166 thousand. Within the framework of IFRS 3 "Mergers and Acquisitions" which is effective from 1 January 2005, no amortization is applied to goodwill realized out of the acquisitions after December 31, 2004 for the annual periods beginning on or after 31 March 2004, and analysis of provision for impairment is performed as of each balance sheet date for goodwill.

18. INVESTMENT PROPERTIES

None.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

19. TANGIBLE ASSETS

Acquisition cost	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Opening balance 1 January 2006	743	2.998	1.724	2.459	7.924
Additions	17	85	2	52	156
Disposals	(202)	-	-	-	(202)
Closing balance 30 June 2006	558	3.083	1.726	2.511	7.878
Accumulated depreciation					
Opening balance 1 January 2006	(375)	(2.664)	(1.528)	(2.249)	(6.816)
Charge for the period	(73)	(83)	(54)	(97)	(307)
Disposals	191	-	-	-	191
Closing balance 30 June 2006	(257)	(2.747)	(1.582)	(2.346)	(6.932)
Net book value as of 30 June 2006	301	336	144	165	946
Net book value as of 31 December 2005	368	334	196	210	1.108

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

20. INTANGIBLE ASSETS

	Rights 000 NTL
Acquisition cost	
Opening balance 1 January 2006	159
Additions	-
Disposals	-
Closing balance 30 June 2006	159
Accumulated amortization	
Opening balance 1 January 2006	(156)
Charge for the period	<1
Disposals	-
Closing balance 30 June 2006	(156)
Net book value as of 30 June 2006	3
Net book value as of 31 December 2005	3

21. ADVANCES RECEIVED

	30 June 2006	31 December 2005
Advances received (*)	16.494	11.488

(*) Advances received consist of the leasing advances received from lessees for the machinery and equipment which are not in use of the lessees, yet.

22. RETIREMENT BENEFITS

None.

23. PROVISIONS

Short term provisions:

	30 June 2006	31 December 2005
Corporate Tax Provision	217	161

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

23. PROVISIONS (Cont'd)

Long term provisions:

Retirement Pay Provision:	30 June 2006	31 December 2005
1 January	379	325
Increase During the Period	48	106
Amounts paid	(20)	(52)
Period End	407	379

Retirement Pay Provision

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of YTL 1.770,62 (2005: YTL 1.727,15) for each period of service at 30 June 2006.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 6,175% and a discount rate of 12%, resulting in a real discount rate of approximately 5,49%. (31 December 2005: annual inflation % 6,175 , interest rate % 12 and resulting real discount rate % 5,49) . Turnover rate to estimate the probability of retirement is taken as 0%. (2005: 0%)

24. MINORITY SHARE

The Company owns 78,22% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share is calculated from balance sheet and income statement of the subsidiary amounting to NTL 4.930 thousand (31 December 2005: NTL 4.726 thousand) and NTL 186 thousand, respectively as of 30 June 2006 (30 June 2005: NTL 201 thousand-loss).

25. CAPITAL / TREASURY STOCK

The Company consolidates its subsidiaries with a full consolidation method. The carrying value of the subsidiaries is eliminated with the corresponding share capital amounts in the accompanying consolidated financial statements.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

26. CAPITAL RESERVES

As of 30 June 2006 and 31 December 2005 share capital held is as follows:

Shareholders	(%)	30 June 2006	(%)	31 December 2005
Türkiye İş Bankası A.Ş.	27,79	13.897	27,79	13.897
Türkiye Sınai Kalkınma Bankası A.Ş.(TSKB)	28,56	14.280	28,56	14.280
Publicly traded	42,30	21.148	41,85	20.923
Cam Pazarlama A.Ş.	0,45	225	0,90	450
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,90	450	0,90	450
Total	100,00	50.000	100,00	50.000

CAPITAL RESERVES

	30 June 2006	31 December 2005
Increase/(Decrease) in Fair Value of Available for Sale Investments	62	(1)
Shareholders' equity inflation restatement differences	31.366	31.366
Capital	26.516	26.516
Legal reserves	2.375	2.375
Extraordinary reserves	2.475	2.475
Total	31.428	31.365

27. PROFIT RESERVES

	30 June 2006	31 December 2005
Legal reserves	3.186	2.381
Extraordinary reserves	28.778	5.434
Currency translation reserve	-	(93)
Total	31.964	7.722

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

28. RETAINED EARNINGS

	30 June 2006	31 December 2005
Retained earnings	16.543	670

29. FOREIGN CURRENCY POSITION

30 June 2006	US$ 000	EUR 000	CHF 000	GBP 000	JPY 000	000 NTL
Cash and cash equivalents	6.720	196	11	6	31	11.199
Finance lease receivables (*)	148.335	159.751	-	-	-	558.787
Factoring receivables	2.522	291	-	(6)	-	4.610
Advances given	4.176	8.179	-	16	52.288	23.887
Equipment to be leased	2.959	1.288	-	-	-	7.332
Financial liabilities	(207.972)	(175.977)	-	-	-	(686.984)
Advances received	(3.543)	(3.216)	-	-	-	(12.142)
Trade payables	(283)	(1.463)	-	-	-	(3.394)
Finance lease payables	(36)	-	-	-	-	(58)
Forward transactions	30.691	(9.000)	-	-	-	31.108
Net foreign currency position						(65.655)

(*) This amount is composed of invoiced and uninvoiced finance lease receivables.

31 December 2005	US$ 000	EUR 000	CHF 000	GBP 000	JPY 000	000 NTL
Cash and cash equivalents	19.488	12.953	11	-	27	46.724
Finance lease receivables (*)	155.634	145.441	-	-	-	439.719
Factoring receivables	1.361	477	-	-	-	2.583
Advances given	529	4.010	-	-	41.523	7.549
Equipment to be leased	901	990	-	-	-	2.780
Financial liabilities	(200.738)	(175.187)	-	-	-	(547.459)
Advances received	(2.660)	(2.576)	-	-	-	(7.659)
Trade payables	(956)	(3.672)	-	-	-	(7.112)
Finance lease payables	(29)	-	-	-	-	(39)
Forward transactions	2.386	(2.000)	-	-	-	27
Net foreign currency position						(62.887)

(*) This amount is composed of invoiced and uninvoiced finance lease receivables.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

30. GOVERNMENT GRANTS AND INCENTIVES

As of 30 June 2006 and 31 December 2005, there are no government grants and incentives.

31. COMMITMENTS AND CONTINGENCIES

As of 30 June 2006, letter of guarantees amounting to NTL 2.663 thousand (31 December 2005: NTL 2.670 thousand) are given to customs, authorities and banks.

As of 30 June 2006, the total risk of court cases opened and currently pending against the Group amounts to approximately NTL 189 thousand (31 December 2005: NTL 124 thousand). The Company provided a provision amounting to NTL 41 thousand (31 December 2005: NTL 41 thousand).

The Company's subsidiary, İş Factoring Finansman Hizmetleri A.Ş., had a tax audit and tax penalty notifications were sent to İş Factoring Finansman Hizmetleri A.Ş. within the context of article 16 in Corporate Tax Law. İş Factoring A.Ş has brought a lawsuit against the relevant authorities concerning the cancellation of the given tax penalty notifications and on condition of keeping a right to bring a lawsuit and given blocked cheques amounting to NTL 4.265 thousand to the tax office regarding the amounts claimed for the notifications. These blocked cheques have been journalized as other receivables in the accompanying financial statements. The Group management believes that, the case on trial as of the report date will be resulted in favor of the Group. Regarding this case, no provision is included in the accompanying financial statements.

32. MERGERS AND ACQUISITIONS

During the current period, the Group does not have any merger and acquisition activities.

33. SEGMENTAL INFORMATION

As of 30 June 2006,

	Leasing	Factoring	Consolidation eliminations	Consolidated
Total assets	867.189	38.588	(16.606)	889.171
Total liabilities	729.756	15.956	-	745.712
Net period profit	7.927	853	(186)	8.594

As of 31 December 2005,

	Leasing(*)	Factoring	Consolidation eliminations	Consolidated
Total assets	721.258	28.739	(16.607)	733.390
Total liabilities	591.845	7.050	-	598.895
Net period profit	38.831	1.522	(331)	40.022

(*) Consolidated figures of İş Finansal Kiralama A.Ş. and Karya Trading Ltd.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

34. SUBSEQUENT EVENTS

The decision of capital increase of the Group from NTL 50.000.000 to NTL 100.000.000 within its NTL 200.000.000 capital ceiling has been filed by CMB as of 17 July 2006 with its written consent numbered 75/868.

35 DISCONTINUED OPERATIONS

As of 30 June 2006 and 31 December 2005, there is no discontinued operation.

36. OPERATING INCOME (NET)

Finance lease income	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Interest Income	44.912	29.166	24.688	15.025
Foreign exchange gains / (losses)	112.931	(25.466)	108.047	(22.494)
Factoring income	1.713	1.330	1.046	732
	159.556	5.030	133.781	(6.737)

37. OPERATING EXPENSES

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Personnel expenses	(3.042)	(2.535)	(1.332)	(1.091)
Depreciation expense	(307)	(479)	(129)	(250)
Other operating expenses	(1.740)	(1.676)	(833)	(965)
	(5.089)	(4.690)	(2.294)	(2.306)

38. OTHER INCOME / EXPENSE AND PROFIT / LOSSES

Income and Profit from Other Operations

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Interest income	4.675	2.640	2.853	1.057
Commission income	1.025	697	530	361
Other	6	1.010	5	635
	5.706	4.347	3.388	2.053

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated. The information given for the purpose of comparison is adjusted in accordance with the purchasing power of 31 December 2004.)

38. OTHER INCOME / EXPENSE AND PROFIT / LOSSES (cont'd)

Expense and Loss from Other Operations

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Provision expense	(9.779)	(1.596)	(8.336)	(1.314)
Other	(484)	(18)	(292)	95
	(10.263)	(1.614)	(8.628)	(1.219)

39. FINANCE EXPENSE (NET)

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Foreign exchange gains/ (losses) (net)	(119.783)	26.114	(114.566)	23.273
Interest expense	(21.124)	(10.087)	(12.835)	(5.169)
	(140.907)	(16.027)	(127.401)	18.104

40. NET MONETARY GAIN / (LOSS)

Since the Group did not apply inflation accounting in 2006, there is no monetary gain or loss in the accompanying statement of income.

41. TAXATION

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005	01.04.2006 - 30.06.2006	01.04.2005 - 30.06.2005
Provisions for taxes on income				
Current tax provision	217	-	121	-
Deferred tax income / (expense)	6	(146)	8	(146)
	223	(146)	129	(146)

Corporation Tax

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

Corporation 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.

41. TAXATION (cont'd)

Corporation Tax (cont'd)

The effective tax rate in 2006 is 20%. (2005: 30%)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was decreased to 20% for 2006 in the second quarter of 2006. The excess income tax paid of corporate income that was calculated at the rate of 30% during the first quarter will be deducted from tax returns in following periods.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1April and 25 April of the following year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of Council of Ministers, it has been used as 10%. With the resolution of Council of Ministers, effective from 23 July 2006, income withholding tax rate has been changed to 15%.Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

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

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

41. TAXATION (cont'd)

Income Withholding Tax (cont'd):

The Company has chosen to use investment incentive for the following years, thus the effective tax rate of the Company is 30%. On the other hand, the Company's subsidiary İş Factoring A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%.

Inflation adjusted tax calculation:

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

42. EARNINGS PER SHARE

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

	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005
Number of outstanding shares	5.000.000.000	5.000.000.000
Net period profit (thousand NTL)	8.594	40.022
Earning per share (NTL)	0,0017	0,0080

43. OTHER ISSUES

None.