İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH THE
COMMUNIQUE NO: XI/25 PUBLISHED BY
CAPITAL MARKET BOARD
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

(Translated into English from the Original Turkish Report)

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CONTENT PAGE NUMBER

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2007

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

ASSETS	Note	Unaudited 30 September 2007	Audited 31 December 2006
Current Assets		548.387	543.046
Liquid assets	4	94.810	118.589
Marketable securities (net)	5	33	750
Trade receivables (net)	7	-	-
Finance lease receivables (net)	8	358.978	359.560
Due from related parties (net) (*)	9	-	-
Other receivables (net)	10	42.664	25.982
Biological assets (net)	11	-	-
Inventories (net)	12	-	-
Receivables from ongoing construction contracts (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	51.902	38.165
Long-term Assets		390.341	370.720
Trade receivables (net)	7	-	-
Finance lease receivables (net)	8	372.914	362.241
Due from related parties (net) (*)	9	-	-
Other receivables (net)	10	128	-
Financial assets (net)	16	15.976	7.106
Positive / (negative) goodwill (net)	17	166	166
Investment properties (net)	18	-	-
Tangible assets (net)	19	1.125	1.176
Intangible assets (net)	20	12	12
Deferred tax assets	14	20	19
Other long-term assets	15	-	-
TOTAL ASSETS		938.728	913.766

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSİDIARY

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2007

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

LIABILIITIES	Note	Unaudited 30 September 2007	Audited 31 December 2006
Short-term Liabilities		437.730	398.615
Short-term borrowings	6	364.098	325.514
Short-term portions of long-term borrowings	6	41.336	30.898
Finance lease payables (net)	8	44	91
Other financial liabilities	10	-	-
Trade payables (net)	7	8.293	16.220
Due to related parties (net) (*)	9	-	-
Advances received	21	11.785	11.952
Ongoing construction progress payments	13	-	-
Provisions	23	342	229
Deferred tax liabilities (net)	14	-	-
Other short-term liabilities	15	11.832	13.711
Long-term Liabilities		297.498	356.183
Long-term borrowings (net)	6	296.971	355.722
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	527	461
Deferred tax liabilities (net)	14	-	-
Other long-term liabilities	15	-	-
MINORITY SHARE	24	2.742	1.603
SHAREHOLDER'S EQUITY		200.758	157.365
Capital	26	139.500	100.000
Treasury stock	25		
Capital reserves	26	20.575	12.627
- Premium in excess of par		-	-
- Gain on cancellation of equity shares		-	-
- Revaluation fund		-	-
- Financial assets fair value reserve		7.994	46
- Shareholders' equity inflation restatement differences		12.581	12.581
Profit reserves	27	3.656	15.699
- Legal reserves		3.360	3.186
- Statutory reserves		-	-
- Extraordinary reserves		296	12.513
- Special reserves		-	-
- Gain on sale of properties and equity participations which will be transferred to capital		-	-
- Currency translation reserve		-	-
Net profit / (loss) for the year		35.445	27.446
Retained earnings /(losses)	28	1.582	1.593
TOTAL LIABILITIES and SHAREHOLDER'S EQUITY		938.728	913.766

(*) Payables due to related parties in Note 9 are included in trade payables and advances received.

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2007

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

INCOME STATEMENT	Note	Unaudited 1 January 2007- 30 September2007	Unaudited 1 January 2006 - 30 September 2006	Unaudited 1 July 2007 - 30 September 2007	Unaudited 1 July 2006 - 30 Semtember 2006
OPERATING INCOME					
Sales (net)	36	80.621	73.492	28.406	26.867
Cost of sales (-)		-	-	-	-
Service income (net)		-	-	-	-
Other operating income / interest+dividend+rent (net)		-	-	-	-
GROSS PROFIT / (LOSS)		80.621	73.492	28.406	26.867
Operating expenses (-)	37	(14.593)	(16.708)	(4.364)	(1.840)
NET OPERATING PROFIT / (LOSS)		66.028	56.784	24.042	25.027
Other income and profit	38	6.388	6.803	2.108	1.097
Other expenses and losses (-)	38	(483)	(912)	1.132	(428)
Finance expenses (net)	39	(35.802)	(34.906)	(13.202)	(6.930)
OPERATING PROFIT / (LOSS)		36.131	27.769	14.080	18.766
Net monetary gain / (loss)	40	-	-	-	-
MINORITY SHARE (INCOME) / EXPENSE	24	(198)	(294)	(288)	(108)
PROFIT/ (LOSS) BEFORE TAXATION		35.933	27.475	13.792	18.658
Taxation	41	(488)	(347)	(194)	(124)
NET PROFIT / (LOSS) FOR THE PERIOD		35.445	27.128	13.598	18.534
EARNINGS PER SHARE (NTL)	42	0,302	0,231	0,116	0,158

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

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED SHAREHOLDER’S EQUITY AT 30 SEPTEMBER 2007

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

	Capital	Treasury stock	Premium in excess of par	Gain on cancellation of equity shares	Revaluation reserve	Increase/ (decrease) in fair value reserve of financial assets	Shareholders equity inflation adjustment differences	Legal reserves	Statutory reserves	Extraordinary reserves	Special reserves	Gain on sale of properties and investments which will be transferred to capital	Translation reserves	Accumulated profit / (losses)	Net profit / (loss)	Total
As of 1 January 2006	50.000	-	-	-	-	(1)	31.366	2.381	-	5.434	-	-	(93)	670	40.022	129.779
Transfers	-	-	-	-	-	-	-	805	-	23.344	-	-	-	15.873	(40.022)	-
Capital increase	50.000	-	-	-	-	-	(18.785)	-	-	(16.265)	-	-	-	(14.950	-	-
Translation reserves	-	-	-	-	-	-	-	-	-	-	-	-	93	-	-	93
Increase / (decrease) in fair value reserve of financial assets	-	-	-	-	-	95	-	-	-	-	-	-	-	-	-	95
Net profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.128	27.128
Balance as of 30 September 2006	100.000	-	-	-	-	94	12.581	3.186	-	12.513	-	-	-	1.593	27.128	157.095
As of 1 January 2007	100.000	-	-	-	-	46	12.581	3.186	-	12.513	-	-	-	1.593	27.446	157.365
Transfers	-	-	-	-	-	-	-	174	-	23.958	-	-	-	3.314	(27.446)	-
Capital increase	39.500	-	-	-	-	-	-	-	-	(36.175)	-	-	-	(3.325)	-	-
Increase / (decrease) in fair value reserve of financial assets	-	-	-	-	-	7.948	-	-	-	-	-	-	-	-	-	7.948
Net profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35.445	35.445
Balance as of 30 September 2007	139.500	-	-	-	-	7.994	12.581	3.360	-	296	-	-	-	1.582	35.445	200.758

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

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 SEPTEMBER 2007

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

CASH FLOWS FROM OPERATING ACTIVITIES	Note	1 January 2007 - 30 September 2007	1 January 2006 - 30 September 2006
Net profit for the period		35.445	27.128
Adjustments to reconcile net profit to net cash used in operating activities:			
Depreciation of tangible assets	19	319	407
Amortization of intangible assets	20	-	1
Retirement pay provision	23	83	86
Allowances for doubtful receivables	8	20.478	18.278
Forward expense accrual		2.723	-
Interest income	38	(4.256)	(5.282)
Interest expense	39	33.642	30.889
Dividend income		(12)	(4)
Minority share	24	239	198
Accrual of finance lease receivables		(524)	6.048
Accrual of factoring receivables		55	(260)
Provision for unused vacation		50	-
Provision for legal cases		4.130	-
Provision for corporate tax	23	490	342
Unrealized foreign exchange (gain) / losses		(69.178)	84.627
Allowance for financial assets		(22)	96
Deferred tax charge	41	(1)	5
Translation reserves		-	93
Operating cash flows before movements in working capital		23.661	164.519
Change in assets and liabilities:			
Change in finance lease receivables		(30.045)	(169.443)
Change in factoring receivables		(16.865)	(4.897)
Change in other receivables and current assets		(13.738)	(11.121)
Change in trade payables		(7.927)	(3.001)
Change in advances received		(167)	2.658
Change in other payables and liabilities		(16.189)	(6.169)
Cash provided by / (used in) operating activities		(61.270)	(27.454)
Income tax paid		(427)	(161)
Retirement pay provision paid	23	(17)	(20)
Interest paid		(26.231)	(26.237)
Net cash used in operating activities		(87.945)	(53.872)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets	19	(268)	(177)
Sale of tangible assets (net)	19	-	24
Securities sales / (purchases) (net)		717	11
Dividend received		12	4
Interest income received		3.295	5.266
Net cash provided by investing activities		3.756	5.128
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		1.086.837	755.783
Repayment of loans		(1.024.530)	(712.755)
Net cash provided by financing activities		62.307	43.028
NET CHANGE IN LIQUID ASSETS		(21.882)	(5.716)
LIQUID ASSETS AT THE BEGINNING OF YEAR		81.060	71.329
LIQUID ASSETS AT THE END OF YEAR	4	59.178	65.613

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to NTL 12.517 thousand with a price of US $ 10.952.375 as of 11 August 2004.The company owns 78,23% of this subsidiary and it has been consolidated at accompanying financial statements.

The ultimate parent enterprise of the Company is Türkiye İş Bankası A.Ş. (İş Bankası). The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. with 28,56%. Besides, 42,3% of the shares of the Company are publicly traded.

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

As of 30 September 2007, the Company employs 98 persons. (31 December 2006: 81)

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 since the first interim financial statements period of which ended 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.

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.

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

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

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

As of 30 September 2007, the exchange rates announced by the Turkish Central Bank for US dollar is US$ 1 = NTL 1,2048 (31 December 2006: US$ 1= NTL 1,4056).

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, tangible assets, 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.

- 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.

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

Consolidation Principles:

The detail of the Group's subsidiary as of 30 September 2007 is as follows:

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

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

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

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

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

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

Adoption of New and Revised International Financial Reporting Standards:

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by 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 2007.

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 were in issue but not yet effective:

• IFRIC 11 Group and Treasury Share Transactions	Effective for annual periods beginning on or after 1 March 2007
• IFRIC 12 Service Concession Arrangements	Effective for annual periods beginning on or after 1 January 2008
• IFRIC 13 Customer Loyalty Programmes	Effective for annual periods beginning on or after 1 July 2008
• IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Effective for annual periods beginning on or after 1 January 2008
• IFRS 8 Operating Segments	Effective for annual periods beginning on or after 1 January 2009

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 VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and valuation principles 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.

Other interest income is accrued based on effective interest which equals the estimated cash flows to net book value of the related asset.

Dividend income from equity share investments is recognized when the shareholders have the right to receive the payment.

b. Inventory

None.

c. Tangible Assets:

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

Tangible assets are depreciated principally on a straight-line basis considering 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
Leasehold improvement	5 years
Computer software	5 years

Expenses for the repair of tangible assets are normally charged against income.

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

d. Intangible Assets

Intangible assets that are acquired before 1 January 2005 are carried with their restated cost and intangible assets that are acquired in subsequent periods are carried with their cost, less accumulated amortization and impairment.

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

d. Intangible Assets (cont'd)

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

e. Impairment of Tangible and Intangible Assets except Goodwill

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

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

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

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

f. Borrowing Costs

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

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

g. Financial Instruments:

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

Finance lease receivables and other receivables

Finance lease receivables and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the possible collection amount. The possible collection amount is the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The Group's management considers that the carrying amount of finance lease and other receivables approximates their fair value.

Due to / from related parties

In the accompanying financial statements, shareholders of the Group, related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies. The carrying value of due to and due from related parties at financial statements are estimated to be their fair value.

Financial Investments

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

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

Financial assets at fair value through profit or loss :

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

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

g. Financial Instruments (cont'd)

Effective interest rate:

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.

Income on debt instruments that are held to maturity, are available for sale, or on loans and receivables is recognized in income by using effective interest rate method.

Held-to-maturity investments:

Policies and bonds with fixed or determinable payments and fixed maturity where the Group has both the intent and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are recognized at amortized cost using the effective interest method, less any impairment in value.

Available for sale financial assets:

Some equity shares and debt instruments held by the Group are classified as available for sale financial assets and measured at fair value.

Gains and losses arising from changes in fair value are recognized directly in the investments revaluation fund 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 directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation fund is included in profit or loss for the period.

Dividends on available for sale equity instruments are recognized in profit and loss when the Companies right to receive payments is established.

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

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

g. Financial Instruments (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is an objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the 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 the impairment loss directly for all financial assets with the exception trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

Cash and cash equivalents

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

Financial liabilities

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

Trade and other payables

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

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

g. Financial Instruments (cont'd):

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and interest rate derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The Group does not use hedge accounting therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Business Combinations and Goodwill

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

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

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

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

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 NTL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gain and losses arising from monetary items' translation, collection or disbursements are recognized in profit or losses.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in NTL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

j. Earnings per Share

In accordance with IAS 33 "Earnings Per Share", 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 weighted average of total common shares which represent the Group's share capital.

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

k. Subsequent Events

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

The Group records adjusting events after the balance sheet date and disclose non-adjusting events after the balance sheet date on the attached financial statements.

l. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and obligation can be measured reliably. Provision are measured at the Group management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

m. 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.

n. Finance Lease

- the Group as Lessor

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

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

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

n. Finance Lease (cont'd)

- the Group as Lessee

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

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see above).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Group does not have operating lease as of the balance sheet date.

o. 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.

The carrying value of due to and due from related parties are estimated to be their fair value.

p. Segmental Information

Segmental information is prepared in business segment basis and the Group is in both leasing and factoring businesses. (Please see Note 33)

q. Construction Agreements:

None.

r. Discontinued Operations

None.

s. Government Grant and Incentives:

None.

t. Investment Properties

None.

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

u. Taxation on Income

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

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

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

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

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

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

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

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

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

u. Taxation on Income (cont'd)

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

v. 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 "Employee Benefits" and reflected to the accompanying consolidated financial statements.

w. Retirement Plans

None.

x. Agricultural Operations

None

y. Statement of Cash Flows

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

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

4. LIQUID ASSETS

	30 September 2007	31 December 2006
Demand deposits	1.516	2.362
Time deposits (1-3 months)	57.662	78.698
Time deposits (over 3 months)	34.172	37.030
Interest accrual	1.460	499
	94.810	118.589

The details of time deposits as of 30 September 2007 are as follows:

Currency	Interest Rate	Maturity	30 September 2007
NTL	17,45%- 19,00 %	01.10.2007-10.10.2007	21.671
US$	2,76% - 6,03%	01.10.2007-04.10.2007	7.464
EURO	1,87% – 4,00%	01.10.2007-16.10.2008	64.159
			93.294

As of 30 September 2007, NTL 33.953 thousand of total foreign currency deposits (31 December 2006: NTL 39.138 thousand) and NTL 20.426 thousand (31 December 2006: NTL 36.725 thousand) of total NTL deposits consist of accounts at its main shareholders, Türkiye İş Bankası A.Ş..

The details of time deposit as of 31 December 2006 are as follows:

Currency	Interest Rate	Maturity	31 December 2006
NTL	21,00% - 21,25%	04.01.2007-29.01.2007	36.233
US$	4,25% - 5,10%	04.01.2007	13.737
EURO	2,55% - 3,81%	04.01.2007-16.10.2008	66.257
			116.227

Reconciliation of carrying value of liquid assets in the accompanying financial statements with the cash flow statement:

	30 September 2007	30 September 2006
Demand deposit	1.516	1.097
Time deposit (1-3 month)	57.662	64.516
Liquid assets per cash flow statement	59.178	65.613

5. MARKETABLE SECURITIES

Trading Securities:

	30 September 2007	31 December 2006
Mutual funds	33	750

The Group has Türkiye İş Bankası A.Ş.'s mutual funds amounting to NTL 33 thousand. (31 December 2006: NTL 750 thousand)

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

6. BORROWINGS

	30 September 2007	31 December 2006
Short-term borrowings		
Short-term borrowings	364.098	325.514
Short-term portions of long-term borrowings	41.336	30.898
Total Short-term borrowing	405.434	356.412
Long-term borrowings		
Long-term portions of long-term borrowings	296.971	355.722
Total long-term borrowings	296.971	355.722
Total borrowings	702.405	712.134

Maturity analysis of borrowings	30 September 2007	31 December 2006
Within 1 year	405.434	356.412
Within 1-2 years	266.186	344.879
Within 2-3 years	30.785	8.122
Within 3-4 years	-	2.721
Total	702.405	712.134

The details of short-term borrowings are as follows:

Currency	Interest rate	Currency amount	30 September 2007
NTL	17.40% - 18,00%	-	27.463
US$	3,95% - 8,51%	104.410.646	125.794
EURO	4,93% - 7,36%	112.025.482	191.407
GBP	6,50%	978.846	2.392
Interest accruals			17.042
Total			364.098

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

6. BORROWINGS (cont'd)

Currency	Interest rate	Currency amount	31 December 2006
NTL	18,60% - 19,00%	-	19.700
US$	5,45% - 8,82%	87.994.867	123.686
EURO	4,18% - 6,21%	93.166.069	172.497
Interest accrual			9.631
Total			325.514

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

Currency	Interest rate	Currency amount	30 September 2007
US$	6,46% - 7,01%	11.510.056	13.867
EURO	4,63% - 5,95%	16.076.668	27.469
Total			41.336

Currency	Interest rate	Currency amount	31 December 2006
US$	3,95% - 8,55%	7.843.979	11.025
EURO	4,63%- 5,31%	10.733.333	19.873
Total			30.898

The details of long-term borrowing are as follows:

Currency	Interest rate	Currency amount	30 September 2007
NTL	19,90% - 20,45%	-	37.700
US$	6,21% - 7,01%	87.006.889	104.826
EURO	4,26% - 5,95%	90.393.112	154.445
Total			296.971

Currency	Interest rate	Currency amount	31 December 2006
NTL	19,90% - 20,45%	-	37.700
US$	3,95% - 8,55%	87.205.601	122.576
EURO	4,03% - 5,31%	105.561.112	195.446
Total			355.722

Credit interest rate is implied compoundly.

The Group's financial borrowings amounting to US $ 57.000.000 and EUR 6.877.780 (2006: EUR 35.574 and US $52.000.000) have fixed interest rates exposing the Group to the fair value interest rate risk. Other borrowings with variable interest rates exposes the Group to the cash flow interest rate risk.

The Group's borrowing's fair value is close to its book value.

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

7. TRADE RECEIVABLES AND PAYABALES

Trade payables	30 September 2007	31 December 2006
Payables to finance lease suppliers	3.516	10.203
Other trade payables (*)	4.777	6.017
	8.293	16.220

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

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

8. FINANCE LEASE PAYABLES AND RECEIVABLES

Finance lease receivables

30 September 2007	Short-term	Long-term	Total
Invoiced finance lease receivables	19.934	-	19.934
Doubtful finance lease receivables	50.910	7.231	58.141
Uninvoiced finance lease receivables	393.438	427.850	821.288
Less: Unearned interest income	(76.379)	(59.434)	(135.813)
Less: Allowance for doubtful receivables	(28.925)	(2.733)	(31.658)
Net finance lease receivables	358.978	372.914	731.892

31 December 2006	Short-term	Long-term	Total
Invoiced finance lease receivables	22.200	-	22.200
Doubtful finance lease receivables	37.812	5.487	43.299
Uninvoiced finance lease receivables	397.049	415.191	812.240
Less: Unearned interest income	(74.597)	(54.100)	(128.697)
Less: Allowance for doubtful receivables	(22.904)	(4.337)	(27.241)
Net finance lease receivables	359.560	362.241	721.801

The Group provides provision for the finance lease receivables that are overdue more than 90 days and recognizes allowances for such receivables by considering past experiences and guarantees on hand.

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

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

As of balance sheet date, the Group's finance lease receivables which are overdue less than 90 days is amounting to NTL 5.267 thousand. The Group does not recognize allowance considering the fact that there is no substantial risk regarding the recoverability of such finance lease receivables.

The Group's guarantees for the finance lease receivables are as follows:

Guarantee type	30 September 2007	31 December 2006
Ship mortgage	-	4.217
Other mortgage	562.783	560.485
Guarantor	7.594	7.746
Cash blockage	17.166	18.546
Letter of guarantee	11.110	10.299
	598.653	601.293

Movement of provision for doubtful receivables	30 September 2007	30 September 2006
Provision at the beginning of the period	27.241	32.392
Additions	20.478	18.278
Write offs	(1.251)	(6.268)
Collections	(14.810)	(9.393)
Provision at the end of the period	31.658	35.009

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to working with a great many customers. Accordingly, the Group management believes that there is no further credit allowance need in excess of the allowance for doubtful receivables in the accompanying financial statements.

The allocation of finance lease receivables according to their maturities as of 30 September 2007 is as follows:

	2007	2008	2009	2010	2011	2012 and after	Total
Financial lease receivables (gross)	149.793	362.659	203.011	88.668	36.350	27.224	867.705
Unearned Interest	(25.058)	(63.955)	(28.661)	(10.724)	(4.156)	(3.259)	(135.813)
Finance lease receivables (net)	124.735	298.704	174.350	77.944	32.194	23.965	731.892

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

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

The allocation of finance lease receivables according to their maturities as of 31 December 2006 is as follows:

	2007	2008	2009	2010	2011	2012 and after	Total
Finance lease receivables (gross)	429.819	256.309	116.981	35.737	8.771	2.881	850.498
Unearned interest revenue	(74.596)	(36.377)	(13.108)	(3.666)	(679)	(271)	(128.697)
Finance lease receivables (net)	355.223	219.932	103.873	32.071	8.092	2.610	721.801

As of 30 September 2007, the compound interest rate that applies for finance lease receivables is; 26,31% for NTL, 9,87% for US$, and 9,50% for EURO. (31 December 2006: for NTL 25,07%, for US$ 9,91% and for EURO 9,85%).

As of 30 September 2007, the distribution of uninvoiced rental receivables according to foreign currency types is as follows:

Currency	Principal in foreign currency	Principle (Net)	Unearned interest in foreign currency	Unearned interest
US$	188.760.692	227.419	32.502.123	39.159
EURO	166.909.585	285.182	22.887.900	39.106
NTL		219.291		57.548
Total		731.892		135.813

As of 31 December 2006, the distribution of uninvoiced finance lease receivables according to foreign currency types is as follows:

Currency	Principal in foreign currency	Principle (Net)	Unearned interest in foreign currency	Unearned interest
US$	151.681.529	213.204	21.066.678	29.611
EURO	159.961.272	296.168	21.816.287	40.393
NTL		212.429		58.693
Total		721.801		128.697

Finance lease payables	30 September 2007	31 December 2006
Finance lease payables	46	95
Less: Cost of deferred finance lease payable	(2)	(4)
Finance lease payables (Net)	44	91

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

9. DUE FROM / TO RELATED PARTIES

Finance lease receivables	30 September 2007	31 December 2006
Türkiye İş Bankası A.Ş.	68.687	92.584
Gemport Gemlik Liman İşletmeleri A.Ş.	4.210	712
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	939	694
Avea İletişim Hizmetleri A.Ş.	3.246	-
Anadolu Anonim Türk Sigorta Şirketi	72	662
Other	374	982
	77.528	95.634
Payables to related parties		
Anadolu Anonim Türk Sigorta Şirketi	4.813	5.728
Türkiye İş Bankası A.Ş.	538	382
Türkiye Sınai Kalkınma Bankası A.Ş.	285	14
Gemport Gemlik Liman İşletmeleri A.Ş.	1	18
Other	41	104
	5.678	6.246
Borrowings		
Türkiye İş Bankası A.Ş.	196.805	188.758
Türkiye Sınai Kalkınma Bankası A.Ş.	17.002	9.852
	213.807	198.610

	01.01.2007-30.09.2007	01.01.2006-30.09.2006	01.07.2007-30.09.2007	01.07.2006-30.09.2006
Finance lease interest income				
Türkiye İş Bankası A.Ş.	6.570	6.357	4.135	2.255
Gemport Gemlik Liman. İşl. A.Ş.	119	197	94	67
İş-Koray Tur. Orm. Mad.İnş.Taah. ve Tic. A.Ş.	3	120	2	26
Bayek Tedavi Sağlık Hizm. ve İşlet.A.Ş.	48	107	14	32
Anadolu Anonim Türk Sigorta Şti. A.Ş.	20	34	4	20
Türkiye Sınai Kalkınma Bankası A.Ş.	79	127	17	64
Other	160	315	146	136
	6.999	7.257	4.412	2.600
Interest Income				
Türkiye İş Bankası A.Ş.	1.859	2.108	488	132
İş Yatırım ve Menkul Değerler A.Ş.	-	-	-	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	48	-	-
	1.859	2.156	488	132

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

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

	01.01.2007-30.09.2007	01.01.2006-30.09.2006	01.07.2007-30.09.2007	01.07.2006-30.09.2006
Finance expense				
Türkiye İş Bankası A.Ş.	8.274	11.254	3.124	3.651
Türkiye Sınai Kalkınma Bankası A.Ş.	669	349	278	221
	8.943	11.603	3.402	3.872
Rent expense				
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	593	639	164	227
Commission income				
Anadolu Anonim Türk Sigorta Şirketi	1.535	1.492	556	479
Compensation of Key Client Personnel				
Short-term benefits	1.323	1.197	369	348

10. OTHER RECEIVABLES AND PAYABLES

	30 September 2007	31 December 2006
Short-term factoring receivables (*)		
Domestic factoring receivables (net)	40.594	25.888
Export and import factoring receivables (net)	3.229	544
Factoring interest income accrual	141	196
Unearned interest income	(1.300)	(646)
Doubtful factoring receivables	1.460	859
Gross factoring receivables	44.124	26.841
Provision for doubtful factoring receivables	(1.460)	(859)
	42.664	25.982
Long-term factoring receivables		
Domestic factoring receivables (net)	128	-

(*) 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 78,23 %.

11. BIOLOGICAL ASSETS

None.

12. INVENTORIES

None.

13. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS (NET)

None.

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

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 and represented below. It is provided provision for deferred tax assets that will not be realized in future.

	30 September 2007	31 December 2006
Deferred Tax Asset	20	19

	30 September 2007	31 December 2006
Temporary differences subject to deferred tax:		
Finance lease adjustment	15.759	36.846
Tax base difference in tangible and intangible assets	2.774	3.083
Retirement pay provision	510	461
Finance lease income accruals	(10.295)	(2.419)
Allowance for doubtful finance lease receivables	16.258	1.347
Forward / swap accrual	10.284	2.452
Unreal finance expense	7.240	9.654
Tax losses carried forward	4.706	4.706
Unused investment incentives	424.163	388.124
Other	(191)	267
	471.208	444.521

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 Finansman Hizmetleri A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%. 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. While the investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years, legally, there is still uncertainity about the future. Therefore, a provision has been provided for the deferred tax asset of the Group in the accompanying financial statements.

Unrecognized tax losses will expire as follows:

	30 September 2007	31 December 2006
Ending as of 2011	4.706	4.706
	4.706	4.706

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

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

	30 September 2007	31 December 2006
Deferred Tax Assets/(Liabilities)		
Finance lease adjustment	4.728	11.054
Tax base difference in tangible and intangible assets	834	927
Retirement pay provision	141	127
Finance lease income accruals	(3.088)	(726)
Allowance for doubtful finance lease receivables	4.877	404
Forward / swap accrual	3.085	736
Unreal finance expense	2.172	2.896
Tax losses carried forward	1.412	1.412
Unused investment incentives	103.779	95.221
Other	(57)	80
Deferred tax asset	117.883	112.131
Provision	(117.863)	(112.112)
Deferred tax asset (net)	20	19

Deferred tax assets/ (liabilities) movement for the period ended as of 30 June 2007 is as follows:

	30 September 2007	30 September 2006
Opening balance 1 January	19	23
Deferred tax benefit / (expense)	1	(5)
Closing balance	20	18

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

Other current assets	30 September 2007	31 December 2006
Ongoing leasing contracts (*)	10.776	18.762
Advances given	26.699	4.419
VAT deductible and other VAT	4.533	5.478
Insurance premium receivables	5.595	4.694
Assets held for sale	2.917	2.917
Other	1.382	1.895
	51.902	38.165

(*) 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 September 2007 and 31 December 2006

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

15. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER CURRENT/ NON-CURRENT LIABILITIES (cont'd)

Other current/ non-current liabilities	30 September 2007	31 December 2006
Social security premiums payable	354	353
Forward accrual	3.494	771
Payable to Tax Offices (*)	7.904	12.055
Other	80	532
	11.832	13.711

(*) 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. Subsequently, İş Factoring Finansman Hizmetleri A.Ş. has lost the pending lawsuits against the tax authorities with a right to appeal to the Supreme Court for the suspension of the execution of the decisions. Furthermore, İş Factoring applied to Ministry of Finance on the condition of saving all its legal rights, to postpone its liability and to structure a repayment plan and subsequently, started to pay based on the notified repayment schedule.
On August 1, 2007 the 4th Chamber of Council of State has notified İş Factoring Finansman Hizmetleri A.Ş. that according to the Council's decree dated April 10, 2007 it has been decided on the reversal of judicial order taken by the 3rd Tax Court in Istanbul regarding the realization of installment plan payments of İş Factoring Finansman Hizmetleri A.Ş. to the related Tax Office. The remaining liability is NTL 7.904 thousand in accordance with the repayment schedule notified by the Tax Offices.

16. FINANCIAL ASSETS (NET)

Company name	30 September 2007	Share (%)	31 December2006	Share (%)
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım) (*)	14.985	4,86	5.990	6,00
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	641	0,90	768	0,90
Camiş Menkul Değerler A.Ş.	2	0,05	2	0,05
Yatırım Finansman Menkul Değerler A.Ş.	20	0,06	18	0,06
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. – (İş Net)	328	1,00	328	1,00
TOTAL	15.976		7.106	

(*) Due to public offering of İş Yatırım Menkul Değerler A.Ş. in May 2007, the Group has started to account its shares in İş Yatırım Menkul Değerler A.Ş. at fair value.

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

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 78,23 %. Positive goodwill has been occurred amounting to NTL 169 thousand on purchased equity of NTL 16.603 thousand. The net amount of goodwill as of 30 June 2007 is NTL 166 thousand. (31 December 2006: 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.

19. TANGIBLE ASSETS

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Acquisition cost					
Opening balance 1 January 2007	466	3.113	1.819	2.848	8.246
Additions	-	259	8	1	268
Closing balance 30 September 2007	466	3.372	1.827	2.849	8.514
Accumulated depreciation					
Opening balance 1 January 2007	(225)	(2.806)	(1.637)	(2.402)	(7.070)
Charge for the period	(70)	(95)	(65)	(89)	(319)
Closing balance 30 September 2007	(295)	(2.901)	(1.702)	(2.491)	(7.389)
Net book value as of 30 September 2007	171	471	125	358	1.125

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Acquisition cost					
Opening balance 1 January 2006	743	2.998	1.724	2.459	7.924
Additions	17	104	3	53	177
Disposals	(260)	-	-	-	(260)
Closing balance 30 September 2006	500	3.102	1.727	2.512	7.841
Accumulated depreciation					
Opening balance 1 January 2006	(375)	(2.664)	(1.528)	(2.249)	(6.816)
Charge for the period	(92)	(112)	(81)	(122)	(407)
Disposals	236	-	-	-	236
Closing balance 30 September 2006	(231)	(2.776)	(1.609)	(2.371)	(6.987)
Net book value as of 30 September 2006	270	326	118	141	854

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

20. INTANGIBLE ASSETS

	30 September 2007	30 September 2006
Acquisition cost		
Opening balance 1 January	170	159
Additions	-	-
Disposals	-	-
Closing balance 30 September	170	159
Amortization		
Opening balance 1 January	(158)	(156)
Charge for the period	<1	(1)
Disposals	-	-
Closing balance 30 September	(158)	(157)
Net book value	12	2

21. ADVANCES RECEIVED

	30 September 2007	31 December 2006
Advances received (*)	11.785	11.952

(*) 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 September 2007	31 December 2006
Corporate tax provision (net)	192	129
Unused vacation provision	109	59
Provision for lawsuit	41	41
	342	229

	30 September 2007	31 December 2006
Corporate tax provision	490	472
Prepaid taxes	(298)	(343)
Corporate tax provision	192	129

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

23. PROVISIONS (cont'd)

Long term provisions:

Retirement pay provision:	30 September 2007	30 September 2006
1 January	461	379
Increase during the year	83	86
Amounts paid	(17)	(20)
Period End	527	445

Retirement Pay Provision:

Under the Turkish Labor 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 the effective ceiling and the Group has taken into consideration the ceiling of NTL 2.030,19 effective as of 1 July 2007 in calculation of retirement pay provision. (2006: NTL 1.857,44)

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 Group 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 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71%. (31 December 2006: annual inflation 5% , interest rate 11% and resulting real discount rate 5,71%). Turnover rate to estimate the probability of retirement is taken as 0% (2006: 0%).

24. MINORITY SHARE

The Company owns 78,23% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share is calculated from balance sheet and income statement of the subsidiary amounting to NTL 2.742 thousand (31 December 2006: NTL 1.603 thousand) and NTL 198 thousand gain, respectively as of 30 September 2007 (30 June 2006: NTL 186 thousand-gain).

25. 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.

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

26. CAPITAL RESERVES

As of 30 September 2007 and 31 December 2006 share capital held is as follows:

CAPITAL

Shareholders	(%)	30 September 2007	(%)	31December 2006
Türkiye İş Bankası A.Ş.	27,79	38.773	27,79	27.794
Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB)	28,56	39.841	28,56	28.560
Publicly traded	42,30	59.003	42,30	42.296
Cam Pazarlama A.Ş.	0,45	628	0,45	450
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,90	1.255	0,90	900
TOTAL	100,00	139.500	100,00	100.000

CAPITAL RESERVES

	30 September 2007	31 December 2006
Increase/(Decrease) in fair value reserve of financial assets	7.994	46
Shareholders' equity inflation restatement differences	12.581	12.581
-Capital	12.581	12.581
-Legal reserves	-	-
-Extraordinary reserves	-	-
TOTAL	20.575	12.627

27. PROFIT RESERVES

	30 September 2007	31 December 2006
Legal reserves	3.360	3.186
Extraordinary reserves	296	12.513
TOTAL	3.656	15.699

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 September 2007	31 December 2006
Retained earnings	1.582	1.593

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

29. FOREIGN CURRENCY POSITION

30 September 2007	US$ 000	EURO 000	CHF 000	GBP 000	JPY 000	DKK 000	AUD 000	NTL Equivalent
Liquid assets	6.471	38.080	11	-	27	10	2	72.877
Finance lease receivables	188.761	166.910	-	-	-	-	-	512.601
Factoring receivables	253	414	-	1.031	-	-	-	3.531
Advances given	5.061	10.234	-	-	-	-	-	23.584
Equipment to be leased	5.478	1.518	-	-	-	-	-	9.194
Other current assets								
Financial liabilities	(206.658)	(222.019)	-	(979)	-	-	-	(630.715)
Advances received	(2.490)	(2.976)	-	-	-	-	-	(8.084)
Trade payables	(3.561)	(140)	-	-	-	-	-	(4.524)
Other liabilities	(260)	(40)	-	-	-	-	-	(382)
Finance lease payables	(36)	-	-	-	-	-	-	(44)
Balance sheet position								(21.962)
Off Balance Sheet Position(Forward)	8.000	5.000						18.182
Accrual expense	(1.698)	(848)						(3.495)
Net Foreign Currency Position								(7.275)

31 December 2006	US$ 000	EURO 000	CHF 000	AUD 000	JPY 000	DKK 000	AUD 000	NTL Equivalent
Liquid assets	10.240	36.329	11	2	27	-	-	81.673
Finance lease receivables	151.660	159.958	-	-	-	-	-	509.336
Factoring receivables	431	300	-	-	-	-	-	1.162
Advances given	681	1.622	-	-	-	-	-	3.961
Equipment to be leased	6.368	2.411	-	-	-	-	-	13.415
						-	-	
Financial liabilities	(185.545)	(212.113)	-	-	-	-	-	(653.530)
Advances received	(2.806)	(3.093)	-	-	-	-	-	(9.671)
Trade payables	(958)	(2.499)	(360)	-	(65.405)	-	-	(7.161)
Finance lease payables	(65)	-	-	-	-	-	-	(91)
Balance sheet position								(60.906)
Off balance sheet position (Forward)	25.000	12.000	-	-	-	-	-	57.358
Accrual expense	(363)	(141)	-	-	-	-	-	(771)
Net Foreign Currency Position								(4.319)

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

30. GOVERNMENT GRANTS AND INCENTIVES

None.

31. COMMITMENTS AND CONTINGENCIES

As of 30 September 2007, letter of guarantees amounting to NTL 1.372 thousand (31 December 2006: NTL 1.586 thousand) are given to customs, authorities and banks.

As of 30 September 2007, the total risk of court cases opened and currently pending against the Group amounts to approximately NTL 392 thousand (31 December 2006: NTL 256 thousand). The Group provided a provision amounting to NTL 41 thousand (31 December 2006: NTL 41 thousand). Besides, since the Group's subsidiary İş Factoring Finansman Hizmetleri A.Ş. has lost court cases as aforementioned in note 15, provision which has turned into liability to Tax Offices amounting to NTL 7.904 thousand has been booked in the accompanying financial statements. (31 December 2006: NTL 16.259 thousand)

Forward Contracts:

	30 September 2007		31 December 2006	
	Currency Amount	NTL	Currency Amount	NTL
Purchases				
US$	8.000.000	9.638	25.000.000	35.140
EURO	5.000.000	8.543	12.000.000	22.218
		18.181		57.358
Sales				
NTL	22.185.500	22.185	58.911.446	58.911
		22.185		58.911

	30 September 2007	31 December 2006
Maturity Analysis:		
Short-term	18.181	57.358
Long-term	-	-
	18.181	57.358

	30 September 2007	31 December 2006
Maturity Analysis:		
Short-term	22.185	58.911
Long-term	-	-
	22.185	58.911

The Group has cross currency swap amounting to EURO 20.000.000 having maturities of 09.10.2008 and 16.10.2008. The Group earns an interest of Libor per annum for the receivable amounting to EURO 20.000.000 and pays an interest of 19,90% -20,45% for the payable amounting to NTL 37.700 thousand per annum.

32. MERGERS AND ACQUISITIONS

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

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

33. SEGMENTAL INFORMATION

As of 30 September 2007 :

	Leasing	Factoring	Consolidation Eliminations	Consolidated
Total assets	903.812	51.522	(16.606)	938.728
Total liabilities	696.296	38.932	-	735.228
Net profit	34.733	910	(198)	35.445

As of 31 December 2006:

	Leasing	Factoring	Consolidation Eliminations	Consolidated
Total assets	892.844	37.529	(16.607)	913.766
Total liabilities	724.630	30.168	-	754.798
Net profit	38.707	(14.396)	3.135	27.446

Segmental Income Statement as of 30 September 2007:

	Leasing	Factoring	Consolidation Eliminations	Consolidated
OPERATING INCOME/ (EXPENSE)	74.474	6.147	-	80.621
Operating Expenses (-)	(12.729)	(1.864)	-	(14.593)
NET OPERATING PROFIT/ (LOSS)	61.745	4.283	-	66.028
Other Operating Profit / (Loss) (Net)	6.244	(339)	-	5.905
Finance Income / (Expense) (net)	(33.256)	(2.546)	-	(35.802)
OPERATING PROFIT / (LOSS)	34.733	1.398	-	36.131
Minority Interest	-	-	(198)	(198)
PROFIT / (LOSS) BEFORE TAXATON	34.733	1.398	(198)	35.933
Taxation	-	(488)	-	(488)
NET PROFT / (LOSS)	34.733	910	(198)	35.445

	Leasing	Factoring	Consolidation Eliminations	Consolidated
Fixed Asset Additions	267	1	-	268
Depreciation and Amortization	(304)	(15)	-	(319)

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

33. SEGMENTAL INFORMATION (cont'd)

Segmental Income Statement as of 30 September 2006:

	Leasing	Factoring	Consolidation Eliminations	Consolidated
OPERATING INCOME/ (EXPENSE)	70.565	2.927	-	73.492
Operating Expenses (-)	(15.573)	(1.135)	-	(16.708)
NET OPERATING PROFIT/ (LOSS)	54.992	1.792	-	56.784
Other Operating Profit / (Loss) (Net)	5.108	783	-	5.891
Finance Income / (Expense) (net)	(34.026)	(880)	-	(34.906)
OPERATING PROFIT / (LOSS)	26.074	1.695	-	27.769
Minority Interest	-	-	(294)	(294)
PROFIT / (LOSS) BEFORE TAXATON	26.074	1.695	(294)	27.475
Taxation	-	(346)	-	(346)
NET PROFT / (LOSS)	26.074	1.349	(294)	27.129

	Leasing	Factoring	Consolidation Eliminations	Consolidated
Fixed Asset Additions	107	70	-	177
Depreciation and Amortization	(376)	(31)	-	(408)

34. SUBSEQUENT EVENTS

Based on the decision of the 4th chamber of the State of Council, dated 10 April 2007 and communicated to İş Factoring Finansman Hizmetleri A.Ş as of 1 August 2007, which has overruled the decision of the Tax Court of İstanbul numbered 3 regarding the court case explained in note 15 by majority of votes, İş Factoring Finansman Hizmetleri A.Ş has applied to the Tax Offices.

Termination indemnity ceiling has increased to NTL 2.030,19 as of 1 July 2007.

35. DISCONTINUED OPERATIONS

None

36. OPERATING INCOME

Finance Lease Income	01.01.2007 - 30.09.2007	01.01.2006 - 30.09.2006	01.07.2007 - 30.09.2007	01.07.2006 - 30.09.2006
Finance lease interest income	74.474	70.565	25.685	25.653
Factoring income	6.147	2.927	2.721	1.214
	80.621	73.492	28.406	26.867

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

37. OPERATING EXPENSES

	01.01.2007 - 30.09.2007	01.01.2006 - 30.09.2006	01.07.2007 - 30.09.2007	01.07.2006 - 30.09.2006
Personnel expenses	(5.374)	(4.446)	(1.599)	(1.404)
Depreciation expense	(319)	(408)	(102)	(101)
Doubtful receivables provision expense (*)	(5.668)	(9.063)	(1.791)	716
Office rent expenses	(593)	(639)	(164)	(227)
Other general administrative expenses	(2.639)	(2.152)	(708)	(824)
	(14.593)	(16.708)	(4.364)	(1.840)

(*) The current year charge of NTL 20.748 thousand of provision expense is netted off with the collections amounting to NTL 14.810 thousand.

38. OTHER OPERATING INCOME / EXPENSE AND PROFIT / LOSSES

Other operating income / profit

	01.01.2007 - 30.09.2007	01.01.2006 - 30.09.2006	01.07.2007 - 30.09.2007	01.07.2006 - 30.09.2006
Commission income	1.557	1.512	563	487
Interest income	4.256	5.282	1.669	607
Other	575	9	(124)	3
	6.388	6.803	2.108	1.097

Other operating expense / losses

	01.01.2007 - 30.09.2007	01.01.2006 - 30.09.2006	01.07.2007- 30.09.2007	01.07.2006- 30.09.2006
Other	(483)	(912)	1.132	(428)
	(483)	(912)	1.132	(428)

39. FINANCE EXPENSES

	01.01.2007 - 30.09.2007	01.01.2006 - 30.09.2006	01.07.2007- 30.09.2007	01.07.2006- 30.09.2006
Foreign exchange gain / (loss)	56.391	(80.901)	25.586	38.882
Finance lease foreign exchange gain / (loss)	(58.551)	76.884	(26.746)	(36.047)
Interest expense	(33.642)	(30.889)	(12.042)	(9.765)
	(35.802)	(34.906)	(13.202)	(6.930)

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

40. NET MONETARY GAIN / (LOSS)

Since the Group did not apply inflation accounting in 2007, there is no monetary gain or loss in the accompanying statement of income.

41. TAXATION

	01.01.2007 - 30.09.2007	01.01.2006 - 30.09.2006
Provisions for taxes on income		
Corporate tax provision	192	342
Deferred tax income / (expense)	(1)	5
	191	347

Corporate Tax

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

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

The effective tax rate in 2007 is 20%. (2006: 20%)

In Turkey, advance tax returns are filed on a quarterly basis The advance corporate income tax rate was decreased to 20% for 2006. (2005: 30%). 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.

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 Group adjusted its financial statements according to the regulations and calculated current period tax base over these financial statements as of 31 December 2004. These financial statements constituted the opening balances for 2005. In accordance with the Law 5024, such threshold has not been met in 2005, thus the Group did not apply inflation accounting for the periods then ended.

42. EARNINGS PER SHARE

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

	1 January 2007- 30 September 2007	1 January 2006- 30 September 2006
Number of outstanding shares	11.755.555.556	11.755.555.556
Net period profit (thousand NTL)	35.445	27.128
Earning per share (NTL)	0,302	0,231

43. STATEMENT OF CASH FLOW

Statements of cash flows are presented in the accompanying financial statements.

44. OTHER ISSUES

None.

45. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as disclosed in note 26, 27 and 28 respectively.

(b) Significant accounting policies

The Group's accounting policies about financial instruments are disclosed in note 3 "Summary of valuation principles / significant accounting policies" to the financial statements.

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

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

(c) Categories of financial instruments

	30 September 2007	31 December 2006
Financial assets:		
Liquid assets	94.810	118.589
Financial assets at fair value through profit and loss		
-Held for trading	33	750
-Other	-	-
Derivative instruments	-	-
Finance lease receivables	731.892	721.801
Factoring receivables	42.792	25.982
Insurance premium receivables	5.595	4.694
Financial assets available for sale	15.976	7.106
Financial liabilities:		
Derivative instruments	(3.494)	(771)
Finance lease payables (net)	(44)	(91)
Trade payables	(8.293)	(16.220)
Borrowings	(702.405)	(712.134)

(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. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

The Group uses hedging derivative instruments to decrease the effects of and hedge from financial risk against those risks. The Group does not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

In order to decrease possible risks, the Group reports monthly to the risk management committee who monitors the risks and applied policies.

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

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

(e) Market risk

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

"Forward foreign exchange contracts" to hedge from exchange rate risk stems from operations ,
"Currency swaps" to control exchange rate risk of foreign currency denominated liabilities, and
"Cross currency swaps" to decrease risks stem from interest rate and exchange rate fluctuations of 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 manner which it manages and measures the risk.

(f) Foreign currency risk management

Foreign currency transactions causes foreign currency risk. The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using "forward foreign exchange contracts".

The Group's assets and liabilities denominated in foreign currencies are disclosed in Note 29.

<u>Foreign currency sensitivity</u>

The Group mainly is exposed to US$ and EURO exchange rate risks.

The statement below shows the sensitivity of the Group to US$ and EURO when a 15% change occurs at those currencies' exchange rates. 15% change in rates is used when reporting foreign currency risk to the top management and stands for expected fluctuation in exchange rates by the top management. Foreign currency sensitivity analysis for the reporting period of the Group is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	US$ Effect		EURO Effect	
	2007	2006	2007	2006
Profit / (loss)	(132)	(53)	(991)	(2.647)

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

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

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

Forward contracts and currency swaps

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

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

Purchase/Sale Contracts	Forward rate		Foreign currency		Contract Amount		Fair Value	
	2007	2006	2007	2006	2007 Thousand NTL	2006 Thousand NTL	2007 Thousand NTL	2006 Thousand NTL
US$ Purchase								
Between 0-3 months	-	1,443	-	5.000.000	-	7.215	-	7.028
Between 0-3 months	-	1,465	-	7.000.000	-	10.255	-	9.839
Between 0-3 months	-	1,445	-	8.000.000	-	11.560	-	11.245
Between 3-6 months	1,466	1,436	8.000.000	5.000.000	11.728	7.180	9.638	7.028
EURO Purchase								
Between 0-3 months	-	1,892	-	12.000.000	-	22.704	-	22.218
Between 3-6 months	2,0915	-	5.000.000	-	10.458	-	8.543	-

As of the balance sheet date, unrealized loss from changes in fair value of forward contracts recognized in profit and loss is amounting to NTL 3.494 thousand (2006: NTL 771 thousand).

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

(g) Interest risk rate management

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

Interest rate sensitivity

The interest rate sensitivity analysis below is based on interest rate risk as of the balance sheet date and estimated interest rate fluctuations at the beginning of the fiscal year, and are fixed during the reporting period. The Group management makes its sensitivity analysis based on 100 base point interest rate fluctuation scenario. Such amount is also used in reporting to top management.

In the case of interest rates being 100 base points higher at balance sheet date and holding all other variables fixed :

- Interest income from floating interest rate finance lease contracts would increase by NTL 294 thousand.(2006: NTL 498 thousand)

- Interest expense from floating interest rate borrowings would increase by NTL 2.547 thousand (2006: NTL 2.818 thousand)

(h) Other price risks

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

Equity price sensitivity

Sensitivity analysis below are determined based on equity shares price risk exposed as of the balance sheet date.

In the case of being data in valuation method 15% higher / lower and all other variables fixed:

- If equity investments are held in available for sale portfolio and not disposed, net profit/loss would not change

- Funds under other equity would increase/decrease as NTL 2.344 thousand (2006: NTL 115 thousand). It is mainly because of changes in fair value of available for sale equity shares.

Equity shares price sensitivity of the Group has not changed materially comparing to prior year.

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

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

(i) Credit risk management

Credit risks refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of the transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Sectoral allocation of finance lease receivables is as follows:

	30 September 2007 %	31 December 2006 %
Construction	17,69	17,82
Finance	10,00	13,25
Transportation	8,95	9,08
Textile	8,95	8,46
Metal Industry	4,65	6,70
Health	4,48	4,49
Chemical, Plastic and Pharmacy	4,99	4,31
Forestry Products and Paper	4,66	3,91
Food	3,83	3,71
Mining	3,66	3,11
Tourism	3,50	1,94
Glass, Tile and Cement	2,33	2,54
Other	22,31	20,68
TOTAL	100,00	100,00

(i) Liquidity risk management

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

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

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

Liquidity risk table

The following table details the Group’s expected maturity for its non derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

	Up to 1 month	1-3 month	3 months –1 year	1-5 years	5 year +	Adjustments	Total
30 September 2007							
Liquid assets	59.446	-	-	36.758	-	(1.394)	94.810
Factoring receivables	9.404	22.808	10.452	128	-	-	42.792
Finance lease receivables	18.744	120.754	282.832	419.845	15.235	(125.518)	731.892
Insurance premium receivables	5.595	-	-	-	-	-	5.595
	93.189	143.562	293.284	456.731	15.235	(126.912)	875.089
Borrowings	-	126.414	261.269	340.567	-	(25.845)	702.405
Finance lease payables	-	27	19	-	-	(2)	44
Trade and other liabilities	6.293	377	1.623	-	-	-	8.293
	6.293	126.818	262.911	340.567	-	(25.847)	710.742

	Up to 1 month	1-3 month	3 months –1 year	1-5 years	5 year +	Adjustments	Total
31 December 2006							
Liquid assets	81.319	-	-	39.832	-	(2.562)	118.589
Finance lease receivables	15.022	115.169	289.858	417.798	2.880	(118.926)	721.801
Factoring receivables	4.947	11.428	9.607	-	-	-	25.982
Insurance premium receivables	4.694	-	-	-	-	-	4.694
	105.982	126.597	299.465	457.630	2.880	(121.488)	871.066
Borrowings	20.250	64.945	293.149	371.198	-	(37.408)	712.134
Finance lease payables	-	36	63	-	-	(8)	91
Trade and other liabilities	12.543	651	2.152	874	-	-	16.220
	32.793	65.632	295.364	372.072	-	(37.416)	728.445

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

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

(j) Fair Value of Financial Instruments

Excluding items below on the table, the Group management estimates that the book value of the financial assets and liabilities approximates their fair value.

Fair value of the financial instruments has been determined based on reliable data provided from financial markets. Fair value of other financial assets are determined by benchmarking market value of a similar financial asset or by assumption methods which includes amortizing future cash flows with current interest rates.

The table below refers to comparison of carrying amounts and fair values of financial instruments which have been presented other than their market values at financial statements.

30 September 2007	Carrying Amount	Fair Value
Financial Assets:		
Liquid assets	94.810	94.810
Financial assets at fair value through profit and loss		
-Held for trading	33	33
-Other	-	-
Hedging derivative instruments	-	-
Finance lease receivables	731.892	843.099
Factoring receivables	42.792	42.792
Financial assets available for sale	15.976	15.976
Financial Liabilities:		
Hedging derivative instruments	(3.494)	(3.494)
Finance lease payables (net)	(44)	(44)
Trade payables	(8.293)	(8.293)
Financial liabilities	(702.405)	(711.473)

31 December 2006	Carrying Amount	Fair Value
Financial Assets:		
Liquid assets	118.589	118.589
Financial assets at fair value through profit and loss		
-Held for trading	750	750
-Other	-	-
Hedging derivative instruments	-	-
Finance lease receivables	721.801	772.911
Factoring receivables	25.982	25.982
Financial assets available for sale	7.106	7.106
Financial Liabilities:		
Hedging derivative instruments	(771)	(771)
Finance lease payables (net)	(91)	(91)
Trade payables	(16.220)	(16.220)
Financial liabilities	(712.134)	(726.741)