A&T Finansal Kiralama Anonim Şirketi

Financial Statements
31 December 2006
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

6 April 2007

This report includes 2 pages of independent auditors' report and 30 pages of financial statements together with its explanatory notes.

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Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Independent Auditors' Report

To the Board of Directors of
A&T Finansal Kiralama Anonim Şirketi

We have audited the accompanying financial statements of A&T Finansal Kiralama Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Company prepared in accordance with International Financial Reporting Standards as of and for the year ended 31 December 2005 were audited by another auditor whose audit report dated 27 January 2006, expressed an unqualified opinion on those statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the the Company as at 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Akis Bağımsız Denetim
ve SMMM A.Ş.

6 April 2007
İstanbul, Turkey

A&T Finansal Kiralama Anonim Şirketi

Income Statement

For the Year Ended 31 December 2006

(Currency: New Turkish Lira ("YTL"))

	Note	31 December 2006	31 December 2005
Interest income from direct finance leases		5,923,238	4,909,588
Interest income on bank deposits		3,181,513	2,806,873
Total interest income		9,104,751	7,716,461
Interest expense on borrowings		(2,612,633)	(1,681,872)
Net interest income		6,492,118	6,034,589
Foreign exchange loss, net		(98,083)	(28,614)
Marketing, general and administrative expenses	*5*	(617,494)	(554,191)
Salaries and employee benefits	*6*	(1,380,538)	(1,415,084)
Depreciation and amortization		(65,632)	(101,556)
Other operating income	*7*	548,893	521,452
Other operating expense	*8*	(483,196)	(407,911)
Operating income		4,396,068	4,048,685
Loss on net monetary position		-	(969,714)
Income before tax		4,396,068	3,078,971
Taxation (charge)/credit	*9*	(3,657,000)	3,458,476
Net profit for the year		**739,068**	**6,537,447**

The accompanying notes are an integral part of these financial statements

A&T Finansal Kiralama Anonim Şirketi
Balance Sheet
As at 31 December 2006

(Currency: New Turkish Lira ("YTL"))

		31 December 2006	31 December 2005
ASSETS			
Cash and cash equivalents	10	22,711,116	20,627,575
Minimum financial lease receivable, net	11	57,220,915	47,097,595
Other assets	12	1,803,964	1,976,796
Property and equipment, net	13	100,757	120,975
Deferred tax asset	9	3,761,899	7,418,899
Total assets		**85,598,651**	**77,241,840**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Bank borrowings	14	49,854,646	46,139,610
Trade payables	15	5,892,273	2,003,569
Other liabilities and acrrued expenses	16	80,796	63,933
Reserve for employee severance payments	17	74,123	76,983
Total liabilities		**55,901,838**	**48,284,095**
Equity			
Share capital	18	18,500,000	14,500,000
Adjustment to share capital	18	6,776,274	6,776,274
Legal reserves and retained earnings	18	3,681,471	1,144,024
Net profit for the year		739,068	6,537,447
Total shareholders' equity		**29,696,813**	**28,957,745**
Total liabilities and shareholders' equity		**85,598,651**	**77,241,840**
Commitments and Contingencies	20		

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

A&T Finansal Kiralama Anonim Şirketi

Statement of Cash Flows
For the Year Ended 31 December 2006

(Currency: New Turkish Lira ("YTL"))

	31 December 2006	31 December 2005
Cash Flows From Operating Activities :		
Interest received	9,230,087	7,383,009
Interest paid	(2,401,744)	(1,543,324)
Fees and commissions received	31,492	33,077
Fees and commissions paid	(198,690)	(271,496)
Cash payments to employees and other parties	(1,373,679)	(1,383,701)
Cash received from other operating activities	548,892	738,819
Cash paid for other operating activities	(4,754,206)	(1,229,410)
Effect of monetary gain/loss on monetary items	-	(659,728)
Cash flows from operating activities before changes in operating assets and liabilites	**1,082,152**	**3,067,246**
Changes in operating assets and liabilities		
Net increase in minimum lease payments receivable	(9,905,098)	(12,341,338)
Net (increase) decrease in other assets	3,551,906	(135,203)
Net decrease in other assets	3,895,848	1,599,522
Net cash used in operating activities	**(1,375,192)**	**(7,809,773)**
Cash flows from investing activities:		
Purchases of premises and equipments	(48,240)	(83,222)
Proceeds from the sale of premises and equipment	2,826	18,417
Net cash used in investing activities	**(45,414)**	**(64,805)**
Cash flows from financing Activities :		
Proceeds from funds borrowed	25,121,963	45,717,991
Repayments of funds borrowed and debt securites	(21,617,816)	(42,648,339)
Share capital increase by cash	-	-
Net cash provided by financing activities	**3,504,147**	**3,069,652**
		-
Net increase/(decrease) in cash and cash equivalents	2,083,541	(4,804,926)
Cash and cash equivalents at 1 January	20,627,575	25,432,501
		-
Cash and cash equivalents at 31 December	**22,711,116**	**20,627,575**

The accompanying notes are an integral part of these financial statements

A&T Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements
As of and for Year Ended 31 December 2006
Currency – New Turkish Lira (YTL)

Notes to the financial statements

1 Reporting entity

A&T Finansal Kiralama Anonim Şirketi ("the Company") was established on 4 July 1997, pursuant to the licence obtained from the Under secretariat of Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226. The main shareholder of the Company is Arap Türk Bankası A.Ş with 99 % of the shares.

The Company's leasing operations principally focused on machinery and equipment, construction, real estate and office equipment.

The number of personnel working for the Company as of December 31, 2006 is 19 (31 December 2005: 19)

2 Basis of preparation

(a) Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira ("YTL") in accordance with the Turkish Commercial Code ("the TCC"), and Tax Legislation. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis .

(c) Functional and presentation currency

These financial statements are presented in YTL, which is the Company's functional currency. All financial information presented in YTL is rounded to the nearest digit.

2 Basis of preparation *(continued)*

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 – fair value measurement of financial instruments
- Note 9 – taxation
- Note 17 – measurement of reserve for employee severance payments

(Currency: New Turkish Lira ("YTL"))

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Reclassification of Comparative Information

The Company has made certain reclassifications in the consolidated financial statements as of December 31, 2005 to be consistent with the current year presentation. Major reclassifications are as follows:

YTL 35,119 representing leasehold improvements has been reclassified as property and equipment

YTL 136,415 representing expenses made for the lease contracts has been reclassified from marketing, general and administrative to operating expenses .

(a) Accounting in hyperinflationary economies

International Accounting Standard ("IAS") 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey has been 35.61% as of 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute ("TURKSTAT"). This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilization, decrease in the interest rates and the appreciation of YTL against the US Dollars ("USD"), have been taken into consideration to categorize Turkey as a non-hyperinflationary economy under IAS 29 effective from 1 January 2006. Therefore, IAS 29 has not been applied to the financial statements as of and for the year ended 31 December 2006.

The financial statements as of and for the year ended 31 December 2005 have been adjusted for the effects of inflation in YTL units current at 31 December 2005. Such recent indices and conversion factors used to restate the financial statements as of and for the year ended 31 December 2005 are given below:

Date	*Index*	*Conversion factor*
31 December 2005	8,785.74	1.000
31 December 2004	8,403.80	1.045
31 December 2003	7,382.10	1.190

The main procedures for the application of IAS 29 are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities, which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
-

(Currency: New Turkish Lira ("YTL"))

3 Significant accounting policies *(continued)*

- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant (monthly, yearly average, year end) conversion factors. Additions to property and equipment in the year of acquisition are restated using the relevant conversion factors.
- All items in the statement of income are restated by applying the monthly conversion factors except for those amounts deriving from non-monetary items, which are calculated, based on the restated values of the related items.

The effect of general inflation on the Company's monetary position is included in the income statement as of and for the year ended 31 December 2005 as "Loss on net monetary position".

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into YTL at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the income statement as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the income statement as realized during the course of the period.

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	*EUR /(YTL) full*	*USD /(YTL) full*
December 31, 2003	1.7451	1.3958
December 31, 2004	1.8268	1.3421
December 31, 2005	1.5875	1.3418
December 31, 2006	1.8515	1.4056

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise minimum lease receivables and other receivables, cash and cash equivalents, bank borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below..

Bank borrowings

Bank borrowings are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, bank borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings.

Other

Other non-derivative financial instruments including minimum lease receivables and time deposits are measured at amortized cost using the effective interest method, less any impairment losses.

Demand deposits and trade and other payables are measured at cost.

3 Significant accounting policies *(continued)*

(c) Financial Instruments *(continued)*

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances, demand and time deposits.

Accounting for interest income and expense is discussed in note 3 (k)

(ii) Share capital

Ordinary shares
Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

Share capital increased pro-rata to existing shareholders is accounted for at par value as approved at the annual meeting of shareholders.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment acquired before 1 January 2006 are measured at cost restated for the effects of inflation in YTL units current at 31 December 2005 pursuant to IAS 29 less accumulated depreciation and impairment losses. Property and equipment acquired in 2006 are measured at cost, less accumulated depreciation, and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

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

Machinery and equipment	5 years
Office equipment	5 years
Furniture, fixtures and vehicles	5 years

3 Significant accounting policies *(continued)*

Leasehold improvements are amortized over the periods of the respective leases on a straight-line basis.

(e) Leased assets

Financial Lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments for operating leasing are recognised as an expense in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

(f) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets, the reversal is recognised in the income statement.

3 Significant accounting policies *(continued)*

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 Significant accounting policies *(continued)*

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Offsetting

Financial assets and liabilities are offset and the net amount is 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 to realize the asset and settle the liability simultaneously.

(j) Related Parties

For the purpose of this report, the shareholders of the Company and the companies controlled by/associated with them are referred to as related parties. Related parties also include individual that are principal owners, management and members of the Board of Directors and their families.

(k) Revenue and Cost recognition

(i) Interest income from direct finance leases

The Company's financial leases consist of leases of vehicles and various equipments, including industrial machinery and office equipment. The excess of aggregate lease rentals plus the residual value over the cost of the leased asset constitutes the unearned lease income to be taken into income over the term of the lease and produce a constant periodic rate of return on the net cash investment remaining in each lease.

Fee and commission income is recognized when the corresponding service is provided.

3 Significant accounting policies *(continued)*

(l) Revenue and Cost recognition *(continued)*

(ii) Interest income and expense

Interest income and expense is recognized in the accompanying income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(m) Income tax

Taxes on income comprise current tax and the change in the deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the balance sheet liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred taxes on income.

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these financial statements:

- *IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements*: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require additional disclosures with respect to Company's financial instruments and share capital.
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.

3 Significant accounting policies *(continued)*

(o) New standards and interpretations not yet adopted *(continued)*

- *IFRIC 8 Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Company's 2007 financial statements, with retrospective application required. IFRIC 8 is not expected to have any impact on the financial statements.
- *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.
- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Company's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Company first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004). The adoption of IFRIC 10 will not have any impact on the financial statements.

4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances. Fair value has been determined by discounting the relevant cash flows using current interest rates for financial lease receivables. The carrying amounts of the cash at banks-time, and trade payables approximate their fair values due to their short-term maturities. For bank borrowings, fair value is estimated to approximate carrying value, since bank borrowings are floating rate are repriced at the market.

(Currency: New Turkish Lira ("YTL"))

4 Determination of fair values *(continued)*

At 31 December 2006, the carrying amounts and fair values of financial instruments are as follows:

	Carrying amount	Fair value
Financial assets		
Minimum financial lease receivables	57,220,915	57,660,690
Cash and cash equivalents	22,711,116	22,711,116
Financial liabilities		
Bank borrowings	49,854,646	49,699,669
Trade payables	5,892,273	5,892,273

5 Marketing, general and administrative expenses

For the years ended 31 December, marketing and selling expenses comprised the following:

	2006	2005
Services from third parties	149,449	134,080
Rent expense	96,353	88,229
Office expenses	73,967	72,750
Taxes and duties	57,103	45,264
Insurance expenses	55,452	50,438
Marketing expenses	40,573	47,160
Traveling expenses	29,746	44,537
Others	114,851	71,733
	617,494	554,191

6 Personnel expenses

For the years ended 31 December, personnel expenses comprised the following:

	2006	2005
Wages and salaries	1,159,048	1,181,082
Social security premiums	123,340	94,368
Other fringe benefits	91,291	108,251
Provision for employee termination benefits	6,859	31,383
	1,380,538	1,415,084

(Currency: New Turkish Lira ("YTL"))

7 Other operating income

For the years ended 31 December, other operating income comprised the following:

	2006	2005
Income from costs charged to customers	455,577	470,574
Fees and commission income	31,492	33,077
Income from sale of tangible assets	61,824	16,864
Other	-	937
	548,893	521,452

8 Other operating expense

For the years ended 31 December, other operating expense comprised the following:

	2006	2005
Fees and commission expense	198,690	271,496
Loss from sale of tangible assets	83,394	-
Insurance expenses related to lease contracts	82,448	17,743
Other expenses related to lease contracts	118,664	118,672
	483,196	407,911

9 Taxation

As of 31 December 2006, corporate income tax is levied at the rate of 20% (31 December 2005: 30%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes unless companies use their investment incentives if any as a deduction from their taxable income. Effective tax rate for companies which decided to use investment incentives, is 30% until 31 December 2008. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, has been refined according to the cabinet decision numbered 2006/10731, which has been announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent has been increased to 15% from 10%.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Effective from April 24, 2003, investment allowances provide a deduction from the corporate tax base of 40% of the purchases of the brand-new fixed assets having economic useful life and exceeding YTL 10,000 (2004-YTL 6,000) and directly related with the production of goods and services. Investment allowance that arose prior to April 24, 2003 are taxed 19.8% (withholding tax) unless they are converted to new type at the will of the companies. Investment allowances can be carried forward indefinitely with indexed amounts.

(Currency: New Turkish Lira ("YTL"))

9 Taxation (continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate and paid in one instalment within the month of preparation of annual tax return.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under IAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized

The income tax expense for the years ended 31 December comprised the following items:

	31 December 2006	31 December 2005
Current corporation and income taxes	-	-
Deferred taxes on taxable temporary differences	(3,657,000)	3,458,476
Taxation (charge) /income	(3,657,000)	3,458,476

The breakdown of deductible and taxable temporary differences at 31 December are as follows:

	2006	2005
Deferred income tax liabilities		
Leasing income accruals	179,540	132,276
Others	25,699	-
	205,239	132,276
Deferred income tax asset		
Transition effect of financial lease adjustment	1,726,110	2,753,090
Tax credits of unused investment incentive allowances	2,218,791	4,774,991
Employment termination benefits	22,23	23,094
	3,967,138	7,551,175
Net deferred income tax asset	**3,761,899**	**7,418,899**

(Currency: New Turkish Lira ("YTL"))

9 Taxation (continued)

The reported tax (expense) /income for the years ended 31 December are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	31 December 2006		*31 December 2005*	
	Amount	*%*	*Amount*	*%*
Reported profit before income taxes and after monetary loss	4,396,067		3,078,971	
Taxes on reported profit per statutory tax rate	(1,318,820)	(30)%	(923,691)	(30)%
Permanent differences:				
Non-deductible expenses	(28,347)	(1)%	(64,895)	(2%)
Tax exceptions and deductions	247,003	6%	-	-
Tax effect of unused investment allowances	(2,498,110)	(57)%	4,699,800	152%
Other permanent differences	(58,726)	(1) %	(252,738)	(8%)
Income tax expense	(3,657,000)	(83)%	3,458,476	112%

10 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

	2006	-2005
Cash at banks-demand	521,820	473,327
Cash at banks-time	22,188,712	20,154,119
Cash on hand	584	129
	22,711,116	20,627,575

At 31 December 2006, maturities of time deposits vary between 4 January 2006 and 29 January 2007 (31 December 2005: 30 days). At 31 December 2006, interest rates applied to these time deposits ranged between 1.50% and 4.5% (31 December 2005: 1.25%-4.75%) for foreign currency deposits and 18.3% and 21.5% (31 December 2005: 13.75%- 18.85%) for YTL deposits.

(Currency: New Turkish Lira ("YTL"))

11 *Minimum financial lease receivable*

At 31 December, minimum financial lease receivable comprised of the following:

	2006	2005
Financial lease receivable	62,552,084	53,468,067
Overdue receivables arising from capital leasing services	2,463,500	615,735
Subtotal	65,015,584	54,083,802
Impaired financial lease receivables	61,788	61,788
Gross financial lease receivable	65,077,372	54,145,590
Reserve for impaired financial lease receivables	(61,788)	(61,788)
Subtotal	65,015,584	54,083,802
Unearned interest income	(7,794,669)	(6,986,207)
Minimum financial lease receivable, net	57,220,915	47,097,595

Minimum financial lease receivable consists of rentals receivable over the terms of leases. Per the lease agreements made with lessees, there is an insignificant residual value guaranteed to the lessor and the ownership of the items leased is transferred to the lessees at the end of the lease term.

The maturity profile of the minimum financial lease receivable is as follows:

	2006	2005
2006	-	24,003,668
2007	30,083,479	15,209,778
2008	16,559,076	6,704,123
2009	7,595,682	1,179,816
2010	2,935,320	210
2011	47,358	-
Total	57,220,915	47,097,595

The Company provides specific loss provision for its minimum financial lease receivables. Specific bad debt provision includes individually identified financial lease receivable balances of customers which may ultimately be uncollectible due to customers' inability to repay and/or shortfall in the realizable value of collaterals. The movements of reserve for impaired financial lease receivables during the years ended 31 December are as follows:

	2006	2005
Opening balance	61,788	64,596
Reserve for the year	-	-
Recoveries of amounts previously provided	-	-
Monetary gain	-	(2,808)
Ending balance	61,788	61,788

As of 31 December 2006, the Company obtained guarantees (including mortgage, bank letter of guarantees, and other) from its customers amounting to YTL 163,683,122 (31 December 2005: YTL 122,522,968) for financial lease receivables.

(Currency: New Turkish Lira ("YTL"))

11 Minimum financial lease receivable *(continued)*

As at 31 December, economic risks for the minimum financial lease receivable are as follows:

	2006	%	2005	%
Agriculture	16,997,867	29%	6,190,631	13%
Production	15,245,636	26%	12,223,702	25%
Press	10,701,607	19%	8,613,927	18%
Construction	3,827,078	6%	4,260,248	9%
Textile	3,611,911	7%	5,417,672	11%
Food and beverage	1,233,021	2%	1,645,814	4%
Services	1,021,744	2%	2,429,301	5%
Other	4,582,051	9%	6,316,300	15%
Total	57,220,915	100%	47,097,595	100%

12 Other assets

At 31 December, other assets comprised the following:

	2006	2005
Equipments to be leased	853,030	913,709
Prepaid taxes	513,556	446,815
Prepaid expenses	138,679	113,656
VAT receivable	120,089	394,045
Personnel advances	46,312	36,132
Others	132,298	72,439
	1,803,964	1,976,796

(Currency: New Turkish Lira ("YTL"))

13 Property and equipment,net

For the year ended 31 December 2006, the movement in property and equipment is as follows:

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Other Fixed Assets	Total
Cost:					
At 1 January 2006	216,327	284,053	136,654	349,396	986,430
Additions	5,134	43,106	-	-	48,240
Disposals	-	(35,033)	-	-	(35,033)
At 31 December 2006	**221,461**	**292,126**	**136,654**	**349,396**	**999,637**
Accumulated Depreciation					
At 1 January 2006	174,846	239,678	101,535	349,396	865,455
Charge for the year	17,826	27,987	19,819	-	65,632
Disposals	-	(32,207)	-	-	(32,207)
At 31 December 2006	**192,672**	**235,458**	**121,354**	**349,396**	**898,880**
Net book value:					
At 31 December 2006	**28,789**	**56,668**	**15,300**	**-**	**100,757**

For the year ended 31 December 2005, the movement in property and equipment is as follows:

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Other Fixed Assets	Total
Cost:					
At 1 January 2005	197,167	284,053	112,603	349,396	943,220
Additions	21,650	-	24,051	-	45,701
Disposals	(2,490)	-	-	-	(2,490)
At 31 December 2005	**216,327**	**284,053**	**136,654**	**349,396**	**986,430**
Accumulated Depreciation					
At 1 January 2005	155,118	185,241	75,082	349,396	764,837
Charge for the year	20,666	54,437	26,453	-	101,556
Disposals	(938)	-	-	-	(938)
At 31 December 2005	**174,846**	**239,678**	**101,535**	**349,396**	**865,455**
Net book value:					
At 31 December 2005	**41,481**	**44,375**	**35,119**	**-**	**120,975**

(Currency: New Turkish Lira ("YTL"))

14 Bank borrowings

At 31 December 2006, bank borrowings comprised the following:

	Balance in original	Average interest rates (%)	Balance in YTL: Up to 3 months	3 months to 1 year	Over 1 year	Total
Fixed rate borrowings:						
EUR	650,879	5.52	105,611	325,697	773,794	1,205,102
Floating rate borrowings:						
EUR	22,829,794	3.39-5.52	11,299,636	21,547,435	9,422,293	42,269,364
USD	4,539,115	6.86-7.01	-	1,409,239	4,970,941	6,380,180
Total bank borrowings			**11,405,247**	**23,282,371**	**15,167,028**	**49,854,646**

At 31 December 2005, bank borrowings comprised the following:

	Balance in original	Average interest rates (%)	Balance in YTL: Up to 3 Months	3 months to 1 year	Over 1 year	Total
Floating rate borrowings:						
EUR	23,504,630	3.4-4.1	3,731,935	12,917,866	20,663,799	37,313,600
USD	6,577,739	5.5-6.1	2,731,403	6,094,607	-	8,826,010
Total bank borrowings			**6,463,338**	**19,012,473**	**20,663,799**	**46,139,610**

As of 31 December 2006, letter of guarantee denominated in foreign currency, YTL equivalent of which amounts to YTL 14,315,784 (31 December 2005: 21,489,779) were given to lending institutions as collateral against loans obtained. The repayment terms of the bank borrowings are as follows:

	2006	2005
2006	-	25,475,811
2007	34,687,618	20,663,799
2008	12,693,346	-
2009	2,473,682	-
	49,854,646	46,139,610

(Currency: New Turkish Lira ("YTL"))

15 Trade payables

At 31 December 2006, trade payables comprised of the following:

	2006	2005
Payables to suppliers	5,058,757	1,758,677
Advances received	748,389	147,284
Payables to insurance companies	49,483	80,749
Other trade payables	35,644	16,859
Total	**5,892,273**	**2,003,569**

At 31 December 2006 and 31 December 2005, trade payables mainly consisted of due to balances to both domestic and foreign suppliers for purchase of the leased assets.

16 Other liabilities

At 31 December, other liabilities comprised of taxes payable other than income.

17 Reserve for employee severance payments

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of YTL 1,857 at 31 December 2006 (31 December 2005: YTL 1,727) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

International Accounting Standard No 19 (IAS 19) requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the following liability:

Inflation rate	5%
Discount rate	11%

Movements in the reserve for employee severance payments are as follows:

	31 December 2006	31 December 2005
Opening balance	76,983	58,838
Paid during the year	(11,719)	(10,681)
Increase during the year	8,859	31,383
Monetary gain	-	(2,557)
Ending balance	**74,123**	**76,983**

(Currency: New Turkish Lira ("YTL"))

18 Shareholders' Equity

Share capital

At 31 December 2006, the Company's statutory nominal value of share capital is YTL 18,500,000 (31 December 2005: YTL 14,500,000) comprising of 18,500,000 thousand (31 December 2005: 14,500,000 thousand) registered shares having par value of YTL1 (31 December 2005: YTL. 1) nominal each. Adjustment to share capital represents the restatement effect of the contributions to share capital equivalent to purchasing power of YTL as of 31 December 2005.

The shareholders and their ownership percentages at 31 December were as follows:

	2006		2005	
	Shares (%)	**Nominal amount**	**Shares (%)**	**Nominal amount**
Arap Türk Bankası A.Ş.	99.980	18,496,300	99.980	14,497,100
Nuri Güzveli	0.005	925	0.005	725
Mehmet Muzaffer Hasim	0.005	925	0.005	725
Barbaros Bektaşoğlu	0.005	925	0.005	725
Bige Saltık	0.005	925	0.005	725
Historical share capital	100.00	18,500000	100.00%	14,500,000
Adjustment to share capital		6,776,274		6,776,274
Total paid-in share capital		**25,276,274**		**21,276,274**

Movement in shareholders' equity

The movement in shareholders' equity for the year ended 31 December 2006 is as follows:

	Share Capital	**Legal Reserves and Retained Earnings**	**Net Profit/(Loss) for the year**	**Shareholders' Equity**
Balances at 1 January 2005	17,731,771	(2,295,763)	6,984,290	22,420,298
Transfer from retained earnings	3,544,503	(3,544,503)	-	-
Transfer to retained earnings	-	6,984,290	(6,984,290)	-
Net income for the year	-	-	6,537,447	6,537,447
Balances at 31 December 2005	21,276,274	1,144,024	6,537,447	28,957,745
Transfer from retained earnings	4,000,000	(4,000,000)	-	-
Transfer to retained earnings		6,537,447	(6,537,447)	-
Net income for the year	-	-	739,068	739,068
Balances at 31 December 2006	25,276,274	3,681,471	739,068	29,696,813

Legal reserves

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital. As of 31 December 2006, the Company's legal reserves amounted to YTL 869,903 (31 December 2005: YTL 656,533).

(Currency: New Turkish Lira ("YTL"))

19 Financial risk management

Foreign currency risk:

The Company is exposed to currency risk through transactions (such as leasing operations and borrowings) in foreign currencies. The main measurement currencies of its foreign exchange operations are Euro and USD. As the currency in which the Company presents its financial statements is YTL, the financial statements are affected by movements in the exchange rates against YTL.

As at 31 December, the Company's foreign currency assets and liabilities may be analysed as follows (YTL equivalents):

	2006					
	Foreign currency					
	USD	EUR	Other	Total	YTL	Total
Assets						
Cash and cash equivalents	206,439	3,279,887	-	3,486,326	19,224,790	22,711,116
Financial lease receivable	6,390,144	45,209,341	-	51,599,485	5,621,430	57,220,915
Property and equipment, net	-	-	-	-	100,757	100,757
Deferred tax asset	-	-	-	-	3,761,899	3,761,899
Other assets	3,631	12,062	-	15,693	1,788,271	1,803,964
Total assets	**6,600,214**	**48,501,290**	**-**	**55,101,504**	**30,497,147**	**85,598,651**
Liabilities						
Bank borrowings	6,380,180	43,474,466	-	49,854,646	-	49,854,646
Trade payables	-	5,627,218	-	5,627,218	265,055	5,892,273
Other liabilities	-	-	-	-	80,796	80,796
Reserve for employee severance payment	-	-	-	-	74,123	74,123
Equity	-	-	-	-	29,696,813	29,696,813
Total liabilities	**6,380,180**	**49,101,684**	**-**	**55,481,864**	**30,116,787**	**85,598,651**
Net balance sheet position	**220,034**	**(600,394)**	**-**	**(380,360)**	**380,360**	**-**

(Currency: New Turkish Lira ("YTL"))

19 Financial risk management *(continued)*

	2005					
	Foreign currency					
	USD	**EUR**	**Other**	**Total**	**YTL**	**Total**
Assets						
Cash and due from banks	1,000,773	3,723,953	-	4,724,726	15,902,849	20,627,575
Minimum financial lease receivable	7,304,148	35,087,291	-	42,391,439	4,706,156	47,097,595
Property and equipment, net	-	-	-	-	120,975	120,975
Deferred tax asset	-	-	-	-	7,418,899	7,418,899
Other assets	-	111,125	-	111,125	1,865,671	1,976,796
Total assets	**8,304,921**	**38,922,369**	**-**	**47,227,290**	**30,014,550**	**77,241,840**
Liabilities and equity						
Bank borrowings	8,826,010	37,313,600	-	46,139,610	-	46,139,610
Trade Payables	11,595	1,657,940	-	1,669,535	334,034	2,003,569
Other liabilities	-	-	-	-	63,933	63,933
Reserve for employee severance payment	-	-	-	-	76,983	76,983
Equity	-	-	-	-	28,957,745	28,957,745
Total liabilities	**8,837,605**	**38,971,540**	**-**	**47,809,145**	**29,432,695**	**77,241,840**
Net balance sheet position	**(532,684)**	**(49,171)**	**-**	**(581,855)**	**581,855**	**-**

Credit risk:

The Company is subject to credit risk through its leasing operations. The Company requires a certain amount of collateral in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(Currency: New Turkish Lira ("YTL"))

19 Financial risk management *(continued)*

Interest rate risk:

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as six months Euribor and Libor, and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

As of 31 December 2006, the interest rate sensitivity of the items is as follows:

	Up to 1 month	*1 to 3 Months*	*3 to 6 Months*	*6 to 12 months*	*Over 1 year*	*Non-Interest Bearing*	*Total*
Assets							
Cash and cash equivalents	22,188,712	-	-	-	-	522,404	22,711,116
Financial lease receivables	5,449,528	4,044,050	6,071,174	14,518,727	27,137,436	-	57,220,915
Property and equipment,net	-	-	-	-	-	100,757	100,757
Deferred tax asset	-	-	-	-	-	3,761,899	3,761,899
Other assets	-	-	-	-	-	1,803,964	1,803,964
Total assets	27,638,240	4,044,050	6,071,174	14,518,727	27,137,436	6,189,024	85,598,651
Liabilities							
Bank borrowings	2,195,633	27,456,178	19,210,418	218,623	773,794	-	49,854,646
Trade payables	-	-	-	-	-	5,892,273	5,892,273
Other liabilities	-	-	-	-	-	80,796	80,796
Reserve for employee severance payment	-	-	-	-	-	74,123	74,123
Equity	-	-	-	-	-	29,696,813	29,696,813
Total liabilities	2,195,633	27,456,178	19,210,418	218,623	773,794	35,744,005	85,598,651
Net liquidity position	25,442,607	(23,412,128)	(13,139,244)	14,300,104	26,363,642	(29,554,981)	-

(Currency: New Turkish Lira ("YTL"))

19 Financial risk management *(continued)*

As of 31 December 2005, the interest rate sensitivity of the items is as follows:

	Up to 1 month	*1 to 3 Months*	*3 to 6 months*	*6 to 12 months*	*Over 1 year*	*Non-Interest Bearing*	*Total*
Assets							
Cash and cash equivalents	17,419,841	2,734,408	-	-	-	473,326	20,627,575
Financial lease receivables	3,081,656	3,637,405	4,880,097	12,404,510	23,093,927	-	47,097,595
Property and equipment, net	-	-	-	-	-	120,975	120,975
Deferred tax asset	-	-	-	-	-	7,418,899	7,418,899
Other assets	-	-	-	-	-	1,976,796	1,976,796
Total assets	20,501,497	6,371,813	4,880,097	12,404,510	23,093,927	9,989,996	77,241,840
Liabilities							
Bank borrowings	6,764,634	18,012,839	21,362,137	-	-	-	46,139,610
Trade payables	-	-	-	-	-	2,003,569	2,003,569
Other liabilities	-	-	-	-	-	63,933	63,933
Reserve for employee severance payment	-	-	-	-	-	76,983	76,983
Equity	-	-	-	-	-	28,957,745	28,957,745
Total liabilities	6,764,634	18,012,839	21,362,137	-	-	31,102,230	77,241,840
Net liquidity position	13,736,863	(11,641,026)	(16,482,040)	12,404,510	23,093,927	(21,112,234)	-

Liquidity risk:

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Company has access to funding sources from banks, its suppliers and its shareholders. The Company continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Company strategy. In addition, a portfolio of liquid assets is held as a part of the Company's liquidity risk management strategy.

As at 31 December, the following tables provide an analysis of monetary assets and monetary liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment.

(Currency: New Turkish Lira ("YTL"))

19 Financial risk management *(continued)*

	2006						
Assets:	**Demand and Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 years**	**Not Distributed**	**Total**
Cash and cash equivalents	22,711,116	-	-	-	-	-	22,711,116
Minimum financial lease receivables	5,449,528	4,044,050	6,071,174	14,518,727	27,137,436	-	57,220,915
Property and equipment, net	-	-	-	-	-	100,757	100,757
Deferred tax asset	-	-	-	-	-	3,761,899	3,761,899
Other assets	1,803,964	-	-	-	-	-	1,803,964
	29,964,608	4,044,050	6,071,174	14,518,727	27,137,436	3,862,656	85,598,651
Liabilities:							
Bank borrowings	185,333	11,219,914	9,081,085	14,201,286	15,167,028	-	49,854,646
Trade payables	1,356,098	2,036,650	2,499,525	-	-	-	5,892,273
Other liabilities	80,796	-	-	-	-	-	80,796
Reserve for employee severance payment	-	-	-	-	-	74,123	74,123
Equity	-	-	-	-	-	29,696,813	29,696,813
	1,622,227	13,256,564	11,580,610	14,201,286	15,167,028	29,770,936	85,598,651
Net liquidity position	28,342,381	(9,212,514)	(5,509,436)	317,441	11,970,408	(25,098,280)	-

	2005						
Assets:	**Demand and Up to 1 Month**	**1 to 3 months**	**3 to 6 Months**	**6 to 12 months**	**Over 1 years**	**Not Distributed**	**Total**
Cash and cash equivalents	17,893,117	2,734,458	-	-	-	-	20,627,575
Minimum financial lease receivables	3,081,656	3,637,405	4,880,097	12,404,510	23,093,927	-	47,097,595
Property and equipment, net	-	-	-	-	-	120,975	120,975
Deferred tax asset	-	-	-	-	-	7,418,899	7,418,899
Other assets	1,976,796	-	-	-	-	-	1,976,796
	22,951,569	6,371,863	4,880,097	12,404,510	23,093,927	7,539,874	77,241,840
Liabilities:							
Bank borrowings	3,596,619	2,866,718	3,788,728	15,223,746	20,663,799	-	46,139,610
Trade payables	2,003,569	-	-	-	-	-	2,003,569
Other liabilities	63,933	-	-	-	-	-	63,933
Reserve for employee severance payment	-	-	-	-	76,983	-	76,983
Equity	-	-	-	-	-	28,957,745	28,957,745
	5,664,121	2,866,718	3,788,728	15,223,746	20,740,782	28,957,745	77,241,840
Net liquidity position	17,287,448	3,505,145	1,091,369	(2,819,236)	2,353,145	(21,417,871)	-

(Currency: New Turkish Lira ("YTL"))

20 Commitments and contingencies

Legal proceedings:

Due to the nature of its business the Company is involved in a number of claims and legal proceedings arising in the ordinary course of business. It is the opinion of the management and its professional advisors that such claims are either without merit can be successfully defended or will not have a material adverse effect on the Company's financial position.

In 2004, tax authorities required the Company to correct its unused investment allowance balance by YTL 859,083 due to certain wrong computations made iin 1999, 2000 and 2001. The Company rejecting this claim filed a law suit. The lawsuit came out in favour of the Company. The tax authority appealed to State Council. The State Council refused the appeal request of tax authority.

Letters of credit:

At 31 December, contingent liabilities arising from letters of credit comprised of the following:

	2006	2005
EURO	6,142,351	4,526,145
USD	275,498	369,325

Letters of guarantee:

At 31 December 2006, letters of guarantee amounting to YTL 14,315,784 (31 December 2005: YTL 21,489,769) were given mainly to banks, customs authorities and insurance companies.

21 Related parties

For the purpose of this report, the shareholders of the Company, Arap Türk Bankası A.Ş, the ultimate shareholder of the Company and the shareholders of Arap Türk Bankası A.Ş; Libyan Arab Foreign Bank, Türkiye İş Bankası A.Ş and T.C Ziraat Bankası A.Ş are referred to as related parties 31 December 2006 and 2005: A number of transactions are entered into with the related parties in the normal course of business. These transactions were carried out on an arms-length basis.

At 31 December, bank deposits at related parties were as follows:

	2006	2005
T. İş Bankası A.Ş	2,168,248	12,530,714
Arap Türk Bankası AŞ	27,964	69,170
Diğer	-	261
	2,196,212	**12,600,145**

At 31 December, related party balances other than bank deposits are as follows:

	2006	2005
Financial lease receivable	66,586	2,906,987
Bank borrowings	23,773,050	32,519,690

(Currency: New Turkish Lira ("YTL"))

21 Related parties (continued)

For the year ended 31 December, related party transactions were as follows:

	2006	2005
Income		
Financial lease income	4,013	282,692
Interest income on time deposits	2,802,886	1,717,093
Expense		
Interest expense on bank borrowings	(1,279,653)	(955,353)
Commission expense	(66,244)	(167,503)
Off-balance sheet		
Letter of guarantee	13,482,011	19,842,411

For the year ended 31 December 2006, the Company has payments to executive members and key management personnel amounting to YTL 589,741 (31 December 2005: YTL 434,113).

22 Subsequent event

The retirement pay ceiling has been increased to YTL 1,922, effective January 1, 2007.