A&T Finansal Kiralama Anonim Şirketi

Financial Statements
As of and for the Year Ended 31 December 2007
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi

14 March 2008

This report includes 1 page of independent auditors' report and 35 pages of financial statements together with its explanatory notes.

A&T Finansal Kiralama Anonim Şirketi

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Independent Auditors' Report

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

Report on the financial statements

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 2007, 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.

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.

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 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

14 March 2008
İstanbul, Turkey

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

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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, medical tools, construction, and office equipment.

The number of personnel working for the Company as of 31 December 2007 is 20 (31 December 2006: 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 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 judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 4 – fair value measurement of financial instruments
- Note 9 – taxation
- Note 18 – measurement of reserve for employee severance payments
- Note 20– financial risk management

3 Significant accounting policies

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

(a) 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 consolidated income statement as realized during the course of the period.

(b) Financial Instruments

(i) Non-derivative financial instruments

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

Non-derivative financial instruments are recognized initially at fair value plus at any directly attributable transaction costs. Subsequent to initial recognition 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.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized 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 derecognized 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 with a maturity period of three months or less.

Loans and borrowings

Loans and 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.

(ii) Share capital

Ordinary shares
Incremental costs directly attributable to issue of ordinary shares and share options are recognized 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.

3 Significant accounting policies *(continued)*

(c) 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 International Accounting Standart ("IAS 29") "Financial Reporting in Hyper Inflationary Economies" less accumulated depreciation and impairment losses. Property and equipment acquired after 31 December 2005 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 recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the 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 recognized 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

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

(d) Intangibles, net

Intangible assets represent computer software licenses. Intangible assets are measured at cost, less accumulated amortization, and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

3 Significant accounting policies *(continued)*

(e) Leased assets

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 recognized 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 recognized 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 amortized 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.

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

All impairment losses are recognized in income statement.

All impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets, the reversal is recognized 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 recognized 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 recognized 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 recognized 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 amortization, if no impairment loss had been recognized.

(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 recognized 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 recognized 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.

(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.

3 Significant accounting policies *(continued)*

(l) 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 period/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.

(m) Comparative Financial Information

The Company has made the following reclassifications in the financial statements as of 31 December 2006 to be consistent with the current year presentation:

YTL 28,310 representing severance pay liabilities of expatriates has been reclassified from trade payables to reserve for severance payments.

YTL 7,334 of accrued expenses has been reclassified from trade payables to other liabilities and accrued expenses.

(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 2007, and have not been applied in preparing these financial statements:

IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Company's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The Company is out of the scope of this standard, the Company is not required to prepare operating segment reporting accordingly. Therefore, it is not expected to have any impact on the consolidated financial statements.

Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements. However, it is not expected to have any impact on the financial statements.

3 Significant accounting policies *(continued)*

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

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Company's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the financial statements.

IFRIC 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Company's 2008 financial statements, is not expected to have any effect on the financial statements.

IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Company's 2009 consolidated financial statements, is not expected to have any impact on the financial statements.

IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the Company's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the financial statements.

IFRS 3 – *Business Combinations & IAS 27 Consolidated and Separate Financial Statements*; the International Accounting Standards Board ("IASB") has completed the second phase of its business combinations project by issuing a revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements which also brings revisions to IAS 28 Investments in Associates and IAS 31 Interest in Joint Ventures. The new requirements take effect on 1 July 2009, although entities are permitted to adopt them earlier, is not expected to 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.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

4 Determination of fair values *(continued)*

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.

At 31 December 2007 and 2006, the carrying amounts and fair values of financial instruments are as follows:

	31 December 2007		31 December 2006	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial assets				
Cash and cash equivalents	22,463,454	22,463,454	22,711,116	22,711,116
Minimum financial lease receivables	56,034,127	56,584,547	58,073,945	57,220,915
Financial liabilities				
Trade payables	582,715	582,715	5,856,628	5,856,628
Bank borrowings	49,813,162	49,813,162	49,854,646	49,854,646

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

5 Marketing, general and administrative expenses

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

	31 December 2007	31 December 2006
Services from third parties	139,079	149,449
Rent expense	93,744	96,353
Taxes and duties	83,376	57,103
Office expenses	86,694	73,967
Insurance expenses	59,048	55,452
Marketing expenses	40,725	40,573
Others	179,042	109,580
	681,708	**582,477**

6 Salaries and employee benefits

For the years ended 31 December, salaries and employee benefits comprised the following:

	31 December 2007	31 December 2006
Wages and salaries	1,317,828	1,159,048
Other fringe benefits	166,060	143,888
Social security premiums	138,025	105,760
Employee termination benefits	29,977	6,859
	1,651,890	**1,415,555**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

7 Other operating income

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

	31 December 2007	31 December 2006
Income from costs charged to customers	249,309	455,577
Income from sale of tangible assets	67,328	61,824
Fees and commission income	41,855	31,492
	358,492	**548,893**

8 Other operating expense

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

	31 December 2007	31 December 2006
Insurance expenses related to lease contracts	96,766	82,448
Fees and commission expense	79,059	198,690
Loss from sale of tangible assets	-	83,394
Other expenses related to lease contracts	152,453	118,664
	328,278	**483,196**

9 Taxation

As of 31 December 2007, corporate income tax is levied at the rate of 20% (31 December 2006: 200%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. However this rate is 30% for the companies which choose to deduct their investment incentives from tax base 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") unless otherwise stated)

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.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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.

31 Aralık :

	31 December 2007	31 December 2006
Current corporation and income taxes	-	-
Deferred taxes on taxable temporary differences	(1,989,992)	(3,657,000)
Taxation (charge) /income	**(1,989,992)**	**(3,657,000)**

The breakdown of deductible and taxable temporary differences for which neither deferred tax asset nor deferred tax liability have been provided for due to having a tax rate of nil at 31 December are as follows:

	31 December 2007	31 December 2006
Deferred income tax liabilities		
Leasing income accruals	168,234	179,540
Others	44,834	25,699
	213,068	**205,239**
Deferred income tax asset		
Transition effect of financial lease adjustment	806,990	1,726,110
Tax credits of unused investment incentive allowances	944,014	2,218,791
Bad debt allowance	205,500	-
Employment termination benefits	28,471	22,237
	1,984,975	**3,967,138**
Net deferred income tax asset	**1,771,907**	**3,761,899**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

9 Taxation (continued)

The reported tax expense 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 2007		31 December 2006	
	Amount	**%**	**Amount**	**%**
Reported profit before income taxes	4,009,505		4,396,068	
Taxes on reported profit per statutory tax rate	(1,202,852)	(30%)	(1,318,820)	(30%)
Permanent differences:				
Non-deductible expenses	(56,024)	(1%)	(28,347)	(1%)
Tax credit effect of unused investment allowances	(944,014)	(24%)	(2,498,110)	(57%)
Other permanent differences	212,898	5%	188,277	4%
Income tax charge	**(1,989,992)**	(50%)	**(3,657,000)**	(83%)

10 Cash and cash equivalents

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

	31 December 2007	31 December 2006
Cash at banks-demand	570,027	521,820
Cash at banks-time	21,892,800	22,188,712
Cash on hand	627	584
	22,463,454	**22,711,116**

At 31 December 2007, maturities of time deposits vary between 2 January 2008 and 31 January 2008 (31 December 2006: 30 days). At 31 December 2007, interest rates applied to these time deposits ranged between 1.75% and 4.50% (31 December 2006: 1.50%-4.50%) for foreign currency deposits and 16.10% and 18.50% (31 December 2006: 18.30%- 21.50%) for domestic currency deposits.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

11 Minimum financial lease receivable

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

	31 December 2007	31 December 2006
Financial lease receivable	64,175,204	62,552,084
Overdue lease receivables	1,782,246	2,463,500
Subtotal	65,957,450	65,015,584
Impaired financial lease receivables	685,000	-
Gross financial lease receivable	66,642,450	65,015,584
Reserve for impaired financial lease receivables	(685,000)	-
Subtotal	65,957,450	65,015,584
Unearned interest income	(9,372,903)	(7,794,669)
Minimum financial lease receivable, net	**56,584,547**	**57,220,915**

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:

	31 December 2007	31 December 2006
2007	-	30,083,479
2008	26,817,543	16,559,076
2009	16,645,012	7,595,682
2010	9,293,684	2,935,320
2011	3,438,090	47,358
2012	390,218	-
Total payments	**56,584,547**	**57,220,915**

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:

	31 December 2007	31 December 2006
Opening balance	-	-
Reserve for the year	685,000	-
Recoveries	-	-
Ending balance	**685,000**	**-**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

12 Other assets

At 31 December, other assets comprised the following:

	31 December 2007	31 December 2006
Equipments to be leased	370,490	853,030
Prepaid taxes	338,971	513,556
VAT receivable	212,854	120,089
Prepaid expenses	164,313	138,679
Asset held for resale	75,208	-
Personnel advances	49,935	46,312
Others	203,394	132,298
	1,415,165	**1,803,964**

As of 31 December 2007 there is YTL 61,788 doubtful receivables (31 December 2006: YTL 61,788) and YTL 61,788 allowance for doubtful receivables (31 December 2006:61,788).

13 Property and equipment, net

For the year ended 31 December 2007, the movement in tangible assets is as follows:

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Other Fixed Assets	Total
Cost:					
At 1 January 2007	221,461	292,126	136,654	349,396	999,637
Additions	12,920	76,987	-	-	89,907
Disposals	(11,075)	(129,184)	-	-	(140,259)
At 31 December 2007	**223,306**	**239,929**	**136,654**	**349,396**	**949,285**
Accumulated Depreciation					
At 1 January 2007	192,672	235,458	121,354	349,396	898,880
Charge for the year	10,446	18,112	4,810	-	33,368
Disposals	(10,153)	(104,160)	-	-	(114,313)
At 31 December 2007	**192,965**	**149,410**	**126,164**	**349,396**	**817,935**
Net book value:					
At 31 December 2007	**30,341**	**90,519**	**10,490**	**-**	**131,350**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

13 Property and equipment, net *(continued)*

For the year ended 31 December 2006, the movement in tangible assets 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**

14 Intangibles, net

For the year ended 31 December 2007, the movement in tangible assets is as follows:

	Rights	Total
Cost:		
At 1 January 2007	-	-
Additions	17,011	17,011
Disposals	-	-
At 31 December 2007	**17,011**	**17,011**
Accumulated Depreciation		
At 1 January 2007	-	-
Charge for the year	(3,119)	(3,119)
Disposals	-	-
At 31 December 2007	**(3,119)**	**(3,119)**
Net book value:		
At 31 December 2007	**13,892**	**13,892**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

15 Bank borrowings

At 31 December 2007, bank borrowings comprised the following:

	Balance in Original	Interest rates range (%)	Balance in YTL: Up to 3 months	3 months to 1 year	Over 1 year	Total
Fixed rate borrowings:						
EUR	5,874,539	5.40% -5.80%	439,506	2,538,828	7,068,302	10,046,636
USD	1,769,666	6.25%-6.55%	565,190	839,777	656,162	2,061,129
Floating rate borrowings:						
EUR	19,634,471	5.65%-6.35%	4,115,351	6,352,178	23,111,345	33,578,874
USD	3,542,991	5.72%-5.82%	60,112	2,395,743	1,670,668	4,126,523
Total bank borrowings			**5,180,159**	**12,126,526**	**32,506,477**	**49,813,162**

At 31 December 2006, bank borrowings comprised the following:

	Balance in original	interest rates range (%)	Balance in YTL: Up to 3 months	3 months to 1 year	Over 1 year	Total
Foreign borrowings						
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**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

15 Bank borrowings *(continued)*

As of 31 December 2007, no letter of guarantees was given to lending institutions as collateral against loans obtained (31 December 2006: YTL 14,315,784). The repayment terms of the bank borrowings are as follows:

	31 December 2007	31 December 2006
2007	-	34,687,618
2008	17,306,685	12,693,346
2009	21,625,064	2,473,682
2010	604,596	-
2011	10,276,817	-
	49,813,162	**49,854,646**

16 Trade payables

At 31 December 2007, trade payables comprised of the following:

	31 December 2007	31 December 2006
Payables to suppliers	246,097	5,058,757
Advances received	226,931	748,389
Payables to insurance companies	109,687	49,483
	582,715	**5,856,629**

At 31 December 2007 and 31 December 2006, trade payables are mainly consisted of due to balances to both domestic and foreign suppliers for purchase of the leased assets.

17 Other liabilities and accrued expenses

At 31 December 2007 and 2006, other liabilities comprised of the following:

	31 December 2007	31 December 2006
Taxes payable	84,798	80,796
Vacation pay liability	45,000	--
Other	2,000	7,334
	131,798	**88,130**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

18 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 2,030 at 31 December 2007 (31 December 2006: YTL 1,857) 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 2007	31 December 2006
Opening balance	102,433	76,983
Paid during the year	(3,752)	(11,719)
Increase during the year	37,633	37,169
Ending balance	**136,314**	**102,433**

The reserve above includes the reserve for severance payments of expatriates as of 31 December 2007 amounting to YTL 41,411 (31 December 2006: 28,310).

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

19 Shareholders' Equity

Share capital

At 31 December 2007, the Company's statutory nominal value of share capital is YTL 20,500,000 (31 December 2006: YTL 18,500,000) comprising of 20,500,000 thousand (31 December 2006: 18,500,000 thousand) registered shares having par value of Ykr. 0.1 (31 December 2006: Ykr. 0.1) 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 2007.

The shareholders of the Company and their ownership percentages at 31 December 2007 and 2006 are as follows:

	2007		**2006**	
	Shares (%)	**Nominal amount**	**Shares (%)**	**Nominal amount**
Arap Türk Bankası A.Ş.	99.980	20,495,900	99.980	18,496,300
Other	0.020	4,100	0.020	3,700
Historical share capital	100.000	20,500,000	100.000	18,500,000
Adjustment to share capital		6,776,274		6,776,274
Total paid-in share capital		**27,276,274**		**25,276,274**

Movement in shareholders' equity

The movement in shareholders' equity for the years ended 31 December 2007 and 2006 are as follows:

	Share Capital	**Retained Earnings**	**Net Profit/(Loss) for the year**	**Shareholders' Equity**
Balances at 1 January 2006	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
Transfer from retained earnings	2,000,000	(2,000,000)	-	-
Transfer to retained earnings	-	739,068	(739,068)	-
Net income for the year	-	-	2,019,513	2,019,513
Balances at 31 December 2007	**27,276,274**	**2,420,539**	**2,019,513**	**31,716,326**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

19 Shareholders' Equity *(continued)*

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 2007, the Company's statutory legal reserves amounted to YTL 786,196 (31 December 2006: YTL 786,196).

20 Financial risk management

Credit Risk

The Company is subject to credit risk through its leasing operations. The Credit Analysis Department of the Company is responsible for the management of the credit risk. The limits are being allocated to the customers at an amount of the asset subject to the financial lease contract. In new lease transactions the creditability of the customers are reevaluated and the limits revised accordingly. Sectoral analysis and follow ups are being made periodically and the customers in the risky sectors are being monitored on an ongoing basis. The analysis of customers' creditworthiness is made in accordance with the qualitative and quantitative factors such as the firm's operations, shareholder structure, financial structure, the relations of the firm with other financial institutions.

The sectoral concentration of doubtful finance lease receivables is as follows:

	31 December 2007	31 December 2006
Agriculture	344,665	--
Production	299,529	--
Other	40,806	--
	685,000	**--**

As of the balance sheet date YTL 1,097,246 of the finance lease receivables where contractual interest or principal payments are past due but the Company management believes that impairment is not appropriate on the basis of the level of security,collateral available and or the stage of collection of amounts owed to the Company.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(continued)*

The aging of the overdue portions of finance lease receivables are as follows:

	31 December 2007	31 December 2006
Finance lease receivables that are past due but not impaired		
Up to 30 days	1,024,219	1,977,330
Between 31-60 days	12	369,523
Between 61-90 days	-	23,007
Between 91-180 days	1,539	6,850
Over 180 days	71,476	86,790
Total	**1,097,246**	**2,463,500**

The collaterals other than the assets subject to finance lease contracts obtained for the finance lease receivables as of 31 December 2007 and 2006 are as follows:

	31 December 2007	31 December 2006
Promissory notes	49,367,201	47,176,761
Pledges	14,750,689	14,221,646
Pledges on vehicles	72,929	123,762
Letter of guarantees	108,606	395,921
Pledges on deposits	--	33,383
Total	**64,299,425**	**61,951,473**

As at 31 December 2007 and 2006, sectoral distribution for the minimum financial lease receivable is as follows:

	31 December 2007	%	31 December 2006	%
Production	21,999,698	39%	15,021,698	26%
Agriculture	12,224,358	22%	16,748,191	29%
Press	10,208,656	18%	10,544,414	19%
Construction	6,494,721	11%	3,770,863	7%
Textile	2,662,357	4%	3,558,857	6%
Services	1,980,785	3%	1,006,736	2%
Food and beverage	956,862	2%	1,214,910	2%
Other	57,110	1%	5,355,246	9%
Total	**56,584,547**	**100%**	**57,220,915**	**100%**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(continued)*

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 EUR 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 2007, the Company's foreign currency assets and liabilities may be analysed as follows (YTL equivalents):

	31 December 2007			
	USD	**EUR**	**Other**	**Total**
Assets				
Cash and cash equivalents	429,691	2,542,410	138,834	3,110,935
Financial lease receivable	5,941,338	40,349,770		46,291,108
Other assets	80,215	358,154	-	438,369
Total assets	**6,451,244**	**43,250,334**	**138,834**	**49,840,412**
Liabilities				
Bank borrowings	6,187,652	43,625,510	-	49,813,162
Trade payables	97,922	401,314	-	499,236
Total liabilities	**6,285,574**	**44,026,824**	**-**	**50,312,398**
Net balance sheet position	**165,670**	**(776,490)**	**138,834**	**(471,986)**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(continued)*

31 December 2006	USD	EUR	Other	Total
Assets				
Cash and cash equivalents	206,439	3,279,887	-	3,486,326
Financial lease receivable	6,326,189	44,423,842	-	50,750,031
Other assets	67,586	797,561	-	865,147
Total assets	**6,600,214**	**48,501,290**	**-**	**55,101,504**
Liabilities				
Bank borrowings	6,380,180	43,474,466	-	49,854,646
Trade payables	-	5,627,218	-	5,627,218
Total liabilities	**6,380,180**	**49,101,684**	**-**	**55,481,864**
Net balance sheet position	**220,034**	**(600,394)**	**-**	**(380,360)**

Exposure to currency risk

A 10 percent devaluation of the YTL against the following currencies as at 31 December 2007 and 2006 would have increased equity and profit or loss (without tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2007		31 December 2006	
	Profit or loss	**Equity (*)**	**Profit or loss**	**Equity (*)**
US Dollar	16,567	16,567	22,003	22,003
EUR	(77,649)	(77,649)	(60,039)	(60,039)
Other currencies	13,883	13,883	--	--
Total	**(47,199)**	**(47,199)**	**(38,036)**	**(38,036)**

(*) Equity effect also includes profit or loss effect of 10% devaluation of YTL against related currencies.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 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 2007, the interest rate sensitivity of the monetary 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	21,892,800	-	-	-	-	570,654	22,463,454
Financial lease receivables	4,117,283	7,649,007	6,435,976	13,014,081	25,368,200	-	56,584,547
Tangible assets, net	-	-	-	-	-	131,350	131,350
Intangibles, net						13,892	13,892
Deferred tax asset	-	-	-	-	-	1,771,907	1,771,907
Other assets	-	-	-	-	-	1,415,165	1,415,165
Total assets	**26,010,083**	**7,649,007**	**6,435,976**	**13,014,081**	**25,368,200**	**3,902,968**	**82,380,315**
Liabilities							
Bank borrowings	379,303	28,037,427	9,782,245	3,889,721	7,724,466	-	49,813,162
Trade payables	51,551	-	-	-	-	531,164	582,715
Other liabilities	-	-	-	-	-	131,798	131,798
Reserve for employee severance payment	-	-	-	-	-	136,314	136,314
Equity	-	-	-	-	-	31,716,326	31,716,326
Total liabilities	**430,854**	**28,037,427**	**9,782,245**	**3,889,721**	**7,724,466**	**32,515,602**	**82,380,315**
Net liquidity position	**25,579,229**	**(20,388,420)**	**(3,346,269)**	**9,124,360**	**17,643,734**	**(28,612,634)**	**-**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(continued)*

As of 31 December 2006, the interest rate sensitivity of the monetary 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
Tangible assets, 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	-	-	-	-	-	5,856,629	5,856,629
Other liabilities	-	-	-	-	-	88,130	88,130
Reserve for employee severance payment	-	-	-	-	-	102,433	102,433
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)**	**-**

The table below shows the effects of changes in interest rates on the financial statements of the Company. The sensitivity of the income statement is the effect of possible changes in the interest rates on the net interest income of floating rate financial assets and liabilities as of 31 December 2007. The other variables, especially exchanges rates, are assumed to be fixed in this analysis. The same method is applied for 31 December 2006.

	Profit or loss		**Equity (*)**	
31 December 2007	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Floating rate finance lease receivables	5,611	(5,083)	5,611	(5,083)
Floating rate financial liabilities	(56,594)	79,365	(56,594)	79,365
Total, net	**(50,983)**	**74,282**	**(50,983)**	**74,282**

	Profit or loss		**Equity (*)**	
31 December 2006	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Floating rate finance lease receivables	--	--	--	--
Floating rate financial liabilities	(73,457)	48,104	(73,457)	48,104
Total, net	**(73,457)**	**48,104**	**(73,457)**	**48,104**

(*) Equity effect also includes profit or loss effect of 100 bp increase or decrease in interest rates.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(continued)*

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.

Presentation of contractual liabilities based on their outstanding maturities:

31 December 2007	Book Value	Gross nominal Outflow	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years
Short term bank borrowings	11,442,776	11,758,531	9,160	3,690,784	8,058,587	--
Long term and short term portion of long term bank borrowings	38,370,386	42,522,767	37,442	1,480,520	4,528,814	36,475,991
Trade payables	582,715	582,715	582,715	--	--	--
Total	**50,395,877**	**54,864,013**	**629,317**	**5,171,304**	**12,587,401**	**36,475,991**

31 December 2006	Book Value	Gross nominal Outflow	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years
Short term bank borrowings	34,241,310	35,009,105	202,083	13,265,456	21,541,566	--
Long term and short term portion of long term bank borrowings	15,613,336	17,058,444	40,536	385,156	870,330	15,762,422
Trade payables	5,856,628	5,856,628	1,320,453	2,036,650	2,499,525	--
Total	**55,711,274**	**57,924,177**	**1,563,072**	**15,687,262**	**24,911,421**	**15,762,422**

The table above represents the gross amount of un-discounted cash flows of financial liabilities to the nearest contract maturities. Expected cash flows of Company's financial liabilities are significantly altered according to this analysis.

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

20 Financial risk management *(continued)*

	31 December 2007						
	Up to 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Not Distributed**	**Total**
Assets:							
Cash and cash equivalents	21,892,800	-	-	-	-	570,654	22,463,454
Minimum financial lease receivables	4,117,283	4,116,738	5,569,441	13,014,081	29,767,004	-	56,584,547
Tangible assets,net	-	-	-	-	-	131,350	131,350
Intangibles,net	-					13,892	13,892
Deferred tax asset	-	-	-	-	-	1,771,907	1,771,907
Other assets	1,415,165	-	-	-	-	-	1,415,165
Total Assets	**27,425,248**	**4,116,738**	**5,569,441**	**13,014,081**	**29,767,004**	**2,487,803**	**82,380,315**
Liabilities:							
Bank borrowings	46,487	5,133,672	3,767,387	8,359,142	32,506,474	-	49,813,162
Trade payables	582,715	-	-	-	-	-	582,715
Other liabilities	131,798	-	-	-	-	-	131,798
Reserve for employee severance payment	-	-	-	-	136,314	-	136,314
Equity	-	-	-	-	-	31,716,326	31,716,326
Total Liabilities	**761,000**	**5,133,672**	**3,767,387**	**8,359,142**	**32,642,788**	**31,716,326**	**82,380,315**
Net liquidity position	**26,664,248**	**(1,016,934)**	**1,802,054**	**4,654,939**	**(2,875,784)**	**(29,228,523)**	**-**

	31 December 2006						
	Up to 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Not Distributed**	**Total**
Assets:							
Cash and cash equivalents	22,188,712	-	-	-	-	522,404	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
Tangible assets	-	-	-	-	-	100,757	100,757
Deferred tax asset	-	-	-	-	-	3,761,899	3,761,899
Other assets	1,803,964	-	-	-	-	-	1,803,964
Total Assets	**29,442,204**	**4,044,050**	**6,071,174**	**14,518,727**	**27,137,436**	**4,385,060**	**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	1,320,453	2,036,650	2,499,526	-		-	5,856,629
Other liabilities	-	-	-	-	88,130	-	88,130
Reserve for employee severance payment	-	-	-	-	102,433	-	102,433
Equity	-	-	-	-	-	29,696,813	29,696,813
Total Liabilities	**1,505,786**	**13,256,564**	**11,580,611**	**14,201,286**	**15,357,591**	**29,696,813**	**85,598,651**
Net liquidity position	**27,936,410**	**(9,212,514)**	**(5,509,437)**	**317,441**	**11,779,845**	**(25,311,753)**	**-**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

21 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 in 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:

	31 December 2007	31 December 2006
EURO	442,087	6,142,351
USD	2,096,460	275,498
JPY	400,881	-

Letters of guarantee:

At 31 December 2007, letters of guarantee amounting to YTL 1,028,746 (31 December 2006: YTL 13,573,411) were given mainly to banks, customs authorities and insurance companies.

22 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: Arap Türk Bankası A.Ş, Libyan Arab Foreign Bank, Türkiye İş Bankası A.Ş, T.C Ziraat Bankası A.Ş and Tekfenbank A.Ş). 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:

	31 December 2007	31 December 2006
T. İş Bankası A.Ş	9,175,263	2,168,248
Arap Türk Bankası AŞ	146,945	27,964
Diğer	-	-
	9,322,208	**2,196,212**

(Currency: New Turkish Lira ("YTL") unless otherwise stated)

22 Related parties *(continued)*

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

	31 December 2007	31 December 2006
Financial lease receivable	1,259	66,586
Bank borrowings	44,218,160	23,773,050

As of 31 December 2007 maturity of the loans obtained from related banks is 13 February 2008 and 20 March 2011. (31 December 2006: 26 January 2007 and 25 August 2009). The interest rates of the loans vary between 7 % to 5.34% (31 December 2006: between 6.96 % to 3.97%).

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

	31 December 2007	31 December 2006
Income		
Financial lease income	2,020	4,013
Interest income on time deposits	1,440,843	2,802,886
Expense		
Interest expense on bank borrowings	2,017,810	(1,279,653)
Commission expense	(55,679)	(66,244)
Off-balance sheet		
Letter of guarantee	1,028,746	13,573,411

For the year ended 31 December 2007, the Company has payments to executive members and key management personnel amounting to YTL 678,872 (31 December 2006: YTL 598,867).

23 Subsequent events

As at 31 December 2007, VAT advantage of financial leasing activities are abrogated with the official gazette dated 30 December 2007 with the Council of Minister decision number 26742. The new VAT rates are valid for the leasing contracts issued after the announcement of the decision.