

**A&T Finansal Kiralama Anonim Őirketi**

Financial Statements  
As of and for the Year Ended 31 December 2008  
With Independent Auditors' Report Thereon

Akis Bađımsız Denetim ve Serbest Muhasebeci  
Mali MűŐavirlik Anonim Őirketi

22 January 2009

*This report includes 1 page of independent  
auditors' report and 42 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

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 2008 and the income statement, the statement of changes in equity and the statement of cash flows 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 2008, 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.*

22 January 2009  
İstanbul, Turkey

**A&T Finansal Kiralama Anonim Şirketi**  
**Balance Sheet**  
**As at 31 December 2008**

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

	<u>Note</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
<b>ASSETS</b>			
Cash and cash equivalents	10	24,405,418	22,463,454
Minimum financial lease receivable, net	11	71,026,980	57,017,190
Other assets	12	2,756,172	982,522
Tangible assets, net	13	133,760	131,350
Intangible assets, net	14	10,490	13,892
Deferred tax asset	9	-	1,771,907
<b>Total assets</b>		<b><u>98,332,820</u></b>	<b><u>82,380,315</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Bank borrowings	15	62,810,972	49,813,162
Trade payables	16	835,114	582,715
Other liabilities and accrued expenses	17	176,654	131,798
Reserve for employee severance payments	18	197,627	136,314
Deferred tax liability	9	69,908	-
<b>Total liabilities</b>		<b><u>64,090,275</u></b>	<b><u>50,663,989</u></b>
<b>Equity</b>			
Share capital	19	28,776,274	27,276,274
Legal reserves and retained earnings	19	2,940,052	2,420,539
Net profit for the year		2,526,219	2,019,513
<b>Total shareholders' equity</b>		<b><u>34,242,545</u></b>	<b><u>31,716,326</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>98,332,820</u></b>	<b><u>82,380,315</u></b>
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The accompanying notes are an integral part of these financial statements.

**A&T Finansal Kiralama Anonim Şirketi**  
**Income Statement**  
**For the Year Ended 31 December 2008**

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

	<u>Note</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
Interest income from direct finance leases		6,897,362	6,334,228
Interest income on bank deposits and securities portfolio		3,848,557	3,530,008
<b>Total interest income</b>		<u>10,745,919</u>	<u>9,864,236</u>
Interest expense on borrowings		(3,395,542)	(2,813,891)
<b>Net interest income</b>		<u>7,350,377</u>	<u>7,050,345</u>
Foreign exchange gain/(loss), net		93,953	(15,969)
Marketing, general and administrative expenses	5	(653,311)	(681,708)
Salaries and employee benefits	6	(2,056,863)	(1,651,890)
Net impairment on finance leases	11	(148,499)	(685,000)
Depreciation and amortization		(47,608)	(36,487)
Other operating income	7	485,013	358,492
Other operating expense	8	(655,028)	(328,278)
<b>Income before tax</b>		<u>4,368,034</u>	<u>4,009,505</u>
Taxation charge	9	(1,841,815)	(1,989,992)
<b>Net profit for the year</b>		<u><u>2,526,219</u></u>	<u><u>2,019,513</u></u>

The accompanying notes are an integral part of these financial statements

## A&T Finansal Kiralama Anonim Şirketi

### Statement of Changes in Equity

For the Year Ended 31 December 2008

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

	<u>Share Capital</u>	<u>Legal Reserves and Retained Earnings</u>	<u>Net Profit For The Year</u>	<u>Shareholders' Equity</u>
Balances at 1 January 2007	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
Transfer from retained earnings	1,500,000	(1,500,000)	-	-
Transfer to retained earnings	-	2,019,513	(2,019,513)	-
Net income for the year	-	-	2,526,219	2,526,219
Balances at 31 December 2008	<u>28,776,274</u>	<u>2,940,052</u>	<u>2,526,219</u>	<u>34,242,545</u>

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 2008**

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

	<u>Note</u>	<u>31 December 2008</u>	<u>31 December 2007</u>
<b>Cash Flows From Operating Activities :</b>			
Interest received		10,666,307	9,840,544
Interest paid		(3,137,980)	(2,642,336)
Fees and commissions received		51,469	41,855
Fees and commissions paid		(38,819)	(79,059)
Cash payments to employees and other parties		(1,990,751)	(1,608,811)
Cash received from other operating activities		365,452	318,101
Cash paid for other operating activities		(324,212)	(4,010,841)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>5,591,466</b>	<b>1,859,453</b>
<i>Changes in operating assets and liabilities</i>			
Net (increase) decrease in minimum lease payments receivable		(14,009,790)	598,682
Net (increase) decrease in other assets		(1,773,650)	2,459,645
Net (increase) decrease in other liabilities		297,255	(4,563,854)
<b>Net cash (used in)/ provided by operating activities</b>		<b>(9,894,719)</b>	<b>353,926</b>
<b>Cash flows from investing activities:</b>			
Purchases of premises and equipments	13	(46,618)	(89,907)
Purchases of intangibles		-	(17,011)
Proceeds from the sale of premises and equipment		-	95,586
<b>Net cash used in investing activities</b>		<b>(46,618)</b>	<b>(11,332)</b>
<b>Cash flows from financing Activities :</b>			
Proceeds from funds borrowed		19,846,868	35,265,755
Repayments of funds borrowed		(7,956,012)	(36,111,301)
<b>Net cash provided by/(used in) financing activities</b>		<b>11,890,856</b>	<b>(845,546)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,949,519</b>	<b>(502,952)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>22,208,164</b>	<b>22,711,116</b>
<b>Cash and cash equivalents at 31 December</b>	10	<b>24,157,683</b>	<b>22,208,164</b>

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 the Year Ended 31 December 2008**

*Currency – New Turkish Lira (YTL)*

### **Notes to the financial statements**

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**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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 2008 is 20 (31 December 2007: 20)

**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 Accounting Standards, Turkish Financial Reporting Standards and the regulations issued by the Banking Regulation and Supervision Agency ("BRSA"). 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.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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, 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 at banks 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.

*Borrowings*

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.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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 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.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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.

**(g) Employee benefits**

**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.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**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) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations below are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these financial statements:

- IFRS 8 – Operating Segments supersedes IAS 14 – Segment Reporting. IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customer.

IFRS 8 effective for annual financial statements for periods beginning on or after 1 January 2009, is not expected to have impact on the disclosures of the Company.

- IFRIC 15 – Agreements for the Construction of Real Estate provides guidance on how to determine whether an agreement for the construction of real estate within the scope of IAS 11 – Construction Contracts or IAS 18 – Revenue and, accordingly, when revenue from the construction should be recognized. IFRIC 15, effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**3 Significant accounting policies (continued)**

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

- IFRIC 17 – Distributions of Non-Cash Assets to Owners clarifies that:
  - a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.
  - an entity should measure the dividend payable at the fair value of the net assets to be distributed.
  - an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. Recognising the difficulty that entities would face in recognising past distributions at their fair values the IFRIC requires prospective application of the guidance. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.

- Revised “IAS 1 – *Presentation of Financial Statements*”, issued on 6 September 2007 by IASB. Main changes from the previous version are to require that an entity must
  - Present all non-owner changes in equity either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity.
  - Present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement.
  - Disclose income tax relating to each component of other comprehensive income.
  - Disclose reclassification adjustments relating to components of other comprehensive income.IAS 1 changes the titles of financial statements as they will be used in IFRSs:
  - balance sheet' will become 'statement of financial position'
  - income statement' will become 'statement of comprehensive income'
  - cash flow statement' will become 'statement of cash flows').

The revised IAS 1 will be applicable starting from 1 January 2009.

- The IASB amended IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements with respect to the balance sheet classification of puttable financial instruments and obligations arising only on liquidation.

As a result of the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity. Amendments for puttable financial instruments and obligations arising only on liquidation, effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.



**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**3 Significant accounting policies (continued)**

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

- The amendments to IAS 39 – *Financial Instruments: Recognition and Measurement*:
  - clarify that derivatives can be reclassified into or out of the fair value through profit or loss category, when they are designated as hedging instruments or when they are de-designated as hedging instruments respectively.
  - amends the definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.
  - remove references to the need to designate hedging instruments at the segment level, in order to eliminate a conflict with IFRS 8 – *Operating Segments*.
  - clarify that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used, when remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting.

The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.

- On 17 January 2008, the IASB published final amendments to IFRS 2 – *Share based payments* to clarify the terms “vesting conditions” and “cancellations” as follows:
  - Vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. Under IFRS 2, features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment. The fair value also includes market-related vesting conditions.
  - All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Under IFRS 2, a cancellation of equity instruments is accounted for as an acceleration of the vesting period. Therefore any amount unrecognized that would otherwise have been charged is recognized immediately. Any payment made with the cancellation is accounted for as the repurchase of an equity interest. Any payment in excess of the fair value of the equity instruments granted is recognized as an expense.

The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

- On 29 March 2007, the IASB issued a revised IAS 23 – *Borrowing Costs*. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize borrowing costs as part of the cost of such assets. The revised IAS 23 does not require the capitalization of borrowing costs relating to assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

**A&T Finansal Kiralama Anonim Şirketi**  
**Notes to the financial statements**  
**As of and for the Year Ended 31 December 2008**

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

**3 Significant accounting policies (continued)**

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

The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

The amendments to IAS 23 – *Borrowing Costs* amended the definition of borrowing costs so that interest expense is calculated using the effective interest method defined in IAS 39 – *Financial Instruments: Recognition and Measurement*. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

- The amendments to IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations* requires an entity which is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liabilities of that subsidiary as held for sale when the criteria for classification as held for sale in IFRS 5 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 – *First-time Adoption of International Financial Reporting Standards* states that these amendments are applied prospectively from the date of transition to IFRSs. The amendment is effective for annual periods beginning on or after 1 July 2009, although entities are permitted to adopt them earlier if the amendments to IAS 27 – *Consolidated and Separate Financial Statements* also are applied, is not expected to have any impact on the financial statements of the Company.
- 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*.

Accordingly, the acquirer can elect to measure any non-controlling (minority) interest at:

- fair value at the date of acquisition, which means that goodwill includes a portion attributable to the non-controlling interests; or
- its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, which means that goodwill relates only to the controlling interest acquired by the parent.

This election is made on a transaction-by-transaction basis.

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 of the Company.

- The amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards* and IAS 27 – *Consolidated and Separate Financial Statements* respond to constituents' concerns that retrospectively determining cost and applying the cost method in accordance with IAS 27 on first-time adoption of IFRSs cannot, in some circumstances, be achieved without undue cost or effort. The amendments address that issue:

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**3 Significant accounting policies (continued)**

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

- by allowing first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements; and

- by removing the definition of the cost method from IAS 27 and replacing it with a requirement to present dividends as income in the separate financial statements of the investor.

The amendments to IAS 27 also respond to queries regarding the initial measurement of cost in the separate financial statements of a new parent formed as the result of a specific type of reorganisation. The amendments require the new parent to measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation.

The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

- The amendments to IAS 27 – Consolidated and Separate Financial Statements requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.
- The amendments to IAS 28 – Investments in Associates (and consequential amendments to IAS 32 – Financial Instruments: Presentation, and IFRS 7 – Financial Instruments: Disclosures) clarify that after applying the equity method, any additional impairment recognized by the investor with respect to its investment in an associate should not be allocated to any assets, including goodwill, that constitute the carrying amount of the investment. The amendments also clarify that reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.
- In accordance with the amendments to IAS 27 – Consolidated and Separate Financial Statements, IAS 39 – Financial Instruments: Recognition and Measurement would continue to be applied where an investment in a subsidiary that is accounted for under IAS 39, is classified as held for sale under IFRS 5 – Non-Current Assets Held-for-Sale and Discontinued Operations. The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.
- The amendments to IAS 28 – Investments in Associates (and consequential amendments to IAS 32 – Financial Instruments: Presentation and IFRS 7 – Financial Instruments: Disclosures) requires that only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 and IFRS 7, where an investment in associate is accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement. The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

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**3 Significant accounting policies (continued)**

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

- The amendments to IAS 31 – Interests in Joint Ventures (and consequential amendments to IAS 32 – Financial Instruments: Presentation and IFRS 7 – Financial Instruments: Disclosures requires that only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7, where an investment in associate is accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.

- The amendments to IAS 16 – *Property, Plant and Equipment* bring changes for presentation issues that arise from assets that are rented and then subsequently sold on a routine basis. The amendment results in such assets being transferred to inventories at their carrying amount when they cease to be rented and become held for sale and the proceeds from the sale of such assets would be recognised as revenue in accordance with IAS 18 – *Revenue*. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.

- The amendments to IAS 36 - Impairment of Assets requires that disclosures equivalent to those for value-in-use calculation should be made, where fair value less costs to sell is calculated on the basis of discounted cash flows. The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the disclosures of the Company.

- The amendments to IAS 38 – Intangible Assets clarify that:

- expenditure in respect of advertising and promotional activities should be recognised as an expense when the benefit of those goods or services is available to the entity; for example, in respect of the acquisition of goods, an expense should be recognised when the entity has the right to access those goods;

- a prepayment should be recognised only for payments made in advance of the receipt of the corresponding goods or services; and

- catalogues are considered to be a form of advertising and promotional material rather than inventory.

The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.

- The amendments to IAS 38 – Intangible Assets remove the observation that there is rarely, if ever, persuasive evidence to support an amortisation method for intangible assets with finite useful lives that results in a lower amount of accumulated amortisation than under the straight-line method. The IASB has deleted this observation in order to avoid giving the impression that the units-of-production amortisation method is not allowed if it results in a lower amount of accumulated amortisation than under the straight-line method. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.

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**3 Significant accounting policies (continued)**

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

- The amendments to IAS 19 – *Employee Benefits*:
  - specify that the distinction between short-term and long-term employee benefits is that short-term employee benefits are those that are due to be settled within 12 months of the end of the period in which the employee renders the related service. As a result, the amendment replaces in IAS 19 the term "fall due" in the definition of short-term employee benefits with the term "due to be settled" and replaces the term "do not fall due" in the definition of other long-term employee benefits with the term "are not due to be settled".
  - clarify that the deduction of plan administration costs is appropriate only to the extent that they are not reflected in the measurement of the defined benefit obligation. In other words, costs of administering the plan may be either recognised in the return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation.
  - clarify that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.
- The amendments to IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance* bring that the benefit of a belowmarket rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*, and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.
- The amendments to IAS 29 – *Financial Reporting in Hyperinflationary Economies* require to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment is effective for annual periods beginning on or after 1 January 2009, is not expected to have any impact on the financial statements of the Company.
- The amendments to IAS 40 – *Investment Property* bring that the property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.
- The amendments to IAS 41 – *Agriculture* requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment is effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier, is not expected to have any impact on the financial statements of the Company.

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**3 Significant accounting policies (continued)**

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

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 financial statements, 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 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.

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**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 2008 and 2007, the carrying amounts and fair values of financial instruments are as follows:

	31 December 2008		31 December 2007	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
<b><i>Financial assets</i></b>				
Cash and cash equivalents	24,405,418	24,405,418	22,463,454	22,463,454
Minimum financial lease receivables	70,166,405	71,026,980	56,466,770	57,017,190
<b><i>Financial liabilities</i></b>				
Trade payables	835,114	835,114	582,715	582,715
Bank borrowings	62,810,972	62,810,972	49,813,162	49,813,162

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**5 Marketing, general and administrative expenses**

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

	<u>2008</u>	<u>2007</u>
Office expenses	258,027	86,694
Services from third parties	79,351	139,079
Rent expense	91,021	93,744
Insurance expenses	78,994	59,048
Taxes and duties	64,418	83,376
Marketing expenses	47,663	40,725
Others	33,837	179,042
	<u><b>653,311</b></u>	<u><b>681,708</b></u>

**6 Salaries and employee benefits**

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

	<u>2008</u>	<u>2007</u>
Wages and salaries	1,606,733	1,317,828
Other fringe benefits	229,598	152,958
Social security premiums	154,420	138,025
Employee termination benefits	66,112	43,079
	<u><b>2,056,863</b></u>	<u><b>1,651,890</b></u>

**7 Other operating income**

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

	<u>2008</u>	<u>2007</u>
Income from costs charged to customers	332,488	249,309
Fees and commission income	117,948	41,855
Income from sale of tangible assets	34,577	67,328
	<u><b>485,013</b></u>	<u><b>358,492</b></u>

**8 Other operating expense**

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

	<u>2008</u>	<u>2007</u>
Expenses related to lease contracts	399,215	127,825
Insurance expenses related to lease contracts	100,502	96,766
Fees and commission expense	38,818	79,059
Other expenses	116,493	24,628
	<u><b>655,028</b></u>	<u><b>328,278</b></u>



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**9 Taxation**

As of 31 December 2008, corporate income tax is levied at the rate of 20%. But the Companies, using the investment incentives explained below, is subject to a corporate tax rate of 30%. Corporate income tax rate is applied on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. 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.

Effective from 24 April 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: 6,000 YTL) and directly related with the production of goods and services. Investments allowance that arose prior to 24 April 2003 is taxed at 19.8% (withholding tax) unless they are converted to new type at the will of the companies.

Change in "investment incentives on commercial and agricultural gains" 19 article of Code of Income Tax is terminated as of January 2007. The regulation effective from 24 April 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 directly related with the production of goods and services, is terminated as of January 2007. The investment incentive amounts calculated with the regulation effective as of 31 December 2005 could only be deducted from the profits of 2006, 2007 and 2008 with the guidance of the regulations effective as of the period (including the regulations over tax rates)

The Companies are subject to withholding tax liability 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 with the tax rate of 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

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.

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. 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.

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

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

In accordance with TAS 12 "Income taxes", the carrying amounts of the deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment and 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 are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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**9 Taxation (continued)**

Taxation charge comprised the following taxes for the years ended 31 December 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Current corporation and income taxes	-	-
Deferred taxes on taxable temporary differences	(1,841,815)	(1,989,992)
<b>Taxation charge</b>	<b>(1,841,815)</b>	<b>(1,989,992)</b>

The breakdown of deductible and taxable temporary differences for which either deferred tax asset or deferred tax liability have been provided at 31 December are as follows:

	<u>31 December</u> <u>2008</u>	<u>31 December</u> <u>2007</u>
<b><u>Deferred income tax liabilities</u></b>		
Leasing income accruals	489,345	168,234
Others	39,476	44,834
	<b>528,821</b>	<b>213,068</b>
<b><u>Deferred income tax asset</u></b>		
Transition effect of financial lease adjustment	128,068	806,990
Tax credits of unused investment incentive allowances	--	944,014
Bad debt allowance	250,050	205,500
Employment termination benefits	59,288	28,471
Others	21,507	-
	<b>458,913</b>	<b>1,984,975</b>
<b>Net deferred tax asset/( liability)</b>	<b>(69,908)</b>	<b>1,771,907</b>

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:

	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Reported profit before income taxes	4,368,034		4,009,505	
Taxes on reported profit per statutory tax rate	(1,310,410)	(30%)	(1,202,852)	(30%)
<i>Permanent differences:</i>				
Non-deductible expenses	(147,540)	(3%)	(56,024)	(1%)
Tax credit effect of unused investment allowances	(766,255)	(18%)	(944,014)	(24%)
Effect of change in tax rate	23,269	1%	-	-
Other permanent differences	359,121	8%	212,898	5%
<b>Income tax charge</b>	<b>(1,841,815)</b>	<b>(42%)</b>	<b>(1,989,992)</b>	<b>(50%)</b>

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**10 Cash and cash equivalents**

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
Cash at banks-demand	384,930	570,027
Cash at banks-time	24,020,263	21,892,800
Cash on hand	225	627
Cash and cash equivalents at the balance sheet date	24,405,418	22,463,454
Less: Accrued interest income	247,735	255,290
<b>Cash and cash equivalents at the cash flow statement</b>	<b>24,157,683</b>	<b>22,208,164</b>

At 31 December 2008, maturities of time deposits vary between three months (31 December 2007: 60 days). At 31 December 2008, interest rates applied to these time deposits ranged between 19.50% and 22.50% (31 December 2007: 16.10%-18.50%) for domestic currency deposits and 2.50% and 4% (31 December 2007: 1.75%- 4.50%) for foreign currency deposits.

**11 Minimum financial lease receivable**

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
Financial lease receivable	77,771,045	64,047,068
Overdue lease receivables	2,813,419	1,782,246
Subtotal	80,584,464	65,829,314
Impaired financial lease receivables	833,499	685,000
Gross financial lease receivable	81,417,963	66,514,314
Reserve for impaired financial lease receivables	(833,499)	(685,000)
Subtotal	80,584,464	65,829,314
Unearned interest income	(9,557,484)	(8,812,124)
Minimum financial lease receivable, net	<b>71,026,980</b>	<b>57,017,190</b>

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:

	<u>31 December 2008</u>	<u>31 December 2007</u>
2008	-	27,250,186
2009	33,756,442	16,645,012
2010	20,811,081	9,293,684
2011	11,489,963	3,438,090
2012	4,255,689	390,218
2013	713,805	-
<b>Total payments</b>	<b>71,026,980</b>	<b>57,017,190</b>

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**11 Minimum financial lease receivable (continued)**

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:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Opening balance	685,000	-
Reserve for the year	542,332	685,000
Recoveries	(393,833)	-
Ending balance	<u>833,499</u>	<u>685,000</u>

**12 Other assets**

At 31 December, other assets comprised the following:

	<u>31 December 2008</u>	<u>31 December 2007</u>
VAT receivable	2,356,605	212,854
Prepaid expenses	164,883	164,313
Personnel advances	53,078	49,935
Prepaid taxes	5,947	338,971
Asset held for resale	-	75,208
Others	175,659	141,241
	<u>2,756,172</u>	<u>982,522</u>

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**13 Property and equipment, net**

For the year ended 31 December 2008, the movement in tangible assets is as follows:

	<b>Furniture and Equipment</b>	<b>Motor Vehicles</b>	<b>Leasehold Improvements</b>	<b>Other Fixed Assets</b>	<b>Total</b>
<i>Cost:</i>					
At 1 January 2008	410,368	240,045	136,616	220,105	1,007,134
Additions	-	46,618	-	-	46,618
Disposals	-	-	-	-	-
At 31 December 2008	410,368	286,663	136,616	220,105	1,053,752
<i>Accumulated Depreciation</i>					
At 1 January 2008	379,680	149,874	126,125	220,105	875,784
Charge for the year	11,428	27,970	4,810	-	44,208
Disposals	-	-	-	-	-
At 31 December 2008	391,108	177,844	130,935	220,105	919,992
<i>Net book value:</i>					
At 31 December 2008	<b>19,260</b>	<b>108,819</b>	<b>5,681</b>	-	<b>133,760</b>

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

	<b>Furniture and Equipment</b>	<b>Motor Vehicles</b>	<b>Leasehold Improvements</b>	<b>Other Fixed Assets</b>	<b>Total</b>
<i>Cost:</i>					
At 1 January 2007	408,523	292,242	136,616	220,105	1,057,486
Additions	12,920	76,987	-	-	89,907
Disposals	(11,075)	(129,184)	-	-	(140,259)
At 31 December 2007	410,368	240,045	136,616	220,105	1,007,134
<i>Accumulated Depreciation</i>					
At 1 January 2007	379,387	235,922	121,315	220,105	956,729
Charge for the year	10,446	18,112	4,810	-	33,368
Disposals	(10,153)	(104,160)	-	-	(114,313)
At 31 December 2007	379,680	149,874	126,125	220,105	875,784
<i>Net book value:</i>					
At 31 December 2007	<b>30,688</b>	<b>90,171</b>	<b>10,491</b>	-	<b>131,350</b>

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**14 Intangibles, net**

For the year ended 31 December 2008, the movement of intangible assets is as follows:

	<u>Rights</u>	<u>Total</u>
<i>Cost:</i>		
At 1 January 2008	84,363	84,363
Additions	-	-
Disposals	-	-
At 31 December 2008	<u>84,363</u>	<u>84,363</u>
<i>Accumulated Depreciation</i>		
At 1 January 2008	(70,471)	(70,471)
Charge for the year	(3,402)	(3,402)
Disposals	-	-
At 31 December 2008	<u>(73,873)</u>	<u>(73,873)</u>
<i>Net book value:</i>		
At 31 December 2008	<u>10,490</u>	<u>10,490</u>

For the year ended 31 December 2007, the movement of intangible assets is as follows

	<u>Rights</u>	<u>Total</u>
<i>Cost:</i>		
At 1 January 2007	67,352	67,352
Additions	17,011	17,011
Disposals	-	-
At 31 December 2007	<u>84,363</u>	<u>84,363</u>
<i>Accumulated Depreciation</i>		
At 1 January 2007	67,552	67,552
Charge for the year	(3,119)	(3,119)
Disposals	-	-
At 31 December 2007	<u>(70,471)</u>	<u>(70,471)</u>
<i>Net book value:</i>		
At 31 December 2007	<u>13,892</u>	<u>13,892</u>

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**15 Bank borrowings**

At 31 December 2008, bank borrowings comprised the following:

	<b>Balance in Original</b>	<b>Interest rates range (%)</b>	<b>Balance in YTL</b>			<b>Total</b>
			<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>Over 1 year</b>	
Fixed rate borrowings:						
EUR	4,145,723	5.40% -5.80%	4,522,402	4,352,761	-	8,875,163
USD	600,724	6.25%-6.55%	721,543	186,932	-	908,475
Floating rate borrowings:						
EUR	19,773,171	4.13%-6.74%	4,878,386	14,916,071	22,535,947	42,330,404
USD	7,073,285	3.93%-6.55%	172,258	266,980	10,257,692	10,696,930
<b>Total bank borrowings</b>			<b>10,294,589</b>	<b>19,722,744</b>	<b>32,793,639</b>	<b>62,810,972</b>

At 31 December 2007, bank borrowings comprised the following:

	<b>Balance in original</b>	<b>interest rates range (%)</b>	<b>Balance in YTL</b>			<b>Total</b>
			<b>Up to 3 months</b>	<b>3 months to 1 year</b>	<b>Over 1 year</b>	
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
<b>Total bank borrowings</b>			<b>5,180,159</b>	<b>12,126,526</b>	<b>32,506,477</b>	<b>49,813,162</b>

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**15 Bank borrowings (continued)**

As of 31 December 2008, no letter of guarantees was given to lending institutions as collateral against loans obtained (31 December 2007:Nil ). The repayment terms of the bank borrowings are as follows:

	<u>31 December 2008</u>	<u>31 December 2007</u>
2008	-	17,306,685
2009	30,017,333	21,625,064
2010	15,028,165	604,596
2011	17,765,474	10,276,817
	<u>62,810,972</u>	<u>49,813,162</u>

**16 Trade payables**

At 31 December 2008 and 2007, trade payables comprised of the following:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Advances received	519,157	226,931
Payables to suppliers	301,732	246,097
Payables to insurance companies	14,225	109,687
	<u>835,114</u>	<u>582,715</u>

**17 Other liabilities and accrued expenses**

At 31 December 2008 and 2007, other liabilities comprised of the following:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Taxes payable	102,433	84,798
Vacation pay liability	71,590	45,000
Other	2,631	2,000
	<u>176,654</u>	<u>131,798</u>



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**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 2,173 at 31 December 2008 (31 December 2007: YTL 2,030) 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:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Inflation rate	5.4%	5%
Discount rate	12%	11%

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
Opening balance	136,314	102,433
Paid during the year	(4,799)	(9,198)
Increase during the year	66,112	43,079
Ending balance	<u>197,627</u>	<u>136,314</u>

The reserve above includes the reserve for severance payments of expatriates as of 31 December 2008 amounting to YTL 73,935 (31 December 2007: 41,411).

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**19 Shareholders' Equity**

**Share capital**

At 31 December 2008, the Company's statutory nominal value of share capital is YTL 22,000,000 (31 December 2007: YTL 20,500,000) comprising of 22,000,000 thousand (31 December 2007: 20,500,000 thousand) registered shares having par value of YTL. 0.001 (31 December 2007: YTL. 0.001) nominal each. Adjustment to share capital represents the restatement effect of the contributions to share capital due to the inflation accounting (IAS 29).

The shareholders of the Company and their ownership percentages at 31 December 2008 and 2007 are as follows:

	2008		2007	
	Shares (%)	Nominal amount	Shares (%)	Nominal amount
Arap Türk Bankası A.Ş.	99.980	21,995,600	99.980	20,495,900
Other	0.020	4,400	0.020	4,100
Historical share capital	100.000	22,000,000	100.000	20,500,000
Adjustment to share capital		6,776,274		6,776,274
<b>Total paid-in share capital</b>		<b>28,776,274</b>		<b>27,276,274</b>

**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 2008, the Company's statutory legal reserves amounted to YTL 786,196 (31 December 2007: YTL 786,196).

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**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:

	<u>31 December 2008</u>	<u>31 December 2007</u>
Agriculture	420,464	344,665
Production	413,035	299,529
Other	-	40,806
	<u>833,499</u>	<u>685,000</u>

As of the balance sheet date YTL 2,813,419 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.

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**20 Financial risk management (continued)**

The collaterals other than the assets subject to finance lease contracts obtained for the finance lease receivables as of 31 December 2008 and 2007 are as follows:

	<b>31 December 2008</b>	<b>31 December 2007</b>
Promissory notes	191,042,595	153,786,115
Pledges	44,605,758	40,757,195
Guaranty cheques	198,364	54,670
Pledges on vehicles	194,320	234,861
Assignment	292,605	174,705
Pledges on deposits	35,917	27,661
<b>Total</b>	<b>236,369,559</b>	<b>195,035,207</b>

As at 31 December 2008 and 2007, sectoral distribution for the minimum financial lease receivable is as follows:

	<b>31 December 2008</b>	<b>%</b>	<b>31 December 2007</b>	<b>%</b>
Production	26,336,920	36%	21,999,698	39%
Agriculture	16,094,784	22%	12,224,358	22%
Press	14,631,622	20%	10,208,656	18%
Construction	6,584,230	9%	6,494,721	11%
Textile	2,194,744	5%	2,662,357	4%
Services	2,195,711	3%	1,980,785	3%
Food and beverage	2,135,900	3%	956,862	2%
Other	853,069	2%	489,753	1%
<b>Total</b>	<b>71,026,980</b>	<b>100%</b>	<b>57,017,190</b>	<b>100%</b>

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**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 2008, the Company's foreign currency assets and liabilities may be analysed as follows (YTL equivalents):

	31 December 2008		
	USD	EUR	Total
<b>Assets</b>			
Cash and cash equivalents	1,658,901	1,282,646	2,941,547
Financial lease receivable	11,357,598	50,024,049	61,381,647
Other assets	40,855	122,630	163,485
<b>Total assets</b>	<b>13,057,354</b>	<b>51,429,325</b>	<b>64,486,679</b>
<b>Liabilities</b>			
Bank borrowings	11,605,405	51,205,567	62,810,972
Trade payables	186,316	510,680	696,996
<b>Total liabilities</b>	<b>11,791,721</b>	<b>51,716,247</b>	<b>63,507,968</b>
<b>Net balance sheet position</b>	<b>1,265,633</b>	<b>(286,922)</b>	<b>978,711</b>

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**20 Financial risk management (continued)**

31 December 2007	USD	EUR	Other	Total
<b>Assets</b>				
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
<b>Total assets</b>	<b>6,451,244</b>	<b>43,250,334</b>	<b>138,834</b>	<b>49,840,412</b>
<b>Liabilities</b>				
Bank borrowings	6,187,652	43,625,510	-	49,813,162
Trade payables	97,922	401,314	-	499,236
<b>Total liabilities</b>	<b>6,285,574</b>	<b>44,026,824</b>	<b>-</b>	<b>50,312,398</b>
<b>Net balance sheet position</b>	<b>165,670</b>	<b>(776,490)</b>	<b>138,834</b>	<b>(471,986)</b>

*Currency risk sensitivity analysis*

A 10 percent devaluation of the YTL against the following currencies as at 31 December 2008 and 2007 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 2008		31 December 2007	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	126,563	126,563	16,567	16,567
EUR	(28,692)	(28,692)	(77,649)	(77,649)
Other currencies	-	-	13,883	13,883
<b>Total</b>	<b>97,871</b>	<b>97,871</b>	<b>(47,199)</b>	<b>(47,199)</b>

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

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**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. 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 2008, the interest rate sensitivity of the monetary items is as follows:

	<i>Up to 1 month</i>	<i>1 to 3 Months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>Over 1 year</i>	<i>Non-Interest Bearing</i>	<i>Total</i>
<b>Assets</b>							
Cash and cash equivalents	11,951,263	12,069,000	-	-	-	385,155	24,405,418
Financial lease receivables	5,204,262	4,865,997	6,937,491	14,701,658	37,270,538	2,047,034	71,026,980
Other assets	-	-	-	-	-	2,756,172	2,756,172
<b>Total assets</b>	<b>17,155,525</b>	<b>16,934,997</b>	<b>6,937,491</b>	<b>14,701,658</b>	<b>37,270,538</b>	<b>5,188,361</b>	<b>98,188,570</b>
<b>Liabilities</b>							
Bank borrowings	289,881	10,004,707	8,964,112	10,758,633	32,793,639	-	62,810,972
Trade payables	219,830	-	-	-	-	615,284	835,114
Other liabilities	102,433	-	-	-	-	74,221	176,654
Reserve for employee severance payment	-	-	-	-	-	197,627	197,627
Deferred tax liability	-	-	-	-	-	69,908	69,908
<b>Total liabilities</b>	<b>612,144</b>	<b>10,004,707</b>	<b>8,964,112</b>	<b>10,758,633</b>	<b>32,793,639</b>	<b>957,040</b>	<b>64,090,275</b>
<b>Net liquidity position</b>	<b>16,543,381</b>	<b>6,930,290</b>	<b>(2,026,621)</b>	<b>3,943,025</b>	<b>4,476,899</b>	<b>4,231,321</b>	<b>34,098,295</b>

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**20 Financial risk management (continued)**

As of 31 December 2007, the interest rate sensitivity of the monetary items is as follows:

	<i>Up to 1 month</i>	<i>1 to 3 Months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>Over 1 year</i>	<i>Non-Interest Bearing</i>	<i>Total</i>
<b>Assets</b>							
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	432,643	57,017,190
Deferred tax asset						1,771,907	1,771,907
Other assets	-	-	-	-	-	982,522	982,522
<b>Total assets</b>	<b>26,010,083</b>	<b>7,649,007</b>	<b>6,435,976</b>	<b>13,014,081</b>	<b>25,368,200</b>	<b>3,757,726</b>	<b>82,235,073</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>430,854</b>	<b>28,037,427</b>	<b>9,782,245</b>	<b>3,889,721</b>	<b>7,724,466</b>	<b>799,276</b>	<b>50,663,989</b>
<b>Net liquidity position</b>	<b>25,579,229</b>	<b>(20,388,420)</b>	<b>(3,346,269)</b>	<b>9,124,360</b>	<b>17,643,734</b>	<b>2,958,450</b>	<b>31,571,084</b>

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 2008. The other variables, especially exchange rates, are assumed to be fixed in this analysis. The same method is applied for 31 December 2007.

	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2008</b>				
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
<b>Total, net</b>	<b>(50,983)</b>	<b>74,282</b>	<b>(50,983)</b>	<b>74,282</b>
<hr/>				
	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2007</b>				
Floating rate finance lease receivables	--	--	--	--
Floating rate financial liabilities	(73,457)	48,104	(73,457)	48,104
<b>Total, net</b>	<b>(73,457)</b>	<b>48,104</b>	<b>(73,457)</b>	<b>48,104</b>

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



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**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 2008	Book Value	Gross	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years
		nominal Outflow				
Bank borrowings	62,810,972	66,815,156	45,180	9,232,047	22,720,122	34,817,807
Trade payables	835,114	835,114	835,114	--	--	--
<b>Total</b>	<b>63,646,086</b>	<b>67,650,270</b>	<b>880,294</b>	<b>9,232,047</b>	<b>22,720,122</b>	<b>34,817,807</b>

31 December 2007	Book Value	Gross	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years
		nominal Outflow				
Bank borrowings	49,813,162	54,281,298	46,602	5,171,304	12,587,401	36,475,991
Trade payables	582,715	582,715	582,715	--	--	--
<b>Total</b>	<b>50,395,877</b>	<b>54,864,013</b>	<b>629,317</b>	<b>5,171,304</b>	<b>12,587,401</b>	<b>36,475,991</b>

The table above represents the gross amount of un-discounted cash flows of financial liabilities to the nearest contract maturities.

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**20 Financial risk management (continued)**

The table below analyses the Company's monetary assets and liabilities into relevant maturity groupings according to the remaining period at balance sheet date as of 31 December 2008 and 2007.

	31 December 2008						
	Up to 1	1 to 3	3 to 6	6 to 12	Over	Not	Total
	month	months	months	months	1 year	Distributed	
<b>Assets:</b>							
Cash and cash equivalents	11,951,263	12,069,000	-	-	-	385,155	24,405,418
Minimum financial lease receivables	5,204,262	4,865,997	6,937,491	14,701,658	37,270,538	2,047,034	71,026,980
Other assets	53,078	-	-	-	-	2,703,094	2,756,172
<b>Total Assets</b>	<b>17,208,603</b>	<b>16,934,997</b>	<b>6,937,491</b>	<b>14,701,658</b>	<b>37,270,538</b>	<b>5,135,283</b>	<b>98,188,570</b>
<b>Liabilities:</b>							
Bank borrowings	45,180	9,232,047	8,964,112	13,756,010	30,813,623	-	62,810,972
Trade payables	219,830	-	-	-	-	615,284	835,114
Deferred tax liability	-	-	-	-	-	69,908	69,908
Other liabilities	102,433	-	-	-	-	74,221	176,654
Reserve for employee severance payment	-	-	-	-	-	197,627	197,627
<b>Total Liabilities</b>	<b>367,443</b>	<b>9,232,047</b>	<b>8,964,112</b>	<b>13,756,010</b>	<b>30,813,623</b>	<b>957,040</b>	<b>64,090,275</b>
<b>Net liquidity position</b>	<b>16,841,160</b>	<b>7,702,950</b>	<b>(2,026,621)</b>	<b>945,648</b>	<b>6,456,915</b>	<b>4,178,243</b>	<b>34,098,295</b>

  

	31 December 2007						
	Up to 1	1 to 3	3 to 6	6 to 12	Over	Not	Total
	month	months	months	months	1 year	Distributed	
<b>Assets:</b>							
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	432,643	57,017,190
Deferred tax asset	-	-	-	-	-	1,771,907	1,771,907
Other assets	982,522	-	-	-	-	-	982,522
<b>Total Assets</b>	<b>26,992,605</b>	<b>4,116,738</b>	<b>5,569,441</b>	<b>13,014,081</b>	<b>29,767,004</b>	<b>2,775,204</b>	<b>82,235,073</b>
<b>Liabilities:</b>							
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
<b>Total Liabilities</b>	<b>761,000</b>	<b>5,133,672</b>	<b>3,767,387</b>	<b>8,359,142</b>	<b>32,642,788</b>	<b>-</b>	<b>50,663,989</b>
<b>Net liquidity position</b>	<b>26,231,605</b>	<b>(1,016,934)</b>	<b>1,802,054</b>	<b>4,654,939</b>	<b>(2,875,784)</b>	<b>2,775,204</b>	<b>31,571,084</b>

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**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.

*Letters of credit:*

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
EURO	652,944	442,087
USD	967,872	2,096,460
JPY	-	400,881

*Letters of guarantee:*

At 31 December 2008, letters of guarantee amounting to YTL 1,026,240 (31 December 2007: YTL 1,028,746) 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. 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:

	<u>31 December 2008</u>	<u>31 December 2007</u>
T. İş Bankası A.Ş	13,779,629	9,175,263
Arap Türk Bankası AŞ	188,000	146,945
	<u>13,967,629</u>	<u>9,322,208</u>

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**22 Related parties (continued)**

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

	<u>31 December 2008</u>	<u>31 December 2007</u>
Financial lease receivable	925,541	1,259
Bank borrowings	55,527,217	41,881,130

As of 31 December 2008 maturity of the loans obtained from related banks is 6 June 2010 and 22 July 2011. (31 December 2007: 13 February 2008 and 20 March 2011.). The interest rates of the loans vary between 3.93 % to 6.41 % (31 December 2007: between 7 % to 5.34 %).

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

	<u>31 December</u> <u>2008</u>	<u>31 December</u> <u>2007</u>
<b>Income</b>		
Financial lease income	16,054	6,841
Interest income on time deposits	1,235,042	1,440,843
<b>Expense</b>		
Interest expense on bank borrowings	2,880,160	1,741,329
<b>Off-balance sheet</b>		
Letter of guarantee	1,026,240	1,028,746

For the year ended 31 December 2008, the Company paid to executive members and key management personnel amounting to YTL 757,647 (31 December 2007: YTL 678,872) as fringe benefit.

**23 Subsequent events**

According to the decree of the Council of Ministers numbered 2007/11963 and dated 4 April 2007, for the currency unit of the Republic of Turkey, the term "New" in the name of the national currency was removed on 1 January 2009.