A&T FİNANSAL KİRALAMA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS
AT 31 DECEMBER 2014
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
A&T Finansal Kiralama A.Ş.

1. We have audited the accompanying financial statements of A&T Finansal Kiralama A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 2014 and statement of comprehensive income, statement of changes in equity and 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 unconsolidated financial statements

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with International Standards on Auditing. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 policies 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 audit opinion.

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of A&T Finansal Kiralama A.Ş. as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Zeynep Uras, SMMM
Partner

Istanbul, 3 June 2015

A&T FİNANSAL KİRALAMA A.Ş.

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AT 31 DECEMBER 2014

A&T FİNANSAL KİRALAMA A.Ş.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AT 31 DECEMBER 2014

(Currency: Turkish Lira (TL), unless otherwise stated)

	Notes	2014	2013
Assets:			
Cash and cash equivalents	9	28,997,342	20,741,770
Finance lease receivables	10	217,939,299	177,355,434
Property and equipment, net	12	4,030,299	4,143,929
Intangible assets, net	13	201,708	240,496
Deferred tax assets	8	21,271	1,218,183
Other assets	11	3,236,295	4,185,588
Total assets		**254,426,214**	**207,885,400**
Liabilities:			
Borrowings	14	175,184,964	129,646,883
Trade payables	15	3,114,172	8,224,197
Other liabilities	16	267,694	233,722
Income tax payable	8	-	-
Employee benefits	17	1,302,652	1,153,555
Total liabilities		**179,869,482**	**139,258,357**
Equity:			
Share capital	18	66,043,499	61,723,499
Legal reserves	18	2,003,066	1,808,330
Employee benefits - actuarial losses		(130,884)	(120,789)
Retained earnings		6,641,051	5,216,003
Total shareholders’ equity		**74,556,732**	**68,627,043**
Total liabilities and shareholders’ equity		**254,426,214**	**207,885,400**

The notes on pages 5 to 31 are an integral part of these financial statements.

A&T FİNANSAL KİRALAMA A.Ş.

STATEMENT OF COMREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Currency: Turkish Lira (TL), unless otherwise stated)

	Notes	2014	2013
Interest income on finance lease		16,272,164	11,655,473
Interest income on bank deposits		1,320,392	1,348,131
Income from leasing operations		**17,592,556**	**13,003,604**
Interest expense on borrowings		(4,477,636)	(2,941,338)
Net interest income		**13,114,920**	**10,062,266**
Trading income		(7,936)	25,584
Foreign exchange gain/(loss), net		177,638	218,285
Other operating income	6	541,526	286,587
Operating income		**711,228**	**530,456**
Marketing, general and administrative expenses	4	(1,217,869)	(1,033,324)
Salaries and employee benefits	5	(3,947,239)	(3,432,992)
Provision reversals/(expenses) for finance lease receivables	10	-	(283,978)
Depreciation and amortization	12, 13	(204,446)	(195,950)
Other operating expenses	7	(1,317,374)	(907,281)
Profit before income tax		**7,139,220**	**4,739,197**
Tax expense	8	(1,199,436)	(844,483)
Net profit for the year		**5,939,784**	**3,894,714**
Other comprehensive income		**(10,095)**	**(21,349)**
Other comprehensive income for the year, net of income tax		(10,095)	(21,349)
Total comprehensive income for the year		**5,929,689**	**3,873,364**

The notes on pages 5 to 31 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: Turkish Lira (TL), unless otherwise stated)

	Share capital	Legal reserves	Actuarial Losses, net of tax	Retained earnings	Total
Balances at 1 January 2013	**41,276,274**	**1,748,879**	**(99,440)**	**6,332,611**	**49,258,324**
Total comprehensive income for the year:					
Net profit for the year	-	-	-	3,894,713	3,894,713
Other comprehensive income	-	-	(21,349)	-	(21,349)
Total comprehensive income for the year	**-**	**-**	**(21,349)**	**3,894,713**	**3,873,364**
Transactions with owners, recorded directly in equity:					
Share capital increase	20,447,225	(98,527)	-	(4,853,343)	**15,495,355**
Transfer to legal reserves	-	157,978	-	(157,978)	-
Total transactions with owners	**20,447,225**	**59,451**	**-**	**(5,011,321)**	**15,495,355**
Balances at 31 December 2013	**61,723,499**	**1,808,330**	**(120,789)**	**5,216,003**	**68,627,043**
Balances at 1 January 2014	**61,723,499**	**1,808,330**	**(120,789)**	**5,216,003**	**68,627,043**
Total comprehensive income for the year:					
Net profit for the year	-	-	-	5,939,784	5,939,785
Other comprehensive income	-	-	(10,095)	-	(10,095)
Total comprehensive income for the year	-	-	**(10,095)**	**5,939,784**	**5,929,690**
Transactions with owners, recorded directly in equity:					
Share capital increase	4,320,000	-	-	(4,320,000)	-
Transfer to legal reserves	-	194,736	-	(194,736)	-
Total transactions with owners	**4,320,000**	**194,736**	-	**(4,514,736)**	-
Balances at 31 December 2014	**66,043,499**	**2,003,066**	**(130,884)**	**6,641,051**	**74,556,732**

The notes on pages 5 to 31 are an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Currency: Turkish Lira (TL), unless otherwise stated)

	Notes	2014	2013
Cash flows from operating activities			
Profit for the year		5,939,784	3,894,713
Adjustments for:			
Current and deferred tax expense	8	1,199,436	844,483
Depreciation and amortization	12, 13	204,446	194,324
Change in provision for employee severance indemnity	17	65,996	75,733
Change in provision for vacation pay liability	17	106,653	35,027
Change in provision for employee severance indemnity for expatriates	17	(23,552)	136,030
Provision expenses/(reversal) for doubtful finance lease receivables		219,862	(283,978)
Net interest income		(12,601,981)	(9,516,690)
Change in operating activities:			
Net increase in finance lease receivables		(39,757,774)	(76,633,818)
Net decrease in other asset		949,293	(193,624)
Net decrease in trade payables		(5,110,025)	7,135,186
Net decrease in other liabilities		(33,972)	(85,641)
Employee severance indemnity paid	17	-	-
Net cash used in operating activities		**(48,841,833)**	**(74,398,255)**
Cash flows from investing activities:			
Acquisition of property and equipment	12	(24,723)	(28,048)
Acquisition of intangible assets	13	(20,956)	(267,614)
Proceeds from sale of tangible and intangible assets		6,718	77,050
Interest received		15,391,629	11,562,241
Interest paid		(3,528,854)	(2,163,043)
Net cash generated from investing activities		**11,823,813**	**9,180,586**
Cash flows from financing activities:			
Proceeds/(payments) of borrowings		45,367,594	53,605,965
Capital cash injection		-	15,495,355
Net cash (used in)/provided from financing activities		**45,367,594**	**69,101,320**
Net increase in cash and cash equivalents		**8,349,574**	**3,883,651**
Effect of net foreign exchange difference on cash and cash equivalents		(139,092)	256,507
Cash and cash equivalents at beginning of the year	**9**	**20,723,280**	**16,583,122**
Cash and cash equivalents at 31 December	**9**	**28,933,762**	**20,723,280**

The notes on pages 5 to 31 are an integral part of these financial statements

NOTE 1 - ORGANISATION AND THE NATURE OF OPERATIONS

A&T Finansal Kiralama Anonim Şirketi ("the Company") was established on 4 July 1997, pursuant to the license 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 2014 is 23 (31 December 2013: 23).

Registered address of the company is as follows:
Örnek Mahallesi
Finans Çıkmaz Sokağı
No:4 Ataşehir - İstanbul

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Standards

The principal accounting policies adopted in the preparation of the financial statements at 31 December 2014 are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

The Company maintains its books of account and prepares them in accordance with "Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies" published by the Banking Regulation and Supervision Agency ("BRSA"). The financial statements have been prepared in accordance with Capital Market Board decision numbered 28861, dated 24 December 2013 and in accordance with "Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies" published by the BRSA on 13 December 2012 in the Official Gazette numbered 28496 and Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") and the interpretations and with the Communiqué: "The Procedures Regarding The Provisions to be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies" issued by BRSA in the Official Gazette numbered 28861 dated 24 December 2013.; and in accordance with Turkish Accounting / Financial Reporting Standards ("IAS/IFRS") and their additions and comments issued by the Turkish Accounting Standard's Board ("IASB").

These financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

The balance sheet and the income statement of the Subsidiary are on basis and the carrying value of the Subsidiary held by the Company eliminated against the related equity.

The Company has prepared the financial statements according to the going concern assumption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis as adjusted for the effects of inflation that ended at 31 December 2005, except for the derivative financial instruments at fair value through profit or loss which are measured at their respective fair values.

The methods used to measure fair values are discussed further in *Note 3*.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Functional and presentation currency

These financial statements are presented in TL, which is the Company's functional currency.

(d) Use of estimates and judgments

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.

Information about significant areas of estimation uncertainty that have the most significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- *Note 8* - Taxation (utilisation of investment incentives)
- *Note 17* - Measurement of reserve for employee severance payments
- *Note 10* - Impairment in finance lease receivables

(e) Accounting for the effects of hyperinflation

Prior to 1 January 2006, the adjustments and reclassifications made to the statutory records for the purpose of fair presentation in accordance with IFRS included the restatement of balances and transactions for the changes in the general purchasing power of the New Turkish Lira in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. As the characteristics of the economic environment of Turkey indicate that hyperinflation has ceased, effective from 1 January 2006, the Company no longer applies the provisions of IAS 29. Accordingly, the amounts expressed in the measuring unit current at 31 December 2005 are treated as the basis for the carrying amounts in this financial information.

(f) 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 TL at the exchange rates ruling at reporting date with the resulting exchange differences recognized in the statement of comprehensive income as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in profit or loss as realised during the course of the year.

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency transactions (Continued)

Foreign exchange rates used by the Company as at 31 December 2014 and 2013 are as follows:

	2014	**2013**
USD	2.3189	2.1343
EUR	2.8207	2.9365
GBP	3.5961	3.5114

(g) New standards and amendments

Standards, Amendments and IFRICs applicable to 31 December 2014 year ends

- Amendment to IAS 32,'Financial Instruments: Presentation', on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- Amendments to IAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

- IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

New IFRS standards, amendments and IFRICs effective after 1 January 2015

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

    - IFRS 2, ‘Share-based payment’
    - IFRS 3, ‘Business Combinations’
    - IFRS 8, ‘Operating segments’
    - IFRS 13, ‘Fair value measurement’
    - IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’
    - Consequential amendments to IFRS 9, ‘Financial instruments’, IAS 37, ‘Provisions, contingent liabilities and contingent assets’, and
    - IAS 39, Financial instruments – Recognition and measurement’

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:

    - IFRS 1, ‘First time adoption’
    - IFRS 3, ‘Business combinations’
    - IFRS 13, ‘Fair value measurement’ and
    - IAS 40, ‘Investment property’.

- IFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. IFRS 14, ‘Regulatory deferral accounts’ permits first–time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

- Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

    - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
    - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
    - IAS 19, 'Employee benefits' regarding discount rates.
    - IAS 34, 'Interim financial reporting' regarding disclosure of information.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise minimum finance 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 finance lease receivables and time deposits at banks are measured at amortized cost using the effective interest method, less any impairment losses. Time deposits, trade and other payables are measured at amortized 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

Cash and cash equivalents comprise cash balances, demand and time deposits with a maturity period of three months or less.

Time deposits are measured at amortized cost using the effective interest method, less any impairment losses.

Minimum finance lease receivables

Leases where the entire risks and rewards incident to ownership of an asset are substantially transferred to the lessee are classified as minimum finance lease receivables. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognized. The difference between the gross receivable and the present value of the receivable is unearned interest income and is recognized over the term of the lease using the effective interest rate method.

Loans and borrowings

Loans and borrowings are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Derivative financial instruments

The Company may hold derivative financial instruments to manage its foreign currency risk exposure.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss as part of foreign currency gains and losses.

(iii) 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.

(d) Property and equipment

(i) Recognition and measurement

Items of tangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units’ current at 31 December 2005 pursuant to International Accounting Standard (“IAS 29”) “Financial Reporting in Hyper Inflationary Economies” less accumulated depreciation and impairment losses. Tangible assets 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 tangible assets have different useful lives, they are accounted for as separate items (major components) of tangible assets.

(ii) Subsequent costs

The cost of replacing part of an item of tangible assets 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 tangible assets are recognized in the statement of comprehensive income as incurred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets.

The estimated useful lives are as follows:

	Years
Machinery and equipment	5
Office equipment	5
Furniture, fixture and vehicles	5

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

(e) Intangible assets

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

(f) 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 statement of comprehensive income 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.

(g) Impairment

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 profit or loss.

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, the reversal is recognized in profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee benefits

Reserve for employee severance payments

Provision for employment termination benefits represents the present value of the future probable obligation of the Company. According to the labour laws and regulations in Turkey, the Company is required to provide compensation payments to employees who retires, leaves or is dismissed due to any inappropriate act defined in Turkish Labour Law. In this context, provision for employment termination benefits that represents the present value of the future probable obligation of the Company, is calculated with defined actuarial estimations and accrued to the financial statements

	31 December 2014	31 December 2013
Discount rate	2.84%	2.38%
Expected rate of salary / limit increase	5.00%	5.00%

(i) 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.

(j) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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 realise the asset and settle the liability simultaneously.

(k) 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.

(l) Revenue and Cost recognition

(i) Interest income from direct finance leases

The Company's finance 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Interest income and expense

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

(m) Income tax

Income tax expense comprises current and deferred tax. In case where gains/losses resulting from the subsequent measurement of the assets or liabilities are recognized in profit or loss, then the related current and/or deferred tax effects are also recognized in profit or loss. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Current taxes

Statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 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. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings. In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of the 25^{th} day of the fourth month following the close of the accounting period 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred taxes

Deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

The deferred tax assets and liabilities are reported as net in the accompanying consolidated financial statements if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of same taxable entity and relate to income taxes levied by the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Investment incentive

As per the provisional Article no. 69, effective from 1 January 2006, added to the Income Tax Law no. 193 by Law no. 5479 dated 8 April 2006 and published in Official Gazette no. 26133, tax payers could deduct investment incentives which were calculated according to the legislative provisions (including tax rate related provisions) in force on 31 December 2005, only from the taxable income for the years 2006, 2007, and 2008. The rights of tax payers, who could not deduct investment incentives fully or partially due to insufficient taxable income during those years, were lost as at 31 December 2008.

In accordance with the decision taken by the Turkish Constitutional Court on 15 October 2009, the "2006, 2007 and 2008" clause of the provisional Article no. 69 of the Income Tax Law mentioned above, is repealed and the time limitation for the use of the investment incentive is removed. The repeal related to the investment incentive was enacted and issued in the 8 January 2010 Official Gazette number 27456. Accordingly, the Group's subsidiary operating in finance leasing business will be able to deduct its remaining investment incentives from taxable income in the future without any time limitation.

As per "Law regarding amendments to the Income Tax Law and Some Other Certain Laws and Decree Laws" accepted on 23 July 2010 at the Grand National Assembly of Turkey, the expression of "can be deducted from the earnings again in the context of this legislation (including the legislation regarding the tax rate) valid at this date" has been amended as "can be deducted from the earnings again in the context of this legislation (including the legislation regarding the tax rate as explained in the second clause of the temporary article no 61 of the Law) valid at this date" and the following expression of "Investment incentive amount used in determination of the tax base shall not exceed 25% of the associated taxable income. Tax is computed on the remaining income per the enacted tax rate" has been added. This Law has been published in the Official Gazette on 1 August 2010.

The clause "The amount which to be deducted as investment incentive to estimate tax base cannot exceed 25% of related income" which has been added to first clause of the temporary 69th article of Law No: 193 with the 5th article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the 9 February 2012 dated decisions no: E.2010/93 and K.2012/20.

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment incentive

This new legislation enabled utilization of investment allowances, which are carried forward due to insufficient current year earnings. However, the amount of investment allowance to be utilized may not exceed 25% of earnings for the year. With this change, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate 20% instead of the previous rate of 30%. The Company has TL 103,061 (31 December 2013: TL 1,095,657) of deferred tax assets comprising of unused investment allowances which is amounting to TL 515,307 (31 December 2013: TL 5,478,283), which may be offset against future profits. Future profit projections and potential tax planning strategies have been taken into consideration during assessment of the recoverability of the deferred tax asset.

Transfer pricing

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.

NOTE 3 - DETERMINATION OF FAIR VALUES

As at 31 December 2014 and 2013, the carrying amounts and fair values of financial instruments are as follows:

	2014		2013	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Financial assets				
Minimum finance lease receivables	203,373,081	217,939,299	172,893,413	177,355,434
Financial liabilities				
Borrowings	175,184,964	175,184,964	129,646,883	129,646,883
Trade payables	3,114,172	3,114,172	8,224,197	8,224,197

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 4 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

For the years ended 31 December 2014 and 2013, marketing, general and administrative expenses comprised the following:

	2014	**2013**
Service from third parties	310,613	231,651
Office expenses	290,010	247,439
Rent expense	174,727	82,453
Insurance expenses	159,745	129,116
Taxes and duties	157,925	210,055
Other expenses	124,849	132,610
Total	**1,217,869**	**1,033,324**

NOTE 5 - SALARIES AND EMPLOYEE BENEFITS

For the years ended 31 December 2014 and 2013, salaries and employee benefits comprised the following:

	2014	**2013**
Wages and salaries	3,255,649	2,752,539
Social security premiums	294,709	238,426
Other fringe benefits	260,405	221,920
Change in employee termination and unused vacation provisions	136,476	220,106
Total	**3,947,239**	**3,432,992**

NOTE 6 - OTHER OPERATING INCOME

For the years ended 31 December 2014 and 2013, other operating income comprised the following:

	2014	**2013**
Reversal of provisions	219,861	-
Income from costs charged to customers	187,516	214,193
Gain on sale of leased tangible assets	127,628	-
Gain on sale of tangible assets of the company	-	72,394
Other income	6,521	-
Total	**541,526**	**286,587**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 7 - OTHER OPERATING EXPENSE

For the years ended 31 December 2014 and 2013, other operating expense comprised the following:

	2014	2013
Notary expenses	458,041	288,055
Other expenses related to lease contracts	425,582	386,233
Insurance expenses related to lease contracts	348,250	204,013
Fees and commission expense	85,501	49,301
Total	**1,317,374**	**907,282**

NOTE 8 - TAXATION

Income tax expense comprised the following for the years ended 31 December 2014 and 2013:

	2014	2013
Current tax income/(expense)	-	-
Deferred tax (expense)/income	(1,199,436)	(844,483)
Income tax expense	**(1,199,436)**	**(844,483)**

The breakdown of deductible and taxable temporary differences for which either deferred tax asset or deferred tax liability have been provided at 31 December 2014 and 2013 are as follows:

	2014	2013
Deferred tax liabilities		
Difference between carrying values and tax base of property and equipment	101,043	81,460
Leasing income accruals	529,469	280,126
	630,513	**361,586**
Deferred tax asset		
Unused investment incentive allowances	103,061	1,095,657
Bad debt allowance	166,558	210,530
Employment termination benefits	260,530	230,711
Other temporary differences	121,635	42,871
	651,784	**1,579,769**
Net deferred tax asset	**21,271**	**1,218,183**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 8 - TAXATION (Continued)

The reported tax expense for the years ended 31 December 2014 and 2013 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	2014	2013
Reported profit before income taxes	7,139,220	4,739,197
Taxes on reported profit per statutory tax rate	(1,427,844)	947,839
Non-deductible expenses	80,927	198,319
Effect of unused investment incentive	147,481	(1,146,518)
Other	-	(844,483)
Income tax expense	**(1,199,436)**	**(844,843)**

NOTE 9 - CASH AND CASH EQUIVALENTS

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

	2014	2013
Cash at banks - demand	1,389,852	1,333,071
Cash at banks - time	27,607,152	19,407,757
Cash on hand	338	942
Cash and cash equivalents at the statement of financial position	28,997,342	20,741,770
Less: Accrued interest income	63,580	18,490
Cash and cash equivalences at the statement of cash flows	**28,933,762**	**20,723,280**

At 31 December 2014, maturities of time deposits are less than two months (31 December 2013: less than three months). As of 31 December 2014, interest rates applied to these time deposits ranged between 6.00% and 10.90% for domestic currency time deposits and between 0.25% and 1.65% for foreign currency time deposits (31 December 2013: 0.44% - 9.40% for domestic currency time deposits and 2.65% and 3% for foreign currency time deposits).

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 10 - MINIMUM FINANCE LEASE RECEIVABLE

At 31 December 2014 and 2013, minimum finance lease receivable comprised of the following:

	2014	2013
Finance lease receivable	237,545,997	189,706,977
Invoiced lease receivables	4,529,063	3,547,388
Total lease receivables	**242,075,060**	**193,254,365**
Impaired finance lease receivables	2,264,511	1,791,354
Advances and investments related to financial leases	4,610,238	8,019,269
Gross finance lease receivables	**248,949,809**	**203,064,988**
Provision for impaired finance lease receivables	(832,787)	(1,052,649)
Unearned interest income	(30,177,723)	(24,656,905)
Minimum finance lease receivable, net	**217,939,299**	**177,355,434**

Minimum finance 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 finance lease receivable is as follows:

	2014	2013
2014	-	72,408,445
2015	84,686,221	45,382,922
2016	60,596,056	32,855,201
2017	42,278,178	17,664,312
2018	21,751,497	9,044,554
2019 and above	8,627,347	-
Total payments	**217,939,299**	**177,355,434**

The Company provides specific loss provision for its minimum finance lease receivables. Specific bad debt provision includes individually identified finance 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 finance lease receivables during the years ended 31 December 2014 and 2013 are as follows:

	2014	2013
Opening balance	1,052,649	768,670
Provision for the year	263,342	642,639
Collections	(483,204)	(358,660)
Ending balance	**832,787**	**1,052,649**

(Currency: Turkish Lira (“TL”) unless otherwise stated)

NOTE 10 - OTHER ASSETS

At 31 December 2014 and 2013, other assets comprised the following:

	2014	**2013**
VAT receivable	1,530,117	2,883,035
Prepaid expenses	813,441	285,639
Financial leasing insurance receivables	545,564	374,545
Personnel advances	109,967	109,690
Prepaid taxes	3,701	348,209
Other assets	233,505	184,470
Total	**3,236,295**	**4,185,588**

NOTE 12 - PROPERTY AND EQUIPMENT, NET

For the year ended 31 December 2014, the movement in property and equipment assets is as follows:

	Building	**Furniture and Equipment**	**Motor Vehicles**	**Total**
Cost:				
At 1 January 2014	4,137,026	305,720	80,049	4,522,794
Additions	7,245	24,723	-	31,968
Disposals	-	(6,718)	-	(6,718)
At 31 December 2014	**4,144,271**	**323,725**	**80,049**	**4,548,044**
Accumulated Depreciation				
At 1 January 2014	(172,364)	(155,545)	(50,956)	(378,865)
Depreciation for the year	(82,849)	(51,995)	(10,218)	(145,063)
Disposals	-	6,183	-	6,183
At 31 December 2014	**(255,213)**	**(201,357)**	**(61,174)**	**(517,745)**
Net carrying value:				
At 31 December 2014	**3,889,057**	**122,368**	**18,875**	**4,030,299**

For the year ended 31 December 2013, the movement in property and equipment is as follows:

	Building	**Furniture and Equipment**	**Motor Vehicles**	**Total**
Cost:				
At 1 January 2013	4,137,026	277,245	180,261	4,594,532
Additions	-	29,173	-	28,048
Disposals	-	(697)	(100,212)	(100,878)
At 31 December 2013	**4,137,026**	**305,720**	**80,049**	**4,522,794**
Accumulated Depreciation				
At 1 January 2013	(89,623)	(108,429)	(131,273)	(328,199)
Depreciation for the year	(82,741)	(47,814)	(16,010)	(146,565)
Disposals	-	697	96,326	96,993
At 31 December 2013	**(172,364)**	**(155,545)**	**(50,956)**	**(378,865)**
Net carrying value:				
At 31 December 2013	**3,964,661**	**150,175**	**29,093**	**4,143,929**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 13 - INTANGIBLE ASSETS, NET

For the year ended 31 December 2014, the movement of intangible assets is as follows:

	Software
Cost:	
At 1 January 2014	356,649
Additions	20,956
Disposals	-
At 31 December 2014	377,606
Accumulated Amortization	
At 1 January 2014	(116,153)
Amortization for the year	(59,745)
Disposals	-
At 31 December 2014	(175,898)
Net carrying value:	
At 31 December 2014	201,708

For the year ended 31 December 2013, the movement of intangible assets is as follows:

	Software
Cost:	
At 1 January 2013	87,409
Additions	269,240
Disposals	-
At 31 December 2013	**356,649**
Accumulated Amortization	
At 1 January 2013	(66,768)
Amortization for the year	(49,385)
Disposals	-
At 31 December 2013	**(116,153)**
Net carrying value:	
At 31 December 2013	**240,496**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 14 - BORROWINGS

At 31 December 2014, bank borrowings comprised the following:

	Interest rates range	Balance in original	Balance in TL
Fixed rate borrowings:			
USD	2.60 - 4.50	11,502,528	26,673,211
EUR	3.25 – 5.00	15,890,010	44,820,951
Floating rate borrowings:			
USD	1.73 – 3.26	7,799,373	18,085,966
EUR	1.58 – 2.56	30,348,791	85,604,836
Total Borrowings			**175,184,964**

At 31 December 2013, bank borrowings comprised the following:

	Interest rates range	Balance in original	Balance in TL
Fixed rate borrowings:			
USD	3.25	5,042,431	10,762,060
EUR	2.90 - 4.75	17,124,558	50,286,265
TL	8.75	3,214,097	3,214,097
Floating rate borrowings:			
USD	1.74 - 3.25	9,422,097	20,109,581
EUR	1.71 - 4.75	15,417,974	45,274,880
Total Borrowings			**129,646,883**

As of 31 December 2014, no guarantees were given to lending institutions as collateral against loans obtained (31 December 2013: no guarantees were given to lending institutions as collateral against loans obtained).

NOTE 15 - TRADE PAYABLES

At 31 December 2014 and 2013, trade payables comprised of the following:

	2014	2013
Payables to suppliers	1,453,166	6,332,145
Advances received	1,560,574	1,789,271
Other payables	100,432	102,781
Total	**3,114,172**	**8,224,197**

NOTE 16 - OTHER LIABILITIES

At 31 December 2014 other liabilities comprised of TL 267,694 (31 December 2013: TL 233,722) taxes and funds payable other than income.

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 17 - EMPLOYEE BENEFITS

Provision for Termination Indemnities:

Under Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provision. The amount payable consists of one month's salary limited to a maximum of TL 3,438.22 as of 31 December 2014 (31 December 2013: TL 3,254.44) for each year of service.

The liability has no legal funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of its employees.

International Accounting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year service, set as of 1 January 2006, will be increased in line with inflation. Accordingly, the discount rate used represents a level apart from inflation. As the maximum liability is revised semi-annually the maximum amount of TL 3,438.22 as of 1 July 2014 (1 January 2014: TL 3,254.44) has been taken into consideration in calculating the provision for employment termination benefits of the Company at 31 December 2014 and 2013, employee benefits comprised of the following:

Movement of the provision for employment termination benefits is as follows:

	2014	**2013**
Vacation pay liability	598,322	491,669
Reserve for employee severance indemnity	459,921	393,925
Reserve for employee severance indemnity for expatriates	244,409	267,961
Total	**1,302,652**	**1,153,555**

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

	2014	**2013**
Opening balance	393,925	318,192
Service cost	43,782	19,505
Interest cost	34,833	29,544
Paid during the year	-	-
Actuarial gains	(12,619)	26,684
Ending balance	**459,921**	**393,925**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 18 - SHAREHOLDERS' EQUITY

Share capital

At 31 December 2014, the Company's statutory nominal value of authorized and paid-in share capital is TL 34,500,000 comprising of 34.500.000 registered shares having par value of 1 TL 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 2014 and 2013 are as follows:

	2014		2013	
	Shares (%)	**Nominal amount**	**Shares (%)**	**Nominal amount**
Arap Türk Bankası A.Ş.	99.98	64,987,000	99.98	60,667,864
Salih Hatipoğlu	0.005	3,250	0.005	3,034
Erdem Özenci	0.005	3,250	-	-
Feyzullah Küpeli	0.005	3,250	0.005	3,034
Aziz Aydoğduoğlu	0.005	3,250	0.005	3,034
Mehmet Muzaffer Haşim	-	-	0.005	3,034
Total paid-in share capital	**100**	**65,000,000**	**100**	**60,680,000**

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 2014, the Company's statutory legal reserves amounted to TL 2,003,066 (31 December 2013: TL 1,808,330).

NOTE 19 - FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks during the course of its operations:

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework.

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 finance lease contract. In new lease transactions the credibility 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 collaterals other than the assets subject to finance lease contracts obtained for the finance lease receivables as of 31 December 2014 and 2013 are as follows:

	2014	**2013**
Promissory notes	442,729,163	386,304,191
Pledges	112,288,300	94,795,243
Pledges on vehicles	2,541,156	1,589,526
Guaranty cheques	582,177	473,182
Pledges on deposits	19,568	-
Letters of guarantees received	-	20,000
Total	**558,160,364**	**483,182,142**

As at 31 December 2014 and 2013, sectoral distribution for the performing finance lease receivables is as follows:

	2014	**%**	**2013**	**%**
Production	116,730,007	47	85,971,049	44
Agriculture	42,300,060	17	40,481,894	21
Construction	36,606,822	15	32,351,818	17
Real Estate	18,446,682	8	14,978,520	8
Health and Social Services	6,288,913	3	7,631,819	4
Transportation	6,213,077	3	2,203,259	1
Mining	5,019,234	2	-	-
Textile	1,213,437	1	76,068	-
Education	748,039	-	312,888	-
Food and beverage	522	-	48,768	-
Energy	-	-	14,857	-
Other	8,508,267	4	9,174,858	5
Total	**242,075,060**	**100**	**193,245,798**	**100**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 19 - 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 TL, the financial statements are affected by movements in the exchange rates against TL.

As at 31 December 2014, the Company's foreign currency assets and liabilities may be analyzed as follows (TL equivalents):

	USD	EUR	Total
Assets			
Cash and cash equivalents	675,742	13,044,797	13,720,539
Finance lease receivable	45,248,706	117,813,922	163,062,628
Other assets	179,898	1,001,745	1,181,643
Total assets	**46,104,346**	**131,860,464**	**177,964,810**
Liabilities			
Bank borrowings	44,759,177	130,425,787	175,184,964
Trade payables	820,952	1,797,517	2,618,469
Provisions	244,409	-	244,409
Total liabilities	**45,824,538**	**132,223,304**	**178,047,842**
Net balance sheet position	**279,808**	**(362,840)**	**(83,032)**

As at 31 December 2013, the Company's foreign currency assets and liabilities may be analyzed as follows (TL equivalents):

	USD	EUR	Total
Assets			
Cash and cash equivalents	342,154	5,090,270	5,432,424
Finance lease receivable	31,375,667	98,300,678	129,676,345
Other assets	106,652	397,022	503,674
Total assets	**31,824,473**	**103,787,970**	**135,612,443**
Liabilities			
Bank borrowings	30,871,640	95,561,146	126,432,786
Trade payables	374,374	7,048,352	7,422,726
Provisions	267,961	-	267,961
Total liabilities	**31,513,975**	**102,609,498**	**134,123,473**
Net balance sheet position	**310,498**	**1,178,473**	**1,488,970**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

Currency risk sensitivity analysis

A 1 percent devaluation of the TL against the following currencies as at 31 December 2014 and 2013 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.

	2014 Profit or loss	**2013 Profit or loss**
USD	27,980	31,050
EUR	(36,284)	117,847
Total	**(8,304)**	**148,897**

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 reprise 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 reprising 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 2014, the interest rate maturity analysis of the monetary items is as follows:

	Up to 3 months	**3 months to 1 year**	**1 to 5 years**	**5 years and above**	**Non-Interest Bearing**	**Total**
Assets:						
Cash and cash equivalents	27,607,153	-	-	-	1,390,189	28,997,342
Finance lease receivables	30,382,895	53,678,339	129,004,479	266,641	4,606,945	217,939,299
Other assets	3,119,028	-	-	-	117,267	3,236,295
Total Assets	**61,109,076**	**53,678,339**	**129,004,479**	**266,641**	**6,114,401**	**250,172,936**
Liabilities:						
Bank borrowings	163,584,602	-	11,600,362	-	-	175,184,964
Trade payables	-	-	-	-	3,114,172	3,114,172
Other liabilities	267,694	-	-	-	-	267,694
Total Liabilities	**163,852,296**	**-**	**11,600,362**	**-**	**3,114,172**	**178,566,830**
Net interest position	**(102,743,220)**	**53,678,339**	**117,404,117**	**266,641**	**3,000,229**	**71,606,106**

As of 31 December 2013, the interest rate maturity analysis of the monetary items is as follows:

	Up to 3 months	**3 months to 1 year**	**1 to 5 years**	**5 years and above**	**Non-Interest Bearing**	**Total**
Assets:						
Cash and cash equivalents	19,407,757	-	-	-	1,334,013	20,741,770
Finance lease receivables	20,307,659	43,728,394	104,330,968	966,981	8,021,432	177,355,434
Other assets	4,073,776	-	-	-	111,812	4,185,588
Total Assets	**43,789,192**	**43,728,394**	**104,330,968**	**966,981**	**9,467,257**	**202,282,792**
Liabilities:						
Bank borrowings	77,619,486	46,144,323	5,883,074	-	-	129,646,883
Trade payables	-	-	-	-	8,224,197	8,224,197
Other liabilities	233,722	-	-	-	-	233,722
Total Liabilities	**77,853,208**	**46,144,323**	**5,883,074**	**-**	**8,224,197**	**138,104,802**
Net interest position	**(34,064,016)**	**(2,415,929)**	**98,447,894**	**966,981**	**1,243,060**	**64,177,990**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

The table below shows the effects of changes in interest rates on the financial statements of the Company. The sensitivity of the profit or loss 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 2014. The other variables, especially exchanges rates, are assumed to be fixed in this analysis. The same method is applied for 31 December 2013.

	2014		**2013**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Floating rate finance lease receivables	-	-	-	-
Floating rate financial liabilities	650,149	(650,149)	1,745,350	(1,745,350)
Total, net	**650,149**	**(650,149)**	**1,745,350**	**(1,745,350)**

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.

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

Presentation of contractual liabilities based on their outstanding maturities:

31 December 2014	**Book Value**	**Gross Nominal Outflow**	**Up to 1 Month**	**1-3 Months**	**3-12 Months**	**1-5 Years**
Borrowings	175,184,964	175,184,964	-	10,837,283	22,466,655	141,881,026
Trade payables	3,114,172	3,114,172	3,114,172	-	-	-
Total	**178,299,136**	**178,299,136**	**3,114,172**	**10,837,283**	**22,466,655**	**141,881,026**

31 December 2013	**Book Value**	**Gross Nominal Outflow**	**Up to 1 Month**	**1-3 Months**	**3-12 Months**	**1-5 Years**
Borrowings	129,646,883	129,646,883	-	38,819,125	50,433,673	40,394,085
Trade payables	8,224,197	8,224,197	8,224,197	-	-	-
Total	**137,871,080**	**137,871,080**	**8,224,197**	**38,819,125**	**50,433,673**	**40,394,085**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 20 - COMMITMENTS AND CONTINGENCIES

Legal proceedings:

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

Letters of credit:

At 31 December 2014 and 2013, contingent liabilities arising from letters of credit comprised of the following:

	2014	**2013**
EURO	7,435,027	-
USD	2,056,335	9,843,249

Letters of guarantee:

At 31 December 2014, letters of guarantee amounting to TL 101,400 (31 December 2013: TL 21,400) were given mainly to customs authorities and insurance companies.

NOTE 21 - RELATED PARTIES

For the purpose of this report, the shareholders of the Company, Arap Türk Bankası A.Ş, the ultimate shareholder of the Company and the shareholders of Arap Türk Bankası A.Ş, Libyan Arab Foreign Bank, Türkiye İş Bankası A.Ş, and T.C Ziraat Bankası A.Ş are referred to as related parties. 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 2014 and 2013, bank deposits at related parties were as follows:

	2014	**2013**
T. İş Bankası AŞ	3,052,551	2,574,459
Arap Türk Bankası AŞ	95,626	126,270
TC Ziraat Bankası AŞ	49,410	29,594
Total	**3,197,587**	**2,730,323**

At 31 December 2014 and 2013, related party balances other than bank deposits are as follows:

	2014	**2013**
Borrowings	137,138,065	114,473,847
Finance lease receivable	5,547,291	6,464,728
Total	**142,685,356**	**120,938,575**

(Currency: Turkish Lira ("TL") unless otherwise stated)

NOTE 21 - RELATED PARTIES (Continued)

As of 31 December 2014 maturity of the loans obtained from related banks vary between 27 May 2014 and 10 March 2019. (31 December 2013: 8 January 2013 and 31 December 2015). The interest rates of the loans vary between 2.10% to 5.00% (31 December 2011: between 1.47% to 5.50%).

For the year ended 31 December 2014 and 2013, related party transactions were as follows:

	2014	**2013**
Income		
Interest income on time deposits	108,203	577,559
Finance lease interest income	425,656	84,237
Expense		
Interest expense on borrowings	3,695,808	2,472,124
Off-balance sheet		
Letter of guarantee	101,400	-

For the year ended 31 December 2014, the Company paid to executive members and key management personnel amounting to TL 1,255,111 (31 December 2013: TL 1,044,792) as fringe benefit.

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