

A & T

FINANSAL KİRALAMA A.S.



ANNUAL REPORT

2005

Contents

Company Profile

Board of Directors & Management

Chairman's Statement

Financial Highlights

Marketing

Company Profile

Basic Characteristics

Date of Establishment	: July 1997
Legal Form	: Joint Stock Company
Registration Office	: Istanbul Trade Register Office-No: 372702/320284
Shareholder Structure	: wholly owned subsidiary of Arab Turkish Bank

The paid-up capital of the company was increased from YTL 11.000.000 to YTL 14.500.000 (approximately US\$10,7 million) in April 2005. Since the establishment of the Company, the capital increase amounted YTL 6.650.000 has paid in cash by Arab Turkish Bank, main shareholder of the company. As of 31 December 2005, the company holds a shareholder equity amounted YTL 21.437.677 (approximately US\$ 16 million).

The company, a member of Turkish Leasing Association leases capital assets to businesses and provides business loans to fund the purchase of assets leased by third parties. The company, registered to Istanbul Trade Register Office is capable of purchasing, selling, importing and acquisition of movable or immovable property, vehicle, machine & equipment, utilizing of commercial values in all sort of financial leasing proceedings both inland and abroad within the provisions of Turkish Laws and Legislations.

Mission Statement

❖ **Integrity**

We believe that a sound leasing relationship is built on integrity and trust. Trust is achieved by conducting client's personal and business transactions efficiently and in the strictest confidence.

❖ **Service**

A&T Finansal Kiralama A.S. is committed to playing an active leading role in providing service and assistance to those individuals committed to invest their skills and resources in the economic development of our Country.

We will constantly strive to recognize and satisfy evolving customer needs and develop services tailored specifically to meet their requirements. A&T Finansal Kiralama A.S. is dedicated to the continual upgrading of services to customers in order to reach of highest level of excellence.

We recognize that the degree of our accomplishment depends, in large measure, on the quality and dedication of our staff, which constitute the company's most valuable asset. We shall, in addition encourage teamwork and interpersonal respect based on the integrity of our staff.

❖ **Growth**

Wherever our company is represented, we will strive to be a leading participant in the economic development of our country. The extent of our success in attaining the objectives already set for our company should be reflected positively in the measure of our growth.

Board of Directors & Management

Board of Directors

Chairman

Mr. Ömer Çelebi

Member of Board of ATB and T.İş Bankası Personal Loans Department Manager

Deputy Chairman

Mr. Najib Hmida EL-JAMAL

General Manager of Libyan Arab Foreign Bank

Members

Mr. Abdullatif EL-KIB

Chairman of National Investment Co.

Mr. Mehmet Oğuz TEOMAN

Asst. General Manager of Arab Turkish Bank

Mr. İhsan BİLİCİ

General Manager of A&T Finansal Kiralama A.S.

Management

Mr. İhsan BİLİCİ

General Manager

Mr. Serajiddin ABD.KHALIL

Asst. General Manager

Mr. Ali Rıza BAL

Marketing Manager

Mrs. Münevver UTKU

Marketing Manager

Mr. Aziz AYDOĞDUOĞLU

Accounting Manager

Miss. Semiha BİRATES

Operation Manager

Mr. Mustafa EFENDİOĞLU

Credit&Investigation Manager

Miss. Figen BEŞİKÇİ

Treasury Manager

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report that 2005 was another very successful year for A&T Finansal Kiralama A.S. The Company's advanced results achieved in 2005, again confirm the stability and financial strength of A&T Finansal Kiralama A.S. and its solid position in Turkish leasing market.

With the new contracts signed in 2005, total outstanding lease receivable of the Company has risen to YTL 53,6 million representing an increase of % 37 compared to the previous year. Total assets of the Company, expanding by %15 comparing to the previous year, has reached to YTL 69,8 million from YTL 60,9 million. By achieving a profit before tax of YTL 4,1 million in 2005, the Company was successfully managed to hold its advance level of profitability despite the falling interest rates and the intensified competition in the leasing market.

As we look at Turkish leasing sector, the development of the sector in the last three years has been remarkable due to the strong performance of Turkish economy achieved in recent years. In 2005, the leasing sector has expanded by %46 compared to the previous year. The value of assets leased reached to US\$ 4,3 million from US\$ 2,9 million in 2004.

The sector is expected to grow with an increasing trend accompanied with the expanded investment expenditures aided by the strong disinflation performance under the economic program supported by International Monetary Fund. The annual inflation rate, realized as %7,7 in 2005 has fallen to its lowest levels in 27 years.

The starting accession progress of Turkey to European Union as a full membership, successful privatization of key state economic enterprises and favorable global credit condition have contributed to the positive atmosphere established in financial markets.

In 2006, inflation rate is expected to realize within the economic program target of %5 through the successful implementation of monetary policy by CBT. The economic growth, well supported by investment and construction activity this year, is expected to grow by %5 in 2006.

The continuation of structural economic and fiscal reforms as well as the progress achieved in privatization program and the borrowing capability of Turkish Treasury at longer maturities will be vital for achieving the next year's objectives of economic program.

The Company's very good economic results achieved in 2005 are the consequence of a thoughtful business strategy and the professional skill of our personnel together with good reputation among customers and creditor institutions. By pursuing its well-established business strategies, A&T Finansal Kiralama A.S. will continue further strengthening of its current business and financial performance in Turkish's promising market of the future.

In conclusion, I wish to congratulate management and staff for delivering another set of excellent results. I also thank my Board colleagues for their invaluable support and assistance in the year gone by. Appreciation must also be extended to our shareholders, customers and creditor institutions, both in Turkey and abroad, for their continued support, co-operation and high levels of confidence.

Ömer CELEBİ
Chairman

FINANCIAL HIGHLIGHTS AND KEY INDICATORS

At the years end	2005	2004	2003
Due from Bank's & Marketable Sec.	20.150.784	23.965.163	13.756.994
Net Leasing Investment	46.578.608	34.934.538	31.958.288
Total Assets	69.756.606	60.860.505	47.109.090
S-T Loans	25.054.192	23.133.905	21.638.225
M-T Loans	20.663.799	19.514.433	12.717.853
Total Loans	45.717.991	42.648.338	34.356.078
Total Liabilities	48.318.928	43.482.647	36.159.686
Paid-up Capital	14.500.000	11.000.000	6.000.000
Shareholders' Equity	21.437.678	17.377.858	10.949.404

For the year	2005	2004	2003
Leasing Revenue	5.672.833	5.286.355	3.360.261
Interest from Banks & Marketable Sec.	2.731.712	3.185.128	2.726.206
Total Income	8.404.545	8.471.483	6.086.467
Interest Expense & Comm.	1.927.028	1.553.996	1.230.309
Total Expense	4.344.725	4.043.029	3.358.320
Net Income Before Tax	4.059.820	4.428.454	2.728.147
Net Income After Tax	4.059.820	4.428.454	2.075.640

Key Indicators

Financial Ratios	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Growth	15%	29%	37%
Return on Assets	6%	7%	4%
Return on Equity	19%	25%	19%
Leasing Interest/Total Income	67%	62%	55%
Interest from Banks & Marketable Securities/ Banks & Marketable Sec.	14%	13%	20%
Interest from Banks & Marketable Securities/ Total Income	33%	38%	45%
Interest Expense & Commissions /Total Income	23%	18%	20%

Activities in 2005

Marketing

A&T Finansal Kiralama A.S. aiming to serve small and medium sized enterprises, has continuously expanded its market share as a consequence of its well-established business strategies and its capability to acquire better-quality funding from international financial markets. With the new contracts signed in 2005, total leasing business volume of the company has risen to US\$ 39,9 million by representing an increase of %37 in US\$ basis compared to the previous year. Despite the intensified competition in the market place, A&T Finansal Kiralama A.S. managed to swiftly increase its market penetration. By concentrating on leasing transactions tailored to the specific requirements of its clients accompanied with the fast, accurate and effective evaluation of investment projects by the support of its experienced staff and sector expertise, A&T Finansal Kiralama A.S. has preserved its solid position in the market place.

By closely following the economic, sector developments and changes in regulations and policies governing leasing companies, the Company manages its lease portfolio emphasizing on risk diversification both on level of customer and leased equipment.

The company enjoys a portfolio composed of a variety of equipment of relatively high value in the second-hand market. The relatively high value of the asset portfolio in the second-hand market reduced the company's risk exposure substantially while enhancing its overall collections and profitability.

Our good reputation among clients and creditor institutions, the professional skill of our personnel plus the focused nature of our business plans will provide the means to make significant gains in the coming years.

Funding

Since the establishment, A&T Leasing Company has provided advanced funding opportunities from a well number of respected banks and financial institutions in order to finance its leasing transactions. Despite the volatility in the markets experienced in the past years, the Company has repaid its credits on due dates, new lines were secured promptly.

The Company's strategy is to obtain a high level of liquidity at all times and to avoid currency, maturity, and interest rate, the Company manages its position in a risk-averse manner.

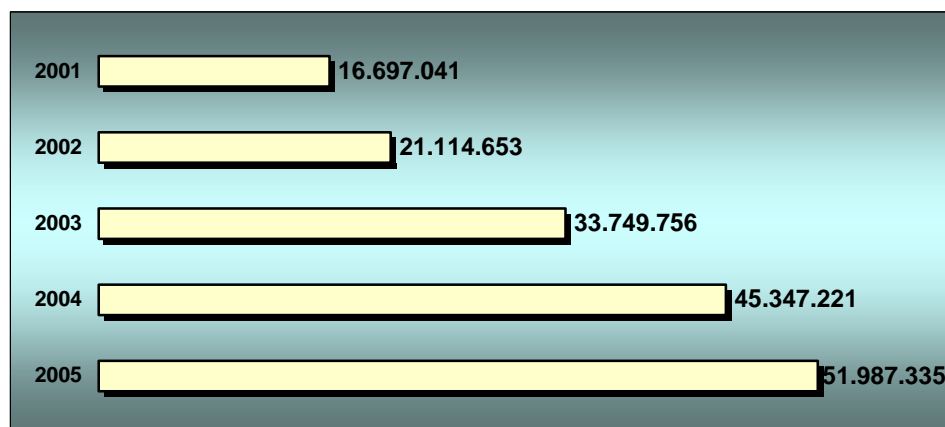
Human Resources

In financial services, the quality of a company's human resources is a matter of utmost importance. Recognizing this truth, A&T Finansal Kiralama A.S. gives the greatest attention not only to recruiting people with solid backgrounds in their specialties but also to keeping its staff's skills and knowledge honed sharp with continues training and development programs, these efforts will continue in the years ahead. The company employs staff of 19 persons.

Assets & Liabilities

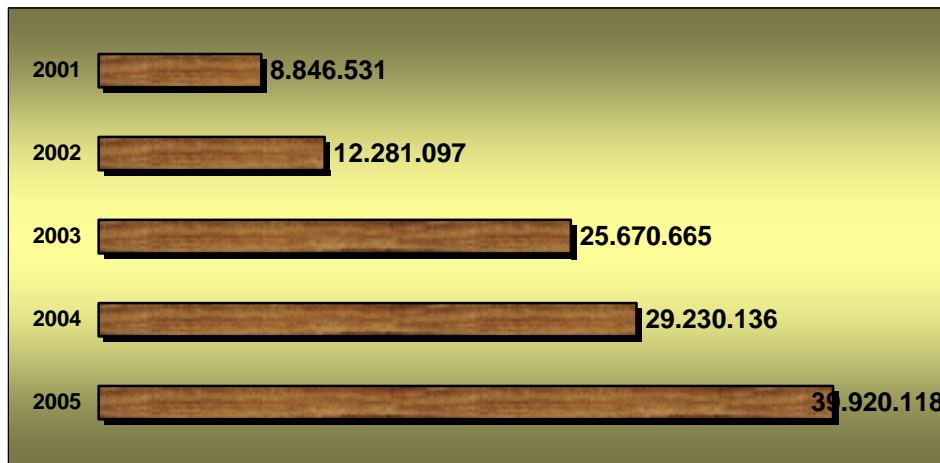
Total Assets in US\$

Total assets of the company demonstrated an increase of %15 in US\$ basis for the year 2005, has risen to US\$ 52 million from US\$ 45,3 million in the previous year. Main contributor to this growth was the registered increase in the outstanding lease receivable item by %37 compared to the previous year. As of 31 December 2005, this essential item that is the backbone of the revenues sources in the Company covered %77 of total assets. Cash and due from banks amounted US\$ 15 million as of 31 December 2005 has accounted for %29 of total assets which was %39 in the previous year. The Company holds advance level of cash and cash equivalents regarding its policy of high liquidity.



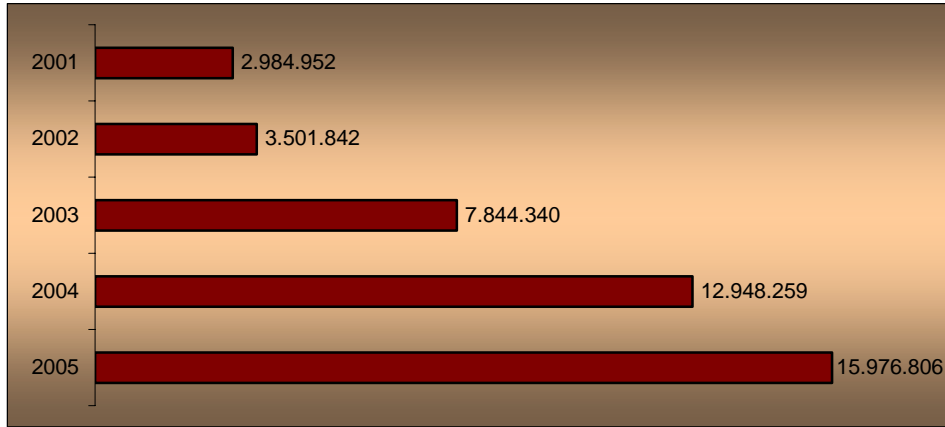
Outstanding Lease Receivable in US\$

Outstanding lease receivable of A&T Finansal Kiralama A.S. amounted US\$ 39,9 million in 2005 has registered an increase of %37 compared to the previous year due to the Company's expanded business volume. The Company has minimum overdue lease receivables in its books as a result of its well-established risk management strategies. Despite the intensified competition in the market, A&T Finansal Kiralama A.S. has continuously preserved its policy of obtaining a portfolio composed of qualified assets.



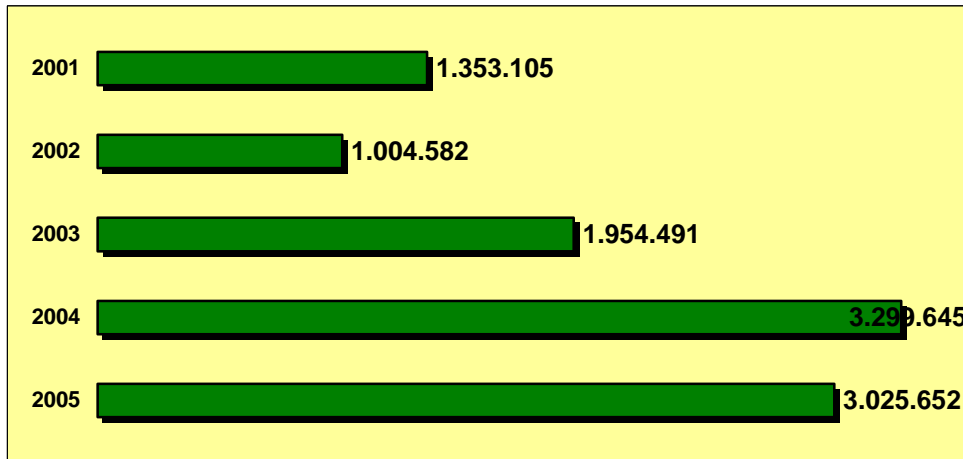
Shareholders Equity in US\$

The paid-up capital of the company was increased from YTL 11.000.000 to YTL 14.500.000 (approximately US\$ 10,7 million) in April 2005. Since the establishment of the company, the capital increase amounted YTL 6.650.000 has paid in cash by Arab Turkish Bank, main shareholder of the company. The company holds shareholder equity amounted US\$ 16 million as of 31 December 2005 including reserves and previous years gain amounted US\$ 1 million and US\$ 1,1 million respectively. It has always been the company's policy to maintain a good balance sheet structure and a strong capital base. At the end of 2005, the ratio of shareholders equity to total assets reached to %30 that was %28 in the previous year.



Net Income before Tax

Net Income before tax of the company which expanded by %70 to US\$ 3 million in 2004 compared to a year earlier have reached US\$ 3,02 million for the end of 2005. Notwithstanding the falling interest rates as a result of relative stability achieved in the Turkish economy and the intensified competition in the market, the profitability of the company is successfully managed to hold its advanced levels.



A&T Finansal Kiralama A.S. has successfully passed through significant tests in the past few years when Turkey experienced severe economic crisis.

Despite the lowering interest rates on leases, the company successfully managed to increase its lease revenue from US\$ 3.338.868 to US\$ 4.227.778 in the end of 2005 due to the expanded lease portfolio. This increase was offset by the decrease in interest on bank deposits and marketable securities resulting from lower cash and cash equivalent balances and reduction in interest rate levels in the market.

