İŞ FİNANSAL KİRALAMA A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH THE
COMMUNIQUE NO: XI/25 PUBLISHED BY
CAPITAL MARKET BOARD
FOR THE PERIOD ENDED 31 DECEMBER 2006

(Translated into English from
the Original Turkish Report)

CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TO THE BOARD OF DIRECTORS OF İŞ FİNANSAL KİRALAMA A.Ş.

AUDIT REPORT FOR THE PERIOD 1 JANUARY 2006 - 31 DECEMBER 2006

1. We have audited the accompanying financial statements of İş Finansal Kiralama A.Ş. (the "Company") and its subsidiary (together the "Group"), which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Capital Market Board 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Capital Market Board standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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.

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

Opinion

6. In our opinion, the financial statements give a true and fair view of the financial position of İş Finansal Kiralama A.Ş. (the “Company”) and its subsidiary (together the “Group”) as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with Capital Market Board standards.

İstanbul, 16 February 2007

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Sibel Türker

Partner

CONTENT PAGE NUMBER

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

ASSETS	Note	31 December 2006 Audited	31 December 2005 Audited
Current Assets		543.046	413.882
Liquid assets	4	118.589	71.329
Marketable securities (net)	5	750	13
Trade receivables (net)	7	-	-
Finance lease receivables (net)	8	359.560	292.138
Due from related parties (net) (*)	9	-	-
Other receivables (net)	10	25.982	16.098
Biological assets (net)	11	-	-
Inventories (net)	12	-	-
Receivables from ongoing construction contracts (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	38.165	34.304
Long-term Assets		370.720	319.508
Trade receivables (net)		-	-
Finance lease receivables (net)	8	362.241	311.140
Due from related parties (net)	9	-	-
Other receivables (net)	10	-	-
Financial assets (net)	16	7.106	7.068
Positive / (negative) goodwill (net)	17	166	166
Investment properties (net)	18	-	-
Tangible assets (net)	19	1.176	1.108
Intangible assets (net)	20	12	3
Deferred tax assets	14	19	23
Other long-term assets	15	-	-
TOTAL ASSETS		913.766	733.390

(*) Receivables due from related parties in Note 9 are included in finance lease receivables.

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

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

LIABILITIES	Note	31 December 2006 Audited	31 December 2005 Audited
Short-term Liabilities		398.615	325.233
Short-term borrowings	6	325.514	229.486
Short-term portions of long-term borrowings	6	30.898	70.163
Finance lease payables (net)	8	91	39
Other financial liabilities	10	-	-
Trade payables (net)	7	16.220	13.426
Due to related parties (net) (*)	9	-	-
Advances received	21	11.952	11.488
Ongoing construction progress payments	13	-	-
Provisions	23	129	160
Deferred tax liabilities (net)	14	-	-
Other short-term liabilities	15	13.811	471
Long-term Liabilities		356.183	273.652
Long-term borrowings (net)	6	355.722	273.273
Finance lease payables (net)	8	-	-
Other financial liabilities (net)	10	-	-
Trade payables (net)	7	-	-
Due to related parties (net) (*)	9	-	-
Advances received	21	-	-
Provisions	23	461	379
Deferred tax liabilities (net)	14	-	-
Other long-term liabilities	15	-	-
MINORITY SHARES	24	1.603	4.726
SHAREHOLDER'S EQUITY		157.365	129.779
Capital	26	100.000	50.000
Capital reserves	26	12.627	31.365
- Premium in excess of par		-	-
- Gain on cancellation of equity shares		-	-
- Revaluation fund		-	-
- Financial assets fair value reserve	26	46	(1)
- Shareholders' equity inflation restatement differences	26	12.581	31.366
Profit reserves	27	15.699	7.722
- Legal reserves	27	3.186	2.381
- Statutory reserves		-	-
- Extraordinary reserves	27	12.513	5.434
- Special reserves		-	-
- Gain on sale of properties and equity participations which will be transferred to capital		-	-
- Currency translation reserve	27	-	(93)
Net profit / (loss) for the year	42	27.446	40.022
Retained earnings /(losses)	28	1.593	670
TOTAL LIABILITIES and SHAREHOLDER'S EQUITY		913.766	733.390

(*) Payables due to related parties in Note 9 are included in trade payables and advances received.

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

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

INCOME STATEMENT	Note	1 January 2006 – 31 December 2006 Audited	1 January 2005 - 31 December 2005 Audited
OPERATING INCOME			
Sales (net)	36	148.740	38.457
Cost of sales (-)		-	-
Service income (net)		-	-
Other operating income / interest+dividend+rent (net)		-	-
GROSS PROFIT / (LOSS)		148.740	38.457
Operating expenses (-)	37	(10.718)	(9.504)
NET OPERATING PROFIT / (LOSS)		138.022	28.953
Other income and profit	38	2.105	2.319
Other expenses and losses (-)	38	(18.217)	(3.605)
Finance income/(expense) (net)	39	(97.123)	12.799
OPERATING PROFIT / (LOSS)		24.787	40.466
Net monetary gain / (loss)		-	-
MINORITY INTEREST (INCOME) / (EXPENSE)	24	3.135	(331)
PROFIT/ (LOSS) BEFORE TAXATION		27.922	40.135
Taxation	41	(476)	(113)
NET PROFIT FOR THE YEAR	42	27.446	40.022
EARNINGS PER SHARE (NTL)	42	0,0041	0,0060

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

	Capital	Increase/ (decrease) in fair value reserve of Financial assets	Legal reserves	Extraordinary reserves	Translation reserves	Shareholders equity inflation restatement differences	Accumulated profit / (loss)	Net profit / (loss)	Total
As of 1 January 2005	25.000	-	840	5.434	(93)	52.335	(17.112)	23.354	89.758
Reserves	-	-	1.541	-	-	-	21.813	(23.354)	-
Capital increase	25.000	-	-	-	-	(20.969)	(4.031)	-	-
Increase / (decrease) in fair value reserve of financial assets	-	(1)	-	-	-	-	-	-	(1)
Translation reserve	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	40.022	40.022
Balance as of 31 December 2005	50.000	(1)	2.381	5.434	(93)	31.366	670	40.022	129.779
Transfers	-	-	805	23.344	-	-	15.873	(40.022)	-
Capital increase	50.000	-	-	(16.265)	-	(18.785)	(14.950)	-	-
Translation reserve	-	-	-	-	93	-	-	-	93
Increase / (decrease) in fair value reserve of financial assets	-	47	-	-	-	-	-	-	47
Net profit	-	-	-	-	-	-		27.446	27.446
Balance as of 31 December 2006	100.000	46	3.186	12.513	-	12.581	1.593	27.446	157.365

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

İŞ FİNANSAL KİRALAMA A.Ş. AND SUBSIDIARIES

CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2006 AND 31 DECEMBER 2005
(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

	Note	1 January 2006- 31 December 2006	1 January 2005- 31 December 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		27.446	40.022
Adjustments to reconcile net profit to net cash used in operating activities:			
Depreciation of tangible assets	19	514	932
Amortization of intangible assets	20	2	10
Retirement pay provision	23	102	106
Allowances for doubtful receivables	38	1.442	3.571
Forward /swap expense accrual	15	2.452	-
Interest income	39	(6.423)	(4.625)
Interest expense		40.204	23.397
Dividend income		(5)	-
Minority interest	24	(3.135)	331
Accrual of finance lease receivables		(2.523)	(2.560)
Accrual of factoring receivables		(86)	721
Provision for unused vacation	15	59	-
Provision for legal cases	38	16.259	-
Provision for corporate tax	23	472	160
Unrealized foreign exchange (gain) / losses		77.171	(32.629)
Allowance for subsidiaries		22	-
Deferred tax charge	41	4	(47)
Translation reserves		93	-
Operating cash flows before movements in working capital		154.070	29.389
Change in assets and liabilities:			
Change in finance lease receivables		(117.442)	(166.623)
Change in factoring receivables		(9.798)	(3.699)
Change in other receivables and current assets		(8.836)	(19.279)
Change in trade payables		2.794	4.692
Change in advances received		464	4.878
Change in other payables and liabilities		1.228	(468)
Cash provided by / (used in) operating activities		22.480	(151.110)
Income tax paid		(454)	-
Retirement pay provision paid	23	(20)	(52)
Interest paid		(37.684)	(21.643)
Net cash used in operating activities		(15.678)	(172.805)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets	19	(616)	(362)
Purchase of intangible assets	20	(11)	-
Sale of tangible assets (net)	19	34	2
Marketable securities sales/(purchases) (net)		(737)	5.196
Dividend received		5	-
Financial asset sale		-	362
Interest income received		5.924	4.608
Net cash provided by investing activities		4.599	9.806
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		1.121.574	397.810
Repayment of loans		(1.100.764)	(230.657)
Net cash provided by financing activities		20.810	167.153
NET CHANGE IN CASH AND CASH EQUIVALENTS		9.731	4.154
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	71.329	67.158
Interest accrual on cash and cash equivalents		499	17
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4	81.559	71.329

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. (the “Company”) was incorporated on 8 February 1988 to operate in Turkey under the provisions of the Turkish financial leasing law number 3226 and started leasing operations at the end of July in 1988. The head office of İş Leasing is located at İş Kuleler Kule: 2 Flat: 10 34330 Levent- İstanbul/ Turkey.

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to NTL 12.517 thousand with a price of US $ 10.952.375 as of 11 August 2004. The shareholding rate on this subsidiary is 78,22%. Positive goodwill has been occurred amounting to NTL 169 thousand on purchased equity of NTL 16.603.154. Net amount of goodwill as at the balance sheet date is NTL 166 thousand (31 December 2005: NTL 166 thousand).

The operations of the subsidiary, Karya Trading Ltd. (Karya) which was established on 23 June 1999 and incorporated in Jersey have been ceased as of 19 July 2006.

The ultimate parent enterprise of the Company is Türkiye İş Bankası A.Ş. (İş Bankası). The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. with 28,56%. Besides, 42,3% of the shares of the Company is publicly traded.

The shares of the Company are listed at the Istanbul Stock Exchange.

As of 31 December 2006, the Company employs 81 persons.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Accounting Standards Applied

The Capital Markets Board (“CMB”) has published Communiqué No: XI/25 “Communiqué on Capital Markets Accounting Standards” on 15 November 2003. This Communiqué is applicable for the financial statements which will be prepared after 1 January 2005.

The Group maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

Communiqué No: XI/25 “Communiqué on Capital Markets Accounting Standards” issued by the CMB, provides a detailed set of accounting principles. The Communiqué declared that as an alternative the compliance with accounting standards issued by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will be counted as in compliance to the CMB Accounting Standards. The accompanying consolidated financial statements were prepared in accordance with the above mentioned alternative application permitted by CMB. The financial statements were prepared in accordance with the CMB's decree mentioned above and with the CMB's decree announced on 20 December 2004 regarding the format of the financial statements and footnotes.

The CMB declared with a decision taken dated 17 March 2005 that hyperinflationary period is over. Therefore, the CMB declared that; for the companies operated in Turkey and subject to CMB rules, the inflation accounting has been ceased starting from 1 January 2005. Accordingly, the Group did not apply inflation accounting starting from 1 January 2005.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

2. BASIS OF PRESANTATION OF THE FINANCIAL STATEMENTS (Cont'd)

Inflation Accounting

The Group's functional and reporting currency is New Turkish Lira ("NTL"). International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit currency at the balance sheet date.

Restatement adjustments as of 31 December 2004 have been made according to the wholesale price indices published by the State Institute of Statistics.

Such indices and the conversion factors used to restate the accompanying financial statements as of 31 December 2004 are given below:

	Index	Conversion Factor
31 December 2001	4.951,7	1,6972
31 December 2002	6.478,8	1,2971
31 December 2003	7.382,1	1,1384
31 December 2004	8.403,8	1,0000

At 31 December 2006 the exchange rate announced by the Turkish Central Bank was NTL 1,4056 = US$ 1 (31 December 2005: NTL 1,3418 = 1 US$).

The main guidelines for IAS 29 as of 31 December 2004 are as follows.

- All balance sheet amounts as of 31 December 2004 expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general price index (the WPI).

- As of 31 December 2004, monetary assets and liabilities were not restated because they are already expressed in terms of the measuring unit current at the balance sheet date. Monetary items are money held and items to be received or paid in money.

- As of 31 December 2004 non-monetary assets and liabilities were restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, tangible assets, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is calculated at their restated amounts. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.

2. BASIS OF PRESANTATION OF THE FINANCIAL STATEMENTS (Cont'd)

Inflation Accounting (Cont'd)

- The gain or loss on the net monetary position as of 31 December 2004, was the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and income statement items. The gain or loss on the net monetary position was included in net income.

Consolidation Principles:

The consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

As of 31 December 2005, for the purpose of consolidation, the US$ financial statements of Karya have been translated into the New Turkish Lira.

2. BASIS OF PRESANTATION OF THE FINANCIAL STATEMENTS (Cont'd)

Adoption of New and Revised International Financial Reporting Standards:

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2006.

At the date of authorization of these financial statements, the following Standards and Interpretations we in issue but not yet effective:

IFRIC 7	Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassesment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRS 1	Financial Instruments: Disclosure

The management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Comparative information and adjustments made in previous periods' consolidated financial statements:

If the presentation or classification of the financial statements is changed in the current period, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

Offsetting

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

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and valuation principles used to prepare the accompanying financial statements are as follows:

a. Revenue recognition:

Leasing Receivables: The initial value at the beginning of the leasing period of the assets that are subject to leasing under the Leasing Law are represented as leasing receivables in the balance sheet. Financial revenues that are the spread between the total leasing receivables and the real value of the assets subject to leasing are recorded in the related period with the receivables of each accounting period distributed over the related period via the fixed interest rate throughout the duration of the leasing agreement.

b. Inventory:

None.

c. Tangible Assets:

Tangible and intangible assets purchased before 1 January 2005 are carried at indexed historical cost and purchases after 1 January 2005 are carried at historical cost, less accumulated depreciation and impairment.

Tangible assets are depreciated principally on a straight-line basis considering expected useful lives, acquisition and assembly dates. Expected useful lives which have been used by the Group are summarized below:

Vehicles	5 years
Furniture and fittings	5 years
Computer software	5 years

Expenses for the repair of tangible assets are normally charged against income.

The gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

d. Intangible Assets:

Intangible assets that are acquired before 1 January 2005 are carried with their restated cost as of 31 December 2004; and intangible assets that are acquired after 1 January 2005 are carried with their cost, less accumulated amortization and impairment.

Intangible assets are amortized principally on a straight-line basis considering expected useful lives. Related intangible assets are depreciated when they are ready to use. The deprecation rate used for intangible assets is 20%.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e. Impairment of Assets:

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

f. Borrowing Costs:

All borrowing costs are recorded in the income statement in the period in which they are incurred.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g. Financial Instruments:

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Finance lease receivables and other receivables

Finance lease receivables and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The Company's managers consider that the carrying amount of trade and other receivables approximates their fair value.

Due to / from related parties

In the accompanying financial statements, shareholders of the Group, related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies.

The carrying value of due to and due from related parties are estimated to be their fair value.

Investments

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g. Financial Instruments (Cont'd):

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. The Group management considers that the carrying amount of trade and other payables approximates their fair value.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g. Financial Instruments (Cont'd):

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and interest rate derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The Group does not use hedge accounting therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Credit Risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The Group's credit risk is primarily attributable to its finance lease receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Sectoral analysis of finance lease receivables is as follows:

	31 December 2006 %	31 December 2005 %
Construction	17,82	13,41
Finance	13,25	15,62
Transportation	9,08	11,41
Textile	8,46	9,06
Metal Industry	6,70	7,13
Health	4,49	4,49
Chemical, Plastic and Pharmacy	4,31	2,60
Forestry Products and Paper	3,91	2,70
Food	3,71	3,40
Mining	3,11	3,12
Glass, Tile and Cement	2,54	1,85
Tourism	1,94	1,46
Other	20,68	23,75
TOTAL	100,00	100,00

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i. Market Risk

Market risk is the fluctuations in interest rates, currency exchange rates or the price of marketable securities and other financial agreements that have an adverse financial impact on the Group. Main risks within the Group's activities are interest rate and exchange rate risks.

Interest sensitivity analysis of the Group is as follows:

31 December 2006	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
ASSETS								
Liquid Assets	81.254	-	-	37.335	-	-	-	118.589
Marketable Securities (net)	-	-	-	-	-	-	750	750
Finance Lease Receivables (net)	24.793	92.356	83.974	154.100	363.968	2.610	-	721.801
Other Receivables (net)	4.947	11.428	7.112	2.495	-	-	-	25.982
Other Current Assets	4.694	-	-	-	-	-	33.471	38.165
Financial Assets (net)	-	-	-	-	-	-	7.106	7.106
Tangible Assets (net)	-	-	-	-	-	-	1.176	1.176
Intangible Assets	-	-	-	-	-	-	12	12
Positive/Negative Goodwill	-	-	-	-	-	-	166	166
Deferred Tax Asset	-	-	-	-	-	-	19	19
TOTAL	115.688	103.784	91.086	193.930	363.968	2.610	42.700	913.766
LIABILITIES								
Borrowings (net)	29.881	277.333	365.563	7.497	31.860	-	-	712.134
Trade Payables (net)	12.543	651	211	1.941	874	-	-	16.220
Finance Lease Payables	-	34	31	26	-	-	-	91
Advances Received	11.952	-	-	-	-	-	-	11.952
Provisions	129	-	-	-	461	-	-	590
Other Liabilities	1.777	-	-	-	-	-	12.034	13.811
Minority Interest	-	-	-	-	-	-	1.603	1.603
Equity	-	-	-	-	-	-	157.365	157.365
TOTAL	56.282	278.018	365.805	9.464	33.195	-	171.002	913.766
TOTAL POSITION	59.406	(174.234)	(274.719)	184.466	330.773	2.610	(128.302)	-

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i. Market Risk (Cont'd)

31 December 2005	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
ASSETS								
Liquid Assets	71.329	-	-	-	-	-	-	71.329
Marketable Securities (net)	-	-	-	-	-	-	13	13
Finance Lease Receivables (net)	9.985	75.051	68.942	133.771	312.663	2.866	-	603.278
Other Receivables (net)	2.233	5.221	2.748	5.896	-	-	-	16.098
Other Current Assets	3.537	-	-	-	-	-	30.767	34.304
Financial Assets (net)	-	-	-	-	-	-	7.068	7.068
Tangible Assets (net)	-	-	-	-	-	-	1.108	1.108
Intangible Assets	-	-	-	-	-	-	3	3
Positive/Negative Goodwill	-	-	-	-	-	-	166	166
Deferred Tax Asset	-	-	-	-	-	-	23	23
TOTAL	87.084	80.272	71.690	139.667	312.663	2.866	39.148	733.390
LIABILITIES								
Borrowings (net)	32.421	200.675	279.333	42.994	17.499	-	-	572.922
Trade Payables (net)	9.135	2.420	299	1.572	-	-	-	13.426
Finance Lease Payables	-	13	11	15	-	-	-	39
Advances Received	11.488	-	-	-	-	-	-	11.488
Provisions	160	-	-	-	379	-	-	539
Other Liabilities	-	-	-	-	-	-	471	471
Minority Interest	-	-	-	-	-	-	4.726	4.726
Equity	-	-	-	-	-	-	129.779	129.779
TOTAL	53.204	203.108	279.643	44.581	17.878	-	134.976	733.390
TOTAL POSITION	33.880	(122.836)	(207.953)	95.086	294.785	2.866	(95.828)	-

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j. Liquidity Risk (Cont'd)

The Group is generally raising funds by liquidating its short term financial instruments such as collecting its receivables and turning into cash its bank balances. The Group's proceedings from these instruments are carried at their fair values in the books.

The Group obtains funds from its bankers if short of liquidity.

The maturity analysis of the Group is as follows:

31 December 2006	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No maturity	Total
ASSETS								
Liquid Assets	81.254	-	-	-	37.335	-	-	118.589
Marketable Securities (net)	-	-	-	-	-	-	750	750
Finance Lease Receivables (net)	24.793	92.356	83.974	154.100	363.968	2.610	-	721.801
Other Receivables (net)	4.947	11.428	7.112	2.495	-	-	-	25.982
Other Current Assets	4.694	-	-	-	-	-	33.471	38.165
Financial Assets (net)	-	-	-	-	-	-	7.106	7.106
Tangible Assets (net)	-	-	-	-	-	-	1.176	1.176
Intangible Assets	-	-	-	-	-	-	12	12
Positive/Negative Goodwill	-	-	-	-	-	-	166	166
Deferred Tax Asset	-	-	-	-	-	-	19	19
TOTAL	115.688	103.784	91.086	156.595	401.303	2.610	42.700	913.766
LIABILITIES								
Borrowings (net)	29.881	58.587	94.788	173.156	355.722	-	-	712.134
Trade Payables (net)	12.543	651	211	1.941	874	-	-	16.220
Finance Lease Payables	-	34	31	26	-	-	-	91
Advances Received	11.952	-	-	-	-	-	-	11.952
Provisions	129	-	-	-	461	-	-	590
Other Liabilities	1.777	-	-	-	-	-	12.034	13.811
Minority Interest	-	-	-	-	-	-	1.603	1.603
Equity	-	-	-	-	-	-	157.365	157.365
TOTAL	56.282	59.272	95.030	175.123	357.057	-	171.002	913.766
LIQUIDITY POSITION	59.406	44.512	(3.944)	(18.528)	44.246	2.610	(128.302)	-

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j. Liquidity Risk (Cont'd)

31 December 2005	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No maturity	Total
ASSETS								
Liquid Assets	71.329	-	-	-	-	-	-	71.329
Marketable Securities (net)	-	-	-	-	-	-	13	13
Finance Lease Receivables (net)	9.985	75.051	68.942	133.771	312.663	2.866	-	603.278
Other Receivables (net)	2.233	5.221	2.748	5.896	-	-	-	16.098
Other Current Assets	3.537	-	-	-	-	-	30.767	34.304
Financial Assets (net)	-	-	-	-	-	-	7.068	7.068
Tangible Assets (net)	-	-	-	-	-	-	1.108	1.108
Intangible Assets	-	-	-	-	-	-	3	3
Positive/Negative Goodwill	-	-	-	-	-	-	166	166
Deferred Tax Asset	-	-	-	-	-	-	23	23
TOTAL	87.084	80.272	71.690	139.667	312.663	2.866	39.148	733.390
LIABILITIES								
Borrowings (net)	32.421	9.014	72.370	185.844	273.273	-	-	572.922
Trade Payables (net)	9.135	2.420	299	1.572	-	-	-	13.426
Finance Lease Payables	-	13	11	15	-	-	-	39
Advances Received	11.488	-	-	-	-	-	-	11.488
Provisions	160	-	-	-	379	-	-	539
Other Liabilities	-	-	-	-	-	-	471	471
Minority Interest	-	-	-	-	-	-	4.726	4.726
Equity	-	-	-	-	-	-	129.779	129.779
TOTAL	53.204	11.447	72.680	187.431	273.652	-	134.976	733.390
LIQUIDITY POSITION	33.880	68.825	(990)	(47.764)	39.011	2.866	(95.828)	-

k. Mergers and Acquisitions:

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l. Foreign Currency Transactions:

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in NTL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than NTL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gain and losses arising from monetary items' translation, collection or disbursements are recognized in profit or losses.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in NTL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

m. Earnings per Share:

In accordance with IAS 33, it is required that the companies publicly traded or in the process of public offer should disclose the earnings per share which is determined by excluding the items which might cause distortion in the net profit of the companies. The earning per share figure disclosed in the accompanying consolidated financial statements is calculated by dividing the net profit into the total number of common shares which represent the Group's share capital.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

n. Subsequent Events:

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

The Group records adjusting events after the balance sheet date and disclose non-adjusting events after the balance sheet date on the attached financial statements.

o. Provisions, Contingent Liabilities and Contingent Assets:

In case of an existent liability that stems from a past event, that the redeeming of which would by any chance require outflow of resources bearing economic use from the enterprise, and that the amount of which is reliably estimated, provision is made for the subject liability in the financial statements. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

p. Change in Accounting Policies, Accounting Estimates and Errors:

Changes in accounting policies or fundamental accounting errors are applied retrospectively and the consolidated financial statements for the prior periods are restated. If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively.

q. Finance Lease:

- the Group as Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont’d)

q. Finance Lease (Cont’d):

- the Group as Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group’s general policy on borrowing costs (see above).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Group does not have operating lease as of the balance sheet date.

s. Due to / from Related Parties

In the accompanying financial statements, shareholders of the Group, related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies.

The carrying value of due to and due from related parties are estimated to be their fair value.

t. Segmental Information:

Segmental information is prepared in business segment basis and the Group is in both leasing and factoring businesses. (Please see Note 33)

u. Construction Agreements:

None.

v. Discontinued Operations

None.

w. Government Grant and Incentives:

None.

x. Investment Properties:

None.

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

y. Taxation and Deferred Tax:

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

z. Employee Benefits / Retirement Pay Provision:

Under the Turkish Law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. The total provision represents the vested benefit obligation as at the balance sheet date. Future retirement payments are discounted to their present value at the balance sheet date in accordance with IAS 19 "Employee Benefits" and reflected to the accompanying consolidated financial statements.

aa. Retirement Plans:

None.

(Amounts are expressed in thousand of New Turkish Lira (“NTL”) unless otherwise indicated.)

3. SUMMARY OF VALUATION PRINCIPLES / SIGNIFICANT ACCOUNTING POLICIES (Cont’d)

ab. Agricultural Operations:

None.

ac. Statement of Cash Flows:

The Group prepares its statement of cash flow as an integral part of the financial statements in order to inform financial statement users about the change in the assets, financial structure and the ability to direct cash flow amounts and timing according to the economic situation.

4. LIQUID ASSETS

	31 December 2006	31 December 2005
Demand deposits	2.362	2.861
Time deposit (1-3 months)	78.698	68.451
Time deposit (over 3 months)	37.030	-
Interest accrual	499	17
	118.589	71.329

The details of time deposits as of 31 December 2006 are as follows:

Currency	Interest rate	Maturity	31 December 2006
NTL	(21% - 21,25%)	(04.1.2007-29.01.2007)	36.233
US$	4,25% - 5,10%	04.01.2007	13.737
EURO	2,55% - 3,81%	(04.01.2007-16.10.2008)	66.257
			116.227

As of 31 December 2006, NTL 39.138 thousand of total foreign currency deposits (31 December 2005: NTL 65.480 thousand) and 36.725 NTL thousand (31 December 2005: NTL 4.188 thousand) of total NTL deposits consist of accounts at its main shareholder, Türkiye İş Bankası.

The details of time deposits as of 31 December 2005 are as follows:

Currency	Interest rate	Maturity	31 December 2005
NTL	17,5% - 18,50%	01 - 31.01.2006	24.046
US$	3,50% - 4,00%	01.01.2006	24.843
EURO	2% - 2,25%	01.01.2006	19.579
			68.468

5. MARKETABLE SECURITIES (NET)

Trading Securities:	31 December 2006	31 December 2005
Mutual funds	750	13

The Group has T. İş Bankası A.Ş.’s mutual funds amounting to NTL 750 thousand. (31 December 2005: NTL 13 thousand)

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

6. BORROWINGS

	31 December 2006	31 December 2005
Short-term borrowings		
Short-term borrowings	325.514	229.486
Short-term portions of long-term borrowings	30.898	70.163
Total short-term borrowings	356.412	299.649
Long-term borrowings		
Long-term portions of long-term borrowings	355.722	273.273
Total long-term borrowings	355.722	273.273
Total borrowings	712.134	572.922

	31 December 2006	31 December 2005
Maturity analysis of borrowings		
Within 1 year	356.412	299.649
Within 1-2 years	344.879	223.008
Within 2-3 years	8.122	47.576
Within 3-4 years	2.721	1.969
Over 4 years	-	720
TOTAL	712.134	572.922

The details of short-term borrowings are as follows:

Currency Type	Interest Rate %	Currency Amount	31 December 2006
NTL	18,60% - 19%		19.700
US$	5,47% - 8,63%	87.994.867	123.686
EURO	4,14% - 6,12%	93.166.069	172.497
Interest accruals			9.631
Total			325.514

Currency Type	Interest Rate %	Currency Amount	31 December 2005
NTL	14% - 14,90%		25.455
US$	3,77% - 7,56%	98.393.683	132.025
EURO	2,52% - 9,25%	41.937.911	66.576
Interest accruals			5.430
Total			229.486

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

6. BORROWINGS (Cont'd)

The details of short- term portions of long-term borrowings are as follows:

Currency Type	Interest Rate %	Currency Amount	31 December 2006
US$	3,91% - 8,37%	7.843.979	11.025
EURO	4,58% - 5,24%	10.733.333	19.873
Total			30.898

Currency Type	Interest Rate %	Currency Amount	31 December 2005
US$	3,77% - 7,56%	17.422.179	23.378
EURO	2,52% - 9,25%	29.471.145	46.785
Total			70.163

The details of long-term borrowings are as follows:

Currency Type	Interest Rate %	Currency Amount	31 December 2006
NTL	19,90% - 20,45%		37.700
US$	3,91% - 8,37%	87.205.601	122.576
EURO	3,99% - 5,24%	105.561.112	195.446
Total			355.722

Currency Type	Interest Rate %	Currency Amount	31 December 2005
US$	3,77% - 7,56%	82.791.157	111.089
EURO	2,52% - 9,25%	102.163.351	162.184
Total			273.273

7. TRADE RECEIVABLES AND PAYABLES

Trade payables	31 December 2006	31 December 2005
Payables to finance lease suppliers	10.203	9.153
Other trade payables (*)	6.017	4.273
	16.220	13.426

(*) The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in installments. Other trade payables consist of the Group's insurance premium payable and payable to suppliers resulting from daily operations of the Group.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

8. FINANCE LEASE RECEIVABLES AND PAYABLES

Finance Lease Receivables

31 December 2006	Short-Term	Long-Term	Total
Invoiced finance lease receivables	22.200	-	22.200
Doubtful finance lease receivables	29.834	-	29.834
Uninvoiced finance lease receivables	405.027	420.678	825.705
Less: Unearned interest income	(74.597)	(54.100)	(128.697)
Less: Allowance for doubtful receivables (*)	(22.904)	(4.337)	(27.241)
Net finance lease receivables	359.560	362.241	721.801

(*)Allowance for doubtful receivables includes some allowances accounted by the Group in order to avoid some possible credit risks.

31 December 2005	Short-Term	Long-Term	Total
Invoiced finance lease receivables	18.021	-	18.021
Doubtful finance lease receivables	24.356	-	24.356
Uninvoiced finance lease receivables	339.606	361.757	701.363
Less: Unearned interest income	(61.842)	(46.228)	(108.070)
Less: Allowance for doubtful receivables (*)	(28.003)	(4.389)	(32.392)
Net finance lease receivables	292.138	311.140	603.278

(*)Allowance for doubtful receivables includes some allowances accounted by the Group in order to avoid some possible credit risks.

Movement of allowance for doubtful receivables	31 December 2006	31 December 2005
Allowance at the beginning of the period	32.392	29.688
Additions	10.249	11.366
Write offs	(6.593)	(867)
Collections	(8.807)	(7.795)
Allowance at the end of the period	27.241	32.392

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

8. FINANCE LEASE RECEIVABLES AND PAYABLES (Cont'd)

The distribution of finance lease receivables according to their maturities as of 31 December 2006 is as follows:

	2007	2008	2009	2010	2011	2012 and after	Total
Financial lease receivables	429.819	256.309	116.981	35.737	8.771	2.881	850.498
Unearned interest	(74.596)	(36.377)	(13.108)	(3.666)	(679)	(271)	(128.697)
Total	355.223	219.932	103.873	32.071	8.092	2.610	721.801

The distribution of finance lease receivables according to their maturities as of 31 December 2005 is as follows:

	2006	2007	2008	2009	2010	2011 and after	Total
Financial lease receivables	349.591	212.150	104.314	33.991	8.269	3.033	711.348
Unearned interest	(61.842)	(30.151)	(11.652)	(3.641)	(617)	(167)	(108.070)
Total	287.749	181.999	92.662	30.350	7.652	2.866	603.278

As of 31 December 2006, the average interest rates of finance lease receivables denominated all in foreign currency are 9,49% for US$, 9,43% for EURO and %22,58 for NTL, respectively.(31 December 2005: 8,98% for US$ and 10,18% for EURO and %23,31 for NTL).

As of 31 December 2006, the distribution of uninvoiced rental receivables according to foreign currency types is as follows:

Foreign Currency	Principal Foreign Currency	Principal	Unearned Interest Foreign Currency	Unearned Interest
US $	148.193.935	208.301	21.066.678	29.611
EURO	155.690.931	288.262	21.816.287	40.393
NTL		200.445		58.693
Total		697.008		128.697

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

8. FINANCE LEASE RECEIVABLES AND PAYABLES (Cont'd):

As of 31 December 2005, the distribution of uninvoiced rental receivables according to foreign currency types are as follows:

Foreign Currency	Principal Foreign Currency	Principal	Unearned Interest Foreign Currency	Unearned Interest
US $	154.033.390	206.682	20.516.652	27.529
EURO	144.036.997	228.659	21.433.364	34.025
NTL		157.952		46.516
Total		593.293		108.070

Finance Lease Payables

	31 December 2006	31 December 2005
Finance lease payables	95	41
Less: cost of deferred finance lease payable	(4)	(2)
Net finance lease payable	91	39

9. DUE FROM / TO RELATED PARTIES (NET)

Finance Lease Receivables	31 December 2006	31 December 2005
Türkiye İş Bankası A.Ş.	92.584	87.216
Gemport Gemlik Liman İşletmeleri A.Ş.	712	2.676
İş Koray Turizm Ormancılık Madencilik İnş.Taah.Tic.A.Ş.	-	2.020
Bayek Tedavi Sağlık Hizmetleri ve İşletmesi A.Ş.	694	1.188
Anadolu Anonim Türk Sigorta A.Ş.	662	324
Other	982	1.013
	95.634	94.437
Payables to Related Parties		
Anadolu Anonim Türk Sigorta A.Ş.	5.728	4.405
Türkiye İş Bankası A.Ş.	382	555
Türkiye Sınai Kalkınma Bankası A.Ş.	14	44
İş Koray Turizm Ormancılık Madencilik İnş.Taah.Tic.A.Ş.	4	16
Other	118	128
	6.246	5.148
Borrowings		
Türkiye İş Bankası A.Ş.	188.758	230.461
Türkiye Sınai Kalkınma Bankası A.Ş.	9.852	5.021
	198.610	235.482

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

9. DUE FROM / TO RELATED PARTIES (NET) (Cont'd)

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Finance Lease Interest Income		
Türkiye İş Bankası A.Ş.	8.954	5.155
Gemport Gemlik Liman. İşl. A.Ş.	239	570
İş Koray Turizm Ormancılık Madencilik	166	383
Avea İletişim Hizm. A.Ş.	-	49
Bayek Tedavi Sağlık Hizm. Ve İşl. A.Ş.	129	153
Anadolu Anonim Türk Sigorta A.Ş.	48	13
Other	228	189
	9.764	6.512
Factoring Interest Income		
Kültür Yayınları A.Ş.	-	2
	-	2
Interest Income		
Türkiye İş Bankası A.Ş.	2.237	1.069
Türkiye Sınai Kalkınma Bankası A.Ş.	48	25
İş Yatırım ve Menkul Değerler A.Ş.	-	79
	2.285	1.173
Dividend Income		
İş Yatırım Menkul Değerler A.Ş.	-	73
Yatırım Finansman Menkul Değerler A.Ş.	5	-
	5	73
Interest Expenses		
Türkiye İş Bankası A.Ş.	14.396	12.849
Türkiye Sınai Kalkınma Bankası A.Ş.	510	259
	14.906	13.108
Rent Expense		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	865	799
Commission Income		
Anadolu Anonim Türk Sigorta A.Ş.	2.065	1.504
Compensation of Key Client Personnel		
Short-term benefits	1.471	1.488

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

10. OTHER RECEIVABLES AND PAYABLES (NET)

	31 December 2006	31 December 2005
Factoring receivables (*)		
Domestic factoring receivables (net)	25.888	15.188
Export and import factoring receivables(net)	544	1.285
Accruals on factoring receivables	196	110
Unearned interest income	(646)	(485)
Doubtful factoring receivables	859	1.257
Gross factoring receivables	26.841	17.355
Provision for doubtful factoring receivables	(859)	(1.257)
	25.982	16.098

(*) The balance consists of factoring receivables of the subsidiary İş Factoring Finansman Hizmetleri A.Ş. which is owned by the Group with the ownership percentage of 78,22 %.

11. BIOLOGICAL ASSETS

None.

12. INVENTORIES

None.

13. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS (NET)

None.

14. DEFERRED TAX ASSETS AND LIABILITIES (NET)

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its financial statements as reported for IFRS purposes and financials prepared according to the Turkish tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation. Deferred tax assets resulting from deductible temporary differences are not recognized or it is provided provision if it is not probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

	31 December 2006	31 December 2005
Deferred tax (liability) /asset	19	23

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

14. DEFERRED TAX ASSETS AND LIABILITIES (NET) (Cont'd)

	31 December 2006	31 December 2005
Temporary differences subject to deferred tax:		
Finance lease adjustment	32.389	67.948
Tax base difference in tangible and intangible assets	7.540	3.233
Retirement pay provision	461	379
Finance lease income accruals	(2.419)	(2.560)
Allowance for doubtful finance lease receivables	1.347	1.593
Forward / swap accrual	2.452	-
Unreal finance expense	9.654	9.654
Tax losses carried forward	4.706	-
Unused investment incentives	388.124	388.124
Other	267	-
	444.521	468.371

The effective tax rate has been applied as 30% except investment incentives since the Company has decided to use investment incentive option in case the Company has taxable income in the following years. On the other hand, the Company's subsidiary İş Factoring A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%. Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However, the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. While the investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years, legally, there is still uncertainity about the future. Therefore, a provision has been provided for the deferred tax asset of the Company in the accompanying financial statements.

	31 December 2006	31 December 2005
Deferred Tax Assets/(Liabilities)		
Finance lease adjustment	9.717	20.384
Tax base difference in tangible and intangible assets	2.264	970
Retirement pay provision	127	114
Finance lease income accruals	(726)	(768)
Allowance for doubtful finance lease receivables	404	478
Forward / swap accrual	736	-
Unreal finance expense	2.896	2.896
Tax losses carried forward	1.412	-
Unused investment incentives	95.221	95.221
Other	80	-
Deferred tax asset	112.131	119.295
Provision	(112.112)	(119.272)
Deferred tax asset (net)	19	23

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

14. DEFERRED TAX ASSETS AND LIABILITIES (NET) (Cont'd)

Deferred tax assets/ (liabilities) movement for the period ended as of 31 December 2006 is as follows:

	31 December 2006	31 December 2005
Opening balance 1 January	23	(24)
Deferred tax benefit / (expense)	(4)	47
Closing balance 31 December	19	23

15. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER CURRENT/ NON-CURRENT LIABILITIES

Other Current/ Non-Current Assets	31 December 2006	31 December 2005
Equipment to be leased (*)	18.762	6.941
Advances given	4.419	10.084
VAT deductible and other VAT	5.478	5.386
Insurance premium receivables	4.694	3.537
Assets held for sale	2.917	2.797
Other (**)	1.895	5.559
	38.165	34.304

(*) The Company purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contract terms. The balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet as of 31 December 2006 and 31 December 2005.
(**) As of 31 December 2005, NTL 4.265 thousand of the other is explained below.

Other current/ non-current liabilities	31 December 2006	31 December 2005
Social security premiums payable	353	280
Other short-term advances received	-	99
Forward accrual	771	-
Provision for unused leave	59	-
Litigation provisions (*)	12.096	41
Other	532	51
	13.811	471

(*) The Company's subsidiary, İş Factoring Finansman Hizmetleri A.Ş., had a tax audit and tax penalty notifications were sent to İş Factoring Finansman Hizmetleri A.Ş. within the context of article 16 in Corporate Tax Law. İş Factoring A.Ş has brought a lawsuit against the relevant authorities concerning the cancellation of the given tax penalty notifications and on condition of keeping a right to bring a lawsuit and given blocked cheques amounting to NTL 4.265 thousand to the tax office regarding the amounts claimed for the notifications. These blocked cheques have been journalized as other receivables in the accompanying financial statements.
As a recent development, İş Factoring Finansman Hizmetleri A.Ş. has lost the pending lawsuits against the tax authorities with a right to appeal to the Supreme Court. Tax notifications with regards to the finalized lawsuits have been issued by the Tax Office and submitted to İş Factoring Finansman Hizmetleri A.Ş., while in accordance with the court judgment, İş Factoring Finansman Hizmetleri A.Ş. has filed an appeal with a motion to stay at the Supreme Court. The accompanying financial statements include provision for this case amounting to NTL 16.259 thousand.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

16. FINANCIAL ASSETS (NET)

	31 December 2006		31 December 2005	
Name	NTL	Share (%)	NTL	Share (%)
İş Yatırım Menkul Değerler A.Ş. - (İş Yatırım)	5.990	6,0	5.990	6,0
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	768	0,9	709	0,9
Camiş Menkul Değerler A.Ş.	2	0,05	2	0,05
TSKB Menkul Değerler A.Ş.	18	0,06	39	0,06
İş Net Elektronik Bilgi Üretim Dağ. Tic. Ve İletişim Hiz. A.Ş. – (İş Net)	328	1,0	328	1,0
Total	7.106		7.068	

17. POSITIVE / (NEGATIVE) GOODWILL

The Company has purchased nominal shares of İş Factoring Finansman Hizmetleri A.Ş. amounting to NTL 12.517 thousand with a price of US $ 10.952.375 as of 11 August 2004. The shareholding rate on this subsidiary is 78,22 %. Positive goodwill has been occurred amounting to NTL 169 thousand on purchased equity of NTL 16.603 thousand. The net amount of goodwill as at the balance sheet date is NTL 166 thousand. Within the framework of IFRS 3 "Mergers and Acquisitions" which is effective from 1 January 2005, no amortization is applied to goodwill realized out of the acquisitions after December 31, 2004 for the annual periods beginning on or after 31 March 2004, and analysis of provision for impairment is performed as of each balance sheet date for goodwill.

18. INVESTMENT PROPERTIES

None.

19. TANGIBLE ASSETS

Acquisition cost	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Opening balance 1 January 2006	743	2.998	1.724	2.459	7.924
Additions	17	115	95	389	616
Disposals	(294)	-	-	-	(294)
Closing balance 31 December 2006	466	3.113	1.819	2.848	8.246
Accumulated depreciation					
Opening balance 1 January 2006	(375)	(2.664)	(1.528)	(2.249)	(6.816)
Charge for the period	(110)	(142)	(109)	(153)	(514)
Disposals	260	-	-	-	260
Closing balance 31 December 2006	(225)	(2.806)	(1.637)	(2.402)	(7.070)
Net book value as of 31 December 2006	241	307	182	446	1.176
Net book value as of 31 December 2005	368	334	196	210	1.108

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

20. INTANGIBLE ASSETS

	Rights
Acquisition cost	
Opening balance 1 January 2006	159
Additions	11
Disposals	-
Closing balance 31 December 2006	170
Accumulated amortization	
Opening balance 1 January 2006	(156)
Charge for the period	(2)
Disposals	-
Closing balance 31 December 2006	(158)
Net book value as of 31 December 2006	12
Net book value as of 31 December 2005	3

21. ADVANCES RECEIVED

	31 December 2006	31 December 2005
Advances received (*)	11.952	11.488

(*) Advances received consist of the leasing advances received from lessees for the machinery and equipment which are not in use of the lessees, yet.

22. RETIREMENT BENEFITS

None.

23. PROVISIONS

Short term provisions:

	31 December 2006	31 December 2005
Corporate tax provision	472	160
Prepaid taxes	(343)	-
Corporate tax provision	129	160

Long term provisions:

Retirement pay provision:	31 December 2006	31 December 2005
1 January	379	325
Increase during the year	102	106
Amounts paid	(20)	(52)
Period End	461	379

23. PROVISIONS (Cont'd)

Retirement Pay Provision

Under the Turkish Labor Law, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of NTL 1.857,44 (2005: NTL 1.727,15) for each period of service at 31 December 2006.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71%. (31 December 2005: annual inflation 6,175% , interest rate 12% and resulting real discount rate 5,49%) . Turnover rate to estimate the probability of retirement is taken as 0%. (2005: 0%)

24. MINORITY SHARE

The Company owns 78,22% of İş Factoring Finansman Hizmetleri A.Ş. Therefore, minority share is calculated from balance sheet and income statement of the subsidiary amounting to NTL 1.603 thousand (31 December 2005: NTL 4.726 thousand) and NTL 3.135 thousand, respectively as of 31 December 2006 (31 December 2005: NTL 331 thousand-profit).

25. CAPITAL / TREASURY STOCK

The Company consolidates its subsidiaries with a full consolidation method. The carrying value of the subsidiaries is eliminated with the corresponding share capital amounts in the accompanying consolidated financial statements.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

26. CAPITAL RESERVES

As of 31 December 2006 and 31 December 2005 share capital held is as follows:

CAPITAL

Shareholders	(%)	31 December 2006	(%)	31 December 2005
Türkiye İş Bankası A.Ş.	27,79	27.794	27,79	13.897
Türkiye Sınai Kalkınma Bankası A.Ş.(TSKB)	28,56	28.560	28,56	14.280
Publicly traded	42,30	42.296	41,85	20.923
Cam Pazarlama A.Ş.	0,45	450	0,90	450
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,90	900	0,90	450
TOTAL	100,00	100.000	100,00	50.000

CAPITAL RESERVES

	31 December 2006	31 December 2005
Increase/(Decrease) in fair value reserve of financial assets	46	(1)
Shareholders' equity inflation restatement differences	12.581	31.366
Capital	12.581	26.516
Legal reserves	-	2.375
Extraordinary reserves	-	2.475
TOTAL	12.627	31.365

27. PROFIT RESERVES

	31 December 2006	31 December 2005
Legal reserves	3.186	2.381
Extraordinary reserves	12.513	5.434
Currency translation reserve	-	(93)
TOTAL	15.699	7.722

The legal reserves consist of the first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

28. RETAINED EARNINGS

	31 December 2006	31 December 2005
Retained earnings	1.593	670

29. FOREIGN CURRENCY POSITION

31 December 2006	US$ 000	EUR 000	CHF 000	AUD 000	JPY 000	NTL
Cash and cash equivalents	10.240	36.329	11	2	27	81.673
Finance lease receivables (*)	151.660	159.958	-	-	-	509.336
Factoring receivables	431	300	-	-	-	1.162
Advances given	681	1.622	-	-	-	3.961
Equipment to be leased	6.368	2.411	-	-	-	13.415
Financial liabilities	(185.545)	(212.113)	-	-	-	(653.530)
Advances received	(2.806)	(3.093)	-	-	-	(9.671)
Trade payables	(958)	(2.499)	(360)	-	(65.405)	(7.161)
Finance lease payables	(65)	-	-	-	-	(91)
Forward transactions	24.637	11.859	-	-	-	56.587
Net foreign currency position						(4.319)

(*) This amount is composed of invoiced and uninvoiced finance lease receivables.

31 December 2005	US$ 000	EUR 000	CHF 000	GBP 000	JPY 000	NTL
Cash and cash equivalents	19.488	12.953	11	-	27	46.724
Finance lease receivables (*)	155.634	145.441	-	-	-	439.719
Factoring receivables	1.361	477	-	-	-	2.583
Advances given	529	4.010	-	-	41.523	7.549
Equipment to be leased	901	990	-	-	-	2.780
Financial liabilities	(200.738)	(175.187)	-	-	-	(547.459)
Advances received	(2.660)	(2.576)	-	-	-	(7.659)
Trade payables	(956)	(3.672)	-	-	-	(7.112)
Finance lease payables	(29)	-	-	-	-	(39)
Forward transactions	2.386	(2.000)	-	-	-	27
Net foreign currency position						(62.887)

(*) This amount is composed of invoiced and uninvoiced finance lease receivables.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

30. GOVERNMENT GRANTS AND INCENTIVES

None.

31. COMMITMENTS AND CONTINGENCIES

As of 31 December 2006, letter of guarantees amounting to NTL 1.586 thousand (31 December 2005: NTL 2.670 thousand) are given to customs, authorities and banks.

As of 31 December 2006, the total risk of court cases opened and currently pending against the Group amounts to approximately NTL 256 thousand (31 December 2005: NTL 124 thousand). The Company provided a provision amounting to NTL 41 thousand (31 December 2005: NTL 41 thousand). Besides, since the Group's subsidiary İş Factoring Finansman Hizmetleri A.Ş. has lost court cases as aforementioned before, provision amounting to NTL 16.259 thousand has been booked in the accompanying financial statements.

Forward contracts:

	31 December 2006		31 December 2005	
	Currency Amount	NTL	Currency Amount	NTL
Purchases:				
US$	25.000.000	35.140	2.386.460	3.202
EURO	12.000.000	22.218	-	-
		57.358		3.202
Sales:				
US$	-	-	2.000.000	3.175
EURO	58.911.446	58.911	-	-
		58.911		3.175

	31 December 2006	31 December 2005
Maturity Analysis:		
Short-term	57.358	3.202
Long-term	-	-
	57.358	3.202
Maturity Analysis		
Short-term	58.911	3.175
Long-term	-	-
	58.911	3.175

The Group has cross currency swap amounting to EURO 20.000.000 having maturities of 09.10.2008 and 16.10.2008. The Group earns an interest of Libor per annum for the receivable amounting to EURO 20.000.000 and pays an interest of 19,90% -20,45% for the payable amounting to NTL 37.700 thousand per annum.

32. MERGERS AND ACQUISITIONS

During the current period, the Group does not have any merger and acquisition activities.

(Amounts are expressed in thousand of New Turkish Lira (“NTL”) unless otherwise indicated.)

33. SEGMENTAL INFORMATION

As of 31 December 2006,

	Leasing	Factoring	Consolidation eliminations	Consolidated
Total assets	892.844	37.529	(16.607)	913.766
Total liabilities	724.630	30.168	-	754.798
Net profit	38.707	(14.396)	3.135	27.446

As of 31 December 2005,

	Leasing(*)	Factoring	Consolidation eliminations	Consolidated
Total assets	721.258	28.739	(16.607)	733.390
Total liabilities	591.845	7.040	-	598.885
Net profit	38.831	1.522	(331)	40.022

(*) Consolidated figures of İş Finansal Kiralama A.Ş. and Karya Trading Ltd.

Income Statement as of 31 December 2006

	Leasing	Factoring	Eliminations	Consolidated
OPERATING INCOME	144.314	4.426	-	148.740
Operating expenses (-)	(9.107)	(1.611)	-	(10.718)
NET OPERATING PROFIT / (LOSS)	135.207	2.815	-	138.022
Other income and profit	2.064	41	-	2.105
Other expenses and losses (-)	(1.893)	(16.324)	-	(18.217)
Finance income/expenses (-) (net)	(96.671)	(452)	-	(97.123)
OPERATING PROFIT / (LOSS)	38.707	(13.920)	-	24.787
Minority interest	-	-	3.135	3.135
PROFIT/(LOSS)BEFORE TAXATION	38.707	(13.920)	3.135	27.922
Taxation	-	(476)	-	(476)
NET PROFIT / (LOSS)	38.707	(14.396)	3.135	27.446

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

33. SEGMENTAL INFORMATION (Cont'd)

Income Statement as of 31 December 2005

	Leasing	Factoring	Eliminations	Consolidated
OPERATING INCOME	35.650	2.807	-	38.457
Operating expenses (-)	(7.644)	(1.860)	-	(9.504)
NET OPERATING PROFIT / (LOSS)	28.006	947	-	28.953
Other income and profit	2.114	205	-	2.319
Other expenses and losses (-)	(3.521)	(84)	-	(3.605)
Finance income/expenses (-) (net)	12.232	567	-	12.799
OPERATING PROFIT / (LOSS)	38.831	1.635	-	40.466
Minority interest	-	-	(331)	(331)
PROFIT/(LOSS)BEFORE TAXATION	38.831	1.635	(331)	40.135
Taxation	-	(113)	-	(113)
NET PROFIT / (LOSS)	38.831	1.522	(331)	40.022

34. SUBSEQUENT EVENTS

Commencing from 1 January 2007 the ceiling for gross pay for the retirement pay provision limit has been increased to NTL 1.960,69.

35. DISCONTINUED OPERATIONS

None.

36. OPERATING INCOME (NET)

Finance lease income	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Interest Income	94.485	65.317
Foreign exchange gains / (losses)	49.829	(29.667)
Factoring income	4.426	2.807
	148.740	38.457

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

37. OPERATING EXPENSES

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Personnel expenses	(5.933)	(5.191)
Depreciation expense	(496)	(942)
Office rent expenses	(865)	(594)
Advertising expenses	(326)	(58)
IT expenses	(233)	(169)
Other operating expenses	(2.865)	(2.550)
	(10.718)	(9.504)

38. OTHER INCOME / EXPENSE AND PROFIT / LOSSES

Income and Profit from Other Operations

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Commission income	2.095	1.542
Other	10	777
	2.105	2.319

Expense and Loss from Other Operations

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Allowance for doubtful receivables (*)	(1.442)	(3.571)
Litigation provision expense	(16.259)	-
Other	(516)	(34)
	(18.217)	(3.605)

(*) The current year charge of NTL 10.249 thousand has been netted off with the collections amounting to NTL 8.807 thousand.

(Amounts are expressed in thousand of New Turkish Lira ("NTL") unless otherwise indicated.)

39. FINANCE EXPENSE (NET)

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Foreign exchange gains / (losses) (net)	(61.661)	31.571
Interest income	6.423	4.625
Interest expense	(41.885)	(23.397)
	(97.123)	12.799

40. NET MONETARY GAIN / (LOSS)

Since the Group did not apply inflation accounting in 2006, there is no monetary gain or loss in the accompanying statement of income.

41. TAXATION

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Provisions for taxes on income		
Current tax provision	472	160
Deferred tax income / (expense)	4	(47)
	476	113

Corporation Tax

The Group is subject to the Turkish corporation taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the year.

Corporation tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2006 is 20%. (2005: 30%)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was decreased to 20% for 2006 in the second quarter of 2006. The excess income tax paid of corporate income that was calculated at the rate of 30% during the first quarter will be deducted from tax returns in following periods.

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1April and 25 April of the following year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

41. TAXATION (Cont’d)

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of Council of Ministers, it has been used as 10%. With the resolution of Council of Ministers, effective from 23 July 2006, income withholding tax rate has been changed to 15%.Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

The Company has chosen to use investment incentive for the following years, thus the effective tax rate of the Company is 30%. On the other hand, the Company’s subsidiary İş Factoring A.Ş. does not have investment incentive to be used for the following years, thus the effective tax rate has been determined as 20%.

Inflation adjusted tax calculation:

In 2003 and the previous years, profit for the period on which taxation was being calculated, used to be uninflated balances except for the effect of the annual revaluation of the fixed assets and the depreciation calculated thereon. The Law 5024 published in the Official Gazette of 30 December 2003 numbered 25332 requires the application of inflation accounting in 2004 and the following periods provided that the inflation rate reaches the limits set out by the Law. The Turkish Tax Law is similar to IAS 29. As the conditions outlined in the Turkish Tax Law occurred the Company adjusted its financial statements according to the regulations and calculated current period tax base over these financial statements as of 31 December 2004. These financial statements constituted the opening balances for 2005. In accordance with the Law 5024, such threshold has not been met in 2005, thus the Group did not apply inflation accounting for the periods then ended.

42. EARNINGS PER SHARE

The weighted average number of shares of the Group and earnings per share are as follows:

	01.01.2006 - 31.12.2006	01.01.2005 - 31.12.2005
Number of outstanding shares	6.666.666.667	6.666.666.667
Net period profit (thousand NTL)	27.446	40.022
Earning per share (NTL)	0,0041	0,0060

43. OTHER ISSUES

None.