FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT AS OF DECEMBER 31, 2007

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To the Board of Directors of
Finans Finansal Kiralama Anonim Şirketi

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Finans Finansal Kiralama Anonim Şirketi ("the Company") which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes prepared in accordance with International Financial Reporting Standards ("IFRS") as of December 31, 2007 and for the year then ended. The financial statements of the Company for the year ended December 31, 2006 were audited by other auditors whose report, dated March 8, 2007, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Deloitte.

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of Finans Finansal Kiralama Anonim Şirketi as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

İstanbul, April 15, 2008

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

TABLE OF CONTENTS

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

BALANCE SHEET AS OF DECEMBER 31, 2007
(Currency – New Turkish Lira)

	Notes	2007	2006
ASSETS			
Cash and cash equivalents	6	70,473,044	51,272,232
Finance lease receivables, (net)	7	994,147,587	583,344,064
Other financial assets	8	60,897	60,897
Derivatives	15	-	498,541
Equipment to be leased	10	91,282,326	30,432,782
Property, plant and equipment,(net)	11	630,667	779,294
Other intangible assets, (net)	12	563,783	391,104
Other assets	13	24,113,326	12,108,629
Total assets		**1,181,271,630**	**678,887,543**
LIABILITIES AND EQUITY			
Funds borrowed	14	836,546,904	422,163,077
Trade payables		67,571,241	30,397,896
Advances from customers		13,544,633	8,087,276
Derivatives	15	-	6,040,846
Other liabilities and provisions	16	2,919,374	1,980,841
Reserve for employee termination benefits	17	376,895	312,567
Total liabilities		**920,959,047**	**468,982,503**
Equity			
Share capital issued	19	123,459,788	123,459,788
Share premium		1,211,022	1,211,022
Legal reserves	20	10,663,103	8,741,615
Retained earnings	20	124,978,670	76,492,615
Total equity		**260,312,583**	**209,905,040**
Total liabilities and equity		**1,181,271,630**	**678,887,543**

The accompanying policies and explanatory notes on pages 5 through 44 form an integral part of the financial statements.

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007
(Currency – New Turkish Lira)

	Notes	2007	2006
Interest income from finance leases		110,361,687	81,992,613
Total income from finance leases		**110,361,687**	**81,992,613**
Finance income	23	76,258,494	31,278,925
Finance expenses	23	(108,192,722)	(56,730,911)
Net finance (expense) / income		**(31,934,228)**	**(25,451,986)**
(Provision) / recovery for possible lease receivables losses and other receivables	7, 13	(2,437,223)	3,261,739
Income after finance (expense) / income, net and provision for possible lease receivables losses and other receivables		**75,990,236**	**59,802,366**
Other operating (expense) / income, net	25	(1,629,959)	(736,092)
Marketing, general and administrative expenses		(13,441,314)	(11,402,829)
Salaries and employee benefits	24	(10,178,932)	(8,816,195)
Depreciation, amortization and impairment	11, 12	(332,488)	(432,764)
Profit from operating activities		**50,407,543**	**38,414,486**
Income from associates	9	-	1,588,901
Profit from operating activities before income taxes		**50,407,543**	**40,003,387**
Income taxes	18	-	-
Net profit for the year		**50,407,543**	**40,003,387**
Weighted average number of shares		7,500,000,000	6,433,333,333
Basic and diluted earnings per share	21	0.672	0.622

The accompanying policies and explanatory notes on pages 5 through 44 form an integral part of the financial statements.

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2007
(Currency – New Turkish Lira)

	Share Capital	Adjustment to Share Capital	Share Premium	Legal Reserves	Retained Earnings	Total
At December 31, 2005	**43,000,000**	**76,139,088**	**1,211,022**	**6,880,384**	**42,671,159**	**169,901,653**
Addition of inflation adjustment to share capital	27,679,300	(27,679,300)	-	-	-	-
Addition from retained earnings	4,320,700	-	-	-	(4,320,700)	-
Transfer to legal reserves	-	-	-	1,861,231	(1,861,231)	-
Net profit for the year	-	-	-	-	40,003,387	40,003,387
At December 31, 2006	**75,000,000**	**48,459,788**	**1,211,022**	**8,741,615**	**76,492,615**	**209,905,040**
Transfer to legal reserves	-	-	-	1,921,488	(1,921,488)	-
Net profit for the year	-	-	-	-	50,407,543	50,407,543
At December 31, 2007	**75,000,000**	**48,459,788**	**1,211,022**	**10,663,103**	**124,978,670**	**260,312,583**

The accompanying policies and explanatory notes on pages 5 through 44 form an integral part of the financial statements.

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2007
(Currency – New Turkish Lira)

	Notes	2007	2006
Cash flows from operating activities			
Net profit for the year		50,407,543	40,003,387
Adjustments for			
Depreciation, amortization and impairment	11, 12	332,488	432,764
Provision for termination benefits	17	85,884	(175,303)
Provision for vacation pay liability	16	112,181	308,453
Provision for bonuses	16	1,100,000	900,000
Fair value loss on derivative transactions, net	15	-	5,542,305
Provision for possible lease receivable losses and other receivables	7, 13	2,437,223	(3,261,739)
Income from associates	9	-	(1,588,901)
Income / Loss on disposal of tangible assets and assets acquired through foreclosure proceedings		(49,291)	129,626
Unrealized foreign exchange losses / (gains)		(64,275,164)	19,825,761
Interest income		(115,103,402)	(84,456,668)
Interest expense	23	41,451,446	20,985,530
Operating profit before changes in net operating assets and liabilities		**(83,501,092)**	**(1,354,785)**
Purchases of assets to be leased	7	(895,945,878)	(612,679,155)
Principal payments received under leases	7	447,676,468	340,595,286
Interest received		107,476,989	79,892,514
Net decrease / (increase) in receivables from lease payments outstanding	7	(18,099,778)	1,464,929
Net increase in other assets	13	(11,600,845)	(8,574,917)
Net increase in trade payables		37,173,345	9,079,740
Net increase in advances from customers		5,457,357	2,224,627
Net increase in other liabilities and provisions	15, 16	(6,314,494)	4,036
Retirement benefits paid	17	(21,556)	(17,709)
Net cash used in from operating activities		**(417,699,484)**	**(189,365,434)**
Cash flows from investing activities			
Purchases of furniture and equipment	11	(166,332)	(359,772)
Purchases of intangible assets	12	(254,381)	(386,192)
Proceeds from sale of tangible assets	11	113,464	(96,774)
Proceeds from sale of associates	9	-	3,957,158
Net increase in available-for-sale investments	8	-	(150)
Net cash used in investing activities		**(307,249)**	**3,114,270**
Cash flows from financing activities			
Proceeds from funds borrowed		677,556,212	392,318,592
Repayments of funds borrowed		(215,725,432)	(155,721,667)
Interest paid		(24,623,235)	(16,732,088)
Net cash provided from financing activities		**437,207,545**	**219,864,837**
Net increase / (decrease) in cash and cash equivalents		19,200,812	33,613,673
Cash and cash equivalents at beginning of year	6	51,272,232	17,658,559
Cash and cash equivalents at end of year	6	**70,473,044**	**51,272,232**

The accompanying policies and explanatory notes on pages 5 through 44 form an integral part of the financial statements.

1. Corporate information

General

Finans Finansal Kiralama Anonim Şirketi (a Turkish Joint Stock Company – "the Company") was established in İstanbul in March 1990, pursuant to the license obtained from the Undersecretariat of the Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226. 42.13% (2006 – 42.13%) of the shares of the Company are listed on Istanbul Stock Exchange. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat: 10, 34620 Etiler, İstanbul – Turkey.

The Company has a branch operating in Atatürk Havalimanı Free Trade Zone ("FTZ").

On July 31, 2006, the Company sold its 40% shares in Finans Leasing S.A., Romania. 39,536 of 39,538 shares representing 40% of Finans Leasing S.A. were sold to Finans International Holding N.V. for Euro 2,085,793; 1 share was sold to Fiba Holding A.Ş. ("Fiba Holding") for Euro 52.76 and the remaining 1 share was sold to Fina Holding A.Ş. ("Fina Holding") for Euro 52.76.

The General Assembly has the power to amend the financial statements after issue.

The parent of the Company is Finansbank A.Ş. ("Finansbank"), and ultimate parent of the Company is National Bank of Greece S.A ("NBG").

2. Basis of preparation

2.1 Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira ("TRY") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board, Turkish Commercial Code, Tax Legislation and Financial Leasing Law.

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

2.2 Basis of measurement

The financial statements have been prepared on an historical cost convention, except for the derivative financial instruments.

2.3 Functional and presentation currency

These financial statements are presented in TRY, which is the Company's functional currency. All financial information presented in TRY is rounded to the nearest digit.

2. Basis of preparation *(continued)*

2.4 Adoption of new and revised standards

In the current year, the Company 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 2007. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

- IFRS 7, "Financial instruments: Disclosures"
- IAS 1, "Presentation of financial statements"

IFRS 7, "Financial instruments: Disclosures"
This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1, "Presentation of financial statements"
This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital.

<u>Standards, amendments and interpretations effective in 2007 but not relevant</u>

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Company's operations:

IFRS 4, "Insurance contracts",

IFRIC 7, "Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies",

IFRIC 8, "Scope of IFRS 2",

IFRIC 9, "Reassessment of embedded derivatives",

IFRIC 10, "Interim financial reporting and impairment".

(Currency – New Turkish Lira)

2. Basis of preparation *(continued)*

2.4 Adoption of new and revised standards *(continued)*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

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

• IFRIC 11, "IFRS 2 – Group and treasury share transactions"	Effective for annual periods beginning on or after 1 March 2007
• IAS 23, "(Amendment) Borrowing costs"	Effective for annual periods beginning on or after 1 January 2009
• IFRS 8, "Operating segments"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 12, "Service concession arrangements"	Effective for annual periods beginning on or after 1 January 2008
• IFRIC 13, "Customer loyalty programmes"	Effective for annual periods beginning on or after 1 July 2008
• IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction"	Effective for annual periods beginning on or after 1 January 2008
• IFRS 2, "Share-based Payment" Amendment relating to vesting conditions and cancellations	Effective for annual periods beginning on or after 1 January 2009
• IFRS 3, "Business Combinations" • IAS 27, "Consolidated and Separate Financial Statements" • IAS 28, "Investments in Associates" • IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	Effective for annual periods beginning on or after 1 July 2009
• IAS 1, "Presentation of Financial Statements" • IAS 32, "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	Effective for annual periods beginning on or after 1 January 2009
• IAS 1, "Presentation of Financial Statements"	Effective for annual periods beginning on or after 1 January 2009

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

2. Basis of preparation *(continued)*

2.5 Significant accounting judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are discussed in the relevant sections of this note below; where particulars for Impairment of Financial Assets, Employee Termination Benefits, Income Taxes are disclosed.

3. Summary of significant accounting policies

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

Reclassification

The Company started to follow the foreign exchange gain/loss of finance leases which were previously followed in income from finance leases; in net finance expense/income and expense on derivative transactions which were previously followed in finance income/expense; in other operating (expense) / income, net.

The same reclassification has been made for the prior year financial statements.

3.1 Accounting in hyperinflationary economies

International Accounting Standard ("IAS") 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey has been 35.61% as of December 31, 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute ("TURKSTAT"). This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilization, decrease in the interest rates and the appreciation of TRY against the USD, have been taken into consideration to categorize Turkey as a non-hyperinflationary economy under IAS 29 effective from January 1, 2006. Therefore, IAS 29 has not been applied to the financial statements as of and for the year ended December 31, 2006 and December 31, 2007.

(Currency – New Turkish Lira)

3. Summary of significant accounting policies *(continued)*

The main procedures for the application of IAS 29 are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities, which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of equity are restated by applying the relevant (monthly, yearly average, year end) conversion factors. Additions to property and equipment in the year of acquisition are restated using the relevant conversion factors.
- All items in the statement of income are restated by applying the monthly conversion factors except for those amounts deriving from non-monetary items, which are calculated, based on the restated values of the related items.

3.2 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into TRY at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the income statement as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the income statement as realized during the course of the period.

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	EUR / TRY (Full TRY)	USD / TRY (Full TRY)
December 31, 2006	1.8515	1.4056
December 31, 2007	1.7102	1.1647

3. Summary of significant accounting policies *(continued)*

3.3 Tangible assets

Tangible assets which consist of office machinery, furniture and fixtures and vehicles acquired before January 1, 2006 are measured at cost restated for the effects of inflation in TRY units current at December 31, 2005 pursuant to IAS 29, less accumulated depreciation and impairment losses. Tangible assets acquired after 2006 are measured at cost, less accumulated depreciation, and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which is 5 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash generating units are written down to their recoverable amount. The recoverable amount is defined as the amount that is the higher of the asset's fair value less costs to sell and value in use. Impairment losses are recognized in the income statement.

An item of tangible is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

3.4 Intangible assets

Intangible assets represent computer software licences and rights. Intangible assets acquired before January 1, 2006 are measured at cost restated for the effects of inflation in TRY units current at December 31, 2005 pursuant to IAS 29, less accumulated amortization, and impairment losses. Intangible assets acquired after 2006 are measured at cost, less accumulated amortisation, and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

3.5 Investments in associates

On July 31,2006 the Company sold its 40% shares in Finans Leasing Romania. Operations of Finans Leasing Romania have been accounted by equity method of accounting until the date of disposal.

3.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise finance lease receivables and other receivables, available for sale assets, cash and cash equivalents, bank borrowings, and trade and other payables.

3. Summary of significant accounting policies *(continued)*

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as available-for-sale, the change in value is recognized in equity, respectively.

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

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on remeasurement to fair value are recognized as a separate component of equity until the investment is derecognized, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. However, interest calculated on available-for-sale financial assets using effective interest method is reported as interest income, and dividends are included in dividend income when the entity's right to receive payment is established.

For investments that are traded in an active market, fair value is determined by reference to stock exchange or current market bid prices, at the close of business on the balance sheet date. For investments where there is no market price or market price is not indicative of the fair value of the instrument, fair value is determined by reference to the current market value of another instrument which is substantially the same, recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used. Equity securities whose fair values cannot be measured reliably are recognized at cost less impairment.

Bank borrowings

Bank borrowings are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, bank borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings.

Other

Other non-derivative financial instruments including finance lease receivables and time deposits are measured at amortized cost using the effective interest method, less any impairment losses.

Demand deposits and trade and other payables are measured at cost.

3. Summary of significant accounting policies *(continued)*

Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposure.

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in income statement as part of finance (expense) / income.

3.7 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.8 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

All impairment losses are recognised in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets, the reversal is recognised in the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

3. Summary of significant accounting policies *(continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

Defined benefit plans

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees.

Defined contribution plans

The Company pays contributions to Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

3.10 Leases

Finance leases

(a) The Company as lessor

The Company classifies leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the finance lease receivables and reduce the amount of income recognized over the lease term.

(b) The Company as lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

3. Summary of significant accounting policies *(continued)*

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of branch premises, which are cancelable subject to a period of notice. Related payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12 Related parties

For the purpose of this report, the shareholders of the Company, Finansbank and NBG Group of companies, the ultimate shareholders of the Company and the companies controlled by/associated with them are referred to as related parties.

3.13 Income and expense recognition

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

3.14 Income tax

Taxes on income comprise current tax and the change in the deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the balance sheet liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

(Currency – New Turkish Lira)

3. Summary of significant accounting policies *(continued)*

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred taxes on income.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances. Fair value has been determined by discounting the relevant cash flows using current interest rates for bank borrowings and finance lease receivables. The carrying amounts of the cash at banks-time, and trade payables approximate their fair values due to their short-term maturities.

The Company utilizes currency forward derivative instruments. "Currency forwards" represent commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. The Company conducts these transactions in order to hedge foreign currency position on the balance sheet. The fair values of derivative instruments held at December 31, 2007 and 2006, are disclosed in note 15.

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements at other than fair values.

	Carrying amount		**Fair value**	
	2007	**2006**	**2007**	**2006**
Financial assets				
Finance lease receivables, (net) (Note 7)	994,147,587	583,344,064	1,034,356,382	595,639,529
Financial liabilities				
Funds borrowed (Note 14)	836,546,904	422,163,077	837,597,018	422,054,331

The fair value of other financial assets and liabilities approximates their carrying values.

(Currency – New Turkish Lira)

4. Determination of fair values *(continued)*

The interest used to determine the fair values of lease contracts receivables, applied on the balance sheet date to reflect active market price quotations are as follows:

	Interest Rates Applied (%)	
	2007	**2006**
New Turkish Lira	19.01	23.81
USD	7.25	8.75
EURO	6.59	6.63
CHF	6.00	9.00

5. Segment information

Since the Company operates only in leasing activities and in a single geographical area, segment information is not provided.

6. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	2007	**2006**
Cash on hand	23,005	23,883
Cash at banks	70,450,039	51,248,349
Cash and cash equivalents	**70,473,044**	**51,272,232**

As of December 31, 2007 and 2006, interest range of deposits is as follows:

	2007			
	Amount		**Effective interest rate**	
	New Turkish Lira	**Foreign currency**	**New Turkish Lira**	**Foreign currency**
Bank accounts	24,977,965	45,472,074	15.00 – 18.50	3.00 – 5.60
Total	**24,977,965**	**45,472,074**		

	2006			
	Amount		**Effective interest rate**	
	New Turkish Lira	**Foreign currency**	**New Turkish Lira**	**Foreign currency**
Bank accounts	1,530,271	49,718,078	17.50	3.00 – 5.00
Total	**1,530,271**	**49,718,078**		

(Currency – New Turkish Lira)

7. Finance lease receivables, (net)

Gross investment in finance lease receivables:

	2007	2006
Short-term finance lease receivables		
Finance lease receivables outstanding	37,660,067	20,729,855
Minimum lease payments receivable, gross	470,000,971	315,343,821
Less: Unearned interest income	(88,575,633)	(60,455,170)
Less: Impairment reserve for finance lease receivables outstanding	(10,208,153)	(9,436,342)
Less: Impairment reserve for minimum lease payments receivable	(1,126,116)	(1,120,836)
Short-term finance lease receivables, (net)	**407,751,136**	**265,061,328**
Long-term finance lease receivables		
Minimum lease payments receivable, gross	685,643,506	375,930,580
Less: Unearned interest income	(98,851,178)	(57,647,844)
Less: Impairment reserve for minimum lease payments receivable	(395,877)	-
Long-term finance lease receivables, (net)	**586,396,451**	**318,282,736**
Total finance lease receivables, (net)	**994,147,587**	**583,344,064**

The maturity profile of long-term finance lease receivables, net is as follows;

	2007	2006
2008	-	169,811,256
2009	281,287,973	96,370,955
2010	179,749,210	39,415,830
2011	87,026,675	10,490,432
2012	31,966,780	2,194,263
2013	5,360,416	-
2014	966,068	-
2015	12,442	-
2016	13,502	-
2017	13,385	-
Total	**586,396,451**	**318,282,736**

As of December 31, 2007 and 2006, TRY 788,063,009 and TRY 367,404,784 of minimum lease payments receivable, gross are denominated in foreign currency (mainly USD and Euro). As of December 31, 2007 effective interest rates for USD, Euro and TRY are 10.63%, 9.45% and 25.66% (2006 – 12.10% for USD, 10.40% for Euro and 23.50% for TRY). Finance lease receivables mainly have fixed interest rates.

(Currency – New Turkish Lira)

7. Finance lease receivables, (net) *(continued)*

Movements in the specific reserve for finance lease receivables outstanding:

	2007	2006
Reserve at the beginning of the year	9,436,342	11,333,650
Provision for impairment	1,371,980	1,205,026
Recoveries	(27,757)	(1,450,897)
(Reversal) / Provision net of recoveries	1,344,223	(245,871)
Receivables written off	(572,412)	(1,651,437)
Reserve at end of the year	**10,208,153**	**9,436,342**

Movement in the specific reserve for minimum lease payments receivable:

	2007	2006
Reserve at the beginning of the year	1,120,836	4,190,134
(Reversal) / provision for impairment	997,634	(2,824,009)
Recoveries	-	(245,289)
(Reversal) / Provision net of recoveries	997,634	(3,069,298)
Receivables written off	(596,477)	-
Reserve at end of the year	**1,521,993**	**1,120,836**

The Company's guarantees for all finance lease receivables are as follows:

	2007	2006
Mortgages	240,467,949	144,246,211
Pledges	6,856,198	2,403,368
Transferral of receivables	6,313,499	1,280,010
Cash blockages	4,952,762	4,569,745
Transferral of cheques received	978,300	918,967
Treasury bill	796,167	685,536
Letter of guarantees	82,529	2,042,591
	260,447,404	**156,146,428**

(Currency – New Turkish Lira)

7. **Finance lease receivables, (net)** *(continued)*

As of balance sheet date, the Company's finance lease receivables which are overdue less than 90 days is amounting to TRY 17,172,618. The Company does not recognize allowance considering the fact that there is no substantial risk regarding the recoverability of such finance lease receivables. The uninvoiced portion of such overdue receivables is TRY 151,773,413 and aging of the total amount is as follows:

	2007
Up to 30 days	10,749,252
Between 30 – 60 days	4,284,346
Between 60 – 90 days	2,139,020
Uninvoiced	151,773,413
	168,946,031

The guarantees taken for finance lease receivables which are overdue less than 90 days as of December 31, 2007 are as follows:

	2007
Mortgages	37,473,221
Pledges	1,005,508
Cash blockages	351,510
Transferral of receivables	201,624
Transferral of cheques received	17,817
Letter of guarantees	164
	39,049,844

As of balance sheet date, the Company's finance lease receivables which are overdue more than 90 days is amounting to TRY 6,488,021. The Company does not recognize allowance considering the fact that there is no substantial risk regarding the recoverability of such finance lease receivables. The uninvoiced portion of such overdue receivables is TRY 19,160,877 and aging of the total amount is as follows:

	2007
Between 90 – 180 days	3,346,378
Between 180 – 360 days	2,376,087
Over 360 days	765,556
Uninvoiced	19,160,877
	25,648,898

(Currency – New Turkish Lira)

7. Finance lease receivables, (net) *(continued)*

The guarantees taken for finance lease receivables which are overdue more than 90 days as of December 31, 2007 are as follows:

	2007
Mortgages	7,212,921
Pledges	149,215
Transferral of cheques received	25,641
Cash blockages	8,891
Transferral of receivables	442
Letter of guarantees	222
	7,397,332

8. Available-for-sale investments

	2007	**2006**
Equity instruments – unlisted	60,897	60,897
	60,897	**60,897**

Available-for-sale investments at cost represent the Company's equity holdings in the companies, shares of which are not publicly traded.

The list of participations at affiliated companies which are included in equity instruments is as follows:

	2007		**2006**	
	Amount	**Participation-%**	**Amount**	**Participation-%**
Equity instruments - unlisted				
Finans Yatırım Menkul Değerler A.Ş.	60,747	Less than 1	60,747	Less than 1
Finans Portföy Yönetimi A.Ş.	150	Less than 1	150	Less than 1
	60,897		**60,897**	

9. Investments in associates

As of December 31, 2007 and December 31, 2006, the Company doesn't have any investment in associates.

On July 31, 2006, the Company sold its 40% shares in Finans Leasing S.A., Romania. 39,536 of 39,538 shares representing 40% of Finans Leasing S.A., Romania, are sold to Finans International Holding N.V. for Euro 2,085,793, 1 share is sold to Fiba Holding for Euro 52.76 and the remaining 1 share is sold to Fina Holding for Euro 52.76. Operations of Finans Leasing S.A., Romania have been accounted by the equity method of accounting until the date of disposal and the Company incurred income at the amount of TRY 1,588,901 for the year ended December 31, 2006.

10. Equipment to be leased

The Company purchases machinery and equipment from foreign and domestic vendors in relation to the finance lease agreements signed in the current year for projects in progress of its customers, which will be completed in the subsequent year. As of December 31, 2007 and 2006, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

(Currency – New Turkish Lira)

11. Tangible assets, (net)

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Total
January 1, 2007, net of accumulated depreciation	**569,844**	**84,235**	**125,215**	**779,294**
Additions	156,268	-	10,064	166,332
Disposals	-	(64,173)	-	(64,173)
Depreciation charge for the year	(191,673)	(19,758)	(39,355)	(250,786)
At December 31, 2007, net of accumulated depreciation	**534,439**	**304**	**95,924**	**630,667**
At December 31, 2006				
Cost	5,957,858	273,222	186,740	6,417,820
Accumulated depreciation	(5,388,014)	(188,987)	(61,525)	(5,638,526)
Net carrying amount, at December 31, 2006	**569,844**	**84,235**	**125,215**	**779,294**
At December 31, 2007				
Cost	6,114,126	41,341	196,804	6,352,271
Accumulated depreciation	(5,579,687)	(41,037)	(100,880)	(5,721,604)
Net carrying amount, at December 31, 2007	**534,439**	**304**	**95,924**	**630,667**

As of December 31, 2007, net carrying value of assets acquired through finance leases amount to TRY 257,543 (2006 – TRY 427,803) and consist of vehicles, furniture and equipments which are pledged as securities for the related finance lease obligations.

(Currency – New Turkish Lira)

12. Other intangible assets, (net)

	Licenses	Total
At January 1, 2007, net of accumulated amortization and impairment	**391,104**	**391,104**
Additions	254,381	254,381
Disposals	-	-
Amortization charge for the year	(81,702)	(81,702)
At December 31, 2007, net of accumulated amortization	**563,783**	**563,783**
At December 31, 2006		
Cost	612,017	612,017
Accumulated amortization and impairment	(220,913)	(220,913)
Net carrying amount, at December 31, 2006	**391,104**	**391,104**
At December 31, 2007		
Cost	866,398	866,398
Accumulated amortization and impairment	(302,615)	(302,615)
Net carrying amount, at December 31, 2007	**563,783**	**563,783**

13. Other assets

	2007	2006
Value Added Tax receivables	10,028,937	4,292,423
Prepaid expenses	9,775,336	5,800,714
Receivables from lessees against insurance transactions, net	4,169,713	1,862,428
Prepaid tax	71,576	70,446
Advances and deposits given	67,764	71,888
Others	-	10,730
	24,113,326	**12,108,629**

The Company has provided TRY 95,366 (2006 – TRY 53,430) of provision for its receivables from lessees against insurance transactions.

(Currency – New Turkish Lira)

14. Funds borrowed

		2007		
		Original Amount	**TRY Equivalent**	**Interest rate (%)**
Short term			**2,801,186**	
Fixed interest				
	EUR	1,557,173	2,663,077	3.93 – 4.33
	TRY	138,109	138,109	-
Medium / Long-term			**833,745,718**	
Fixed interest				
	EUR	18,046,672	30,863,420	5.11 – 5.93
	USD	32,279,306	37,595,707	5.60 – 7.50
	TRY	93,647,628	93,647,628	20.00 – 22.00
Floating interest				
	EUR	300,388,472	513,724,364	5.24 – 8.07
	USD	135,388,640	157,687,150	5.50 – 7.22
	CHF	221,406	227,449	3.81
Total			**836,546,904**	

		2006		
		Original Amount	**TRY Equivalent**	**Interest rate (%)**
Short term			**4,075,728**	
Fixed interest				
	EUR	2,201,311	4,075,728	3.35 – 4.37
Medium / Long-term			**418,087,349**	
Fixed interest				
	EUR	64,660,008	119,718,005	3.89 – 5.51
	USD	64,801,179	91,084,536	6.00 – 7.50
Floating interest				
	EUR	80,381,587	148,826,509	4.36 – 6.91
	USD	41,411,737	58,208,338	6.37 – 7.57
	CHF	217,300	249,961	3.19
Total			**422,163,077**	

(Currency – New Turkish Lira)

14. Funds borrowed *(continued)*

Repayments of medium/long-term funds borrowed are as follows:

	2007		2006	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2007	-	-	188,236,399	37,219,858
2008	40,422,689	120,908,467	22,566,142	98,439,212
2009	121,684,066	424,718,849	-	24,424,573
2010	-	84,917,940	-	22,978,089
2011	-	21,599,278	-	16,794,477
2012	-	10,943,429	-	7,428,599
2013	-	-	-	-
2014	-	8,551,000	-	-
Total	**162,106,755**	**671,638,963**	**210,802,541**	**207,284,808**

The Company has obtained letters of guarantee amounting to TRY 705,404 and USD 14,034 (2006 – EUR 50,000 and USD 14,034) and submitted to various legal authorities. Also as of December 31, 2006 the Company has obtained bank aval to its promissory notes amounting to EUR 3,000,000.

15. Derivatives

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date. In the absence of reliable forward rate estimations in a volatile market, current market rate is considered to be the best estimate of the present value of the forward exchange rates.

As of December 31, 2007 the Company does not have derivative financial instruments. The breakdown of derivative financial instruments as of December 31, 2006 is as follows:

	Fair value assets	Fair value liabilities	Notional amount in TRY equivalent
Derivatives held for trading			
Forward purchase contracts	498,541	(2,184,946)	47,636,050
Currency swap purchase contracts	-	(3,855,900)	21,786,800
Total	**498,541**	**(6,040,846)**	**69,422,850**

16. Other liabilities and provisions

	2007	2006
Bonus accrual	2,000,000	900,000
Vacation pay liability	420,634	308,453
Taxes and social security premiums payable	311,765	537,273
Leasing obligation	-	50,725
Others	186,975	184,390
Total	**2,919,374**	**1,980,841**

(Currency – New Turkish Lira)

17. Reserve for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TRY 2,030.19 at December 31, 2007 (2006 – TRY 1,857.44) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the following liability by the independent actuary:

	2007	2006
Inflation rate	5.00%	5.50%
Discount rate	11%	11%
Average working period	15.07	13.70

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

	2007	2006
Balance at the beginning of the year	312,567	505,579
Payments during the year	(21,556)	(17,709)
Increase / (Decrease) during the year	85,884	(175,303)
Balance at the end of the year	**376,895**	**312,567**

18. Income taxes

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

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

The effective rate of tax in 2007 is 20% (2006 – 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2007 is 20% (2006 – 20%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

18. Income taxes *(continued)*

Corporate Tax (cont'd)

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

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 April 23, 2003. This rate was changed to 15% commencing from July 23, 2006. 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 April 24, 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 January 1, 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years 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.

As the management of the Company planned to use the investment incentives, the Company have used 30% corporate tax rate as of December, 31 2007 (2006 – 30%).

Inflation adjusted legal tax calculation

Company has adjusted its statutory financial statements as of December 31, 2004 in accordance with Law No. 5024 published in the Official Gazette No. 25332 on December 30, 2003 which requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 and inflation adjusted balances as at December 31, 2004 were taken as opening balances as of January 1, 2005. However, as inflation did not meet the required thresholds as at December 31, 2005, 2006 and 2007, no further inflation adjustment made to the Company's statutory financial statements in 2005, 2006 and 2007.

Based on the resolution of the Council of Ministers dated December 30, 2007 published in the Official Gazette numbered 26742, the value added tax ("VAT") rates of 1% and 8%, applied according to the equipment type subject to leasing transactions, has been equalized to the VAT rates subject to all submissions and services. The application mentioned above is effective for leasing contracts signed subsequent to the date of announcement of the resolution of the Council of Ministers in the Official Gazette.

(Currency – New Turkish Lira)

18. Income taxes *(continued)*

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 30% (2006 – 30%) is used.

The Company's investment allowances related with capital expenditures are deductible from future taxable income for the years from 2006 through 2008. The total amount of investment allowances, which are deductible from future taxable income amounts to TRY 181,154,438 (2006 - TRY 191,050,932). Therefore, the Company's principal tax rate on temporary differences is calculated as nil as at December 31, 2007 and 2006 as the Company does not expect to pay any corporation tax in the foreseeable future.

Under IAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized. Therefore, the deferred tax assets as of December 31, 2006 and 2005 were not recorded due to the fact that the Company will not be able to utilize deferred tax assets in the foreseeable future.

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

	2007	**2006**
Deductible temporary differences		
Tax credits of unused investment incentive allowances	46,440,835	49,940,749
Capitalized financial expense subject to deduction	1,241,829	2,483,657
Reserve for possible lease receivable losses	605,776	336,022
Bonus accrual	600,000	270,000
Vacation pay liability	126,190	92,536
Employee termination benefit	113,069	93,770
Accounting of finance leases	95,984	2,835,715
Tax loss carry forward	-	2,309,866
Expense accruals on derivative transactions	-	1,812,254
	49,223,683	**60,174,569**
Taxable temporary differences		
Leasing income accruals	(4,313,138)	(2,381,084)
Accrued interest income on overdue receivables	(569,451)	(252,248)
Expense accruals on funds borrowed	(320,889)	(51,688)
Restatement effect on tangible and intangible assets	(60,742)	(55,926)
Income accruals on derivative transactions	-	(149,562)
	(5,264,220)	**(2,890,508)**
Net deductible temporary differences	**43,959,463**	**57,284,061**

(Currency – New Turkish Lira)

18. Income taxes *(continued)*

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended December 31 was as follows:

	2007	**2006**
Profit from operating activities before income tax and monetary loss	50,407,543	40,003,387
Accounting of finance leases and restatement effect of income statement items	(9,728,912)	(44,366,922)
Provision / (reversal) for possible lease receivable losses	1,495,658	(3,063,069)
Accounting of investment in associates	-	(828,693)
Fair value loss on derivative transactions	(5,542,306)	5,542,306
Other adjustments	(879,786)	303,540
Statutory (loss) / income before taxation	**35,752,197**	**(2,409,451)**
Income not subject to tax	(18,543,184)	(14,427,960)
Expenditure not deductible for income tax purposes	11,775,421	12,346,825
Deductible tax loss carry forwards	(7,699,553)	(3,580,853)
Deductible investment allowances	(21,332,141)	-
Current year profit of branch in FTZ	47,260	319,969
Corporate tax base	-	(7,751,470)
Corporate tax (effective rate 0%)	-	-
Income tax base	-	-
Income tax (effective rate 19.8%)	-	-
Tax effect of temporary differences (restated)	-	-
Adjustment effect of prior years tax allowance	-	-
Taxation charge per accompanying financial statements	**-**	**-**

(Currency – New Turkish Lira)

19. Share capital

	2007	2006
Number of common shares (authorized, issued and outstanding) 0.1 TRY par value	7,500,000,000	7,500,000,000

The Company increased its nominal share capital from TRY 43,000,000 to TRY 75,000,000 according to the Board of Directors' resolution on March 17, 2006. The movement of the share capital (in numbers and in historical TRY) of the Company during 2007 and 2006 is as follows:

	2007		2006	
	Number	TRY	Number	TRY
At January 1	7,500,000,000	75,000,000	4,300,000,000	43,000,000
Shares issued in:				
- transfer from inflation adjustment to share capital	-	-	2,767,930,000	27,679,300
- transfer from statutory retained earnings	-	-	432,070,000	4,320,700
At December 31	**7,500,000,000**	**75,000,000**	**7,500,000,000**	**75,000,000**

As of December 31, 2007 and 2006, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2007		2006	
	Amount	%	Amount	%
Finansbank	38,292,090	51.06	38,292,090	51.06
Finans Yatırım Menkul Değerler A.Ş.	6,158,963	8.21	6,158,963	8.21
Publicly traded	30,548,947	40.73	30,548,947	40.73
Total in historical TRY	**75,000,000**	**100.00**	**75,000,000**	**100.00**
Restatement effect	48,459,788		48,459,788	
Total	**123,459,788**		**123,459,788**	

The sale and transfer of 46% of the ordinary shares of Finansbank belonging to Fiba Holding and other group companies and 100 founder shares of Finansbank belonging to Fina Holding; to National Bank of Greece S.A have been completed at August 18, 2006 and NBG has become the main shareholder of Finansbank.

NBG purchased 2.55% shares of the Company, with TRY 1,911,543 nominal value, on the tender call between December 11 and 25, 2006.

(Currency – New Turkish Lira)

20. Legal reserves and retained earnings

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and Capital Market Board regulations regarding profit distribution.

Dividends

As of December 31, 2007, the Company has not resolved to distribute profit as of the date of these financial statements.

21. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2007.

There have been no transactions involving ordinary shares or potential ordinary shares since the date of these financial statements and before the completion of these financial statements.

The following reflects the income and share data used in the basic earnings per share computations:

	2007	2006
Net profit attributable to ordinary equity holders of the parents for basic earnings per share	50,407,543	40,003,387
Weighted average number of ordinary shares for basic earnings per share	7,500,000,000	6,433,333,333
Basic earnings per share (TRY)	0.672	0.622

(Currency – New Turkish Lira)

22. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the operating decisions. The Company is controlled by Finansbank, which owns 51.06% (2006 – 51.06%) of ordinary shares. The ultimate owner of the Company is NBG. For the purpose of these financial statements, associates, shareholders and affiliated companies are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Company's Board of Directors and their families.

(a) Balances outstanding and other transactions with the shareholder bank:

	2007	2006
Balances outstanding		
Cash and cash equivalents	3,789,392	7,774,235
Finance lease receivables, (net)	19,306,652	11,604,284
Funds borrowed	862,932	2,517,549
Advances from customers	67,988	59,188
Fair value loss on derivative transactions, (net)	-	1,686,404
Transactions		
Income from finance leases	1,804,695	1,825,173
Interest income on bank deposits	466,544	504,566
Interest expense	156,221	21,587
Commissions paid	396,878	297,570
Rent expense	74,294	53,998
Loss on derivative transactions, (net)	(2,558,065)	(1,686,404)

Additionally, the shareholder bank has given letter of comfort for the funds borrowed amounting to USD 34,224,994 and EUR 48,028,692 (2006 – USD 63,806,873 and EUR 47,420,911 and letter of guarantees amounting to EUR 50,000) and letters of guarantee amounting to TRY 73,886 (2006 – TRY 31,885) to customs authorities and courts.

(b) Balances outstanding and other transactions with NBG:

	2007	2006
Balances outstanding		
Funds borrowed	292,868,301	-

	2007	2006
Transactions		
Interest expense	6,670,606	-

(Currency – New Turkish Lira)

22. Related party transactions *(continued)*

(c) Balances outstanding and other transactions with other related parties:

	2007	2006
Balances Outstanding		
Cash and cash equivalents	32,915,079	3,126
Finance lease receivables, (net)	1,754,758	2,117,100
Advances from customers	10,073	58,964
Trade payables and other liabilities	3,356,635	2,602,788
Transactions		
Income from finance leases	205,836	258,450
Interest income on bank deposits	2,605,842	601,028
Rent expense	238,777	260,845
Insurance agency commission income	2,461,874	1,813,475

(d) In 2007, compensation of the key management personnel of the Company amounted to TRY 1,199,033 (2006 – TRY 1,890,831).

23. Finance (expense) / income

The breakdown of finance expenses and finance income is as follows:

	2007	2006
Finance expenses		
Foreign exchange loss	(66,741,276)	(35,745,381)
Interest expense on funds borrowed	(41,451,446)	(20,985,530)
	(108,192,722)	**(56,730,911)**
Finance income		
Foreign exchange gain	71,516,779	28,814,870
Interest income on bank deposits, investments available for sale and reverse repo	4,741,715	2,464,055
	76,258,494	**31,278,925**
Finance (expense) / income, (net)	**(31,934,228)**	**(25,451,986)**

(Currency – New Turkish Lira)

24. Salaries and employee benefits

	2007	2006
Staff costs		
Wages and salaries	6,033,876	4,710,571
Bonuses	2,393,663	2,801,894
Provision / (Reversal) for employee termination benefits	64,328	(193,012)
Provision for vacation pay liability	112,181	308,453
Other fringe benefits	796,889	590,198
	9,400,937	**8,218,104**
Defined contribution share		
Social security premiums – employer share	777,995	598,091
	777,995	**598,091**
Total	**10,178,932**	**8,816,195**

25. Other operating income, (net)

The breakdown of other operating income and other operating expense is as follows:

	2007	2006
Insurance commission income	2,461,874	1,842,962
Income from sale of tangible assets and assets acquired through foreclosure proceedings	2,582,646	1,000,218
Income from costs charged to customers	-	410,155
Miscellaneous income	2,046,080	1,846,561
Total other operating income	**7,090,600**	**5,099,896**
Expense on derivative transactions	(5,378,415)	(5,542,305)
Miscellaneous expense	(3,342,144)	(293,683)
Total other operating expense	**(8,720,559)**	**(5,835,988)**
Total other operating income, (net)	**(1,629,959)**	**(736,092)**

(Currency – New Turkish Lira)

26. Financial risk management

The Company is exposed to following risks due to its transactions in financial instruments;

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

The Company seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Company also obtains guarantees when appropriate.

The concentration of the Company's finance lease receivables to industry groups is as follows:

	2007	2006
Building and Construction	19.4%	19.2%
Agriculture, Hunting and Forestry	15.4%	14.8%
Textile	12.3%	9.2%
Health and Social Activities	9.7%	12.6%
Manufacturing	9.5%	11.6%
Transportation, Storage and Comm.	6.2%	4.1%
Mining and Quarrying	5.8%	4.6%
Metal	4.8%	4.7%
Food	3.5%	3.8%
Services	3.6%	4.3%
Printing	3.0%	4.1%
Banking and Financial Institutions	2.1%	2.2%
Wood and Wood product	1.5%	2.1%
Chemical	1.4%	0.8%
Other	1.8%	1.9%
Total	**100.00%**	**100.00%**

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Liquidity Risk

The Company's policy is to match cash outflow mainly arising from repayments of the funds borrowed and cash inflow arising from lease receivables, maintained in the portfolio. Repayment schedules of leasing contracts made with the customers are structured considering the funding and equity base of the Company. In addition, the Company maintains reasonable amount of cash on hand in order to protect itself against the rate of deviation from the expected in and out cash flows in an unfavorable manner. The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date.

	2007						
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Total**
Cash and cash equivalents	70,473,044	-	-	-	-	-	70,473,044
Finance lease receivables, (net)	74,882,602	62,559,506	91,397,065	178,911,963	586,396,451	-	994,147,587
Other financial assets	-	-	-	-	-	60,897	60,897
Equipment to be leased (*)	-	-	-	-	-	91,282,326	91,282,326
Property, plant and equipment, (net)	-	-	-	-	-	630,667	630,667
Other intangible assets, (net)	-	-	-	-	-	563,783	563,783
Other assets	4,817,293	11,021,323	1,411,462	2,540,523	4,322,725	-	24,113,326
Total assets	**150,172,939**	**73,580,829**	**92,808,527**	**181,452,486**	**590,719,176**	**92,537,673**	**1,181,271,630**
LIABILITIES							
Funds borrowed	8,086,679	27,785,755	80,735,398	47,524,510	672,414,562	-	836,546,904
Trade payables (**)	12,205,717	-	-	59,857	256,530	55,049,137	67,571,241
Advances from customers	13,544,633	-	-	-	-	-	13,544,633
Derivatives	-	-	-	-	-	-	-
Other liabilities and provisions	387,740	2,000,000	-	531,634	-	-	2,919,374
Reserve for employee termination benefits	-	-	-	-	376,895	-	376,895
Equity	-	-	-	-	-	260,312,583	260,312,583
Total liabilities	**34,224,769**	**29,785,755**	**80,735,398**	**48,116,001**	**673,047,987**	**315,361,720**	**1,181,271,630**
Net liquidity gap	**115,948,170**	**43,795,074**	**12,073,129**	**133,336,485**	**(82,328,811)**	**(222,824,047)**	**-**

(*) Equipment to be leased, consists of leasing contracts whose payment plans are not finalized yet.
(**) The unallocated portion of trade payables consists of letter of credit accruals whose payment terms are not finalized yet.

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Liquidity Risk

	2006						
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Total**
Cash and cash equivalents	51,272,232	-	-	-	-	-	51,272,232
Finance lease receivables, (net)	42,906,809	44,595,054	61,755,837	115,803,628	318,282,736	-	583,344,064
Other financial assets	-	-	-	-	-	60,897	60,897
Derivatives	420,809	77,732	-	-	-	-	498,541
Equipment to be leased (*)	-	-	-	-	-	30,432,782	30,432,782
Property, plant and equipment, (net)	-	-	-	-	-	779,294	779,294
Other intangible assets, (net)	-	-	-	-	-	391,104	391,104
Other assets	2,354,875	4,910,556	769,046	1,253,192	2,820,960	-	12,108,629
Total assets	**96,954,725**	**49,583,342**	**62,524,883**	**117,056,820**	**321,103,696**	**31,664,077**	**678,887,543**
LIABILITIES							
Funds borrowed	26,060,938	46,760,670	102,765,101	53,945,276	192,631,092	-	422,163,077
Trade payables (**)	4,335,534	1,265,040	1,641,008	2,300,142	-	20,856,172	30,397,896
Advances from customers	8,087,276	-	-	-	-	-	8,087,276
Derivatives	-	752,687	5,288,159	-	-	-	6,040,846
Other liabilities and provisions	610,663	900,000	50,725	419,453	-	-	1,980,841
Reserve for employee termination benefits	-	-	-	-	312,567	-	312,567
Equity	-	-	-	-	-	209,905,040	209,905,040
Total liabilities	**39,094,411**	**49,678,397**	**109,744,993**	**56,664,871**	**192,943,659**	**230,761,212**	**678,887,543**
Net liquidity gap	**57,860,314**	**(95,055)**	**(47,220,110)**	**60,391,949**	**128,160,037**	**(199,097,135)**	**-**

(*) Equipment to be leased, consists of leasing contracts whose payment plans are not finalized yet.
(**) The unallocated portion of trade payables consists of letter of credit accruals whose payment terms are not finalized yet

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Liquidity Risk

The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to undiscounted contractual maturity date.

	2007							
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Adjustments**	**Total**
Cash and cash equivalents	70,562,921	-	-	-	-	-	(89,877)	70,473,044
Finance lease receivables, (net)	71,535,877	81,493,375	117,409,973	225,887,544	685,247,629	-	(187,426,811)	994,147,587
Other financial assets	-	-	-	-	-	60,897	-	60,897
Derivatives	-	-	-	-	-	-	-	-
Equipment to be leased (*)	-	-	-	-	-	91,282,326	-	91,282,326
Property, plant and equipment, (net)	-	-	-	-	-	630,667	-	630,667
Other intangible assets, (net)	-	-	-	-	-	563,783	-	563,783
Other assets	4,817,293	11,021,323	1,411,462	2,540,523	4,322,725	-	-	24,113,326
Total assets	**146,916,091**	**92,514,698**	**118,821,435**	**228,428,067**	**689,570,354**	**92,537,673**	**(187,516,688)**	**1,181,271,630**
LIABILITIES								
Funds borrowed	2,807,743	40,251,762	93,099,684	69,119,162	725,848,940	-	(94,580,387)	836,546,904
Trade payables (**)	12,205,717	-	-	59,857	256,530	55,049,137	-	67,571,241
Advances from customers	13,544,633	-	-	-	-	-	-	13,544,633
Derivatives	-	-	-	-	-	-	-	-
Other liabilities and provisions	387,740	2,000,000	188	532,044	670	-	(1,268)	2,919,374
Reserve for employee termination benefits	-	-	-	-	376,895	-	-	376,895
Equity	-	-	-	-	-	260,312,583	-	260,312,583
Total liabilities	**28,945,833**	**42,251,762**	**93,099,872**	**69,711,063**	**726,483,035**	**315,361,720**	**(94,581,655)**	**1,181,271,630**
Net liquidity gap	**117,970,258**	**50,262,936**	**25,721,563**	**158,717,004**	**(36,912,681)**	**(222,824,047)**	**(92,935,033)**	**-**

(*) Equipment to be leased, consists of leasing contracts whose payment plans are not finalized yet.
(**) The unallocated portion of trade payables consists of letter of credit accruals whose payment terms are not finalized yet.

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Liquidity Risk

	2006							
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Adjustments**	**Total**
Cash and cash equivalents	51,310,973	-	-	-	-	-	(38,741)	51,272,232
Finance lease receivables, (net)	42,732,462	57,856,414	79,102,615	145,825,930	375,929,657	-	(118,103,014)	583,344,064
Other financial assets	-	-	-	-	-	60,897	-	60,897
Derivatives	420,809	77,732	-	-	-	-	-	498,541
Equipment to be leased (*)	-	-	-	-	-	30,432,782	-	30,432,782
Property, plant and equipment, (net)	-	-	-	-	-	779,294	-	779,294
Other intangible assets, (net)	-	-	-	-	-	391,104	-	391,104
Other assets	2,354,873	4,910,557	769,046	1,253,193	2,820,960	-	-	12,108,629
Total assets	**96,819,117**	**62,844,703**	**79,871,661**	**147,079,123**	**378,750,617**	**31,664,077**	**(118,141,755)**	**678,887,543**
LIABILITIES								
Funds borrowed	23,028,500	50,405,567	108,618,348	61,702,003	208,736,048	-	(30,327,389)	422,163,077
Trade payables (**)	4,335,535	1,265,040	1,641,008	2,300,142	-	20,856,171	-	30,397,896
Advances from customers	8,087,276	-	-	-	-	-	-	8,087,276
Derivatives	-	752,687	5,288,159	-	-	-	-	6,040,846
Other liabilities and provisions	611,295	901,072	51,329	421,172	1,037	-	(5,064)	1,980,841
Reserve for employee termination benefits	-	-	-	-	312,567	-	-	312,567
Equity	-	-	-	-	-	209,905,040	-	209,905,040
Total liabilities	**36,062,606**	**53,324,366**	**115,598,844**	**64,423,317**	**209,049,652**	**230,761,211**	**(30,332,453)**	**678,887,543**
Net liquidity gap	**60,756,511**	**9,520,337**	**(35,727,183)**	**82,655,806**	**169,700,965**	**(199,097,134)**	**(87,809,302)**	**-**

(*) Equipment to be leased, consists of leasing contracts whose payment plans are not finalized yet.
(**) The unallocated portion of trade payables consists of letter of credit accruals whose payment terms are not finalized yet

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Currency Risk

Foreign currency denominated assets and liabilities together with purchase and sale commitments give risk to foreign exchange exposure. The Company's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency.

The concentrations of assets, liabilities and off balance sheet items:

	2007						
ASSETS	**New Turkish Lira**	**USD**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	24,977,965	24,997,519	20,275,647	76,145	145,718	50	70,473,044
Finance lease receivables, (net)	306,011,755	148,525,787	538,104,810	1,246,406	258,829	-	994,147,587
Other financial assets	60,897	-	-	-	-	-	60,897
Derivatives	-	-	-	-	-	-	-
Equipment to be leased	6,435,776	15,094,125	67,752,403	1,647,785	352,237	-	91,282,326
Property, plant and equipment, (net)	630,667	-	-	-	-	-	630,667
Other intangible assets, (net)	563,783	-	-	-	-	-	563,783
Other assets	23,004,978	312,189	795,363	-	796	-	24,113,326
Total assets	**361,685,821**	**188,929,620**	**626,928,223**	**2,970,336**	**757,580**	**50**	**1,181,271,630**
LIABILITIES							
Funds borrowed	93,785,737	195,282,857	547,250,861	227,449	-	-	836,546,904
Trade payables	4,013,900	7,596,958	53,842,646	1,645,735	472,002	-	67,571,241
Advances from customers	3,884,259	1,955,475	7,657,777	46,324	798	-	13,544,633
Derivatives	-	-	-	-	-	-	-
Other liabilities and provisions	2,919,374	-	-	-	-	-	2,919,374
Reserve for employee termination benefits	376,895	-	-	-	-	-	376,895
Equity	260,312,583	-	-	-	-	-	260,312,583
Total liabilities	**365,292,748**	**204,835,290**	**608,751,284**	**1,919,508**	**472,800**	**-**	**1,181,271,630**
Net balance sheet position	**(3,606,927)**	**(15,905,670)**	**18,176,939**	**1,050,828**	**284,780**	**50**	**-**

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Currency Risk

	2006						
ASSETS	**New Turkish Lira**	**USD**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	1,530,271	7,419,760	42,315,700	5,788	297	416	51,272,232
Finance lease receivables, (net)	263,188,699	89,489,530	229,966,413	307,134	392,288	-	583,344,064
Other financial assets	60,897	-	-	-	-	-	60,897
Derivatives	498,541	-	-	-	-	-	498,541
Equipment to be leased	3,320,311	6,759,833	18,190,095	1,198,687	935,220	28,636	30,432,782
Property, plant and equipment, (net)	779,294	-	-	-	-	-	779,294
Other intangible assets, (net)	391,104	-	-	-	-	-	391,104
Other assets	11,812,750	133,262	162,617	-	-	-	12,108,629
Total assets	**281,581,867**	**103,802,385**	**290,634,825**	**1,511,609**	**1,327,805**	**29,052**	**678,887,543**
LIABILITIES							
Funds borrowed	-	149,292,874	272,620,242	249,961	-	-	422,163,077
Trade payables	2,916,938	6,663,688	19,013,078	1,196,857	606,505	830	30,397,896
Advances from customers	3,062,717	866,031	4,157,609	3	916	-	8,087,276
Derivatives	6,040,846	-	-	-	-	-	6,040,846
Other liabilities and provisions	1,930,116	-	50,725	-	-	-	1,980,841
Reserve for employee termination benefits	312,567	-	-	-	-	-	312,567
Equity	209,905,040	-	-	-	-	-	209,905,040
Total liabilities	**224,168,224**	**156,822,593**	**295,841,654**	**1,446,821**	**607,421**	**830**	**678,887,543**
Net balance sheet position	**57,413,643**	**(53,020,208)**	**(5,206,829)**	**64,788**	**720,384**	**28,222**	**-**
Net off balance sheet position	**(69,422,850)**	**41,465,200**	**27,957,650**	**-**	**-**	**-**	**-**
Net position	**(12,009,207)**	**(11,555,008)**	**22,750,821**	**64,788**	**720,384**	**28,222**	**-**

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of monetary assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities through risk management strategies.

The table below summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the re-pricing or contractual dates whichever is earlier.

				2007			
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Non interest bearing**	**Total**
Cash and cash equivalents	70,473,044	-	-	-	-	-	70,473,044
Finance lease receivables, (net)	74,882,602	62,559,506	91,397,065	178,911,963	586,396,451	-	994,147,587
Other financial assets	-	-	-	-	-	60,897	60,897
Derivatives	-	-	-	-	-	-	-
Equipment to be leased	-	-	-	-	-	91,282,326	91,282,326
Property, plant and equipment, (net)	-	-	-	-	-	630,667	630,667
Other intangible assets, (net)	-	-	-	-	-	563,783	563,783
Other assets	-	-	-	-	-	24,113,326	24,113,326
Total assets	**145,355,646**	**62,559,506**	**91,397,065**	**178,911,963**	**586,396,451**	**116,650,999**	**1,181,271,630**
LIABILITIES							
Funds borrowed	69,072,906	160,684,106	377,005,892	118,063,325	111,720,675	-	836,546,904
Trade payables	-	-	-	-	-	67,571,241	67,571,241
Advances from customers	-	-	-	-	-	13,544,633	13,544,633
Derivatives	-	-	-	-	-	-	-
Other liabilities and provisions	-	-	-	-	-	2,919,374	2,919,374
Reserve for employee termination benefits	-	-	-	-	-	376,895	376,895
Equity	-	-	-	-	-	260,312,583	260,312,583
Total liabilities	**69,072,906**	**160,684,106**	**377,005,892**	**118,063,325**	**111,720,675**	**344,724,726**	**1,181,271,630**
Total interest sensitivity gap	**76,282,740**	**(98,124,600)**	**(285,608,827)**	**60,848,638**	**474,675,776**	**(228,073,727)**	**-**

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Interest Rate Risk

	2006						
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Non interest bearing**	**Total**
Cash and cash equivalents	51,272,232	-	-	-	-		51,272,232
Finance lease receivables, (net)	42,906,809	44,595,054	61,755,837	115,803,628	318,282,736	-	583,344,064
Other financial assets	-	-	-	-	-	60,897	60,897
Derivatives	-	-	-	-	-	498,541	498,541
Equipment to be leased	-	-	-	-	-	30,432,782	30,432,782
Property, plant and equipment, (net)						779,294	779,294
Other intangible assets, (net)						391,104	391,104
Other assets	-	-	-	-	-	12,108,629	12,108,629
Total assets	**94,179,041**	**44,595,054**	**61,755,837**	**115,803,628**	**318,282,736**	**44,271,247**	**678,887,543**
LIABILITIES							
Funds borrowed	41,231,218	140,223,385	162,404,472	56,618,302	21,685,700	-	422,163,077
Trade payables	-	-	-	-	-	30,397,896	30,397,896
Advances from customers	-	-	-	-	-	8,087,276	8,087,276
Derivatives	-	-	-	-	-	6,040,846	6,040,846
Other liabilities and provisions	-	-	-	-	-	1,980,841	1,980,841
Reserve for employee termination benefits	-	-	-	-	-	312,567	312,567
Equity						209,905,040	209,905,040
Total liabilities	**41,231,218**	**140,223,385**	**162,404,472**	**56,618,302**	**21,685,700**	**256,724,466**	**678,887,543**
Total interest sensitivity gap	**52,947,823**	**(95,628,331)**	**(100,648,635)**	**59,185,326**	**296,597,036**	**(212,453,219)**	**-**

(Currency – New Turkish Lira)

26. Financial risk management *(continued)*

Interest Rate Sensitivity

The interest rate sensitivity analysis is based on interest rate risk as of the balance sheet date and estimated interest rate fluctuations at the beginning of the fiscal year. The Company realized its sensitivity analysis based on 100 base point interest rate fluctuation scenario.

In the case of interest rates being 100 base points higher at balance sheet date and holding all other variables fixed:

- Interest income from floating interest rate finance lease contracts would increase by TRY 326,508 (2006 – TRY 128,676).

- Interest expense from floating interest rate borrowings would increase by TRY 6,621,299 (2006 - TRY 2,035,641).

Foreign currency sensitivity

The Company is mainly exposed to USD and EURO exchange rate risks. The statement below shows the sensitivity of the Company to USD and EURO when a 10% increase occurs at those currencies' exchange rates. Foreign currency sensitivity analysis for the reporting period of the Company is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	USD Effect		EURO Effect	
	2007	**2006**	**2007**	**2006**
Profit / (Loss)	(1,590,567)	(1,155,501)	1,817,694	2,275,082

27. Subsequent events

Effective from January 1, 2008, the retirement pay ceiling has been increased to TRY 2,087.

According to the General Assembly held at March 31, 2008, the Company has resolved to increase its share capital by distributing bonus shares amounting to TRY 25,893,412.