



the best

02

Key Indicators

03

Company Profile

04-05

Message from the Board of Directors

06-07

Board of Directors & Management

08

The Turkish Economy & The Leasing Sector

12

Activities in 2004

value



* Finans Leasing exists to bring the best value to its customers, suppliers, shareholders and employees.

17

The Fiba Group of Companies

18

Corporate Governance Principles Compliance Report

22

Auditors' Report

56

Shareholders' Information

57

Company Directory

Key Indicators (YTL)

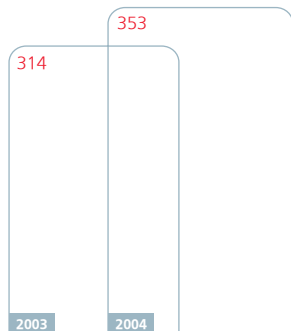
	2003	2004
Total assets	314,063,576	352,600,980
Total liabilities	188,387,710	200,317,890
Total shareholders' equity	118,226,455	145,474,656
Minority interests	7,449,411	6,808,434
Share capital issued	114,008,697	114,008,697
Minimum lease payment receivable	188,319,422	196,839,282
Net Profit	27,343,269	27,248,201
Return on assets	9%	8%
Return on equity	26%	21%
Business turnover (USD million)	113.6	181.9
Number of new contracts	1,697	2,106
Market share	5.2%	6.2%

* Based on the financial statements prepared in accordance with IFRS.

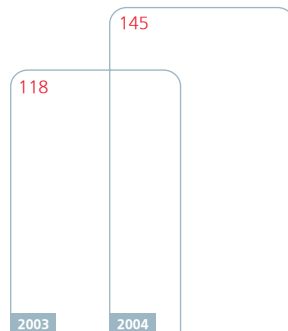
Stock Exchange Listing

Finans Leasing shares are listed and traded on the İstanbul Stock Exchange (ISE) under ticker symbol FFKRL.

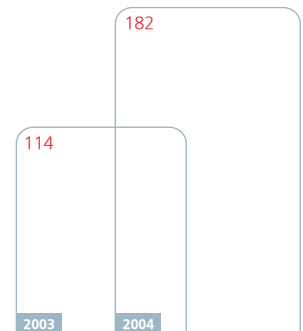
Total Assets
YTL thousand



Shareholders' Equity
YTL thousand



Business Turnover
USD million





committed

to strengthening and enlarging its business

Established in 1990 as Turkey's fifth leasing company, Finans Leasing is an important player in the country's leasing industry, providing its clientele a comprehensive range of leasing products and services with a well-diversified portfolio of assets.

Finans Leasing is a member of the Fiba Group of Companies, a prestigious conglomerate with 24 companies in 10 countries that are active principally in the financial services and retailing sectors.

Committed to strengthening and enlarging its business by implementing a focused strategy designed to add value to the real sector, Finans Leasing created shareholder value over the long term. The Company is characterized by stability, efficiency, and internationally recognized business principles and ethics.

Finans Leasing is continuously working together with its customers to develop innovative solutions in an effort to fulfill tomorrow's needs today. The adoption of efficient systems strengthens the backbone of the Company while a solid organizational and financial structure and judicious approach to business expansion highlight its ability to generate healthy earnings.

Finans Leasing made a public offering of shares in 1993. Today 12.1% of the Company's shares are traded on the Istanbul Stock Exchange.

Finans Leasing is a member of FİDER, the Association of Turkish Leasing Companies.

Message from the Board of Directors



Ömer A. Aras
Chairman



A. Murat Alacakaptan
General Manager

We are celebrating our 15th year of continuous growth

To succeed, a company must have a clear focus. And to make that success enduring, the company needs to be in business with solid growth prospects, using well-thought-out plans to accomplish its goals.

Finans Leasing's commitment to its core values served as the foundation for the positive momentum achieved during 2004. Last year, we once again delivered excellent return to shareholders while continuing to serve our customers nationwide by ensuring that all the services that they purchase create added value for them.

From the standpoint of an overall turnover, in 2004, Finans Leasing increased its market share to 6.2% from 4.2% of year 2002.

The economy and market conditions

Our country is undergoing a process of restructuring and institutionalization unlike anything hitherto seen in the history of the Turkish Republic. In addition to its goal of bringing the macro-economy under long-term discipline, this process has also made it essential that all economic sectors be restructured to bring them into compliance with new market dictates.



to succeed

a company needs to have solid growth prospects

The business environment has become more challenging and profit margins have narrowed. No economic activity that is unmindful of rationality and productivity or is insensitive about risk can expect to survive even in the medium term any longer. Very much the same thing can be said about the leasing industry. Recent economic crises and their ensuing process of restructuring have forced our industry to adapt to new market conditions.

Rationality and productivity will determine the future of the leasing industry.

Financial performance

We are pleased to report outstanding results for our Company last year.

In fiscal 2004, Finans Leasing's total assets were up 33% over their USD 197.7 million level in 2003 and stood at USD 262.7 million. We also achieved a return on equity of 21% in 2004. At year-end 2004, Finans Leasing had leasing revenues of USD 35.8 million, up 39%. Net leasing receivables amounted to USD 146.7 million, a year-on increase of 24%. Net income for the year was USD 20.3 million. The Company is in a strong financial position as it moves forward into 2005 with cash reserves and short-term investments totaling more than USD 37.9 million.

These solid results helped us maintain our strong competitive position while the operational performance of our Company remained exemplary. A decade and a half of experience, the importance given to investments in new technology and in people, and the ability to be flexible and move quickly, all position Finans Leasing among the leading leasing companies in

Turkey. We are confident that the steps we took last year will pay off in the future for our shareholders.

Our market position

From the standpoint of an overall turnover, in 2004, Finans Leasing increased its market share to 6.2% from 4.2% of year 2002.

But market share is not the only thing that makes our market position strong. Our straightforward business strategy, our superior human resources, and our robust infrastructure rank foremost among the factors that distinguish us in the market. In addition, the extensive and strong synergy that we have developed with our parent company Finansbank remained a fundamental driving force of our growth as a successful generator of cross-sale opportunities.

The Turkish leasing industry has undergone tremendous changes in the last five years. The number of players has dropped significantly with only the strongest and the best of them remaining. As a company that correctly interprets and carries out its well-defined business strategies, Finans Leasing has overcome every economic difficulty to reach the unassailable and profitable position that it enjoys today.

Social responsibility

The importance of education to national development is an indisputable fact. Taking this as its point of departure, in 2004 Finans Leasing donated YTL 1.5 million towards the construction of the Dilnihat Özyeğin Lycee on land allocated by the Istanbul Beyoğlu Municipality under

a protocol between Finansbank and the Istanbul Directorate of National Education. This activity which is undertaken by our Company in line with the importance that it attaches to the principle of social responsibility, will provide Turkish youth with better educational opportunities. In addition, Finans Leasing also makes donations to the Mother & Child Education Foundation (AÇEV).

Finans Leasing's ability to generate shareholder value

The strong finish to 2004 has generated considerable momentum for markets in general and for the national economy as a whole in 2005.

Prevailing economic conditions should provide a favorable environment for leasing companies to compete for customers' business. We strongly believe that our Company is well positioned to achieve its profitability goals and to deliver value to its shareholders, stakeholders and customers under such conditions.

We are pleased with our accomplishments in 2004 and are excited about our prospects in 2005.

In closing, we extend our thanks to all our customers for their loyalty and for their ongoing cooperation; to our shareholders for their unstinting support and backing; and to our staff especially for the dedication and hard work that contributed so much to our success.

On behalf of the Board of Directors

Ömer A. ARAS A. Murat ALACAKAPTAN

Board of Directors

- Ömer A. Aras** Chairman (non-executive)
Fevzi Bozer Vice Chairman (non-executive)
Mehmet Güleşçi Member (non-executive)
Bekir Dildar Member (non-executive)
A. Murat Alacakaptan Member (executive) and General Manager

Management



A. Murat Alacakaptan General Manager and Board Member
Born in 1963, Mr. Alacakaptan holds a BA degree in Business Administration from Istanbul University. Prior to joining Finans Leasing in 1994, Mr. Alacakaptan worked in Peat Marwick, Touche-Ross and Coopers & Lybrand as an Auditor and in Aktif Finans Factoring as the Finance Manager. Following his position in Finans Leasing as Assistant General Manager between 1994-1998, he joined Finans Deniz Leasing as Assistant General Manager and was promoted to become the General Manager and Board Member in 1999. In addition to his ongoing post, Mr. Alacakaptan re-joined Finans Leasing in July 2001 as the General Manager and Board Member.



Semra Karsu Assistant General Manager
Born in 1967, Mrs. Karsu holds a BA in Business Administration and MBA from Istanbul University. Mrs. Karsu started her business career in 1990 in Garanti Leasing and joined Finans Leasing in 1996 as Manager responsible from financial control and accounting. In 1999, she became Group Manager and in 2002, she was promoted as the Assistant General Manager responsible from the Operations and Financial Control & Accounting Departments.



Kubilay Öztürk Assistant General Manager
Born in 1954, Mr. Öztürk holds a BA in Political Sciences from Marmara University. Previously he worked at Industrial Development Bank of Turkey, İktisat Bank and İktisat Leasing. He was previously working as the Operation Group Manager between 1990-1998. He became Group Manager in the Marketing Department in 1998 and in April 2003 he was promoted as the Assistant General Manager responsible from the Marketing Department.



Fatih Kızıltan Group Manager
Born in 1957, Mr. Kızıltan holds a BA in Business Administration from Marmara University. Following his position in Yapı Kredi Bank as Credit Risk Control Specialist, he joined Finans Leasing in 1990. He was promoted as Group Manager in February 2000 responsible from the Credit Department.



Elif Rumani Group Manager

Born in 1968, Mrs. Rumani holds a BA in Business Administration from Boğaziçi University. Previously, she worked in the Financial Institutions Department of Finansbank between 1990-1998 and as the Head of Financial Institutions Department of Finansbank (Holland) N.V. between 1998-2000. Mrs. Rumani joined Finans Leasing in August 2000 as the Group Manager responsible from the Finance Department. In addition to her responsibilities in the Finance Department, Mrs. Rumani is also responsible from the investor relations of Finans Leasing.



E. Esin Barutçu Group Manager

Born in 1973, Ms. Barutçu holds a BA in Economics from İstanbul University. Ms. Barutçu started her business career in 1993 and worked in several positions in the leasing sector. After working for Aktif Leasing-Garanti Factoring for 5 years as a Marketing Manager, she joined Finans Leasing in 2002 as Marketing Manager responsible from İzmir, Bursa, Gaziantep and Adana representative offices. She became Group Manager in the Marketing Department in June 2004. In addition to her responsibilities in the Marketing Department, Ms. Barutçu is also responsible from IT & Projects and PR & Advertising Departments.



Tolga Aslanköylü Group Manager

Born in 1969, Mr. Aslanköylü holds a BA in Business Administration from Middle East Technical University. Previously, he worked at Vakıf Leasing. Mr. Aslanköylü joined Finans Leasing in 1995. He became Group Manager in the Marketing Department in 2001 and is mainly responsible from Ankara and Kayseri representative offices.



Oğuz Caneri Manager

Born in 1973, Mr. Caneri holds a BA and an MBA in Industrial Engineering from Bilkent University. After working as an academician for one year in the same university, he started his business career in BNP Ak Dresdner Leasing and then worked for İktisat Leasing. Mr. Caneri joined Finans Deniz Leasing in 2000 as an Assistant Marketing Manager. He was promoted as Manager in the Marketing Department in 2003.



Emre Ödemiş Manager

Born in 1975, Mr. Ödemiş holds a BA in Business Administration from Middle East Technical University. Previously, he worked in the audit department of Ernst & Young between 1998 and 2003. Mr. Ödemiş joined Finans Leasing in October 2003 as Manager responsible from the Financial Control and Accounting Department. He became responsible from the Risk Control Department in December 2004. In addition to his responsibilities in the Financial Control and Accounting and Risk Control Departments, Mr. Ödemiş is also responsible from the investor relations of Finans Leasing.



Gökhan Çuğali Manager

Born in 1970, Mr. Çuğali holds a BA in Business Administration from Abant İzzet Baysal University. Following his position as Financial Analyst in Yapı Kredi Bank, he joined Finans Leasing in 1998. He was promoted as Manager in December 2004 responsible from the Credit Department.



Neslihan Uluşık Manager

Born in 1972, Mrs. Uluşık holds a BA in Political Sciences from İstanbul University. Previously, she worked at Yapı Kredi Bank and then Yapı Kredi Leasing. She joined Finans Leasing in 2004 as Operation Manager.

The Turkish economy and the leasing sector



stable growth

In 2004, the Turkish economy itself remained firmly within its low-inflation, solid-growth orbit.

The Turkish Economy

In its third consecutive year of stable growth, the Turkish economy performed rather well in 2004: GDP was up 8%; single-digit levels of inflation were returned to for the first time in thirty years; feelings of confidence were restored in markets.

Even more importantly, the gains achieved on the economic front over the last two years were successfully defended and the improvements in macroeconomic indicators were entrenched. Despite occasional adversities in the external conjuncture from time to time, the Turkish economy itself remained firmly within its low-inflation, solid-growth orbit. In addition to providing stability, the country's economic program has also triggered a sweeping structural transformation as well.

Economic growth remained positive in the last quarter further nourishing expectations that it would continue on course in the period ahead as well.

In addition to the high rate of growth achieved in the economy, important progress was also made in price stability as well. Although a significant slice of public debt (running at about 74% of GNP) still consisted of short-term obligations, the willingness of creditors to roll it over dispelled most concerns about its serviceability. A non-interest surplus of around 6.5% of GNP also contributed much towards a net reduction in public-sector indebtedness. The keys to this overall positive picture once again were a strong commitment to fiscal discipline and changes in the legal framework that are making the Central Bank of Turkey increasingly more independent.

The EU accession process and the opportunities it creates

Turkey's EU membership process again occupied a rather important place on the country's economic agenda in 2004. Favorable performance on the Copenhagen criteria front resulted in a

decision taken at a meeting on December 17th to begin full-membership negotiations in October 2005.

The benefits of the EU membership process for a Turkey that has achieved macroeconomic stability have been and will continue to be great. The IMF's new three-year standby agreement is only one of them. The longer-term benefits as Turkey moves towards full membership will be increased per capita income and stronger inflows of foreign direct investment.

Changes in the components of growth

The steady decline in inflation over the last three years has all but eliminated price-related uncertainties. The resulting prolongation of contract terms is also fueling domestic demand even as interest rates continue their downward slide and create conditions highly favorable for long-postponed consumption and investment outlays. Bolstered by renewed macroeconomic foundations and rising

confidence, the Turkish lira has been holding its own and even appreciating against major foreign currencies for quite some time now.

In 2004 gross national product was up 9.9%. The spread of growth trends throughout the economy as a whole is extremely important as evidence of their sustainability. The export performance that has been the underlying driving force of economic growth for three years has remained high even in the face of a strong and appreciating Turkish lira. The source of this is almost certainly enhanced competitive strength brought on by increases in productivity.

Back to single-digit inflation

In May 2004, CPI inflation dipped into the single-digit zone for the first time in more than a generation. At year-end it was still 9.3% though overall CPI inflation performance for the year weighed in at 10.6%.

On the WPI front, movements in the country's wholesale prices are largely determined by petroleum prices and by developments in agriculture. Monthly increases in wholesale prices averaged 1.1% and the twelve-month increase in the WPI in 2004 was 13.8%.

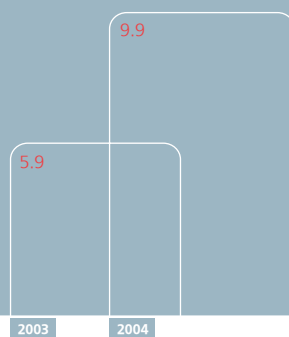
Unmistakable recovery in the global economy

The global economy returned to the path of growth in the second half of 2003 and the ensuing recovery remained fairly strong until the second half of 2004, displaying some of the highest performance rates witnessed in three decades. Upward movements in petroleum prices beginning in April however gained increased impetus after July with the result that global growth was significantly curtailed in the second half of the year. Analysts now estimate that overall growth in the volume of world trade in 2004 will have been on the order of 8% or so.

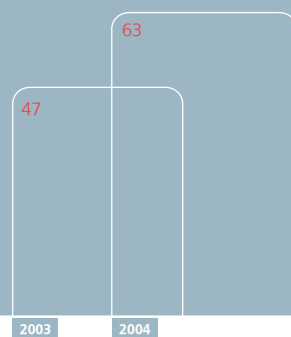
Foreign trade

Continued improvements in supply and cost conditions resulted in Turkey's exports reaching a historical level in 2004, weighing in at USD 62.8 billion and registering a year-on increase of 32.8%. On the other hand, a strong recovery in consumer spending, pent-up capital investment, and lower interest rates all fuelled a rapid increase in domestic demand with the result that import figures also reached record-breaking levels as well. Imports in 2004 were up 40.1% year-on and were worth USD 97.2 billion. The resulting foreign trade deficit of USD 34,4 million was 55.7% higher than the previous year's USD 22.1 billion. Nevertheless Turkey's exports in 2004 amounted to 61.1% of its imports as of year-end, more than five points better than the previous-year's figure of 55.8%

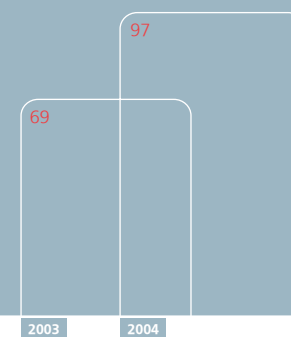
GNP Growth %



Total Exports USD billion



Total Imports USD billion





record volume

The transaction volume of USD 2.9 billion in 2004 was the biggest ever experienced by the sector.

The Leasing Sector

In the seventeen years of development since the first leasing transactions were performed in Turkey in 1987, about USD 16.5 billion in medium and long-term investment financing has been provided through leasing for more than 130,000 projects. Leasing companies have been providing funding to entrepreneurs who lacked sufficient resources at times when the national economy was exhibiting growth and vigor with the important opportunities and services that they need. In the course of nearly two decades, leasing companies have been channeling the country's resources into more productive and beneficial areas and have been playing a particularly important role in providing financing for small to medium-sized enterprises (SME): a total of TL 1.2 quadrillion in investment financing was provided for projects for which 2,764 investment incentive certificates had been issued.

Over the years, the average leasing transaction has hovered between USD 80,000-120,000. This performance is clear evidence of the importance that the leasing sector plays in financing the medium-sized investments of the country's SMEs.

During the last fifteen years or so, chronically high inflation and market conditions in general encouraged banks to avoid SMEs and to direct their resources towards meeting large corporate customers' needs for operating capital instead. For many firms, particularly SMEs, leasing became the only investment financing option available to them.

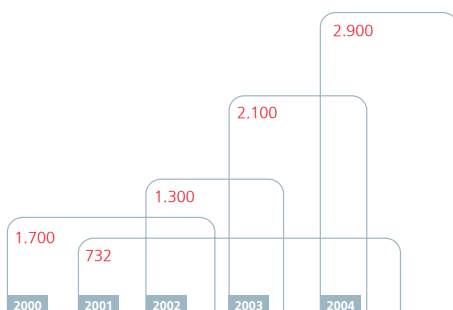
The leasing industry performed 28,581 transactions in 2004 worth a total of USD 2.9 billion, a year-on increase of 35%. That transaction volume was the biggest ever experienced by the sector. Current estimates put the transaction volume in 2005 at about 10% more

than that or on the order of USD 3.2 billion. Over the next three years the sector is expected to continue growing at an annualized rate of 13.6%. By 2009, leasing companies should be writing 55,000 contracts a year worth a total value of around USD 5.5 billion.

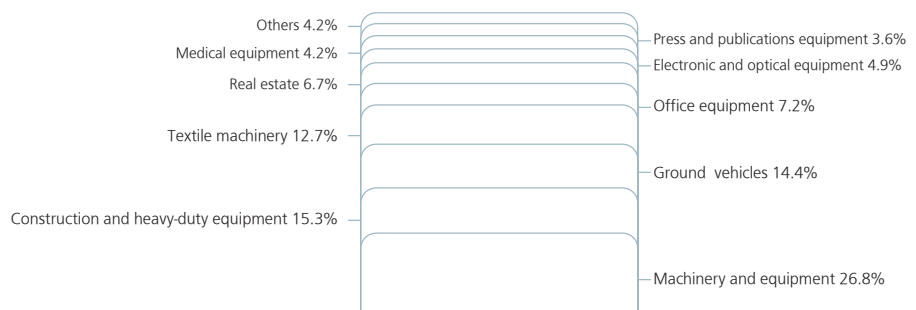
The biggest share (26.8%) of contracts currently being written are for machinery and equipment followed in turn by construction and heavy-duty equipment (15.3%), ground vehicles (14.4%), and textile machinery (12.7%).

There are 98 leasing companies operating in Turkey. Thirty nine of them are members of FIDER (The Association of Turkish Leasing Companies). The top seven leasing companies were responsible for 59% of the leasing volume handled by the sector.

Total leasing volumes by year
USD million



Breakdown of leasing sector transactions in
Turkey by product group (2004)



Breakdown of leasing sector transactions in Turkey by sector and subsector (2004)

Sector	% share
TOTAL AGRICULTURE	4.14
Farming, animal husbandry, forestry	4.09
Fishing	0.05
TOTAL MANUFACTURING	50.53
Extraction of energy-producing minerals	0.67
Extraction of non-energy producing minerals	0.78
Foods, beverages, tobacco	7.20
Textiles and textile products	15.55
Leather and leather goods	0.57
Wood and wood products	0.63
Paper, paper products and printing	5.48
Nuclear fuels, petroleum, coal	0.63
Chemicals, chemical products, and synthetic fibers	1.07
Rubber and plastic products	2.33
Other non-metal minerals	1.65
Primary metal and metal manufacturing	4.35
Machinery and equipment	3.06
Electrical and optical equipment	1.21
Transport vehicles	1.07
Other manufacturing	2.70
Electricity, gas, and water	1.59
TOTAL SERVICES	42.34
Construction	12.55
Wholesale and retail trade; motor vehicle services	4.19
Hotel and restaurant (tourism) services	2.13
Transport, storage, and communications	8.29
Financial services	6.87
Real estate leasing and management services	1.68
Defense, public administration, compulsory social security	0.04
Education	0.42
Health and social services	4.04
Private individuals employing workers	0.35
International agencies and organizations	0.01
Other social and personal services	1.76
TOTAL OTHERS	2.99
GRAND TOTAL	100.00

Activities in 2004



proven expertise

The fundamental elements underlying Finans Leasing's stable performance are well balanced leverage, core businesses, controlled growth, and focus.

Finans Leasing: The complete solution

Finans Leasing provides its customers with the most cost-effective, high-quality, and high-performance leasing solutions

Rapid decisions, user-friendly documentation, and a policy of continuous development of new and innovative finance options underlie Finans Leasing's unique approach to customer service.

Finans Leasing diversifies and limits risk while still earning consistently high returns. The Company seeks to nurture sustainable business partnerships as its way of making a positive contribution to the future of Turkey.

The fundamental elements underlying Finans Leasing's stable performance are well balanced leverage, core businesses, controlled growth, and focus.

With its proven expertise and outstanding track record in leasing, effective follow-up in credit and portfolio management, and effective customer relationship management supported by high technology, the Company is well poised to capture an even larger market share in the Turkish leasing industry.

Financial review

Finans Leasing continued to strengthen its assets and to write new business in 2004

According to figures for the year ending 31 December 2004, Finans Leasing had an operational profit of YTL 38.5 million, up 28% year-on. Net leasing receivables amounted to YTL 196.8 million a year-on increase of 5%. Total assets were up 12% during the same period over their YTL 314.1 million level in 2003 and stood at YTL 352.6 million. Net income for the year was YTL 27.2 million.

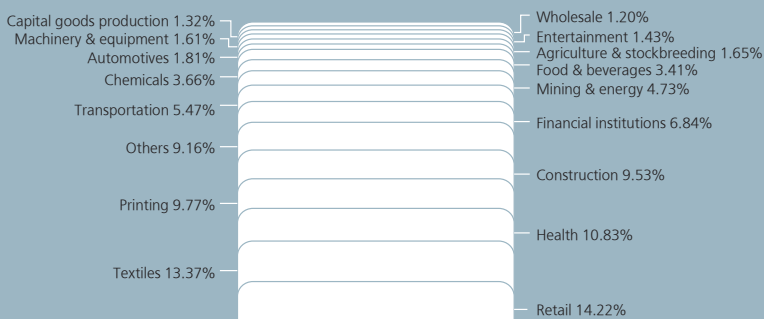
Finans Leasing maintains its strong financial position as it moves forward into 2005, with cash and short-term investments totaling YTL 50.8 million. With its solid balance sheet, highly liquid position, and profitable core business, Finans Leasing is confident of its ability to continue building on its strengths and enviable reputation.

Operational review

Finans Leasing exists to bring best value to its customers and suppliers in their asset finance needs

At the end of 2004, Finans Leasing ranked 4th among Turkey's leading leasing companies with 2,106 contracts. The total transaction volume increased to USD 181.9 million, a 60% rise compared to 2003. The average value of contracts was USD 86,000.

Sectoral breakdown of net leasing receivables





Finans Leasing's market share has followed a steady and sustainable course over the years. In 2004, the Company controlled a 6.23% share of the leasing market in Turkey.

Finans Leasing's mission is to assist individuals and businesses in the pursuit of their goals by providing customized financial solutions.

Finans Leasing has a corporate culture dedicated to responsive, resourceful service that encourages enduring relationships. The Company's healthy growth is nourished by its commitment towards its customers, providing fast, efficient credit clearances and flexible payment options across the widest section of industry and commerce, by knowledgeable personnel, and by customized service and support.

Finans Leasing's business portfolio is composed mainly of following sectors: retail (14.22%), textiles (13.37%), health (10.83%), printing (9.77%) and construction (9.53%).

Continuously raising the level of service quality

Finans Leasing's total commitment to quality is combined with sophisticated management systems and substantial, ongoing reinvestment in human and capital assets undertaken to deliver an absolute economic and technical advantage to customers. The Company's evolving corporate structure and culture, its advanced attitude towards quality make up its most important competitive advantages.

In line with its goal of continuously improving the quality of its services, Finans Leasing has accelerated its investments in technology and

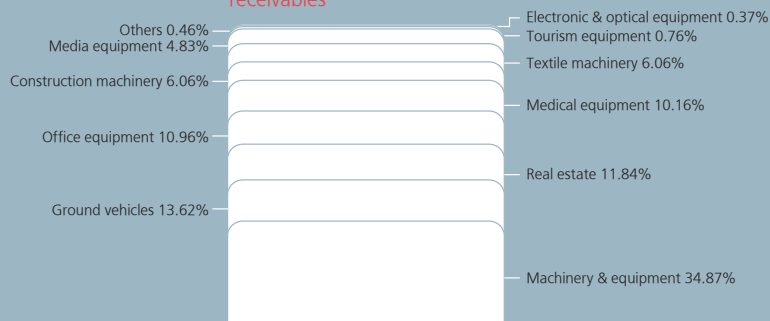
corporate infrastructure. The Company has been awarded an ISO 9001:1994 Quality Assurance System Certificate and also brought itself into compliance with Quality Management Standard ISO 9001:2000 in 2003.

Finans Leasing provides essential support to small and large businesses alike

Looking at the sector's overall performance in 2004, a large part of the demand for leasing services appears to have come from small to medium-sized enterprises. This view is bolstered by an average contract value of about USD 86 thousand.

During 2004 Finans Leasing increased the productivity of its business processes by means of projects launched in 2003. These also had the effect of focusing more of the Company's attentions on the SME segment.

Equipment breakdown of net leasing receivables





innovative

Finans Leasing was the first leasing company in Turkey to make web-based monitoring of customer accounts possible.

Funding and financing policies

Since its inception, Finans Leasing developed relations with credible and well known domestic & international banks & financial institutions such as FMO, IFC, and DEG. The Company keeps the policy of not being dependent on Fiba Group banks in terms of funding but instead utilize the credit availabilities in the markets.

Apart from its bilateral credit arrangements, Finans Leasing has obtained two medium to long-term loans in 2004; the first one being a USD 20 million syndicated murabaha facility in a consortium lead-managed by HSBC and the second one being a EURO 6.25 million long-term loan from DEG. Finans Leasing will be using these funds to finance the increasing business volume initiating from the investment demands of SMEs.

Information technologies

Finans Leasing began the implementation of its business workflow on electronic basis in 2003. The increases in productivity that this project was designed to bring about have largely been achieved. The advantages that have resulted from this project are the following:

- Quick response to and finalization of small-ticket transactions involving SMEs.
- Streamlined transaction processing in all departments.

- Bottleneck identification and elimination.
- Enhanced ability to measure and increase productivity.
- Greater customer satisfaction.
- Infrastructure provided for the Finansbank branches project.

The Company's productivity has also been considerably increased by the digital archives project that makes it possible for everyone to have access to any document almost instantaneously.

Lease Online

Finans Leasing was the first leasing company in Turkey to make web-based monitoring of customer accounts possible. This added convenience in service quality is just another reason why customers prefer to work with us.

The Lease Online Project launched in 2003 enables customers to monitor their leasing transactions via the internet at www.finansleasing.com.tr. In addition, the CardFinans Project also provides convenient financing for customer projects up to USD 5,000.

Consistent total customer satisfaction requires competent people

While a company may earn a reputation for excellence, it is the company's people who enhance and maintain that reputation. Recognizing the complexities

and competitiveness of today's leasing market, Finans Leasing has staffed the Company with only successful and seasoned personnel.

At Finans Leasing, each leasing program is structured to take into account the individual needs of the client no matter how ordinary or exceptional they may be. The expertise of Finans Leasing's people makes this process efficient, effective and, more often than not, innovative.

Finans Leasing's corporate approach and world view give priority to people at every level. The Company employs people whose personal and professional qualifications are the highest.

Personnel who join the Finans Leasing team receive ongoing and intensive training to teach them new skills and hone their existing ones. This training seeks not only to increase professional competencies but also to inculcate and reinforce corporate culture.

In 2004, Finans Leasing continued its personnel training with each team member receiving 4 days of training in the form of in-house and extramural seminars and workshops. These training activities were designed to increase staff skills while also nurturing greater cooperation among individual company departments to improve operational efficiency.



TOTAL PERSONNEL 59

Senior management	3
Marketing	21
- Head office	11
- Representative offices	10
Operations	9
Accounting and financial control	7
Credit	6
Risk control	2
Finance	3
Administration and personnel	6
Legal affairs	1
IT	1

EDUCATION LEVELS OF THE PERSONNEL

University graduates	75%
High school graduates	20%
University students	5%

FINANCIAL SERVICES INDUSTRY EXPERIENCE OF THE PERSONNEL

8+ years	65%
6-7 years	17%
3-5 years	10%
0-2 years	8%

Shareholder structure

At year-end 2004, the shareholder structure of Finans Leasing was as follows:

Finansbank A.Ş.	79.7%
Traded in the ISE	12.1%
Finans Invest	8.2%

Representative offices

Finans Leasing has representative offices throughout the country. Offices located in the Atatürk International Airport Free Zone, Adana, Ankara, Bursa, Gaziantep, İzmir, and Kayseri give Finans Leasing an extensive geographical reach that allows the Company to serve the numerous small to medium-sized enterprises that exist, particularly in Anatolia.

In addition to its own network, Finansbank's branch network is a very important distribution channel for Finans Leasing. Under the recently launched

GEOGRAPHICAL BREAKDOWN OF LEASING TRANSACTIONS IN 2004

İstanbul	40%
Bursa	16%
Gaziantep	14%
Adana	11%
İzmir	8%
Ankara	7%
Kayseri	4%

Finansbank Branches Project, Finansbank's small-business banking unit makes intensive use of this channel in its marketing activities.

The outlook for 2005

In the years ahead, Finans Leasing intends to make use of its large capital base, high liquidity, and effective marketing team to book new business in a broad range of sectors in order to continue to support stable growth while also reducing costs. The Company will continue its unceasing efforts to be a strong, respected and enduring player in the market in which it is active.

Experience has proven that leasing is an appropriate financing option for all asset equipment purchases. Over the next few years, a strong increase in long-term investment is anticipated—assuming that the low-inflation economic environment that has emerged prevails of course. With this rise in investment, leasing will more and more be seen as a highly attractive financing tool and will inevitably expand in volume.

We expect to see an increase of 25-30% in leasing sector transaction volumes in 2005. In an economic environment characterized by stability in which terms are lengthening and interest rates are declining, there is every reason to expect that investment will increase and with it, the demand for leasing products and services as well.

Finans Leasing offers industry-specific packages and flexible funding solutions.

Finans Leasing expects to have a market share of around 7.5% in 2005. The Company intends to maintain its position in fourth place in terms of turnover and to rank in first or second place in profitability.

Targeting new sectors

Agriculture

The Company has set a transaction volume target of USD 15 million in lease-financing tractors (USD 10 million) and combines (USD 5 million) in 2005.

Tourism

We foresee an expansion in new investment along Turkey's southern coast in 2005 while there should be a substantial volume of renovation investments in the Aegean region. Our sales target for this sector in 2005 is USD 15 million.

Education

In line with the progress that Turkey is making towards EU membership, we anticipate a significant increase in investment in private-sector education. Our sales target for this sector in 2005 is USD 10 million.

2005 should also provide the Company with still more opportunities to offer its experience, industry-specific packages, flexible funding solutions, tailored underwriting, and streamlined management to address all the leasing needs of its customers in order to accelerate their own business growth.



the fiba group

A HIGHLY RESPECTED CORPORATE GROUP: THE FİBA GROUP OF COMPANIES

As one of the leading and biggest corporate groups in our country, the Fiba Group is involved in financial services and retailing activities.

In the financial services industry, the Fiba Group provides services to its clients through twentyfour companies that are active in six different lines of business: banking, brokerage services, portfolio management, leasing, factoring and insurance.

The flagship of the Group, Finansbank, is a full-line provider of banking services and products through its 170 branches in Turkey and also its banking subsidiaries in Holland, Germany, Switzerland, Russia and Romania.

Gima that was acquired by the Fiba Group in 1996 is a Turkish retailing chain with 47 years of experience.

The group also holds the franchising rights and is the sole party of Marks & Spencer, a world-famous retailing chain, in Turkey.

A basic principle adhered to by all Fiba companies is to satisfy customers' needs by means of an approach that looks for and finds total, high-quality solutions. Fiba companies stand in the front ranks of the sectors in which they are active by virtue of their superior and innovative products and services.

FINANCIAL SERVICES

- Finansbank A.Ş.
- Finansbank (Suisse) S.A.
- Banque du Bosphore
- Finansbank (Holland) N.V.
- Finansbank (Moscow) Ltd.
- Finansbank (Romania) S.A.
- Finans Finansal Kiralama A.Ş.
- Finans Leasing Romania S.A.
- Fiba Faktoring Hizmetleri A.Ş.
- Girişim Faktoring A.Ş.
- Finans Yatırım Menkul Değerler A.Ş.
- Finans Yatırım Ortaklığı A.Ş.
- Finans Portföy Yönetimi A.Ş.
- Finans Gayrimenkul Geliştirme İnşaat ve Yatırım A.Ş.
- Finans Securities S.A.
- Finans Sigorta A.Ş.
- Fiba Holding A.Ş.
- Fina Holding A.Ş.
- Finans International Holding N.V.
- Fiba International Financial Services Company Plc.

RETAILING

- Gima Gıda ve İhtiyaç Maddeleri T.A.Ş.
- Endi Tüketim Malları San. ve Tic. A.Ş.
- Marka Mağazacılık A.Ş. (Marks & Spencer)

FOUNDATIONS AND OTHER ACTIVITIES

- The Mother & Child Education Foundation (AÇEV)
- Finans Vakfı

Finans Finansal Kiralama Anonim Şirketi

Corporate Governance Principles Compliance Report

1. Corporate Governance Principles Compliance Report

Our Company was in compliance with the corporate governance principles published by the Capital Market Board (CMB) in 2004 in all matters save for the following:

- Setting up a shareholder relations unit.
- Adopting accumulating voting method.
- Developing and publicly announcing a company information policy.

Work on bringing the Company into compliance with these issues as well is continuing in 2005. Detailed information about the activities currently in progress and the corporate governance principles with which compliance has been achieved is presented below under the separate headings of "Shareholders", "Public disclosure and transparency", "Stakeholders", and "Board of Directors".

SECTION I: SHAREHOLDERS

2. Shareholders' Relations Unit

Although a separate unit in charge of relations with shareholders has not yet been formed, there is one employee in the Financial Control Department who is responsible for managing shareholder relations.

3. The Exercise of Shareholders' Rights to Have Access to Information

It is certain that shareholders and stakeholders need to have regular access to reliable information about the Company's management and its financial and legal standing. In line with the principle of public disclosure and transparency, all information except for trade secrets is to be revealed to the public impartially. This disclosing is made by means of audited annual and interim financial statements and footnotes and by means of public announcements. These informations are also published on the Company's corporate website.

There had been no requests from shareholders during the reporting period for the appointment of a special auditor. For this reason, the individual right to demand the appointment of a special auditor was not provided for in our Company's articles of incorporation.

4. Information About General Assembly Meetings

Finans Finansal Kiralama A.Ş.'s ordinary general assembly meeting for 2003 was held on March 24, 2004 at 14:30 hours at the address of Finansbank A.Ş. Toplantı Salonu, Büyükdere Caddesi No: 129 Mecidiyeköy-Istanbul under the supervision of İper Tungaç, a commissioner of the Ministry of Industry and Commerce, who was charged with this duty by letter 13050, dated 23 March 2004 from the Istanbul Provincial Directorate of Industry and Commerce.

As required by law and by the Company's articles of incorporation, the meeting and its agenda were duly announced in issue 6002 dated 8 March 2004 of the Turkish commercial registry gazette and in issue 9158 dated 8 March 2004 of the newspaper Hürses. Invitations announcing the date and agenda of the meeting were also sent out in due time by registered mail to shareholders who own bearer shares and had placed at least one share of stock in the Company's custody.

It is revealed from the examination of the attendance roster that 15,563,700,864 shares corresponding to TL 15,563,700,864,000 in share capital of total outstanding shares of 17,478,297,105 corresponding to total share capital TL 17,478,297,105,000 were present standingly. Therefore it was ascertained that the minimum meeting quorum required both by law and by the articles of incorporation had been satisfied.

Stakeholders and members of the media participated in the general assembly meeting. Before the meeting, the annual report, the independent auditor's report, and information about our Company were announced to shareholders on the Company's corporate website. During the meeting no shareholders made any suggestions or exercised their right to ask questions. The minutes of the general assembly meeting are available for shareholders examination at the Company's headquarters and on the Company's website.

5. Voting Rights and Minority Rights

Our Company's articles of incorporation contain no provisions pertaining to privileged voting rights. Minority shareholdings are not represented in the Company's management and the accumulated voting method is not used.

6. Dividend Payment Policy and Timing

There are no privileges appropriated to any shareholders in case of dividend distribution. According to the Company's articles of incorporation, a dividend shall be set aside at rates and in amounts to be determined by the Capital Market Board. This provision constitutes the policy of the Company with respect to minimum dividend distribution requirement. Shareholders have been made aware of this policy by virtue of its inclusion in the articles of incorporation. No dividends were paid during the reporting period.

7. Transferring Shares

The Company's articles of incorporation containing no provisions restricting the transfer of shares.

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The Company's disclosure policy is still under development and is not yet complete. This policy will deal with issues such as what information will be disclosed to the public besides what is required by law; how, with what frequency, and by what means it will be disclosed; the frequency with which members of the Board of Directors or of management will address the media; with what frequency meetings public information meetings are to be organized; and what methods are to be followed when responding to questions directed at the Company. When this company disclosure policy has been readied, it will be announced to shareholders at a general assembly meeting as well as to the public at large.

Corporate Governance Principles Compliance Report

9. Special Situation Announcements

A total of ten special situation announcements were made during 2004 in compliance with CMB regulations. Neither CMB or ISE requested any additional information concerning these special situation announcements. Because all the special situation announcements were made in due time, no sanctions were imposed by CMB on their account. The Company's shares are not quoted on stock exchanges outside Turkey.

10. The Company's Internet Website and Its Content

Our Company has a corporate website located at www.finansleasing.com.tr. The website contains the information stipulated in article 1.11.5 of section II of CMB's Corporate Governance Principles.

11. Disclosure of Non-Corporate Shareholders (final resident real person) Who Have a (dominant) Controlling Interest

Non-corporate shareholders who have a controlling interest in the Company are publicly announced in the footnotes to the financial statements for 2004 in such a way as to reveal and net out the effects of any indirect and cross-shareholding interests.

12. Public Disclosure of Individuals Who May Be in a Position to Have Access to Insider Information

Due to our Company's open management policy and to the limited number of its personnel and the fact they are all in the "white collar" category, all our personnel have knowledge about the Company's activities.

SECTION III: STAKEHOLDERS

13. Informing Stakeholders

A "stakeholder" is any private individual, corporate entity, or interest group that may be involved in the Company's achieving its aims or have interest in its activities. Stakeholders include shareholders, employees, creditors, customers, suppliers, various non-governmental organizations, the government, and even potential investors.

Our Company conducts its activities honestly, trustworthily, and transparently within the framework of its public disclosure principles in order to keep its stakeholders aware of them. The Company's independently audited financial statements are publicly announced quarterly. Similarly, important developments concerning the Company's activities are publicly announced by means of special situation announcement forms in line with the Company's public disclosure principles. In addition, in-house meetings are conducted to ensure that the Company's employees are kept informed about developments that take place and may be of concern to them.

14. Stakeholder Participation in Management

While no model providing for stakeholder participation in management has yet been developed, employees are involved in Company management through meetings and by using their authorities and responsibilities in line with their job descriptions. Detailed studies are carried out on matters related to promotions and performance measurement to ensure that employees receive equal treatment and that promotions take place in line with performance. Employees are given training opportunities to increase their knowledge, skills, and experience. Explanatory information concerning the Company is also provided to interested parties upon demand.

15. Human Resources Policy

The basic principles of our Company's human resources policy are as follows:

- Employ personnel with high personal and professional qualifications.
- Enhance work productivity by providing modern and healthy work environment.
- Foster a participatory approach to management within the Company.
- Ensure that employees receive the necessary training they need to increase their professional knowledge and that they are inculcated in the Company's corporate culture.
- Provide performance-based career planning.

No representative has been appointed to oversee employee relations. Instead, these relations are conducted by a personnel who is responsible for human resources functions and by the assistant general manager to whom he reports. The reason for this, is the number of employees being low. During the reporting period there were no employee complaints concerning unfair treatment.

16. Information About Customer and Supplier Relations

Customer satisfaction is an important component of our Company policies and for that reason, any demands that customers may have concerning goods and services that they have leased are quickly addressed. Customers and suppliers are visited on a regular basis. Our Company attaches great importance to service quality and fully complies with ISO 9001:2000 quality management standards. Maximizing customer focus and customer satisfaction is a fundamental principle of those standards.

Our Company adheres strictly to agreements that it enters into with its suppliers. The Company attaches great importance to establishing sound and arm's-length relationships with suppliers.

17. Social Responsibility

The most important public-service activity undertaken by our Company in 2004 in line with the importance that it attaches to the principle of social responsibility, was the donation of YTL 1,540,768 towards the construction of the Dilnihat Özyeğin Lycee on land allocated by the Beyoğlu Municipality under a protocol between Finansbank A.Ş. and the İstanbul Directorate of National Education, to provide Turkish youth with better educational opportunities. In addition, the Company also makes donations to the Mother & Child Foundation (AÇEV).

No suits were lodged against our Company during the reporting period on account of any harm caused to the environment.

Finans Finansal Kiralama Anonim Şirketi

Corporate Governance Principles Compliance Report

18. Structure and Formation of the Board of Directors and Independent Directors

The Board of Directors

- Ömer A. Aras, Chairman (non-executive)
- Fevzi Bozer, Vice Chairman (non-executive)
- Mehmet Güleşçi, Member (non-executive)
- Bekir Dildar, Member (non-executive)
- A. Murat Alacakaptan, Member (executive) and General Manager

One member of the Board of Directors also holds an executive position in the Company. There are no independent directors on the board. None of the Company directors other than the General Manager holds an executive position in the Company.

19. Qualifications of the Members of the Board of Directors

Provisions in our Company's articles of incorporation concerning the minimum qualifications required to be elected to a seat on the Board of Directors coincide with the ones spelled out in article 3.1.1 of section IV of CMB's Corporate Governance Principles. The principles spelled out in articles 3.1.2 and 3.1.5 of section IV of CMB's Corporate Governance Principles are also taken into account in the election of Board of Directors members although these principles are not stipulated in the Company's articles of incorporation.

20. The Company's Mission, Vision, and Strategic Objectives

Our Company's mission is to be the sector's leader in terms of productivity and profitability. The strategic objectives identified to realize this mission are; being customer-focused, working with qualified personnel, responding quickly to customer demands, increasing transactions speed by means of advanced technological infrastructure, focusing on the investment needs of small to medium-sized enterprises, and structuring regional, sectoral, and client based credit risk concentrations optimally. In addition to engaging in marketing and information activities to encourage ever greater use of leasing as an investment financing tool, the Company's strategic objectives also include recruiting and training the personnel that will enable the Company to achieve its aims.

The Board of Directors examines and approves the strategic objectives identified by management and the degree to which those objectives are being met at monthly performance meetings at which the Company's activities are reviewed and discussed. At these meetings, the Company's performance is measured and targets are revised when necessary in light of changing market conditions.

21. Risk Management and Internal Control Mechanisms

Our Company is exposed to credit risk, interest rate risk, exchange rate risk, liquidity risk, market risk, and operational risks due to its transactions. Assessments of these risks and necessary actions in order to manage them are included in annual budget studies as well as in monthly performance reports. These are presented to the Board of Directors for review. At meetings of the risk monitoring, marketing, operations, and legal affairs committees, the risks that the Company is exposed to are assessed. At the monthly performance meetings of the Board of Directors, the Company's risk management activities are reviewed and assessed and risk factors are revised where this is deemed to be necessary.

22. Authorities and Responsibilities of Board of Directors and Company Management

In the Company's articles of incorporation, the authority to conduct and administer the Company's business is given to a board of directors whose members are chosen by the general assembly. The framework of the authorities and responsibilities given to the members of the Board of Directors and to Company managers are spelled out in detail in the Company's powers of signature statements.

23. Principles Governing the Activities of the Board of Directors

The President of the Board of Directors sets the agenda for board meetings after discussions with other board members and with the general manager (chief executive officer). Sixty-five board meetings were held during 2004. While no secretariat has been set up to inform company directors and manage communication among them, maximum care is given to ensuring that all information and documents pertaining to matters on meeting agendas are made equally available to all board members in time. When differences of opinion are expressed at meetings, reasoned and detailed justifications for dissenting votes are included in the memoranda of resolutions that are passed. Actual attendance is provided at board meetings on the issues stipulated in article 2.17.4 of section IV of CMB's Corporate Governance Principles. No board members have preferential voting rights or the right to veto board decisions.

24. Prohibition on Doing Business or Competing with the Company

During the reporting period no member of the board of directors was involved in any business with the Company or was engaged in any activity in competition with it.

25. Codes of Ethics

The Board of Directors is developing a code of ethics that will be binding on the Company and its employees. This work is still in progress and not yet completed.

26. Numbers, Structures, and Independence of Committees within the Board of Directors

Audit and corporate governance committees are to be created within the Board of Directors that will enable the board to better fulfill its duties and responsibilities. This work is still in progress and not yet completed.

27. Financial rights provided to the Board of Directors

All rights, benefits, and fees etc provided to members of the Board of Directors are subject to the authorization and oversight of the general assembly. With the exception of the salary and bonus paid to the managing director in his duty as general manager, members of the board of directors do not receive any rights, benefits, or fees from the Company.

The Company has not lent any money, extended any credit, or provided any guarantees such as surety etc to any member of the Board of Directors or of management.



■ Güney S.M.M.M. A.Ş.
Büyükdere Cad. Beytem Plaza
No: 22 K: 9-10 34381 - Şişli
İstanbul - Türkiye

■ Phone : (212) 315 30 00
Fax : (212) 230 82 91
www.ey.com

**To the Board of Directors of
Finans Finansal Kiralama Anonim Şirketi:**

We have audited the accompanying consolidated balance sheet of Finans Finansal Kiralama Anonim Şirketi (the Company - a Turkish corporation) and its subsidiary (collectively referred to as, "the Group") as of December 31, 2004 and the related consolidated income, changes in equity and cash flow statements for the year then ended, all expressed in the equivalent purchasing power of New Turkish Lira as of December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements, present fairly, in all material respects, the financial position of the Group as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

February 18, 2005
Istanbul, Turkey

Finans Finansal Kiralama Anonim Şirketi**CONSOLIDATED BALANCE SHEET**

As at December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	Notes	2004	2003
ASSETS			
Cash and cash equivalents	4	45,909,497	32,854,556
Minimum lease payments receivable	5	196,839,282	188,319,422
Receivables from lease payments outstanding	6	4,798,015	9,035,714
Premium and other insurance receivables	7	38,438,764	30,230,228
Investments available for sale	8	23,042,676	9,939,177
Investments in associates	9	10,235,709	9,976,072
Equipment to be leased	10	9,793,894	10,615,702
Deferred acquisition costs	11	13,280,827	9,376,813
Tangible assets	12	3,858,320	3,980,009
Intangible assets	13	4,391,638	7,665,351
Other assets	14	2,012,358	1,455,387
Deferred tax assets	18	-	615,145
Total assets		352,600,980	314,063,576
LIABILITIES AND EQUITY			
Funds borrowed	15	108,556,405	110,301,756
Trade payables		14,654,722	20,586,840
Advances from customers		3,670,647	2,653,324
Due to insurance and reinsurance companies		10,829,010	8,935,798
Insurance technical reserves	16	53,692,684	34,099,798
Deferred commission income		4,852,173	3,273,430
Other liabilities and provisions	17	3,250,565	3,789,337
Income taxes payable	18	37,106	4,225,354
Deferred tax liability	18	774,578	522,073
Total liabilities		200,317,890	188,387,710
Minority interests		6,808,434	7,449,411
Equity			
Share capital issued	19	114,008,697	114,008,697
Share premium		1,158,873	1,158,873
Legal reserves	20	3,058,885	11,236,671
Retained earnings / (Accumulated deficit)	20	27,248,201	(8,177,786)
Total equity		145,474,656	118,226,455
Total liabilities and equity		352,600,980	314,063,576

The accompanying policies and explanatory notes on pages 28 through 55 form an integral part of the consolidated financial statements.

Finans Finansal Kiralama Anonim Şirketi**CONSOLIDATED INCOME STATEMENT**

For the year ended December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	Notes	2004	2003
Income from financial leases			
Interest		47,239,366	41,398,500
Foreign exchange (loss)/gain		807,414	(362,504)
Total income from financial leases		48,046,780	41,035,996
Insurance technical income	23	77,588,009	40,387,421
Insurance technical expense	23	(70,297,940)	(30,649,174)
Net insurance technical income		7,290,069	9,738,247
Financial income, net	24	4,704,676	6,172,031
Provision for possible lease receivable losses	5, 6	1,905,270	(2,889,945)
Income after financial income, net and provision for possible lease receivable losses		61,946,795	54,056,329
Other operating income	26	3,936,427	3,823,786
Marketing, general and administrative expenses		(10,543,670)	(6,579,635)
Salaries and employee benefits	25	(11,912,427)	(9,609,059)
Depreciation, amortization and impairment	12, 13	(4,953,804)	(11,722,972)
Profit from operating activities		38,473,321	29,968,449
Income/(loss) from associates	9	259,637	(1,667,536)
Profit from operating activities before income tax and monetary loss and minority interest		38,732,958	28,300,913
Income taxes	18	1,643,088	9,226,713
Monetary loss		(13,768,822)	(9,657,040)
Net profit from ordinary activities		26,607,224	27,870,586
Minority interests		640,977	(527,317)
Net profit		27,248,201	27,343,269
Weighted average number of shares		43,000,000,000	43,000,000,000
Basic and diluted earnings per share in New Kuruş	21	0.0634	0.0636

The accompanying policies and explanatory notes on pages 28 through 55 form an integral part of the consolidated financial statements.

Finans Finansal Kiralama Anonim Şirketi**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	Share Capital (Note 19)	Adjustment to Share Capital	Share Premium	Legal Reserves	Retained Earnings/ (Accumulated Deficit)	Total
At January 1, 2003	16,439,445	96,361,029	1,158,873	11,236,671	(34,312,832)	90,883,186
Issue of share capital	1,038,852	169,371	-	-	(1,208,223)	-
Net profit for the year	-	-	-	-	27,343,269	27,343,269
At December 31, 2003	17,478,297	96,530,400	1,158,873	11,236,671	(8,177,786)	118,226,455
Accumulated deficit net-off	-	-	-	(8,177,786)	8,177,786	-
Transfer from adjustment to share capital	25,521,703	(25,521,703)	-	-	-	-
Net profit for the year	-	-	-	-	27,248,201	27,248,201
At December 31, 2004	43,000,000	71,008,697	1,158,873	3,058,885	27,248,201	145,474,656

Finans Finansal Kiralama Anonim Şirketi**CASH FLOW STATEMENT**

For the year ended December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	2004	2003
Cash flows from operating activities		
Net profit before minority interest	26,607,224	27,870,586
Adjustments for		
Provision for deferred tax liability	856,362	(13,549,251)
Provision for current income tax	(2,499,450)	4,322,538
Depreciation, amortization and impairment	4,953,804	11,722,972
Provision for termination benefits	152,196	198,243
Provision for possible lease receivable losses	(1,905,270)	2,889,945
(Gain) / loss from associates	(259,637)	1,667,536
(Gain) / loss from fair value changes in investment available for sale	(78,528)	69,049
(Income) / loss on disposal of tangible assets	(177,690)	63,975
Accrued interest expense	(1,581,314)	2,429,626
Accrued interest income	(777,594)	4,736,954
Operating profit before changes in net operating assets and liabilities	25,290,103	42,422,173
Net decrease in receivables from lease payments outstanding	6,797,928	2,746,981
Net increase in premium and other insurance receivables	(8,208,536)	(16,709,015)
Net decrease in deferred acquisition costs	(3,904,014)	(3,176,514)
Net increase / (decrease) in other assets	(556,971)	1,884,624
Net decrease in trade payables	(5,932,118)	12,285,543
Net increase / (decrease) in advances from customers	1,017,323	(1,763,019)
Net increase in due to insurance and reinsurance companies	1,893,212	2,863,627
Net increase in insurance technical reserves	19,592,886	20,121,241
Net increase in deferred commission income	1,578,744	1,493,709
Net decrease in other liabilities	(613,322)	(532,788)
Income taxes paid	(1,592,466)	(216,248)
Net cash provided from operating activities	35,362,769	61,420,314
Cash flows from investing activities		
Purchases of assets to be leased	(204,925,886)	(109,064,008)
Principal payments received under leases	199,560,471	114,546,776
Purchases of furniture and equipment	(1,350,100)	(1,882,321)
Purchases of intangible assets	(394,121)	(415,726)
Net decrease/ (increase) in equipment to be leased	821,808	(6,755,520)
Disposal of tangible assets	179,090	-
Disposal of intangible assets	6,729	-
Net increase in investments available for sale	(13,447,044)	(3,089,061)
Acquisition of an associate	-	(889,654)
Net cash used in investing activities	(19,549,053)	(7,549,514)
Cash flows from financing activities		
Proceeds from funds borrowed	99,190,238	136,292,032
Repayments of funds borrowed	(88,132,036)	(163,430,565)
Net cash provided from (used in) financing activities	11,058,202	(27,138,533)
Minority interest	-	6,922,093
Effect of net foreign exchange difference and monetary loss on cash and cash equivalents	(13,816,977)	(23,939,353)
Net increase in cash and cash equivalents	13,054,941	9,715,007
Cash and cash equivalents at beginning of year	32,854,556	23,139,549
Cash and cash equivalents at end of year	45,909,497	32,854,556
Cash paid by the Company for interest and the cash received as interest during the years ended December 31, 2004 and 2003 are as follows:		
Interest paid	8,318,234	8,672,748
Interest received	56,776,475	52,884,914

The accompanying policies and explanatory notes on pages 28 through 55 form an integral part of the consolidated financial statements.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

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 licence obtained from the Undersecretariat of the Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226. 12.15% (2003 – 12.15%) of the shares of the Company are listed on İstanbul Stock Exchange. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat: 10, 80610 Etiler, İstanbul - Turkey.

The Company has a branch operating in Atatürk Havalimanı Free Trade Zone.

As of December 31, 2004 and 2003, the subsidiary included in consolidation is Finans Sigorta A.Ş. (Finans Sigorta) which is registered in İstanbul, Turkey, on March 30, 2001. Finans Sigorta operates in all types of property and casualty insurance and reinsurance business.

The consolidated financial statements of the Company are authorized for issue by the Management on February 18, 2005. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue. The parent of the Company is Finansbank Anonim Şirketi, and ultimate parents of the Company are Fiba Holding Anonim Şirketi and Fina Holding Anonim Şirketi and controlled by Özyeğin Family.

For the purpose of the consolidated financial statements, the Company and its consolidated subsidiary are referred to as the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Representation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect. The consolidated financial statements have been prepared on an historical cost convention, except for the measurement at fair value of available for sale financial assets.

As of December 31, 2004, the Group did not early adopt the changes in IFRS effective for annual periods beginning on or after January, 1, 2005.

The Company and its subsidiary which are incorporated in Turkey, maintain their books of account and prepare their statutory financial statements in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board, Turkish Commercial Code and Tax Legislation, Financial Leasing Law; and the Uniform Chart of Financial Statements specified by the Undersecretariat of Treasury for Insurance and Reinsurance Companies, Turkish Commercial Code and Tax Legislation, respectively. The consolidated financial statements have been prepared from statutory financial statements of the Company and its subsidiary and presented in accordance with IFRS in New Turkish Lira (YTL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise effects of:

- accounting for financial leases
- consolidation of a subsidiary and equity accounting for investments in associates,
- restatement of unearned premium reserve on insurance policy basis and deferral of policy acquisition costs,
- recognition of deferred tax on temporary differences,
- recognition and measurement of financial instruments.

Functional Currency and Reporting Currency

As a result of a long period of high inflation, the Turkish Lira (TL) has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted in January 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL), the new currency unit for the Republic of Turkey. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 through out the period until complete phase-out of TL. Accordingly, the Company's functional and presentation currency as of December 31, 2004 is YTL and comparative figures for the prior year have also been presented in YTL, using the conversion rate of TL 1,000,000 / YTL = 1,00.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Functional currency of the Company and its consolidated subsidiary is YTL. The restatement for the changes in the general purchasing power of YTL as of December 31, 2004 is based on IAS 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 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 years inflation rate approaching or exceeding 100%. As of December 31, 2004, the three years cumulative rate has been 69.7% (2003 - 181%) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics.

Such indices and conversion factors as of the end of the four year period ended December 31, 2004 are given below:

Dates	Index	Conversion Factors
December 31, 2001	4,951.7	1,697
December 31, 2002	6,478.8	1,297
December 31, 2003	7,382.1	1,138
December 31, 2004	8,403.8	1,000

The main guidelines for the above mentioned restatement are as follows:

- the consolidated financial statements of prior year, including monetary assets and liabilities reported therein, which were previously reported in terms of the measuring unit current at the end of that year are restated in their entirety to the measuring unit current at December 31, 2004.
- monetary assets and liabilities reported in the consolidated balance sheet as of December 31, 2004 are not restated because they are already expressed in terms of the monetary unit current at that balance sheet date.
- the inflation adjusted share capital was derived by indexing cash contributions, dividends reinvested, transfers from statutory retained earnings to share capital from the date they were contributed.
- non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and other components of equity (except for the statutory revaluation adjustment which is eliminated) are restated by applying the relevant conversion factors.
- the effect of general inflation on the net monetary position is included in the income statement as monetary loss.
- all items in the consolidated income statement are restated by applying appropriate average conversion factors with the exception of depreciation, amortization, gain or loss on disposal of non-monetary assets and loss from associates (which have been calculated based on the restated gross book values and accumulated depreciation-amortization).

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Group could realize or settle the same values of assets and liabilities as indicated in the consolidated balance sheets. Similarly, it does not necessarily mean that the Group could return or settle the same values of equity to its shareholders.

Reclassification on 2003 Financials

Certain reclassifications have been made to the financial statements of December 31, 2003 to be consistent with the current year presentation.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary drawn up to December 31, 2004 and 2003.

Subsidiary is consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements of the Group include the Company and its subsidiary, which it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively, except where the minority shareholders, who are nominee shareholders, do not exercise their minority rights.

Intercompany balances and transactions are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

The purchase method of accounting is used for acquired businesses. Subsidiaries acquired or disposed of during the year is included in the consolidated financial statements from the date of acquisition or to the date of disposal.

Finans Sigorta has been consolidated to the financial statements of the Company as of December 31, 2004 and December 31, 2003 and its shareholding percentage is 51.5%.

Investments in Associates

As of December 31, 2004 and 2003, the Group's investments in Finans Leasing S.A. Romania by 40% and Finans Gayrimenkul by 43.31% are accounted for under the equity method of accounting. These are the entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. The investments in these associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of these associates.

As of December 31, 2004 and 2003, the Group's investment in Kültür Gösteri Merkezleri ve Ticaret A.Ş. by 44% has not been accounted for by the equity method of accounting due to its operations being insignificant to the Company's financial statements as of those dates.

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of subsidiaries and associates at the date of acquisition. Goodwill is amortized on a straight-line basis over its useful economic life up to a presumed maximum of 10 years. It is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is stated at cost less accumulated amortization and any impairment in value.

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

The carrying values of goodwill and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible Assets

Tangible assets which consist of office machinery, furniture and fixtures and vehicles, are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which is 5 years.

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Investments Available-for-Sale

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Available for sale securities are subsequently carried at fair value. Gains or losses on remeasurement to fair value are recognized in income.

Interest earned on available for sale investments is reported as interest income. Dividends received are included in dividend income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. 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.

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 realize the asset and settle the liability simultaneously.

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or financial liability in its consolidated balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Group derecognizes a financial liability when and only when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expires.

Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Foreign currency translation rates used by the Group for monetary assets and liabilities as of respective year-ends are as follows:

Dates	EUR / YTL (Full YTL)	USD / YTL (Full YTL)
December 31, 2002	1.703477	1.634501
December 31, 2003	1.745072	1.395835
December 31, 2004	1.826800	1.342100

Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks with an original maturity of three months or less.

Provisions for Possible Lease Receivable Losses

Based upon its evaluation, management estimates the total credit risk provision that it believes is adequate to cover uncollectable amounts in the Group's receivable portfolio. If there is an objective evidence that the Group will not be able to collect all amounts due according to original contractual terms of the lease, such receivables are considered as impaired. The amount of the loss is measured as the difference between the lease receivable's carrying amount and the expected future cash flows discounted at the lease receivable's original effective interest rate or as the difference between the carrying value of the lease receivable and the fair value of collateral, if the receivable is collateralized and foreclosure is probable. Impairment and uncollectability are measured and recognized individually for receivables that are individually significant and on a portfolio basis for a group of similar receivables that are not individually identified as impaired.

The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance for impairment account. A write off is made when all or part of a receivable is deemed uncollectable or in the case of debt forgiveness. Write offs are charged against previously established allowances and reduce the amount of a receivable. Recoveries of receivables written off in earlier period are included in income.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the provision for possible lease receivable losses expense. Unwinding of the discount is treated as income and remaining provision is then reassessed.

Provision for Possible Premium Receivable Losses

Balances of agencies and policy holders under legal follow-up and agencies and policy holders for which management identifies problems in credit worthiness are classified as doubtful receivables. Based upon its evaluation of such receivables, management estimates the total allowance that it believes is adequate to cover specific uncollectible amounts. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of income in the periods in which they become known.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Leases

The Group as Lessor

Finance Leases

The Group presents 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 recognized immediately as expenses.

The Group as Lessee

Finance leases

Finance leases, which transfer to the Group 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.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

Insurance Technical Reserves

Unearned Premium Reserve

Unearned premiums are those proportions of the premiums written in a year that relate to the period of risk subsequent to the balance sheet date for all policies with more than one year of maturity. Unearned premium reserve set aside for unexpired risks has been computed on a daily pro-rated basis for the policies issued after January 1, 2003 and one twenty-fourths method for the policies issued before January 1, 2003, which assumes that premium revenues are realized on average in the middle of each month.

In calculating the provision for unearned premiums, reinsurance commissions are deferred with the same rates used in unearned premium calculation and included in current year unearned premium reserve.

Outstanding Claims / IBNR Reserves

Outstanding claims reserve represents the estimate of the total reported costs of notified claims on an individual case basis at the end of the year, as well as the corresponding handling costs. A provision for claims incurred but not reported (IBNR) is also established.

Commissions and Deferred Acquisition Costs

The direct and indirect costs and commission expenses incurred in acquiring the unearned portion of insurance premiums are recorded in the balance sheet under deferred acquisition costs and recognized in the profit and loss account on the same basis as the premiums to which they relate.

Reinsurance

Reinsurance ceded is business which has been ceded to insurance companies outside the Group.

Funds Borrowed

Funds borrowed are initially recognized at cost. After initial recognition, all interest liabilities are subsequently measured at amortized cost using effective yield method, less amounts repaid. Amortized cost is calculated by taking into account any discount or premium on settlement. Gain or loss is recognized in the income statement when the liability is derecognized or impaired as well as through the amortization process. Borrowing costs are expensed as incurred.

Trade Payables

Trade payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Employee Termination Benefits**(a) Defined Benefit Plans:**

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Full provision is made for the present value of defined obligation calculated using the "Projected Unit Credit" Method. All actuarial gains and losses are recognized in the income statement.

(b) Defined Contribution Plans:

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

Revenue Recognition**Premium Income**

Premium income represents premiums on policies written during the period / year, net of premium ceded to reinsurer firms and by the reserve for unearned premiums that are calculated on a daily pro-rated basis.

Commission Income and Expense

The commission expense related with the written policies by agents and commission income obtained from reinsurers for the premiums ceded are recorded into consolidated income statement on accrual basis. Commission income from reinsurers is determined according to the reinsurer agreements.

Claims

Claims incurred comprise all claims occurring during the year, together with their related expertise expenses, and any adjustments to claims outstanding from the previous year offset against the portion attributed to the reinsurer firms. When applicable, deductions are made for estimated salvage and recoveries.

Interest

Interest income and expense which are classified in financial income and expense, are recognized in the consolidated income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment securities and accrued discount and premium on treasury bills and other discounted instruments.

Dividends

Dividends are recognized when the shareholders' right to receive the payments is established.

Income Tax

Tax expense / (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Use of Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. SEGMENT INFORMATION

Segment information is prepared on the business segment basis.

The Group conducts its business activities in the leasing and insurance areas.

Year ended December 31, 2004:

	Leasing	Insurance	Eliminations	Group
Income from financial leases	48,058,988	-	(12,208)	48,046,780
Net insurance technical income	-	6,626,188	663,881	7,290,069
Financial income	317,973	4,374,495	12,208	4,704,676
Provision for possible lease receivable losses	1,905,270	-	-	1,905,270
Other operating income	4,796,052	(195,744)	(663,881)	3,936,427
Other total operating expense	(16,108,722)	(11,301,179)	-	(27,409,901)
Profit from operating activities	38,969,561	(496,240)	-	38,473,321
Income from associates	259,637	-	-	259,637
Income taxes	2,014,679	(371,591)	-	1,643,088
Monetary loss	(13,309,656)	(459,166)	-	(13,768,822)
Minority interest	-	-	-	640,977
Net profit	27,934,221	(1,326,997)	-	27,248,201
Other segment information				
Segment assets	257,048,087	86,426,386	(1,109,202)	342,365,271
Investments in associates	10,235,709	-	-	10,235,709
Total assets	267,283,796	86,426,386	(1,109,202)	352,600,980
Segment liabilities	129,038,714	72,388,378	(1,109,202)	200,317,890
Total liabilities	129,038,714	72,388,378	(1,109,202)	200,317,890
Capital expenditures				
Tangible assets	218,228	1,131,872	-	1,350,100
Intangibles	10,303	383,818	-	394,121
Depreciation	455,059	837,640	-	1,292,699
Amortization	3,387,556	273,549	-	3,661,105
Impairment losses	-	-	-	-

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Year ended December 31,2003:

	Leasing	Insurance	Eliminations	Group
Income from financial leases	41,035,996	-	-	41,035,996
Net insurance technical income	-	9,457,920	280,327	9,738,247
Financial income	3,556,484	2,615,547	-	6,172,031
Provision for possible lease receivable losses	(2,889,945)	-	-	(2,889,945)
Other operating income	4,068,572	35,541	(280,327)	3,823,786
Other total operating expense	(19,698,750)	(8,212,916)	-	(27,911,666)
Profit from operating activities	26,072,357	3,896,092	-	29,968,449
Loss from associates	(1,667,536)	-	-	(1,667,536)
Income taxes	9,984,510	(757,797)	-	9,226,713
Monetary loss	(7,605,993)	(2,051,047)	-	(9,657,040)
Minority interest	-	-	-	(527,317)
Net profit	26,783,338	1,087,248	-	27,343,269
Other segment information				
Segment assets	240,397,440	64,044,344	(354,280)	304,087,504
Investments in associates	9,976,072	-	-	9,976,072
Total assets	250,373,512	64,044,344	(354,280)	314,063,576
Segment liabilities	140,057,255	48,684,735	(354,280)	188,387,710
Total liabilities	140,057,255	48,684,735	(354,280)	188,387,710
Capital expenditures				
Tangible assets	430,418	1,451,903	-	1,882,321
Intangibles	47,156	368,570	-	415,726
Depreciation	587,206	506,540	-	1,093,746
Amortisation	3,387,489	193,477	-	3,582,966
Impairment losses	7,046,260	-	-	7,046,260

Transactions between the business segments are on normal commercial terms and conditions. Those transactions are eliminated in consolidation.

4. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

	2004	2003
Cash on hand	250,185	252,850
Cash at banks	45,659,312	32,601,706
Cash and cash equivalents in the balance sheet and cash flow statements	45,909,497	32,854,556

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

As of December 31, 2004 and 2003, interest range of deposits is as follows:

	2004				2003			
	Amount		Effective interest rate		Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency
Bank accounts	40,121,198	5,538,114	10.66-23.00	2.5-2.88	32,374,130	227,576	20.60-28.00	1.00-2.88
Total	40,121,198	5,538,114			32,374,130	227,576		

Finans Sigorta makes credit card collections through deposits in banks. The collections are blocked in banks for a time period of 31 to 45 days in exchange for the collection service. As of December 31, 2004, the Company has blocked TL demand deposit account in the amount of YTL 6,501,578 (2003 – YTL 2,778,082) in various banks for the credit card collections.

5. MINIMUM LEASE PAYMENTS RECEIVABLE

Gross investment in finance leases receivable:

	2004	2003
Within one year	154,661,198	139,535,455
After one year but not more than five years	91,844,933	100,825,533
Minimum lease payments receivable, gross	246,506,131	240,360,988
Less: Unearned interest income	(46,222,076)	(46,642,015)
Net investment in finance leases	200,284,055	193,718,973
Less: Reserve for impairment	(3,444,773)	(5,399,551)
Minimum lease payments receivable, net	196,839,282	188,319,422

Net investment in finance leases may be analyzed as follows:

	2004	2003
Within one year	121,325,741	106,048,543
After one year but not more than five years	78,958,314	87,670,430
	200,284,055	193,718,973

As of December 31, 2004 and 2003, YTL 114,968,022 and YTL 142,996,670 of gross lease receivables are denominated in foreign currency (mainly U.S. Dollars and Euro) and the effective interest rates range between 8,5% and 15% for U.S. Dollars and for Euro (2003-7% and 15%), and 26% and 35% for YTL (2003 - 30% and 60%).

Movement in the specific reserve for impairment:

	2004	2003
Reserve at the beginning of year	5,399,551	6,646,625
Provision for impairment	(1,300,001)	703,117
Recoveries	-	(1,136,884)
Provision net of recoveries	(1,300,001)	(433,767)
Monetary gain	(654,777)	(813,307)
Reserve at end of year	3,444,773	5,399,551

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

6. RECEIVABLES FROM LEASE PAYMENTS OUTSTANDING

	2004	2003
Receivables from lease payments outstanding	15,003,699	25,852,495
Less: Specific reserve for impairment	(10,205,684)	(16,816,781)
Receivables from lease payments outstanding, net	4,798,015	9,035,714

Movements in the specific reserve for impairment:

	2004	2003
Reserve at the beginning of the year	16,816,781	15,296,706
Provision for impairment	956,466	5,865,038
Recoveries	(1,561,735)	(2,541,326)
Provision net of recoveries	(605,269)	3,323,712
Receivables written off	(4,050,868)	-
Monetary gain	(1,954,960)	(1,803,637)
Reserve at end of year	10,205,684	16,816,781

7. PREMIUM AND OTHER INSURANCE RECEIVABLES

	2004	2003
Amounts owed by intermediaries	33,962,923	27,586,225
Insurance claims from third parties	3,304,080	1,403,454
Amounts owed by policyholders	338,765	569,711
Receivable from insurance and reinsurance companies	557,968	437,108
Doubtful receivables	1,064,269	778,243
Less: Provision for impairment	(789,241)	(544,513)
Premium and other insurance receivables	38,438,764	30,230,228

8. INVESTMENTS AVAILABLE FOR SALE

Investments available for sale consist of the following:

	2004		2003	
	Amount	Effective Interest rate	Amount	Effective Interest rate
Available for sale securities at fair value				
Debt instruments				
Turkish treasury bills	19,968,548 (*)	23.72%-29.57%	7,498,076	28.80%-58.15%
	19,968,548		7,498,076	
Others				
Equity instruments - listed	3,015,998		2,382,971	
	3,015,998		2,382,971	
Total	22,984,546		9,881,047	
Available for sale securities at cost				
Equity instruments - unlisted	58,130		58,130	
Total	58,130		58,130	
Total available for sale securities	23,042,676		9,939,177	

(*) In order to protect the interests of policyholders, under Insurance Supervision Law 7397, the insurance companies are obliged to deposit investments in a blocked account with a state bank and to mortgage fixed assets in favor of the Undersecretariat of Treasury. As of December, 31, 2004, the guarantees of the Group as security for policyholders amount to YTL 17,913,353.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Available for sale securities at cost represent the Group'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:

	2004		2003	
	Amount	Participation %	Amount	Participation %
Equity instruments – listed				
Gima Gıda ve İhtiyaç Maddeleri T.A.Ş.	3,015,998	2	2,382,971	2
	3,015,998		2,382,971	
Equity instruments - unlisted				
Finans Yatırım Menkul Değerler A.Ş.	58,130	Less than 1	58,130	Less than 1
	58,130		58,130	

9. INVESTMENTS IN ASSOCIATES

The following is a list of the investments in associates:

	2004			2003		
	Carrying Value	Ownership Interest	Group's Share of Income (Loss)	Carrying Value	Ownership Interest	Group's Share of Income (Loss)
Finans Gayrimenkul	8,379,119	43.31	(339,220)	8,718,339	43.31	(1,592,311)
Kültür ve Gösteri Merkezleri A.Ş.	889,654	44.00	-	889,654	44.00	-
Finans Leasing S.A. Romania	966,936	40.00	598,857	368,079	40.00	(75,225)
	10,235,709		259,637	9,976,072		(1,667,536)

Finans Leasing S.A. Romania is mainly engaged in all types of leasing operations in Romania.

As of December 31, 2004 and 2003, the Company accounted its investment in Finans Leasing Romania and Finans Gayrimenkul by equity method of accounting and incurred income at the amount of YTL 598,857 (2003- YTL 75,225 loss) and loss at the amount of YTL 339,220 (2003- YTL 1,592,311), respectively. Such amounts are accounted as income / (loss) from associates on the consolidated income statement.

On January 6, 2003, the Group purchased 44% of Kültür ve Gösteri Merkezleri ve Ticaret A.Ş. for YTL 889,654. Kültür ve Gösteri Merkezleri ve Ticaret A.Ş. is engaged in visual entertainment business. As of December 31, 2004 and 2003, equity method of accounting has not been applied for this investment due to the operations of this company being insignificant to the Group's consolidated financial statements and carried at cost.

On April 28, 2003, Finans Gayrimenkul Yatırım Ortaklığı A.Ş., an associated company, changed status and became a corporation operating exempt from the Capital Market Law and as of the same date, the commercial title of the Company was changed as Finans Gayrimenkul Geliştirme İnşaat ve Yatırım A.Ş. (Finans Gayrimenkul).

10. EQUIPMENT TO BE LEASED

The Group purchases machinery and equipment from foreign and domestic vendors in relation to the financial 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, 2004 and 2003, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

11. DEFERRED ACQUISITION COSTS

	2004	2003
Deferred general and administrative expense	4,442,129	3,391,374
Deferred commission expense	8,838,698	5,985,439
	13,280,827	9,376,813

12. TANGIBLE ASSETS

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Land and Buildings	Total
January 1, 2004, net of accumulated depreciation	2,869,712	647,755	462,542	-	3,980,009
Additions	794,322	429,906	108,036	17,836	1,350,100
Disposals	(94,113)	(84,977)	-	-	(179,090)
Depreciation charge for the year	(958,069)	(215,645)	(118,955)	(30)	(1,292,699)
At December 31, 2004, net of accumulated depreciation	2,611,852	777,039	451,623	17,806	3,858,320

At December 31, 2003

Cost	7,494,688	927,842	512,444	-	8,934,974
Accumulated depreciation	(4,624,976)	(280,087)	(49,902)	-	(4,954,965)
Net carrying amount	2,869,712	647,755	462,542	-	3,980,009

At December 21, 2004

Cost	8,167,763	1,214,030	620,480	17,836	10,020,109
Accumulated depreciation	(5,555,911)	(436,991)	(168,857)	(30)	(6,161,789)
Net carrying amount	2,611,852	777,039	451,623	17,806	3,858,320

Net carrying value of leased assets amount to YTL 1,631,589 (2003 - YTL 1,456,678) consist of vehicles, furniture and equipments which are pledged as securities for the related finance lease obligations.

13. INTANGIBLES

	Goodwill	Licenses	Total
At January 1, 2004, net of accumulated amortization	6,680,314	985,037	7,665,351
Additions	-	394,121	394,121
Disposals	-	(6,729)	(6,729)
Amortization charge for the year	(3,345,400)	(315,705)	(3,661,105)
At December 31, 2004, net of accumulated amortization	3,334,914	1,056,724	4,391,638

At December 31, 2003

Cost	18,092,400	1,365,015	19,457,415
Accumulated Amortization	(4,365,826)	(379,978)	(4,745,804)
Accumulated impairment	(7,046,260)	-	(7,046,260)
Net carrying amount	6,680,314	985,037	7,665,351

At December 31, 2004

Cost	11,046,140	1,744,102	12,790,242
Accumulated amortization	(7,711,226)	(687,378)	(8,398,604)
Net carrying amount	3,334,914	1,056,724	4,391,638

As of December 31, 2002, the Group has accounted goodwill at the amount of YTL 7,046,260 on the consolidated financial statements due to purchase of additional shares of Finans Gayrimenkul. But as goodwill has an uncertainty about future benefits, the Group allocated impairment reserve as of December 31, 2003 and reflected this reserve in the income statement for the year ended as of December 31, 2003.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Goodwill is being amortized as follows:

- goodwill arising on the acquisition of Finans Deniz Finansal Kiralama at the amount of YTL 10,351,663 is being amortized evenly from the date of acquisition over the directors' estimate of its useful economic life of 40 months,
- goodwill arising on the acquisition of Finans Sigorta at the amount of YTL 694,477 is being amortized evenly from the date of acquisition over the directors' estimate of its useful economic life of 3 years.

Licenses are being amortized over useful economic lives of 5 years.

14. OTHER ASSETS

	2004	2003
Receivables from lessees against insurance transactions	956,243	352,704
Prepaid expenses	421,799	255,195
Value Added Tax receivables	362,122	125,022
Advances and deposits given	128,902	102,512
Receivables from a related party resulting from funds granted	9,849	493,681
Prepaid tax	5,264	26,443
Others	128,179	99,830
	2,012,358	1,455,387

15. FUNDS BORROWED

	2004			2003		
	Original Amount	YTL Equivalent	Interest rate (%)	Original Amount	YTL Equivalent	Interest rate (%)
Short term		7,779,883			5,273,353	
Fixed interest						
EUR	2,894,335	5,287,372	2,52-3,82	2,284,376	4,575,376	2.39-4.05
USD	1,857,173	2,492,511	2,76-3,39	17,054	27,274	1.63
CHF	-	-	-	524,110	670,703	0.53
Floating interest	-	-	-	-	-	-
Medium / long-term		100,776,522			105,028,403	
Fixed interest						
EUR	7,081,405	12,936,311	4,77-5,89	16,676,325	34,491,248	4,95-6.32
USD	42,965,279	57,663,701	3,31-6,34	23,951,558	39,505,873	3.37-6.41
CHF	141,871	167,493	3,75	468,429	607,537	2.86-3.75
Floating interest						
EUR	9,337,759	17,058,218	2,54-6,46	2,734,246	5,499,087	2.66-6.76
USD	9,597,883	12,881,319	1,55-6,32	15,269,968	24,698,842	1.31-7.26
CHF	58,852	69,480	1,45	176,550	225,816	
Total		108,556,405			110,301,756	

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

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

	2004		2003	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2004	-	-	74,100,047	16,206,791
2005	54,024,669	11,765,928	445,223	6,236,348
2006	16,742,836	8,252,776	59,388	7,980,606
2007	-	2,854,375	-	-
2008 and over	-	7,135,938	-	-
Total	70,767,505	30,009,017	74,604,658	30,423,745

The Group has obtained letters of guarantee amounting to YTL 12,383,460 (2003 – YTL 4,964,065) from local banks and submitted to various banks as guarantee for loans obtained. The letters of guarantee consist of U.S. Dollars 7,247,327, Swiss Francs 261,638, Euro 1,060,385 and YTL 410,823 (2003 - U.S. Dollars 1,286,333, Swiss Francs 721,441, Euro 729,915 and YTL 531,642).

16. INSURANCE TECHNICAL RESERVES

	2004	2003
Unearned premium reserve	54,407,230	48,381,428
Unearned premium reserve -reinsurers' share	(14,110,476)	(18,755,278)
Unearned premium reserve, net	40,296,754	29,626,150
Outstanding claims reserve	17,959,616	5,923,308
Outstanding claims reserve-reinsurers' share	(4,563,686)	(1,449,660)
Outstanding claims reserve, net	13,395,930	4,473,648
Total insurance technical reserve	53,692,684	34,099,798

17. OTHER LIABILITIES AND PROVISIONS

	2004	2003
Taxes payable	1,279,601	958,514
Deferred income	843,198	1,393,517
Reserve for employee termination benefits	601,439	526,889
Leasing obligation	29,817	312,643
Salaries and wages payable	-	155,545
Others	496,510	442,229
	3,250,565	3,789,337

18. INCOME TAXES**General Information**

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey.

In Turkey, the corporation tax rate for the fiscal year ended December 31, 2004 is 33% (2003-30%). Effective January 1, 2005, the corporation tax rate has been declared as 30%. Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 33% (2003-30%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In 2003 and prior years, corporation tax was computed on the statutory income tax base without any adjustment for inflation accounting. Starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carry-forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. A tax amnesty law, which was enacted in 2003 provided immunity for tax inspection and additional assessments to those taxpayers who utilized the option. According to the law, companies, who accepted to use this option, also accepted a 50% reduction from their corporate tax losses incurred in the same year. The Company applied to tax authorities for declaration of additional taxes amounting to YTL 1,032,383 (historical) to benefit from the advantages of the related law and paid full amount within 2003 and 2004.

Effective from April 24, 2003, investment allowances provides a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand-new fixed assets having economic useful life and exceeding YTL 6,000 and directly related with the production of goods and services. Investment allowance that arose prior to April 24, 2003 are taxed at 19.8% (withholding tax) unless they are converted to new type at companies' will. All investment allowances can be carried forward indefinitely.

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

10% withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Capital gains derived from cash sales of participation shares that have been held for at least two years are exempt from corporation tax if the gains are added to share capital. Furthermore, in the event the profit arising from the dividend receipt is not distributed or included in capital, no withholding tax shall be applicable.

Major components of income tax expense for the years ended December 31,

	2004	2003
Consolidated income statement		
Current income tax		
Current income tax charge	(55,778)	(4,322,538)
Adjustments in respect of current income tax of previous year	2,555,228	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(856,362)	13,549,251
Income tax reported in consolidated income statement	1,643,088	9,226,713

There is a difference of YTL 2,555,528 between the income tax provision as reflected in IFRS financial statements of the Company as of December 31, 2003 and the actual amount that realized in 2004, due the fact that ambiguities relating to investment incentive certificates legislation has been solved through the issuance of the income tax circular No. 23 issued at April 14, 2004 by the Ministry of Finance. Such difference has been reflected as "adjustments in respect of current income tax of previous periods" in the consolidated financial statements for the year ended December 31, 2004.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

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 Group's effective income tax rate for the years ended December 31 was as follows:

	2004	2003
Profit from operating activities before income tax, monetary loss and minority interest	38,732,958	28,300,913
Accounting of finance leases and restatement effect of income statement items	(11,644,882)	(4,960,549)
Accounting of insurance technical income	(586,282)	(5,049,106)
Provision for possible lease receivable losses	(1,762,761)	1,074,572
Accounting of investment in associates	(259,637)	1,667,536
Tangible assets sales income	(28,316,094)	6,657,478
Loss from fair value changes in investments available for sale	(376,003)	(210,020)
Amortization of goodwill	3,336,983	3,336,985
Impairment of goodwill	-	7,046,260
Other adjustments	(2,204,472)	(1,305,606)
Current year loss of consolidated subsidiary	-	2,594,786
Statutory (loss) / income before taxation	(3,080,190)	39,153,249
Income not subject to tax	(5,024,439)	(5,358,089)
Expenditure not deductible for income tax purposes	8,273,652	9,377,525
Utilization of investment allowance (eligible for 40% deduction)	-	(21,832,515)
Utilization of investment allowance (eligible for 100% deduction)	-	21,340,170
Corporate tax base	169,023	-
Corporate tax (effective rate 33% (2003 - 30%))	(55,778)	-
Income tax base	-	21,340,170
Income tax (effective rate 19.8%)	-	(4,225,354)
Tax effect of temporary differences (restated)	(856,362)	13,549,251
Adjustmet effect of prior years tax allowance	2,555,228	-
Restatement effect of current taxation charge	-	(97,184)
Taxation charge per accompanying consolidated financial statements (restated)	1,643,088	9,226,713

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Deferred income tax

Deferred income tax of the Company at December 31, 2004 and 2003, relates to the following:

	2004	2003
Deferred income tax liabilities		
Leasing income accruals	1,648,332	1,417,274
Income accrual on time deposits	-	69,351
Restatement effect on tangible assets and intangibles	111,748	-
Accrued interest income on overdue receivables	82,916	80,722
Expense accruals on funds borrowed	77,321	-
Gross deferred income tax liabilities	1,920,317	1,567,347
Deferred income tax assets		
Accounting of finance leases	25,812,705	33,215,508
Tax credits of unused investment incentive allowances	20,474,696	6,024,803
Reserve for possible lease receivable losses	1,292,233	2,072,367
Employee termination benefit	119,513	110,125
Capitalized financial expense subject to deduction	4,967,315	-
Less: Valuation allowance	(50,746,145)	(39,240,311)
Gross deferred income tax assets	1,920,317	2,182,492
Net deferred income tax asset	-	615,145

Deferred income tax of Finans Sigorta at December 31, 2004 and 2003 relates to the following:

	2004	2003
Deferred income tax liabilities		
Accounting of finance leases	(238,721)	(320,176)
Restatement effect on tangible assets and intangibles	(216,829)	(212,694)
Effect of delayed policy cost	(1,332,639)	(1,119,154)
Effect of earthquake provision	(1,290,048)	-
Gross deferred income tax liabilities	(3,078,237)	(1,652,024)
Deferred income tax assets		
Tax loss carry forward	-	647,713
Employee termination benefit	60,919	47,933
Effect of doubtful receivable	104,486	-
Effect of incurred but not recorded claim provision	1,006,761	311,750
Effect of unearned premium reserve	1,077,189	122,555
Effect of check rediscount	54,304	-
Gross deferred income tax assets	2,303,659	1,129,951
Net deferred income tax liability	(774,578)	(522,073)

As of December 31, 2004 and 2003, deferred taxes have been calculated at the principal tax rate of 30%. The Company has provided a valuation allowance on deferred tax assets for which realizability could not be assessed during foreseeable future.

Movement of net deferred tax (asset) liability can be presented as follows:

	2004	2003
Total deferred tax balance at January 1	(93,072)	15,234,371
Deferred income tax recognized in income statement	856,362	(13,549,251)
Monetary loss / (gain)	11,288	(1,181,447)
Deferred tax balance of acquired subsidiary at January 1	-	(596,745)
Ending balance	774,578	(93,072)

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

19. SHARE CAPITAL

	2004	2003
Number of common shares (authorized, issued and outstanding)		
0.1 Ykr par value	43,000,000,000	17,478,297,105

As of December 31, 2004 and 2003, the Company's historical subscribed and issued share capital was YTL 43,000,000 and YTL 17,478,297 (historical terms), respectively.

The movement of the share capital (in numbers and in historical YTL) of the Company during 2004 and 2003 is as follows:

	2004		2003	
	Number	YTL	Number	YTL
At January 1	17,478,297,105	17,478,297	16,439,445,105	16,439,445
Shares issued in:				
- transfer from statutory retained earnings	-	-	-	-
- transfer from adjustment to share capital	25,521,702,895	25,521,703	1,038,852,000	1,038,852
At December 31	43,000,000,000	43,000,000	17,478,297,105	17,478,297

As of December 31, 2004 and 2003, the composition of shareholders and their respective % of ownership can be summarized as follows:

	2004		2003	
	Amount	%	Amount	%
Finansbank A.Ş.	34,244,889	79.64	13,919,590	79.64
Finans Yatırım Menkul Değerler A.Ş.	3,531,139	8.21	1,435,309	8.21
Publicly Traded	5,223,972	12.15	2,123,398	12.15
Total in historical YTL	43,000,000	100.00	17,478,297	100.00
Restatement effect	71,008,697		96,530,400	
Total	114,008,697		114,008,697	

At the Board of Directors Meeting held on December 8, 2004, Finans Sigorta decided to increase its share capital from YTL 12,000,000 to YTL 20,000,000. The Ordinary General Assembly Meeting will be held on February 28, 2005.

20. LEGAL RESERVES AND RETAINED EARNINGS / (ACCUMULATED DEFICIT)

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.

Accumulated profits include undistributable funds at the amount of YTL 4,300,159 (historical) due to earthquake losses to be incurred in the future.

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Dividends

As of December 31, 2004, the Company has not resolved to distribute profit as of the date of these financial statements. As of December 31, 2003, the Company was unable to appropriate profit since accumulated deficit was higher than current year profit.

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, 2004.

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 consolidated financial statements.

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 Group is controlled by Finansbank A.Ş. which owns 79.64% (2003 - 79.64%) of ordinary shares. The ultimate owner of the Group is Fiba Holding A.Ş. and Fina Holding A.Ş and controlled by Özyeğin Family. For the purpose of these consolidated 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 Group's Board of Directors and their families.

In the course of conducting its business, the Group conducted various business transactions with related parties on commercial terms and at rates which approximate market rates.

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

	2004	2003
Balances outstanding		
Cash and cash equivalents	8,045,917	4,170,614
Minimum lease receivables	12,877,389	6,109,740
Premium and other insurance receivables	6,443,864	4,585,524
Advances from customers	41,688	39,895
Trade payables	1,044	95,308
Receivables form lease payments outstanding	1,416	2,002
Transactions		
Interest income	403,869	172,688
Income from financial leases	7,302,053	2,050,504
Rent expense	626,765	40,028
Commissions paid	4,181,036	2,178,127
Insurance income	29,360,138	16,134,985
Off balance sheet items		
Letters of guarantee obtained against import letters of credit and funds borrowed	1,128,505	4,445,122

Additionally, the shareholder bank has given letter of comfort for the funds borrowed amounting to U.S. Dollars 5,496,373 (2003 - Euro 1,666,800) and letters of guarantee amounting to YTL 35,100 to customs authorities and courts. Besides the shareholder bank has a payment guarantee of CHF 721,441 to a foreign bank against a loan obtained by the Group as of December 31, 2004.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

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

	2004	2003
Balances Outstanding		
Cash and cash equivalents	7,937,390	24,784,977
Minimum lease receivables	29,000,159	42,031,423
Receivables from lease payments outstanding	255,084	1,630
Insurance receivables from agencies	634,869	931,887
Receivables from a related party resulting from loans granted	9,849	493,681
Fund borrowed from banks	-	45,543,484
Other liabilities	19,483	36,774
Transactions		
Income from financial leases	5,828,095	8,893,200
Interest income on bank accounts	2,998,011	4,967,651
Interest expenses	977,935	2,845,483
Dividend income	-	9,879
Loss from sale of investments available for sale	-	53,652
Commissions paid	634,814	135,247
Insurance income	1,660,348	1,687,267

(c) As of December 31, 2004, the members of the Board of Directors of the Group received remuneration at the amount of YTL 2,008,007 (2003- YTL 1,380,201).

23. INSURANCE TECHNICAL INCOME

The breakdown of insurance technical income and expense is as follows:

	2004	2003
Premiums written	124,947,650	86,963,165
Premium ceded to reinsurers	(45,158,076)	(34,142,311)
Unearned premium, net	(13,020,863)	(20,321,375)
Commission income	10,819,298	7,887,942
Insurance technical income	77,588,009	40,387,421
Claims paid, net	(38,291,985)	(20,806,748)
Provision for outstanding claims	(13,019,907)	(2,215,445)
Commission paid	(18,986,048)	(7,626,981)
Insurance technical expense	(70,297,940)	(30,649,174)
Insurance technical income, net	7,290,069	9,738,247

24. FINANCIAL (EXPENSES) / INCOME

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

	2004	2003
Financial Expenses		
Foreign exchange loss	(5,261,870)	(7,214,289)
Interest expense on funds borrowed	(6,736,920)	(7,112,227)
	(11,998,790)	(14,326,516)
Financial Income		
Foreign exchange gain	8,131,581	12,801,083
Interest income on bank deposits, investments available for sale and reverse repo	8,571,885	7,697,464
	16,703,466	20,498,547
Total net financial income	4,704,676	6,172,031

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

25. SALARIES AND EMPLOYEE BENEFITS

	2004	2003
Staff costs		
Wages and salaries	8,157,354	6,909,681
Bonuses	1,232,657	816,871
Provision for employee termination benefits	152,196	198,243
Other fringe benefits	1,480,989	1,044,227
Total	11,023,196	8,969,022

As of December 31, 2004, the average number of employee of the Group is 222 (2003 - 195).

Defined contribution share:

	2004	2003
Social Security Premiums - Employer Share	889,231	640,037

26. OTHER OPERATING INCOME

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

	2004	2003
Accrued interest income on overdue receivables	1,592,031	1,948,291
Income from sale of tangible assets	1,391,181	1,463,527
Income from costs charged to customers	934,679	1,322,297
Income from insurance claims	244,806	12,854
Income from fair value changes in investments available for sale	78,528	-
Miscellaneous income	729,603	869,141
Total other income	4,970,828	5,616,110
Loss from insurance claims	(315,959)	-
Additional tax charge due to Tax Amnesty Law	-	(1,201,874)
Loss from fair value changes in investments available for sale	-	(69,049)
Loss from sale of investments available for sale	-	(53,652)
Miscellaneous expense	(718,442)	(467,749)
Total other expense	(1,034,401)	(1,792,324)
Total other income, net	3,936,427	3,823,786

27. FINANCIAL RISK MANAGEMENT

The Group 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 Group 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 Group's performance to developments affecting a particular industry or geographic location.

The Group 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 Group also obtains guarantees when appropriate.

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

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

	2004	2003
Retail	15.90	16.40
Machinery and equipments	15.40	14.00
Textile products	13.10	14.13
Health and social services	10.60	7.50
Publication	9.80	14.70
Transportation	7.30	6.90
Finance	6.70	3.50
Construction	4.20	3.90
Computer	1.50	1.80
Entertainment	1.40	1.30
Research and advertisement	1.00	1.50
Others	13.10	14.37
	100.00	100.00

Liquidity Risk

The Group's policy is to match cash outflow mainly arising from repayments of the funds borrowed and payments of claims and cash inflow arising from lease receivables and insurance premium receivables, maintained in the portfolio. Repayment schedules of leasing contracts made with the customers are structured considering the funding and equity base of the Group.

In addition, the Group 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 Group into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date.

	2004					
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 Year	Total
ASSETS						
Cash and cash equivalents	45,909,497				-	45,909,497
Minimum lease payments receivable	18,958,336	19,871,580	27,551,006	52,717,758	77,740,602	196,839,282
Receivables from lease payments outstanding	4,798,015	-	-	-	-	4,798,015
Premium and other insurance receivables	21,384,968	10,658,610	5,684,592	710,594	-	38,438,764
Investment securities	-	-	-	4,913,864	18,128,812	23,042,676
Investment in associates	-	-	-	-	10,235,709	10,235,709
Equipment to be leased	-	9,793,894	-	-	-	9,793,894
Deferred acquisition costs	-	-	-	-	13,280,827	13,280,827
Tangible assets	-	-	-	-	3,858,320	3,858,320
Intangible assets	278,082	556,164	834,246	1,666,422	1,056,724	4,391,638
Other assets	122,118	49,249	73,875	-	1,767,116	2,012,358
Deferred tax assets	-	-	-	-	-	-
Total assets	91,451,016	40,929,497	34,143,719	60,008,638	126,068,110	352,600,980
LIABILITIES						
Funds borrowed from banks	13,712,726	2,361,111	22,697,260	34,799,383	34,985,925	108,556,405
Trade payables	8,014,229	46,684	896,093	5,697,716	-	14,654,722
Advances from customers	3,670,647	-	-	-	-	3,670,647
Due to insurance and reinsurance companies	1,530,775	3,415,630	-	-	5,882,605	10,829,010
Insurance technical reserves	-	-	-	-	53,692,684	53,692,684
Deferred commission income	-	-	-	-	4,852,173	4,852,173
Other liabilities and provisions	2,441,387	69,132	106,484	223,406	410,156	3,250,565
Income taxes payable	-	-	37,106	-	-	37,106
Deferred tax liability	-	-	-	-	774,578	774,578
Minority interest	-	-	-	-	6,808,434	6,808,434
Equity	-	-	-	-	145,474,656	145,474,656
Total liabilities	29,369,764	5,892,557	23,736,943	40,720,505	252,881,211	352,600,980
Net liquidity gap	62,081,252	35,036,940	10,406,776	19,288,133	(126,813,101)	-

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	2003					
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 Year	Total
ASSETS						
Cash and cash equivalents	32,854,556	-	-	-	-	32,854,556
Minimum lease payments receivable	3,607,870	30,725,994	27,575,555	40,903,546	85,506,457	188,319,422
Receivables from lease payments outstanding	9,035,714	-	-	-	-	9,035,714
Premium and other insurance receivables	15,046,768	9,371,412	5,139,161	672,887	-	30,230,228
Investments available for sale	-	3,118,321	1,744,923	2,634,831	2,441,102	9,939,177
Investments in associates	-	-	-	-	9,976,072	9,976,072
Equipment to be leased	-	10,615,702	-	-	-	10,615,702
Deferred acquisition cost	-	-	-	-	9,376,813	9,376,813
Tangible assets	-	-	-	-	3,980,009	3,980,009
Intangible assets	278,082	556,164	834,245	1,668,490	4,328,370	7,665,351
Other assets	-	139,367	100,936	241,138	973,946	1,455,387
Deferred tax assets	-	-	-	-	615,145	615,145
Total assets	60,822,990	54,526,960	35,394,820	46,120,892	117,197,914	314,063,576
LIABILITIES						
Funds borrowed from banks	3,457,676	16,196,890	28,212,362	47,713,263	14,721,565	110,301,756
Trade payables	10,141,349	766,345	1,514,004	1,858,187	6,306,955	20,586,840
Advances from customers	2,653,324	-	-	-	-	2,653,324
Due to insurance and reinsurance companies	-	-	-	-	8,935,798	8,935,798
Insurance technical reserves	-	-	-	-	34,099,798	34,099,798
Deferred commission income	-	-	-	-	3,273,430	3,273,430
Other liabilities and provisions	851,251	256,470	444,224	310,191	1,927,201	3,789,337
Income taxes payable	-	-	4,225,354	-	-	4,225,354
Deferred tax liability	-	-	-	-	522,073	522,073
Minority Interest	-	-	-	-	7,449,411	7,449,411
Equity	-	-	-	-	118,226,455	118,226,455
Total liabilities	17,103,600	17,219,705	34,395,944	49,881,641	195,462,686	314,063,576
Net liquidity gap	43,719,390	37,307,255	998,876	(3,760,749)	(78,264,772)	-

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Currency Risk

Foreign currency denominated assets and liabilities together with purchase and sale commitments give risk to foreign exchange exposure. The Group'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:

	2004						
	Turkish Lira	U.S. Dollars	Euro	CHF	Japanese Yen	Others	Total
ASSETS							
Cash and cash equivalents	40,371,383	5,390,397	147,351	18	336	12	45,909,497
Minimum lease payments receivable	100,123,668	51,481,141	44,837,475	396,998	-	-	196,839,282
Receivables from lease payments outstanding	852,159	1,040,280	2,905,576	-	-	-	4,798,015
Premium and other insurance receivables	35,247,648	2,255,884	935,232	-	-	-	38,438,764
Investment in securities	23,042,676	-	-	-	-	-	23,042,676
Investment associates	10,235,709	-	-	-	-	-	10,235,709
Equipment to be leased	7,874,406	588,326	989,590	-	106,936	234,636	9,793,894
Deferred acquisition costs	13,280,827	-	-	-	-	-	13,280,827
Tangible assets	3,858,320	-	-	-	-	-	3,858,320
Intangible assets	4,391,638	-	-	-	-	-	4,391,638
Other assets	1,923,325	79,184	9,849	-	-	-	2,012,358
Deferred tax assets	-	-	-	-	-	-	-
Total assets	241,201,759	60,835,212	49,825,073	397,016	107,272	234,648	352,600,980
LIABILITIES							
Funds borrowed from banks	-	73,037,531	35,281,901	236,973	-	-	108,556,405
Trade payables	640,971	3,861,955	10,026,540	-	125,256	-	14,654,722
Advances from customers	1,016,038	1,851,846	802,389	125	249	-	3,670,647
Due to insurance and reinsurance companies	10,284,065	411,207	133,738	-	-	-	10,829,010
Insurance technical reserves	53,692,684	-	-	-	-	-	53,692,684
Deferred commission income	4,852,173	-	-	-	-	-	4,852,173
Other liabilities and provisions	2,329,072	741,615	179,878	-	-	-	3,250,565
Income taxes payable	37,106	-	-	-	-	-	37,106
Deferred tax liability	774,578	-	-	-	-	-	774,578
Minority interest	6,808,434	-	-	-	-	-	6,808,434
Equity	145,474,656	-	-	-	-	-	145,474,656
Total liabilities	225,909,777	79,904,154	46,424,446	237,098	125,505	-	352,600,980
Net balance sheet position	15,291,982	(19,068,942)	3,400,627	159,918	(18,233)	234,648	-

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	2003						
	Turkish Lira	U.S. Dollars	Euro	CHF	Japanese Yen	Others	Total
ASSETS							
Cash and cash equivalents	32,594,002	109,052	151,450	32	-	20	32,854,556
Minimum lease payments receivable	70,759,755	58,409,635	57,824,949	1,325,083	-	-	188,319,422
Receivables from lease payments outstanding	224,077	4,839,791	3,971,717	129	-	-	9,035,714
Premium and other insurance receivables	28,034,821	1,514,512	680,895	-	-	-	30,230,228
Investments available for sale	9,939,177	-	-	-	-	-	9,939,177
Investment in associates	9,976,072	-	-	-	-	-	9,976,072
Equipment to be leased	1,901,579	1,530,548	6,568,396	-	615,179	-	10,615,702
Deferred acquisition costs	9,376,813	-	-	-	-	-	9,376,813
Tangible assets	3,980,009	-	-	-	-	-	3,980,009
Intangible assets	7,665,351	-	-	-	-	-	7,665,351
Other assets	961,706	-	493,681	-	-	-	1,455,387
Deferred tax assets	615,145	-	-	-	-	-	615,145
Total assets	176,028,507	66,403,538	69,691,088	1,325,244	615,179	20	314,063,576
LIABILITIES							
Funds borrowed		64,231,989	44,565,711	1,504,056	-	-	110,301,756
Trade payables	1,306,067	2,637,995	15,486,290	537,200	619,288	-	20,586,840
Advances from customers	904,644	553,332	1,182,245	12,831	272	-	2,653,324
Due to insurance and reinsurance companies	8,802,741	65,407	67,650	-	-	-	8,935,798
Insurance technical reserve	34,099,798	-	-	-	-	-	34,099,798
Deferred commission income	3,273,430	-	-	-	-	-	3,273,430
Other liabilities and provisions	2,286,984	1,168,421	333,932	-	-	-	3,789,337
Income taxes payable	4,225,354	-	-	-	-	-	4,225,354
Deferred tax liability	522,073	-	-	-	-	-	522,073
Minority interest	7,449,411	-	-	-	-	-	7,449,411
Equity	118,226,455	-	-	-	-	-	118,226,455
Total liabilities	181,096,957	68,657,144	61,635,828	2,054,087	619,560		314,063,576
Net balance sheet position	(5,068,450)	(2,253,606)	8,055,260	(728,843)	(4,381)	20	-

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

Interest Rate Risk

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

The table below summarizes the Group'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.

	2004						Non interest bearing	Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 Year			
ASSETS								
Cash and cash equivalents	38,142,123						7,767,374	45,909,497
Minimum lease payments receivable	18,958,336	19,871,580	27,551,006	52,717,758	77,740,602		-	196,839,282
Receivables from lease payments outstanding	-	-	-	-	-		4,798,015	4,798,015
Premium and other insurance receivables	-	-	-	-	-		38,438,764	38,438,764
Investments available for sale	-	15,775,548	-	3,655,000	538,000		3,074,128	23,042,676
Investments in associates	-	-	-	-	-		10,235,709	10,235,709
Equipment to be leased	-	-	-	-	-		9,793,894	9,793,894
Deferred acquisition costs	-	-	-	-	-		13,280,827	13,280,827
Tangible assets	-	-	-	-	-		3,858,320	3,858,320
Intangible assets	-	-	-	-	-		4,391,638	4,391,638
Other assets	-	-	-	-	-		2,012,358	2,012,358
Deferred tax asset	-	-	-	-	-		-	-
Total assets	57,100,459	35,647,128	27,551,006	56,372,758	78,278,602		97,651,027	352,600,980
LIABILITIES								
Funds borrowed	15,680,539	20,489,110	24,346,124	30,790,159	17,250,473		-	108,556,405
Trade payables	-	-	-	-	-		14,654,722	14,654,722
Advances from customers	-	-	-	-	-		3,670,647	3,670,647
Due to insurance and reinsurance companies	-	-	-	-	-		10,829,010	10,829,010
Insurance technical reserves	-	-	-	-	-		53,692,684	53,692,684
Deferred commission income	-	-	-	-	-		4,852,173	4,852,173
Other liabilities and provisions	-	-	-	-	-		3,250,565	3,250,565
Income taxes payable	-	-	-	-	-		37,106	37,106
Deferred tax liability	-	-	-	-	-		774,578	774,578
Minority interest	-	-	-	-	-		6,808,434	6,808,434
Equity	-	-	-	-	-		145,474,656	145,474,656
Total liabilities	15,680,539	20,489,110	24,346,124	30,790,159	17,250,473		244,044,575	352,600,980
On balance sheet interest sensitivity gap	-	-	-	-	-		-	-
Total interest sensitivity gap	41,419,920	15,158,018	3,204,882	25,582,599	61,028,129		(146,393,548)	-

Finans Finansal Kiralama Anonim Şirketi

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

	2003					Non interest bearing	Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 Year		
ASSETS							
Cash and cash equivalents	32,601,706					252,850	32,854,556
Minimum lease payments receivable	3,607,870	30,725,994	27,575,555	40,903,544	85,506,459	-	188,319,422
Receivables from lease payments outstanding	-	-	-	-	-	9,035,714	9,035,714
Premium and other insurance receivables	-	-	-	-	-	30,230,228	30,230,228
Investments available for sale	-	3,118,321	1,744,923	2,634,831	-	2,441,102	9,939,177
Investment in associates	-	-	-	-	-	9,976,072	9,976,072
Equipment to be leased	-	-	-	-	-	10,615,702	10,615,702
Deferred acquisition costs	-	-	-	-	-	9,376,813	9,376,813
Tangible assets	-	-	-	-	-	3,980,009	3,980,009
Intangible assets	-	-	-	-	-	7,665,351	7,665,351
Other assets	-	279,567	214,114	-	-	961,706	1,455,387
Deferred tax assets	-	-	-	-	-	615,145	615,145
Total assets	36,209,576	34,123,872	29,534,592	43,538,375	85,506,459	85,150,692	314,063,576
LIABILITIES							
Funds borrowed	12,092,691	16,103,675	30,212,455	39,824,361	12,068,574	-	110,301,756
Trade payables	-	-	-	-	-	20,586,840	20,586,840
Advances from customers	-	-	-	-	-	2,653,324	2,653,324
Due to insurance and reinsurance companies	-	-	-	-	-	8,935,798	8,935,798
Insurance technical reserves	-	-	-	-	-	34,099,798	34,099,798
Deferred commission income	-	-	-	-	-	3,273,430	3,273,430
Other liabilities and provisions	-	-	-	-	-	3,789,337	3,789,337
Income taxes payable	-	-	-	-	-	4,225,354	4,225,354
Deferred tax liability	-	-	-	-	-	522,073	522,073
Minority interest	-	-	-	-	-	7,449,411	7,449,411
Equity	-	-	-	-	-	118,226,455	118,226,455
Total assets	12,092,691	16,103,675	30,212,455	39,824,361	12,068,574	203,761,820	314,063,576
On balance sheet interest sensitivity gap	24,116,885	18,020,197	(677,863)	3,714,014	73,437,885	(118,611,128)	-
Total interest sensitivity gap	24,116,885	18,020,197	(677,863)	3,714,014	73,437,885	(118,611,128)	-

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Carrying amount		Fair value	
	2004	2003	2004	2003
Financial assets				
Net investment in finance leases (Note 5)	196,839,282	188,319,422	203,342,472	199,847,873
Financial liabilities				
Funds borrowed	108,556,405	110,301,756	108,551,756	110,234,417

Finans Finansal Kiralama Anonim Şirketi**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2004**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2004)

The following methods and assumptions were used to estimate the fair values of the Group's financial instruments:

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 (%)	
	2004	2003
Turkish Lira	28,75	27,50
U.S. Dollars	10,42	12,00
EURO	10,00	10,50
CHF	7,00	7,00

For cash and cash equivalents, receivables from lease payments outstanding, advances from customers and trade payables carried at cost or amortized cost, fair value is estimated to approximate carrying value due to their short-term nature.

The carrying value of premium receivable along with related provision for uncollectibility is considered to approximate their fair values. Carrying value of reinsurer current accounts and premium reserves together with the respective accrued finance costs are considered to approximate their respective fair values due to short term nature.

To the extent relevant and reliable information is available from financial markets in Turkey, the fair value of financial instruments is based on such market data.

29. SUBSEQUENT EVENTS

Effective January 1, 2005, the retirement pay ceiling has been increased to YTL 1,648.90.

Finans Finansal Kiralama Anonim Şirketi**SHAREHOLDER'S INFORMATION**

Finans Leasing shares are listed on the İstanbul Stock Exchange ("ISE") under the symbol "FFKRL" and in the newspapers as "Finans Finansal K."

Market Price per Share by Quarter

2004	1st	2nd	3rd	4th
High YTL	2.05	1.78	1.76*	1.84*
Low YTL	1.42	1.32	1.46*	1.63*
2003	1st	2nd	3rd	4th
High YTL	0.77	0.95	0.94	1.42
Low YTL	0.63	0.66	0.8	0.83

* On July 27, 2004 the Company issued free shares to its shareholders, by transferring inflation adjustment differences of YTL 25,521,703 to its share capital and thus increased its share capital to YTL 43,000,000 from YTL 17,478,297. Effect of share capital increase is adjusted on market price per share retroactively.

Investor Relations

Our annual report and interim reports are available without charge upon request to our following address:

Finans Leasing
Nispetiye Caddesi Akmerkez B Kulesi Kat: 10
Etiler 34620 İstanbul - Turkey

Annual Meeting

The Annual Meeting of Shareholders of Finans Leasing will be held on 16.03.2005.

Stockbrokers

Finans Yatırım A.Ş.
Nispetiye Caddesi Akmerkez B Kulesi Kat: 2
Etiler 34620 İstanbul - Turkey

Auditors

Güney S.M.M.M. A.Ş.
(An Affiliated Firm of Ernst & Young International)
Büyükdere Cad. Beytem Plaza No: 22 Kat: 9-10
Şişli 34381 İstanbul - Turkey

Tax Consultant

Sigma Yeminli Mali Müşavirlik A.Ş.
Büyükdere Cad. Onur İş Hanı No:18 Kat: 5
Şişli 34394 İstanbul - Turkey

Company Directory

Head Office

Nispetiye Caddesi Akmerkez
B Kulesi Kat:10
Etiler 34620 İstanbul - Turkey
Tel : (90 212) 282 10 90
Fax: (90 212) 282 10 40

Adana Representative Office

Atatürk Caddesi Kemal Özülcü
İş Hanı No: 7
Seyhan - Adana - Turkey
Tel : (90 322) 457 32 54
Fax: (90 322) 457 79 58

Ankara Representative Office

Atatürk Bulvarı No: 140
Kavaklıdere - Ankara - Turkey
Tel : (90 312) 457 12 21-22
Fax: (90 312) 457 12 91

Atatürk Airport Representative Office

Atatürk Hava Limanı
Serbest Bölgesi 2. Kısım
A Blok No: 443
Yeşilköy - İstanbul - Turkey
Tel : (90 212) 282 10 90
Fax: (90 212) 282 10 40

Bursa Representative Office

Davutdede Mah. Ankara Cad. No: 102
Finansbank Marmara Bölge Müdürlüğü
Bursa - Turkey
Tel : (90 224) 362 82 90 / 362 84 70
Fax: (90 224) 363 01 23

Gaziantep Representative Office

3 No.lu Cadde
Akınalan İş Merkezi No: 5
Gaziantep - Turkey
Tel : (90 342) 221 06 76
Fax: (90 342) 230 46 35

İzmir Representative Office

Şehit Nevres Bulvarı No: 8/1
Montrö - İzmir - Turkey
Tel : (90 232) 488 11 76-79
Fax: (90 232) 488 11 84

Kayseri Representative Office

Osman Kavuncu Caddesi No: 227
Melikgazi - Kayseri - Turkey
Tel : (90 352) 332 24 66
Fax: (90 352) 332 24 67

www.finansleasing.com.tr 