Finans Finansal Kiralama Anonim Şirketi

Consolidated Financial Statements
Together With
Report of Independent Auditors
December 31, 2005

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

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

We have audited the accompanying financial statements of Finans Finansal Kiralama Anonim Şirketi (the Company - a Turkish corporation) and its subsidiary (collectively referred to as, "the Group") which comprise the consolidated balance sheet as of December 31, 2005 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, all expressed in the equivalent purchasing power of New Turkish Lira as of December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we 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, 2005, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

February 14, 2006
Istanbul, Turkey

Finans Finansal Kiralama Anonim Şirketi

CONSOLIDATED BALANCE SHEET
As at December 31, 2005
(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

	Notes	2005	2004
ASSETS			
Cash and cash equivalents	4	**17,658,559**	47,975,424
Minimum lease payments receivable	5	**300,186,829**	205,697,050
Receivables from lease payments outstanding	6	**10,861,134**	5,013,926
Premium and other insurance receivables	7	**-**	40,168,508
Investments available for sale	8	**60,747**	24,079,596
Investments in associates	9	**2,368,257**	10,696,316
Equipment to be leased	10	**24,284,050**	10,234,619
Deferred acquisition costs	11	**-**	13,878,464
Tangible assets	12	**866,695**	4,031,944
Intangible assets	13	**23,355**	4,589,262
Other assets	14	**3,533,712**	2,102,914
Total assets		**359,843,338**	368,468,023
LIABILITIES AND EQUITY			
Funds borrowed	15	**161,486,949**	113,441,443
Trade payables		**21,318,156**	15,314,184
Advances from customers		**5,862,649**	3,835,826
Due to insurance and reinsurance companies		**-**	11,316,315
Insurance technical reserves	16	**-**	56,108,855
Deferred commission income		**-**	5,070,521
Other liabilities and provisions	17	**1,273,931**	3,396,840
Income taxes payable	18	**-**	38,776
Deferred tax liability	18	**-**	809,434
Total liabilities		**189,941,685**	209,332,194
Equity			
Capital and reserves attributable to equity holders of the Parent		**169,901,653**	152,021,015
Share capital issued	19	**119,139,088**	119,139,088
Share premium		**1,211,022**	1,211,022
Legal reserves	20	**6,880,384**	3,196,535
Retained earnings	20	**42,671,159**	28,474,370
Minority interest		-	7,114,814
Total equity		**169,901,653**	159,135,829
Total liabilities and equity		**359,843,338**	368,468,023

The accompanying policies and explanatory notes on pages 6 through 47 form an integral part of the consolidated financial statements.

Finans Finansal Kiralama Anonim Şirketi

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2005
(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

	Notes	2005	2004
Income from financial leases			
Interest		**50,365,439**	49,365,137
Foreign exchange (loss)/gain		**(4,573,743)**	843,748
Total income from financial leases		**45,791,696**	50,208,885
Insurance technical income	23	**74,853,578**	81,079,469
Insurance technical expense	23	**(67,202,478)**	(73,461,347)
Net insurance technical income		**7,651,100**	7,618,122
Financial income, net	24	**9,770,345**	4,916,386
Provision for possible lease receivable losses	5, 6	**(3,017,967)**	1,991,007
Income after financial income, net and provision for possible lease receivable losses		**60,195,174**	64,734,400
Other operating income	26	**11,165,064**	4,113,566
Marketing, general and administrative expenses		**(12,938,371)**	(11,018,135)
Salaries and employee benefits	25	**(10,963,253)**	(12,448,486)
Depreciation, amortization and impairment	12, 13	**(4,963,253)**	(5,176,725)
Profit from operating activities		**43,365,617**	40,204,620
Income from associates	9	**4,548,694**	271,321
Profit from operating activities before income tax and monetary loss		**47,914,311**	40,475,941
Income taxes	18	**128,123**	1,717,027
Monetary loss		**(6,327,190)**	(14,388,418)
Net profit for the year		**41,715,244**	27,804,550
Attributable to :			
Equity holders of the Parent		**41,272,522**	28,474,370
Minority interest		**442,722**	(669,820)
Net profit for the year		**41,715,244**	27,804,550
Weighted average number of shares		**43,000,000,000**	43,000,000,000
Basic and diluted earnings per share attributable to the ordinary equity holders of the Parent in New Kuruş	21	**0,0960**	0,0662

The accompanying policies and explanatory notes on pages 6 through 47 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, 2005
(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

	Notes	Share Capital	Adjustment to Share Capital	Share Premium	Legal Reserves	Retained Earnings/ (Accumulated Deficit)	Total	Minority Interest	Total Equity
At December 31, 2003		17,478,297	101,660,791	1,211,022	11,742,321	(8,545,786)	123,546,645	7,784,634	131,331,279
Accumulated deficit net off		-	-	-	(8,545,786)	8,545,786	-	-	-
Addition of inflation adjustment to share capital	19	25,521,703	(25,521,703)	-	-	-	-	-	-
Net profit for the year		-	-	-	-	28,474,370	28,474,370	(669,820)	27,804,550
At December 31, 2004		43,000,000	76,139,088	1,211,022	3,196,535	28,474,370	152,021,015	7,114,814	159,135,829
Dividend paid	20	**-**	**-**	**-**	**-**	**(23,391,884)**	**(23,391,884)**	**-**	**(23,391,884)**
Transfer to legal reserves	20	**-**	**-**	**-**	**3,683,849**	**(3,683,849)**	**-**	**-**	**-**
Net profit for the year		**-**	**-**	**-**	**-**	**41,272,522**	**41,272,522**	**442,722**	**41,715,244**
Minority interest of disposed consolidated subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**(7,557,536)**	**(7,557,536)**
At December 31, 2005		**43,000,000**	**76,139,088**	**1,211,022**	**6,880,384**	**42,671,159**	**169,901,653**	**-**	**169,901,653**

The accompanying policies and explanatory notes on pages 6 through 47 form an integral part of the consolidated financial statements.

Finans Finansal Kiralama Anonim Şirketi

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2005
(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

	Notes	2005	2004
Cash flows from operating activities			
Net profit before minority interest		**41,715,244**	27,804,549
Adjustments for			
Provision for deferred tax liability	18	**(358,014)**	894,898
Provision for current income tax	18	**229,891**	(2,611,925)
Depreciation, amortization and impairment	12, 13	**4,963,253**	5,176,725
Provision for termination benefits	25	**245,119**	159,045
Provision for possible lease receivable losses		**3,017,967**	(1,991,007)
Gain on sale of subsidiary	26	**(2,124,482)**	-
(Gain) / loss from associates	9	**(4,548,694)**	(271,321)
(Gain) / loss from fair value changes in investment available for sale		**-**	(82,062)
(Income) / loss on disposal of tangible assets	26	**(930,372)**	(185,686)
(Gain) / loss from investment available for sale	8	**(2,065,117)**	-
(Gain) / loss from sale of investments	26	**(2,103,222)**	-
Interest expense	24	**7,827,891**	7,040,081
Accrued interest income	5	**(3,103,003)**	(812,586)
Receivables written off		**(360,622)**	-
Operating profit before changes in net operating assets and liabilities		**42,405,839**	35,120,711
Purchases of assets to be leased	5	**(392,080,377)**	(214,147,551)
Principal payments received under leases	5	**300,103,257**	208,540,692
Net decrease in receivables from lease payments outstanding	6	**(6,778,168)**	7,103,835
Net increase in premium and other insurance receivables	7	**(6,820,519)**	(8,577,920)
Net decrease in deferred acquisition costs	11	**(3,297,002)**	(4,079,695)
Net increase / (decrease) in other assets	14	**(2,074,641)**	(582,035)
Net decrease in trade payables		**6,003,972**	(6,199,063)
Net increase / (decrease) in advances from customers		**2,026,823**	1,063,103
Net increase in due to insurance and reinsurance companies		**4,772,361**	1,978,407
Net increase in insurance technical reserves	16	**16,775,121**	20,474,566
Net increase in deferred commission income		**855,628**	1,649,787
Net decrease in other liabilities	17	**247,283**	(640,921)
Income taxes paid	18	**(268,667)**	(1,664,127)
Retirement benefits paid		**(340,978)**	-
Net cash (used in) / provided from operating activities		**(38,470,068)**	40,039,789
Cash flows from investing activities			
Purchases of furniture and equipment	12	**(1,181,033)**	(1,410,855)
Purchases of intangible assets	13	**(164,413)**	(411,856)
Net decrease / (increase) in equipment to be leased	10	**(14,049,431)**	858,789
Proceeds from sale of tangible assets	12	**1,290,306**	187,149
Disposal of intangible assets	13	**-**	7,032
Proceeds from sale of associates	9	**14,979,975**	-
Net decrease / (increase) in investments available for sale	8	**(18,754,286)**	(14,052,161)
Disposal of subsidiary, net of cash disposed	29	**687,777**	-
Proceeds from sale of investments available for sale		**5,216,835**	-
Share capital increase of disposed subsidiary		**8,264,000**	-
Cash paid due to share capital increase of subsidiary		**(4,255,960)**	-
Net cash provided from / (used in) investing activities		**(7,966,230)**	(14,821,902)
Cash flows from financing activities			
Proceeds from funds borrowed	15	**130,516,942**	103,653,799
Repayments of funds borrowed	15	**(70,531,291)**	(92,097,978)
Dividend payment to shareholders	20	**(23,391,884)**	-
Interest paid		**(6,928,903)**	(8,692,554)
Net cash provided from / (used in) financing activities		**29,664,864**	2,863,267
Effect of net foreign exchange difference and monetary loss on cash and cash equivalents		**(13,545,431)**	(14,438,741)
Net increase / (decrease) in cash and cash equivalents		**(30,316,865)**	13,642,413
Cash and cash equivalents at beginning of year	4	**47,975,424**	34,333,011
Cash and cash equivalents at end of year	4	**17,658,559**	47,975,424

Cash paid by the Group for interest and the cash received as interest during the years ended December 31, 2005 and 2004 are as follows :

		2005	2004
Interest received		**63,517,354**	59,331,416

The accompanying policies and explanatory notes on pages 6 through 47 form an integral part of the consolidated financial statements.

1. CORPORATE INFORMATION

General

Finans Finansal Kiralama Anonim Şirketi (a Turkish Joint Stock Company - the Company) was established in İstanbul in March 1990, pursuant to the licence obtained from the Undersecretariat of the Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226. 42.13% (2004 - 12.15%) of the shares of the Company are listed on Istanbul Stock Exchange. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat : 10, 80610 Etiler, Istanbul - Turkey.

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

As of December 31, 2004 and for the period January 1, 2005 - November 15, 2005, the subsidiary included in consolidation is Finans Sigorta A.Ş. (Finans Sigorta) which is registered in Istanbul, Turkey, on March 30, 2001. Finans Sigorta operates in all types of property and casualty insurance and reinsurance business. On November 15, 2005, the Company sold its 51.5% share in Finans Sigorta A.Ş. to Fiba Holding A.Ş. for USD 10,933,450 and recognized subsidiary sale gain amounting to YTL 2,124,482.

On August 17, 2005, the Company sold its 43.31% share in Finans Gayrimenkul Geliştirme İnşaat ve Yatırım A.Ş. (Finans Gayrimenkul).

On August 5, 2005, the Company sold its 44% share in Kültür ve Gösteri Merkezleri A.Ş. (Kültür ve Gösteri Merkezleri).

As of December 31, 2005 and 2004, the Company owns 40% of Finans Leasing S.A. Romania, which is mainly engaged in all types of leasing operations in Romania.

The consolidated financial statements of the Company are authorized for issue by the Management on February 14, 2006. 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 as of and for the year ended December 31, 2004, the Company and its consolidated subsidiary are referred to as the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).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.

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 :

- restatement for changes in the general purchasing power of New Turkish Lira
- 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.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted those new/revised standards mandatory for financial years beginning on or after January 1, 2005.

The changes in accounting policies result from the adoption of the following new or revised standards which are relevant to the Group's operations:

IAS 1	(revised)	Presentation of Financial Statements
IAS 8	(revised)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	(revised)	Events After the Balance Sheet Date
IAS 16	(revised)	Property, Plant and Equipment
IAS 17	(revised)	Leases
IAS 21	(revised)	The Effects of Changes in Foreign Exchange Rates
IAS 24	(revised)	Related Party Disclosures
IAS 27	(revised)	Consolidated and Separate Financial Statements
IAS 28	(revised)	Investments in Associates
IAS 32	(revised)	Financial Instruments-Disclosure and Presentation
IAS 33	(revised)	Earnings per Share
IAS 36	(revised)	Impairment of Assets
IAS 38	(revised)	Intangible Assets
IAS 39	(revised)	Financial Instruments: Recognition and Measurement
IFRS 3		Business Combinations
IFRS 4		Insurance Contracts
IFRS 5		Non-current Assets Held for Sale and Discontinued Operations

In summary:

IAS 1 (revised) has affected the presentation of minority interest and other disclosures.

IAS 21(revised) did not have a material effect on the Group's financial statements. The Company does not have any subsidiary as of December 31, 2005 and it has one associate, which has Romanian Ley as its functional currency.

IAS 24 (revised) has affected the identification and definition of related parties and resulted in some other related party disclosures.

IFRS 3, IAS 36 and IAS 38 resulted in the Group ceasing annual goodwill amortization and commencing testing for impairment at the cash- generating level annually (unless an event occurs during the year which requires the goodwill to be tested more frequently) from January 1, 2005. The Group has reviewed the recoverability of goodwill and provided provision since it is concluded that carrying values are not recoverable.

Moreover, the Group had reassessed the useful lives of its intangible assets in accordance with the provisions of IAS 38 (revised). No adjustment resulted from this assessment.

IAS 8, 10, 16, 17, 27, 28, 32 and 39 (all revised) and IFRS 4 and 5 had no material effect on the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRSs and IFRIC Interpretations Not Yet Effective

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

IFRS 6 "Exploration for and Evaluation of Mineral Resources"- This Standard does not apply to the activities of the Group.

IFRS 7 "Financial Instruments-Disclosures"- This Standard supersedes IAS 30 and disclosure requirements of IAS 32 and is effective for annual periods beginning on or after January 1, 2007.

IFRIC 4 "Determining Whether an Arrangement Contains a Lease"- This Interpretation is required to be applied for annual periods beginning on or after January 1, 2006 but is not expected to be relevant for the activities of the Group.

IFRIC 5 "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds"- This Interpretation is required to be applied for annual periods beginning on or after January 1, 2006 but is not expected to be relevant for the activities of the Group.

The Group expects that adoption of the pronouncements listed above will have no impact on the Group's financial statements in the period of initial application other than presentation of additional disclosures on financial instruments as required by IFRS 7.

2.3 Significant Accounting Judgments and Estimates

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

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

2.4 Summary of Significant Accounting Policies

Functional and Presentation Currency

Functional and Presentation Currency for the Company and Its Subsidiary Which Operate in Turkey:

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 on January 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL), as the new currency unit for the Republic of Turkey effective January 1, 2005. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 throughout the one year period until complete phase-out of TL. The Group's functional and presentation currency is YTL and consolidated financial statements including comparative figures for the prior periods are presented in YTL.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The restatement for the changes in the general purchasing power of YTL as of December 31, 2005 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. Determining whether an economy is hyperinflationary in accordance with IAS 29 requires judgment as the standard does not establish an absolute rate, instead it considers the following characteristics of the economic environment of a country to be strong indicators of the existence of hyperinflation : (a) the general population prefers to keep its wealth in non monetary assets or in a relatively stable currency; amounts of local currency held are immediately invested to maintain purchasing power, (b) the general population regards monetary amounts not in terms of local currency but in terms of a relatively stable currency; prices may be quoted in that currency, (c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short, (d) interest rates, wages and prices are linked to a price index and (e) the cumulative inflation rate over three years is approaching, or exceeds 100%.

As of December 31, 2005, the three-year cumulative inflation rate has been 35.6% (2004 – 69.72 %) based on the indices published by the State Institute of Statistics (SIS).

Such indices and conversion factors as of the end of the three year period ended December 31, 2005 are given below:

Dates	Index	Conversion Factors
December 31, 2002	6,478.8	1,356
December 31, 2003	7,382.1	1,190
December 31, 2004	8,403.8	1,045
December 31, 2005	8,785.8	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, 2005.

- monetary assets and liabilities reported in the consolidated balance sheet as of December 31, 2005 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 and other components of equity are restated by applying the relevant conversion factors through December 31, 2005.

- 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 (which have been calculated based on the restated gross book values and accumulated depreciation-amortization).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary.

Subsidiary is an entity over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiary in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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 purchase method of accounting is used for acquired businesses. The purchase method of accounting involves allocating the cost of the business combination to the fair value of assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The excess of the cost of acquisition over the fair value of Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Subsidiary 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.

The financial statements of the subsidiary is prepared for the same reporting year as the parent Company, using consistent accounting policies.

All intra-group balances, transactions, and unrealized gains on intra-group transactions are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively.

Foreign Currency Translation

The consolidated financial statements are presented in YTL, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Dates	EUR / YTL (Full YTL)	USD / YTL (Full YTL)
December 31, 2003	1.745072	1.395835
December 31, 2004	1.826800	1.342100
December 31, 2005	1.587500	1.341800

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

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

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of an acquired subsidiary or associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Following initial recognition goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As of June 30, 2005, the Group has provided provision for the goodwill arising on the acquisition of Finans Deniz Finansal Kiralama, with net carrying value of YTL 3,245,328 and for the goodwill arising on the acquisition of Finans Sigorta, with net carrying value of YTL 241,820, as to the changes in circumstances indicate that the carrying values are not recoverable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. 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. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The Group amortizes intangible assets with a finite life on a straight-line basis over the estimated useful live of 5 years.

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

Investments in Associates

As of December 31, 2005 and 2004, the Group's investment in Finans Leasing S.A. Romania by 40% is accounted for under the equity method of accounting. This is the entity in which the Group has significant influence and which is neither subsidiary nor joint venture of the Group. The investment in this associate is 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 this associate.

The Group sold its 43.31% shares in Finans Gayrimenkul on August 17, 2005. Operations of Finans Gayrimenkul has been accounted by the equity method of accounting until the date of disposal.

The Group sold its 44% in share in Kültür Gösteri Merkezleri on August 5, 2005. As of December 31, 2004 and until the date of disposal in 2005, Group’s investment in Kültür ve Gösteri Merkezleri has not been accounted for under the equity method of accounting due to its operations being insignificant to the Company's financial statements.

The reporting dates of the associates and the Group are identical and the associates’ accounting policies conform to those by the Group for like transactions and events.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and Other Financial Assets

The Group classifies its financial assets in the following categories: loans and receivables; and available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as available-for-sale, the change in value is recognized in equity, respectively.

Available-for-sale financial assets

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

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

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset 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 balance sheet when and only when it becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ' pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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.

Impairment of Financial Assets

a) Assets carried at amortized cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments;
(c) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    (i) adverse changes in the payment status of borrowers; or
    (ii) national or local economic conditions that correlate with defaults on the assets in the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If there is objective evidence that an impairment loss on lease receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in the income statement. Impairment and uncollectibility 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 calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

A write off is made when all or part of a receivable is deemed uncollectible or in the case of debt forgiveness. Write offs are charged against previously established allowances and reduce the principal amount of a receivable. Subsequent recoveries of amounts previously written off are included in income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of impairment loss is recognized in income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

b) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

c) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Leases

(a) The Group as Lessor

Finance leases

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

(b) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

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

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

Insurance Business

(a) Insurance Technical Reserves

(i) 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. Unearned premium reserve set aside for unexpired risks as of December 31, 2004, has been computed on daily pro-rata basis.

(ii) Commissions and deferred acquisition costs

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

Income from general insurance business in the income statement is the net amount of the gross insurance premiums less reinsurance premiums, net claims and agents' commissions, and the increase/decrease in insurance business funds and reflected in insurance technical income or expense (net). Staff costs and other administrative expenses are included in the relevant captions in the income statement.

(iii) 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. Provision for claims are net of amounts recoverable from reinsurers.

(b) Revenue Recognition

Premium income

Premium income is recognized in the period in which insurance cover is provided to the customer. Premiums received relating to future periods are deferred on a daily pro-rated basis and only recognized in the income statement when earned.

Reinsurance premiums are recognized on the same basis as the related premium income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income and Expense Recognition

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

Dividends

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

Funds Borrowed

Funds borrowed are initially recognized at cost. After initial recognition, all interest bearing 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.

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.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered

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 (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

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, 2005:

	Leasing	Insurance	Eliminations	Group
Income from financial leases	45,802,852	-	(11,156)	45,791,696
Net insurance technical income	-	7,111,154	539,946	7,651,100
Financial income	5,747,988	4,011,201	11,156	9,770,345
Provision for possible lease receivable losses	(3,017,967)	-	-	(3,017,967)
Other operating income	11,509,767	195,243	(539,946)	11,165,064
Other total operating expense	(18,614,163)	(9,382,606)	-	(27,996,769)
Profit from operating activities	41,428,477	1,934,992	-	43,363,469
Income from associates	4,548,694	-	-	4,548,694
Income taxes	-	128,123	-	128,123
Monetary loss	(5,174,757)	(1,150,285)	-	(6,325,042)
Net profit for the year	40,802,414	912,830	-	41,715,244
Other segment information				
Segment assets	357,475,081	-		357,475,081
Investments in associates	2,368,257	-		2,368,257
Total assets	359,843,338	-		359,843,338
Segment liabilities	189,941,685	-		189,941,685
Total liabilities	189,941,685	-		189,941,685
Capital expenditures				
Tangible assets	488,785	692,248	-	1,181,033
Intangibles	4,776	159,637	-	164,413
Depreciation	440,986	756,771	-	1,197,757
Amortization	30,814	249,697	-	280,511
Impairment losses - goodwill	3,484,985	-	-	3,484,985

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

3. SEGMENT INFORMATION (continued)

Year ended December 31, 2004:

	Leasing	Insurance	Eliminations	Group
Income from financial leases	50,221,642	-	(12,757)	50,208,885
Net insurance technical income	-	6,924,366	693,756	7,618,122
Financial income	332,282	4,571,347	12,757	4,916,386
Provision for possible lease receivable losses	1,991,007	-	-	1,991,007
Other operating income	5,011,874	(204,552)	(693,756)	4,113,566
Other total operating expense	(16,833,614)	(11,809,732)	-	(28,643,346)
Profit from operating activities	40,723,191	(518,571)	-	40,204,620
Income from associates	271,321	-		271,321
Income taxes	2,105,340	(388,313)	-	1,717,027
Monetary loss	(13,908,591)	(479,827)	-	(14,388,418)
Net profit	29,191,261	(1,386,711)	-	27,804,550
Other segment information				
Segment assets	268,615,251	90,315,573	(1,159,117)	357,771,707
Investments in associates	10,696,316	-	-	10,696,316
Total assets	279,311,567	90,315,573	(1,159,117)	368,468,023
Segment liabilities	134,845,456	75,645,855	(1,159,117)	209,332,194
Total liabilities	134,845,456	75,645,855	(1,159,117)	209,332,194
Capital expenditures				
Tangible assets	228,048	1,182,806	-	1,410,854
Intangibles	10,767	401,090	-	411,856
Depreciation	475,537	875,334	-	1,350,870
Amortization	3,539,996	285,859	-	3,825,855

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 :

	2005	2004
Cash on hand	**10,614**	261,443
Cash at banks	**17,647,945**	47,713,981
Cash and cash equivalents in the balance sheet and cash flow statements	**17,658,559**	47,975,424

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

4. CASH AND CASH EQUIVALENTS (continued)

As of December 31, 2005 and 2004, interest range of deposits is as follows :

	2005				2004			
	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	**8,135,548**	**9,512,397**	**13.50-18.00**	**1.50-7.25**	41,926,652	5,787,329	10.66-23.00	2.5-2.88
Total	**8,135,548**	**9,512,397**			41,926,652	5,787,329		

5. MINIMUM LEASE PAYMENTS RECEIVABLE

Gross investment in finance leases receivable :

	2005	2004
Within one year	**200,358,390**	161,620,952
After one year but not more than five years	**174,210,907**	95,977,955
Minimum lease payments receivable, gross	**374,569,297**	257,598,907
Less: Unearned interest income	**(70,192,334)**	(48,302,069)
Net investment in finance leases	**304,376,963**	209,296,838
Less: Reserve for impairment	**(4,190,134)**	(3,599,788)
Minimum lease payments receivable. net	**300,186,829**	205,697,050

Net investment in finance leases may be analyzed as follows:

	2005	2004
Within one year	**156,970,233**	126,785,399
After one year but not more than five years	**147,406,730**	82,511,439
	304,376,963	209,296,838

As of December 31, 2005 and 2004, YTL 138,723,636 and YTL 120,141,583 of gross lease receivables are denominated in foreign currency (mainly U.S. Dollars and Euro). As of December 31, 2005 effective interest rates ranges for U.S. Dollars, Euro and YTL are 13.15%, 11.18% and 26.54% (2004 - 11.2% for U.S. Dollars, 10.3% for Euro and 32.3% for YTL). Finance lease receivables have fixed interest rates.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

5. MINIMUM LEASE PAYMENTS RECEIVABLE (continued)

Movement in the specific reserve for impairment:

	2005	2004
Reserve at the beginning of year	**3,599,788**	5,642,531
Provision for impairment	**745,361**	(1,358,501)
Recoveries	**-**	-
Provision net of recoveries	**745,361**	(1,358,501)
Monetary gain	**(155,015)**	(684,242)
Reserve at end of year	**4,190,134**	3,599,788

6. RECEIVABLES FROM LEASE PAYMENTS OUTSTANDING

	2005	2004
Receivables from lease payments outstanding	**22,194,784**	15,325,108
Less: Specific reserve for impairment	**(11,333,650)**	(10,311,182)
Receivables from lease payments outstanding. net	**10,861,134**	5,013,926

Movements in the specific reserve for impairment :

	2005	2004
Reserve at the beginning of the year	**10,311,182**	17,205,018
Provision for impairment	**2,326,606**	929,463
Recoveries	**(499,493)**	(1,632,013)
Provision net of recoveries	**1,827,113**	(702,550)
Receivables written off	**(360,622)**	(4,197,705)
Monetary gain	**(444,023)**	(1,993,581)
Reserve at end of year	**11,333,650**	10,311,182

7. PREMIUM AND OTHER INSURANCE RECEIVABLES

	2005	2004
Amounts owed by intermediaries	**-**	35,491,255
Insurance claims from third parties	**-**	3,452,764
Amounts owed by policyholders	**-**	354,009
Receivable from insurance and reinsurance companies	**-**	583,077
Doubtful receivables	**-**	1,112,161
Less : Provision for impairment	**-**	(824,758)
Premium and other insurance receivables	**-**	40,168,508

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

8. INVESTMENTS AVAILABLE FOR SALE

Investments available for sale consist of the following :

	2005		2004	
	Amount	**Effective Interest rate**	Amount	Effective Interest rate
Available for sale securities at fair value				
Debt instruments				
Turkish treasury bills	-	-	20,867,132(*)	23.72%-29.57%
			20,867,132	
Others				
Equity instruments - listed	-	-	3,151,717	-
			3,151,717	
Total	-		24,018,849	
Available for sale securities at cost				
Equity instruments – unlisted	**60,747**		60,747	
Total	**60,747**		60,747	
Total available for sale securities	**60,747**		24,079,596	

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 :

	2005		2004	
	Amount	**Participation %**	Amount	Participation %
Equity instruments – listed				
Gima Gıda ve İhtiyaç Maddeleri T.A.Ş.	-	-	3,151,717	2
	-		3,151,717	
Equity instruments - unlisted				
Finans Yatırım Menkul Değerler A.Ş.	**60,747**	**Less than 1**	60,747	Less than 1
	60,747		60,747	

(*) 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 11,356,499.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

9. INVESTMENTS IN ASSOCIATES

The following is a list of the investments in associates:

	2005			2004		
Entity	**Carrying Value**	**Ownership Interest**	**Group's Share of Income (Loss)**	Carrying Value	Ownership Interest	Group's Share of Income (Loss)
Finans Gayrimenkul	**-**	**-**	**3,190,885**	8,756,179	43.31	(354,485)
Kültür ve Gösteri Merkezleri A.Ş.	**-**	**-**		929,688	44.00	-
Finans Leasing S.A. Romania	**2,368,257**	**40.00**	**1,357,809**	1,010,449	40.00	625,806
	2,368,257		**4,548,694**	10,696,316		271,321

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

Summarised financial information of the Group's investment in Finans Leasing Romania is as follows :

	2005	2004
Share of the associate's balance sheet :		
Total assets	**13,696,715**	24,116,609
Total liabilities	**11,328,458**	23,106,160
Net Assets	**2,368,257**	1,010,449
Share of the associate's revenue and profit :		
Revenue	**1,255,290**	793,693
Profit	**1,357,809**	625,806
Carrying amount of the investment	**2,368,257**	1,010,449

As of December 31, 2005 and 2004, the Company accounted its investment in Finans Leasing Romania by equity method of accounting and incurred income at the amount of YTL 1,357,809 and YTL 625,806, respectively. Such amounts are accounted as income from associates on the consolidated income statement.

On August 17, 2005, the Group sold its 43.31% share in Finans Gayrimenkul to Fiba Holding A.Ş for USD 9,399,000. Operations of Finans Gayrimenkul have been accounted by the equity method of accounting until the date of disposal, and the Group incurred income at the amount of YTL 3,190,885. Such amount is accounted as income from associates on the consolidated income statement. Positive difference between the sale price and the Group's share of net assets of Finans Gayrimenkul at the date of disposal amounting to YTL 626,159, is accounted as other income in the consolidated income statement. As of December 31, 2004, the Group accounted its investment in Finans Gayrimenkul by equity method of accounting and incurred loss at the amount of YTL 354,485.

On August 5, 2005, the Group sold its 44% share in Kültür ve Gösteri Merkezleri to AFM Uluslararası Film Prodüksiyon ve Ticaret A.Ş. for USD 1,824,445 and incurred associate sale income amounting to YTL 1,477,063. Such amount is accounted as other income in the consolidated income statement. As of December 31, 2004, equity method of accounting has not been applied for the investment due to the operations of Kültür ve Gösteri Merkezleri being insignificant to the Group's consolidated financial statements and carried at cost.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

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, 2005 and 2004, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

11. DEFERRED ACQUISITION COSTS

	2005	2004
Deferred general and administrative expenses	-	4,642,025
Deferred commission expense	-	9,236,439
	-	13,878,464

12. TANGIBLE ASSETS

	Furniture and Equipment	**Motor Vehicles**	**Leasehold Improvements**	**Land and Buildings**	**Total**
January 1, 2005, net of accumulated depreciation	**2,729,385**	**812,006**	**471,946**	**18,607**	**4,031,944**
Additions	**445,543**	**37,346**	**185,735**	**512,409**	**1,181,033**
Disposals	**(12,833)**	**(236,411)**	**-**	**(110,690)**	**(359,934)**
Depreciation charge for the year	**(763,536)**	**(305,135)**	**(124,204)**	**(4,882)**	**(1,197,757)**
Net book value of assets belonging to disposed consolidated subsidiary	**(1,719,876)**	**(266,723)**	**(386,548)**	**(415,444)**	**(2,788,591)**
At December 31, 2005, net of accumulated depreciation	**678,683**	**41,083**	**146,929**	**-**	**866,695**
At December 31, 2004					
Cost	**8,535,312**	**1,268,662**	**648,402**	**18,638**	**10,471,014**
Accumulated depreciation	**(5,805,927)**	**(456,656)**	**(176,456)**	**(31)**	**(6,439,070)**
Net carrying amount	**2,729,385**	**812,006**	**471,946**	**18,607**	**4,031,944**
At December 21, 2005					
Cost	**5,844,084**	**111,233**	**172,488**	**-**	**6,127,805**
Accumulated depreciation	**(5,165,401)**	**(70,150)**	**(25,559)**	**-**	**(5,261,110)**
Net carrying amount	**678,683**	**41,083**	**146,929**	**-**	**866,695**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

12. TANGIBLE ASSETS (continued)

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Land and Buildings	Total
January 1, 2004, net of accumulated depreciation	2,998,849	676,904	483,356	-	4,159,109
Additions	830,066	449,252	112,898	18,638	1,410,854
Disposals	(98,348)	(88,801)	-	-	(187,149)
Depreciation charge for the year	(1,001,182)	(225,349)	(124,308)	(31)	(1,350,870)
At December 31, 2004, net of accumulated depreciation	2,729,385	812,006	471,946	18,607	4,031,944
At December 31, 2003					
Cost	7,831,948	969,595	535,504	-	9,337,047
Accumulated depreciation	(4,833,099)	(292,691)	(52,148)	-	(5,177,938)
Net carrying amount	2,998,849	676,904	483,356	-	4,159,109
At December 21, 2004					
Cost	8,535,312	1,268,662	648,402	18,638	10,471,014
Accumulated depreciation	(5,805,927)	(456,656)	(176,456)	(31)	(6,439,070)
Net carrying amount	2,729,385	812,006	471,946	18,607	4,031,944

Net carrying value of assets held under financial leases amount to YTL 350,156 (2004 - YTL 1,705,011) and 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, 2005, net of accumulated amortization and impairment	3,484,985	1,104,277	4,589,262
Additions	-	164,413	164,413
Disposals	-	-	-
Amortization charge for the year	-	(280,511)	(280,511)
Impairment	(3,484,985)	-	(3,484,985)
Net book value of assets belonging to disposed consolidated subsidiary	-	(964,824)	(964,824)
At December 31, 2005, net of accumulated amortization	-	23,355	23,355
At January 1, 2005			
Cost net of accumulated amortization for goodwill	3,484,985	1,822,587	13,365,803
Accumulated Amortization	-	(718,310)	(8,776,541)
Net carrying amount	3,484,985	1,104,277	4,589,262
At December 31, 2005			
Cost	**3,484,985**	**225,825**	**3,710,810**
Accumulated impairment	**(3,484,985)**	**(202,470)**	**(3,687,455)**
Net carrying amount	**-**	**23,355**	**23,355**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

13. INTANGIBLES (continued)

At June 30, 2005, the Group has provided provision for the goodwill arising on the acquisition of Finans Deniz Finansal Kiralama, with net carrying value of YTL 3,243,076 and for the goodwill arising on the acquisition of Finans Sigorta, with net carrying amount value of YTL 241,909 due to the changes in circumstances indicate that the carrying values are not recoverable. The Group has reflected this provision under "Depreciation, amortization and impairment" account in the consolidated income statement.

As from January 1, 2005, goodwill was no longer amortized but is subject to annual impairment testing. As of January 1, 2005 the carrying amount of accumulated amortization is eliminated with a corresponding decrease in goodwill.

As of December 31, 2004, goodwill is being amortized as follows :

- goodwill arising on the acquisition of Finans Deniz Finansal Kiralama at the amount of YTL 10,817,488 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 725,728 is being amortized evenly from the date of acquisition over the directors' estimate of its useful economic life of 3 years.

	Goodwill	Licenses	Total
At January 1, 2004, net of accumulated amortization	6,980,928	1,029,364	8,010,292
Additions	-	411,856	411,856
Disposals	-	(7,031)	(7,031)
Amortization charge for the year	(3,495,943)	(329,912)	(3,825,855)
At December 31, 2004, net of accumulated amortization	3,484,985	1,104,277	4,589,262
At December 31, 2003			
Cost	18,906,558	1,426,441	20,332,999
Accumulated amortization	(4,562,288)	(397,077)	(4,959,365)
Accumulated impairment	(7,363,342)	-	(7,363,342)
Net carrying amount	6,980,928	1,029,364	8,010,292
At December 31, 2004			
Cost	**11,543,216**	**1,822,587**	**13,365,803**
Accumulated amortization	**(8,058,231)**	**(718,310)**	**(8,776,541)**
Net carrying amount	**3,484,985**	**1,104,277**	**4,589,262**

14. OTHER ASSETS

	2005	2004
Prepaid expenses	**1,373,934**	440,780
Value Added Tax receivables	**1,310,476**	378,417
Receivables from lessees against insurance transactions, net	**753,591**	999,274
Advances and deposits given	**25,006**	134,703
Prepaid tax	**7,523**	5,501
Receivables from a related party resulting from funds granted	**-**	10,292
Others	**63,182**	133,947
	3,533,712	2,102,914

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

15. FUNDS BORROWED

		2005				2004		
		Original Amount	**YTL Equivalent**	**Interest rate (%)**		Original Amount	YTL Equivalent	Interest rate (%)
Short term			**70,518**				8,129,978	
Fixed interest								
	EUR	**-**	**-**	**-**	EUR	2,894,335	5,525,304	2.52-3.82
	USD	**-**	**-**	**-**	USD	1,857,173	2,604,674	2.76-3.39
	YTL	**70,518**	**70,518**	**-**	YTL	-	-	-
Medium / long-term			**161,416,431**				105,311,465	
Fixed interest								
	EUR	**33,799,554**	**53,656,792**	**3.29-5.89**	EUR	7,081,405	13,518,444	4.77-5.89
	USD	**35,828,975**	**48,075,319**	**4.95-7.00**	USD	42,965,279	60,258,568	3.31-6.34
	CHF	**47,245**	**48,134**	**3.75**	CHF	141,871	175,030	3.75
Floating interest								
	EUR	**28,380,420**	**45,053,917**	**4.84-5.89**	EUR	9,337,759	17,825,838	2.54-6.46
	USD	**10,867,692**	**14,582,269**	**6.62-7.42**	USD	9,597,883	13,460,978	1.55-6.32
	CHF	**-**	**-**		CHF	58,852	72,607	1.45
Total			**161,486,949**				113,441,443	

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

	2005		2004	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
2005	**-**	**-**	56,455,779	12,295,395
2006	**89,181,553**	**27,192,018**	17,496,263	8,624,151
2007	**12,598,692**	**5,450,784**	-	2,982,822
2008	**-**	**8,421,100**	-	7,457,055
2009 and over	**-**	**18,572,284**	-	-
Total	**101,780,245**	**59,636,186**	73,952,042	31,359,423

The Group has obtained aval to its promissory notes from banks and financial institutions amounting to EUR 7,950,000 (2004 –USD 7,500,000 and EUR 1,800,000) and letters of guarantee amounting to EUR 50,000, USD 14,034 and Swiss Francs 46,421 (2004 – EUR 210,385, USD 247,326 and Swiss Francs 261,638) and submitted to various banks as guarantee for loans obtained.

16. INSURANCE TECHNICAL RESERVES

	2005	2004
Unearned premium reserve	**-**	56,855,555
Unearned premium reserve -reinsurers' share	**-**	(14,745,447)
Unearned premium reserve. Net	**-**	42,110,108
Outstanding claims reserve	**-**	18,767,799
Outstanding claims reserve-reinsurers' share	**-**	(4,769,052)
Outstanding claims reserve. Net	**-**	13,998,747
Total insurance technical reserve	**-**	56,108,855

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

17. OTHER LIABILITIES AND PROVISIONS

	2005	2004
Reserve for employee termination benefits	**505,579**	628,504
Deferred income	**410,154**	881,142
Taxes payable	**170,514**	1,337,183
Leasing obligation	**29,126**	31,159
Others	**158,558**	518,852
	1,273,931	3,396,840

18. INCOME TAXES

General Information

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

In 2005, the effective corporate tax rate in Turkey is 30% (2004 - 33%).

Corporate tax returns are required to be filed until the fifteenth of the fourth month following the year-end and paid in one installment until the end of the related month.

The tax legislation provides for a temporary tax of 30% (2004 – 33%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

In 2003 and prior years corporation tax was computed on the statutory income tax base determined in accordance with the Tax Procedural Code without any adjustment for inflation accounting. Starting from January 1, 2004, taxable income is 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 is not subject to corporation tax and similarly accumulated deficits arising from such application is not 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. In 2005, inflation accounting application for tax purposes was ceased by the Ministry of Finance based on the decline in the inflation rate.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. As of December 31, 2005, the Company has carried forward tax losses amounting to YTL 3,580,853. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Effective from April 24, 2003, investment allowances provide a deduction from the corporate tax base of 40% of the purchases of the brand-new fixed assets having economic useful life and exceeding YTL 10,000 (2004 - 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 the will of the companies. Investment allowances can be carried forward indefinitely with indexed amounts.

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

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

18. INCOME TAXES (continued)

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.

Major components of income tax expense for the years ended December 31 2005 and 2004 are:

	2005	2004
Consolidated income statement		
Current income tax		
Current income tax charge	**(229,891)**	(58,288)
Adjustments in respect of current income tax of previous year	**-**	2,670,213
Deferred income tax		
Relating to origination and reversal of temporary differences	**358,014**	(894,898)
Income tax reported in consolidated income statement	**128,123**	1,717,027

There is a difference of YTL 2,670,213 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.

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 :

	2005	2004
Profit from operating activities before income tax and monetary loss	**47,912,163**	40,475,941
Accounting of finance leases and restatement effect of income statement items	**(12,577,569)**	(12,168,902)
Accounting of insurance technical income	**(1,292,645)**	(612,665)
Provision for possible lease receivable losses	**21,218**	(1,842,085)
Accounting of investment in associates	**(4,548,694)**	(271,321)
Tangible assets sales income	**(29,279,073)**	(29,590,318)
Gain(loss) from fair value changes in investments available for sale	**614,138**	(392,923)
Income from available for sale portfolio	**(2,065,117)**	-
Income from investment in associates	**(2,103,223)**	-
Income from sale of consolidated subsidiary	**(2,124,482)**	-
Amortization of goodwill	**-**	3,487,147
Impairment of goodwill	**3,484,985**	-
Other adjustments	**(1,283,079)**	(2,303,673)
Statutory (loss) / income before taxation	**(3,241,378)**	(3,218,799)
Income not subject to tax	**(14,331,459)**	(5,250,539)
Expenditure not deductible for income tax purposes	**18,497,465**	8,645,966
Deductable tax loss carry forwards	**(660,604)**	-
Current year profit of subsidiary	**502,279**	-
Corporate tax base	**766,303**	176,628
Corporate tax (effective rate 30% (2004 - 30%))	**(229,891)**	(58,288)
Income tax base	**-**	-
Income tax (effective rate 19.8%)	**-**	-
Tax effect of temporary differences (restated)	**358,014**	(894,898)
Adjustment effect of prior years tax allowance	**-**	2,670,213
Taxation charge per accompanying consolidated financial statements	**128,123**	1,717,027

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

18. INCOME TAXES (continued)

Deferred income tax

Deferred income tax of the Company at December 31, 2005 and 2004, relates to the following:

	2005	2004
Deferred income tax liabilities		
Leasing income accruals	**1,186,160**	1,722,507
Restatement effect on tangible assets and intangibles	**101,532**	116,777
Accrued interest income on overdue receivables	**42,624**	86,647
Expense accruals on funds borrowed	**39,259**	80,800
Gross deferred income tax liabilities	**1,369,575**	2,006,731
Deferred income tax assets		
Accounting of finance leases	**16,145,791**	26,974,277
Tax credits of unused investment incentive allowances	**46,417,640**	21,396,057
Reserve for possible lease receivable losses	**1,254,942**	1,350,383
Employee termination benefit	**151,674**	124,891
Capitalized financial expense subject to deduction	**3,725,486**	5,190,845
Tax loss carry forward	**1,074,256**	-
Less : Valuation allowance	**(67,400,214)**	(53,029,722)
Gross deferred income tax assets	**1,369,575**	2,006,731
Net deferred income tax asset	**-**	-

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

	2004
Deferred income tax liabilities	
Accounting of finance leases	(249,463)
Restatement effect on tangible assets and intangibles	(226,586)
Effect of delayed policy cost	(1,392,608)
Effect of earthquake provision	(1,348,100)
Gross deferred income tax liabilities	(3,216,757)
Deferred income tax assets	
Employee termination benefit	63,660
Effect of doubtful receivable	109,188
Effect of incurred but not recorded claim provision	1,052,065
Effect of unearned premium reserve	1,125,663
Effect of check discount	56,747
Gross deferred income tax assets	2,407,323
Net deferred income tax liability	(809,434)

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

18. INCOME TAXES (continued)

As of December 31, 2005 and 2004, 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.

The Company has tax losses arising in Turkey of YTL 3,580,853 (2004 - YTL 4,241,457) that are available for five years for offset against future taxable profits of the entities in which the losses arose. YTL 3,580,853 of such tax losses can be carried forward until 2009.

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

	2005	2004
Total deferred tax balance at January 1	**809,434**	(97,260)
Deferred income tax recognized in income statement	**(358,014)**	894,898
Monetary loss / (gain)	**(48,797)**	11,796
Deferred tax balance of disposed subsidiary at the date of disposal	**(402,623)**	-
Ending balance	**-**	809,434

19. SHARE CAPITAL

	2005	2004
Number of common shares (authorized, issued and outstanding) 0.1 Ykr par value	**43,000,000,000**	43,000,000,000

As of December 31, 2005 and 2004, the Company's historical subscribed and issued share capital is YTL 43,000,000 (historical terms).

The movement of the share capital (in numbers and in historical YTL) of the Company during 2005 and 2004 is as follows:

	2005		2004	
	Number	**YTL**	Number	YTL
At January 1	**43,000,000,000**	**43,000,000**	17,478,297,105	17,478,297
Shares issued in :				
- transfer from statutory retained earnings	-	-	-	-
- transfer from adjustment to share capital	-	-	25,521,702,895	25,521,703
At December 31	**43,000,000,000**	**43,000,000**	43,000,000,000	43,000,000

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

19. SHARE CAPITAL (continued)

As of December 31, 2005 and 2004, the composition of shareholders and their respective % of ownership can be summarized as follows :

	2005		2004	
	Amount	**%**	Amount	%
Finansbank A.Ş.	**21,945,082**	**51.04**	34,244,889	79.64
Finans Yatırım Menkul Değerler A.Ş.	**3,531,139**	**8.21**	3,531,139	8.21
Publicly Traded	**17,523,779**	**40.75**	5,223,972	12.15
Total in historical YTL	**43,000,000**	**100.00**	43,000,000	100.00
Restatement effect	**76,139,088**		76,139,088	
Total	**119,139,088**		119,139,088	

On May 16, 2005, Extraordinary General Assembly has decided to increase its registered share capital ceiling of the Company to YTL 130,000,000 from YTL 45,000,000.

At the Board of Directors Meeting held on December 13, 2005, the Company decided to increase its share capital from YTL 43,000,000 to YTL 47,320,700 through internal sources.

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.

Dividends

As of December 31, 2005, the Company has not resolved to distribute profit as of the date of these financial statements. The Company distributed dividends of New Kuruş 0.054 / share, amounting to YTL 23,391,884 in 2005 from retained earnings and profit of 2004.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

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, 2005.

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.

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

	2005	2004
Net profit (loss) attributable to ordinary equity holders of the parents for basic earnings per share	**41,272,522**	28,474,370
Weighted average number of ordinary shares for basic earnings per share	**43,000,000,000**	43,000,000,000
Basic earnings per share (expressed in Yeni Kuruş per share)	**0.0960**	0.0662

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 51.04% (2004 - 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.

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

	2005	2004
Balances outstanding		
Cash and cash equivalents	**11,899,786**	8,407,983
Minimum lease receivables	**7,426,091**	13,456,872
Advances from customers	**56,581**	43,564
Premium and other insurance receivables	**-**	6,733,838
Trade payables	**-**	1,091
Receivables form lease payments outstanding	-	1,480
Transactions		
Interest income	**117,742**	422,043
Income from financial leases	**2,158,562**	7,630,645
Rent expense	**173,924**	654,969
Commissions paid	**4,131,751**	4,369,183
Insurance income	**27,148,275**	30,681,344

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

22. RELATED PARTY TRANSACTIONS (continued)

Additionally, the shareholder bank has given letter of guarantees amounting to EUR 50,000 and CHF 46,421 and letter of comfort for the funds borrowed amounting to U.S. Dollars 6,494,323 and EUR 20,468,520 (2004 - USD 5,496,373) and letters of guarantee amounting to YTL 30,844 (2004 - YTL 36,680) to customs authorities and courts. Besides the shareholder bank has payment guarantee of YTL 1,179,288 to a foreign bank against a loan obtained by the Group as of December 31, 2004.

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

	2005	2004
Balances Outstanding		
Cash and cash equivalents	**222,973**	8,294,573
Minimum lease receivables	**1,915,254**	30,305,166
Receivables from lease payments outstanding	**946**	266,563
Insurance receivables from agencies	**-**	663,438
Receivables from a related party resulting from loans granted	**-**	10,292
Other liabilities	**2,797,068**	20,360
Transactions		
Income from financial leases	**187,444**	6,090,359
Interest income on bank accounts	**1,144,968**	3,132,921
Interest expenses	**-**	1,021,942
Rent expense	**236,985**	-
Commissions paid	**-**	663,381
Insurance income	**778,820**	1,735,064
Income from sale of subsidiary and associate	**2,750,641**	-

(c) In 2005, compensation of the key management personnel of the Group amounted to YTL 1,921,198 (2004 - YTL 2,098,367).

23. INSURANCE TECHNICAL INCOME

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

	2005	2004
Premiums written	**114,860,148**	130,570,294
Premium ceded to reinsurers	**(39,086,821)**	(47,190,189)
Unearned premium, net	**(9,037,391)**	(13,606,802)
Commission income	**8,117,642**	11,306,166
Insurance technical income	**74,853,578**	81,079,469
Claims paid, net	**(39,633,408)**	(40,015,124)
Provision for outstanding claims	**(9,350,295)**	(13,605,803)
Commission paid	**(18,218,775)**	(19,840,420)
Insurance technical expense	**(67,202,478)**	(73,461,347)
Insurance technical income, net	**7,651,100**	7,618,122

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

24. FINANCIAL (EXPENSES) / INCOME

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

	2005	2004
Financial Expenses		
Foreign exchange loss	**(2,492,807)**	(5,498,654)
Interest expense on funds borrowed	**(7,827,891)**	(7,040,081)
	(10,320,698)	(12,538,735)
Financial Income		
Foreign exchange gain	**11,075,815**	8,497,501
Interest income on bank deposits, investments available for sale and reverse repo	**9,015,228**	8,957,620
	20,091,043	17,455,121
Total net financial income	**9,770,345**	4,916,386

25. SALARIES AND EMPLOYEE BENEFITS

	2005	2004
Staff costs		
Wages and salaries	**6,691,993**	8,524,435
Bonuses	**1,229,533**	1,288,127
Provision for employee termination benefits	**245,119**	159,045
Other fringe benefits	**960,496**	1,547,634
Total	**9,127,141**	11,519,241

Defined contribution share:

	2005	2004
Social Security Premiums - Employer Share	**965,856**	929,245

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

26. OTHER OPERATING INCOME

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

	2005	2004
Income from sale of a subsidiary	**2,124,482**	-
Income from sale of associates	**2,103,222**	-
Income from sale of portfolio available for sale	**2,065,117**	-
Accrued interest income on overdue receivables	**280,895**	1,663,672
Income from sale of tangible assets	**1,086,750**	1,453,784
Withholding tax taken from tax office	**683,800**	-
Income from costs charged to customers	**438,239**	976,740
Insurance commission income	**400,212**	-
Miscellaneous income	**2,621,846**	1,100,319
Total other income	**11,804,563**	5,194,515
Miscellaneous expense	**(639,499)**	(1,080,949)
Total other expense	**(639,499)**	(1,080,949)
Total other income, net	**11,165,064**	4,113,566

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.

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

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

	2005	2004
Construction	**16.1%**	7.9%
Health and Social Services	**15.4%**	10.3%
Production	**11.2%**	9.9%
Textile	**8.5%**	12.6%
Mining & Metal	**8.4%**	4.4%
Wholesale and Retail Trade	**7.1%**	17.6%
Transportation and Telecommunication	**6.8%**	6.6%
Printing	**5.9%**	9.5%
Agricultural	**5.8%**	2.4%
Hotel, Food and Beverage services	**3.2%**	2.9%
Financial Institutions	**3.0%**	6.7%
Entertainment & Advertisement	**2.4%**	2.2%
Machinery and Equipment	**1.7%**	1.6%
IT and Office Equip.	**1.3%**	1.5%
Education Service	**0.3%**	0.6%
Other	**2.9%**	3.3%
Total	**100.0**	100.0

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

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.

	2005					
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 Year**	**Total**
Cash and cash equivalents	17,658,559					17,658,559
Minimum lease payments receivable	17,819,282	26,826,998	38,443,835	71,642,548	145,454,166	300,186,829
Receivables from lease payments outstanding	10,861,134	-	-	-	-	10,861,134
Premium and other insurance receivables	-	-	-	-	-	-
Investments available for sale	-	-	-	-	60,747	60,747
Investment in associates	-	-	-	-	2,368,257	2,368,257
Equipment to be leased	-	24,284,050	-	-	-	24,284,050
Deferred acquisition costs	-	-	-	-	-	-
Tangible assets	-	-	-	-	866,695	866,695
Intangible assets	-	-	-	-	23,355	23,355
Other assets	2,346,641	273,562	415,961	458,277	39,271	3,533,712
Total assets	48,685,616	51,384,610	38,859,796	72,100,825	148,812,491	359,843,338
LIABILITIES						
Funds borrowed from banks	7,758,804	18,766,286	40,674,395	49,244,605	45,042,859	161,486,949
Trade payables	17,078,377	28,777	-	1,275,388	2,935,614	21,318,156
Advances from customers	5,862,649	-	-	-	-	5,862,649
Due to insurance and reinsurance companies	-	-	-	-	-	-
Insurance technical reserves	-	-	-	-	-	-
Deferred commission income	-	-	-	-	-	-
Other liabilities and provisions	396,833	78,514	84,860	208,145	505,579	1,273,931
Income taxes payable	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Total liabilities	31,096,663	18,873,577	40,759,255	50,728,138	48,484,052	189,941,685
Net liquidity gap	17,588,953	32,511,033	(1,899,459)	21,372,687	100,328,439	169,901,653

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

	2004					
ASSETS	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 Year	Total
Cash and cash equivalents	47,975,424	-	-	-	-	47,975,424
Minimum lease payments receivable	19,811,461	20,765,801	28,790,801	55,090,057	81,238,930	205,697,050
Receivables from lease payments outstanding	5,013,926	-	-	-	-	5,013,926
Premium and other insurance receivables	22,347,292	11,138,247	5,940,399	742,570	-	40,168,508
Investments available for sale	-	-	-	5,134,988	18,944,608	24,079,596
Investment in associates	-	-	-	-	10,696,316	10,696,316
Equipment to be leased	-	10,234,619	-	-	-	10,234,619
Deferred acquisition costs	-	-	-	-	13,878,464	13,878,464
Tangible assets	-	-	-	-	4,031,944	4,031,944
Intangible assets	290,596	581,191	871,787	1,741,411	1,104,277	4,589,262
Other assets	127,613	51,465	77,199		1,846,637	2,102,914
Total assets	95,566,312	42,771,323	35,680,186	62,709,026	131,741,176	368,468,023
LIABILITIES						
Funds borrowed from banks	14,329,799	2,467,361	23,718,637	36,365,355	36,560,291	113,441,443
Trade payables	8,374,869	48,785	936,417	5,954,113	-	15,314,184
Advances from customers	3,835,826	-	-	-	-	3,835,826
Due to insurance and reinsurance companies	1,599,660	3,569,333	-	-	6,147,322	11,316,315
Insurance technical reserves	-	-	-	-	56,108,855	56,108,855
Deferred commission income	-	-	-	-	5,070,521	5,070,521
Other liabilities and provisions	2,551,249	72,243	111,276	233,459	428,613	3,396,840
Income taxes payable	-	-	38,776	-	-	38,776
Deferred tax liability	-	-	-	-	809,434	809,434
Total liabilities	30,691,403	6,157,722	24,805,106	42,552,927	105,125,036	209,332,194
Net liquidity gap	64,874,909	36,613,601	10,875,080	20,156,099	26,616,140	159,135,829

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

Currency Risk

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

	2005						
ASSETS	**Turkish Lira**	**U.S. Dollars**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	8,135,547	1,517,367	8,005,306	14	306	19	17,658,559
Minimum lease payments receivable	179,290,145	51,818,701	68,522,507	89,958	465,518	-	300,186,829
Receivables from lease payments outstanding	2,105,862	8,429,700	325,572	-	-	-	10,861,134
Premium and other insurance receivables	-	-	-	-	-	-	-
Investments available for sale	60,747	-	-	-	-	-	60,747
Investment associates	2,368,257	-	-	-	-	-	2,368,257
Equipment to be leased	6,674,993	6,782,590	10,056,425	770,042	-	-	24,284,050
Deferred acquisition costs	-	-	-	-	-	-	-
Tangible assets	866,695	-	-	-	-	-	866,695
Intangible assets	23,355	-	-	-	-	-	23,355
Other assets	3,403,719	115,949	14,044	-	-	-	3,533,712
Total assets	**202,929,320**	**68,664,307**	**86,923,854**	**860,014**	**465,824**	**19**	**359,843,338**
LIABILITIES							
Funds borrowed from banks	70,518	62,657,588	98,710,709	48,134	-	-	161,486,949
Trade payables	4,672,514	6,799,327	8,501,499	1,344,816	-	-	21,318,156
Advances from customers	3,461,615	1,241,340	1,159,468	6	220	-	5,862,649
Due to insurance and reinsurance companies	-	-	-	-	-	-	-
Insurance technical reserves	-	-	-	-	-	-	-
Deferred commission income	-	-	-	-	-	-	-
Other liabilities and provisions	834,651	375,418	63,862	-	-	-	1,273,931
Income taxes payable	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-
Total liabilities	**9,039,298**	**71,073,673**	**108,435,538**	**1,392,956**	**220**	**-**	**189,941,685**
Net balance sheet position	**193,890,022**	**(2,409,366)**	**(21,511,684)**	**(532,942)**	**465,604**	**19**	**169,901,653**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

				2004			
ASSETS	Turkish Lira	U,S, Dollars	Euro	CHF	Japanese Yen	Others	Total
Cash and cash equivalents	42,188,095	5,632,965	153,982	19	351	12	47,975,424
Minimum lease payments receivable	104,629,233	53,797,792	46,855,161	414,864	-	-	205,697,050
Receivables from lease payments outstanding	890,506	1,087,093	3,036,327	-	-	-	5,013,926
Premium and other insurance receivables	36,833,792	2,357,399	977,317	-	-	-	40,168,508
Investments available for sale	24,079,596	-	-	-	-	-	24,079,596
Investment associates	10,696,316	-	-	-	-	-	10,696,316
Equipment to be leased	8,228,754	614,801	1,034,122	-	111,748	245,194	10,234,619
Deferred acquisition costs	13,878,464	-	-	-	-	-	13,878,464
Tangible assets	4,031,944	-	-	-	-	-	4,031,944
Intangible assets	4,589,262	-	-	-	-		4,589,262
Other assets	2,009,875	82,747	10,292	-	-	-	2,102,914
Total assets	252,055,837	63,572,797	52,067,201	414,883	112,099	245,206	368,468,023
LIABILITIES							
Funds borrowed from banks	-	76,324,220	36,869,586	247,637	-	-	113,441,443
Trade payables	669,815	4,035,743	10,477,734	-	130,892	-	15,314,184
Advances from customers	1,061,760	1,935,179	838,497	131	259	-	3,835,826
Due to insurance and reinsurance companies	10,746,848	429,711	139,756	-	-	-	11,316,315
Insurance technical reserves	56,108,855	-	-	-	-	-	56,108,855
Deferred commission income	5,070,521	-	-	-	-	-	5,070,521
Other liabilities and provisions	2,433,880	774,988	187,972	-	-	-	3,396,840
Income taxes payable	38,776	-	-	-	-	-	38,776
Deferred tax liability	809,434	-	-	-	-	-	809,434
Total liabilities	76,939,889	83,499,841	48,513,545	247,768	131,151	-	209,332,194
Net balance sheet position	175,115,948	(19,927,044)	3,553,656	167,115	(19,052)	245,206	159,135,829

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments. The 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.

				2005			
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 Year**	**Non interest bearing**	**Total**
Cash and cash equivalents	13,684,684	-	-	-	-	3,973,875	17,658,559
Minimum lease payments receivable	17,819,282	26,826,998	38,443,835	71,642,548	145,454,166	-	300,186,829
Receivables from lease payments outstanding	-	-	-	-	-	10,861,134	10,861,134
Premium and other insurance receivables	-	-	-	-	-	-	-
Investments available for sale	-	-	-	-	-	60,747	60,747
Investments in associates	-	-	-	-	-	2,368,257	2,368,257
Equipment to be leased	-	-	-	-	-	24,284,050	24,284,050
Deferred acquisition costs	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	866,695	866,695
Intangible assets	-	-	-	-	-	23,355	23,355
Other assets	-	-	-	-	-	3,533,712	3,533,712
Total assets	**31,503,966**	**26,826,998**	**38,443,835**	**71,642,548**	**145,454,166**	**45,971,825**	**359,843,338**
LIABILITIES							
Funds borrowed	8,432,314	59,356,608	29,968,098	46,695,538	17,034,391	-	161,486,949
Trade payables	-	-	-	-	-	21,318,156	21,318,156
Advances from customers	-	-	-	-	-	5,862,649	5,862,649
Due to insurance and reinsurance companies	-	-	-	-	-	-	-
Insurance technical reserves	-	-	-	-	-	-	-
Deferred commission income	-	-	-	-	-	-	-
Other liabilities and provisions	-	-	-	-	-	1,273,931	1,273,931
Income taxes payable	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-
Total liabilities	**8,432,314**	**59,356,608**	**29,968,098**	**46,695,538**	**17,034,391**	**28,454,736**	**189,941,685**
Total interest sensitivity gap	**23,071,652**	**(32,529,610=**	**8,475,737**	**24,947,010**	**128,419,775**	**17,517,089**	**169,901,653**

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

27. FINANCIAL RISK MANAGEMENT (continued)

	2004						
ASSETS	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 Year	Non interest bearing	Total
Cash and cash equivalents	39,858,519					8,116,905	47,975,424
Minimum lease payments receivable	19,811,461	20,765,801	28,790,801	55,090,057	81,238,930	-	205,697,050
Receivables from lease payments outstanding	-	-	-	-	-	5,013,926	5,013,926
Premium and other insurance receivables	-	-	-	-	-	40,168,508	40,168,508
Investments available for sale	-	16,485,448	-	3,819,475	562,210	3,212,463	24,079,596
Investments in associates	-	-	-	-	-	10,696,316	10,696,316
Equipment to be leased	-	-	-	-	-	10,234,619	10,234,619
Deferred acquisition costs	-	-	-	-	-	13,878,464	13,878,464
Tangible assets	-	-	-	-	-	4,031,944	4,031,944
Intangible assets	-	-	-	-	-	4,589,262	4,589,262
Other assets	-	-	-	-	-	2,102,914	2,102,914
Total assets	59,669,980	37,251,249	28,790,801	58,909,532	81,801,140	102,045,321	368,468,023
LIABILITIES							
Funds borrowed	16,386,163	21,411,120	25,441,700	32,175,716	18,026,744	-	113,441,443
Trade payables	-	-	-	-	-	15,314,184	15,314,184
Advances from customers	-	-	-	-	-	3,835,826	3,835,826
Due to insurance and reinsurance companies	-	-	-	-	-	11,316,315	11,316,315
Insurance technical reserves	-	-	-	-	-	56,108,855	56,108,855
Deferred commission income	-	-	-	-	-	5,070,521	5,070,521
Other liabilities and provisions	-	-	-	-	-	3,396,840	3,396,840
Income taxes payable	-	-	-	-	-	38,776	38,776
Deferred tax liability	-	-	-	-	-	809,434	809,434
Total liabilities	16,386,163	21,411,120	25,441,700	32,175,716	18,026,744	95,890,751	209,332,194
On balance sheet interest sensitivity gap	-	-	-	-	-	-	-
Total interest sensitivity gap	43,283,817	15,840,129	3,349,101	26,733,816	63,774,396	6,154,570	159,135,829

(Currency – New Turkish Lira in equivalent purchasing power at December 31, 2005)

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	
	2005	2004	**2005**	2004
Financial assets				
Net investment in finance leases (Note 5)	**300,186,829**	205,697,050	**316,643,948**	212,492,883
Financial liabilities				
Funds borrowed	**161,486,949**	113,441,443	**161,699,009**	113,436,585

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 (%)	
	2005	2004
Turkish Lira	**17.50**	28.75
U.S. Dollars	**9.20**	10.42
EURO	**8.00**	10.00
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.

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29. ACQUISITIONS AND DISPOSALS

On November 15, 2005, the Company sol its 51.5% share in Finans Sigorta A.Ş. to Fiba Holding A.Ş.

The details of assets and liabilities disposed and disposal consideration are as follows :

Total assets	122,136,838
Total liabilities	97,548,693
Net asset	24,588,145
Proceeds from sale (discharged by cash)	14,787,377
Less : Cash and cash equivalents in subsidiary sold	(14,099,600)
Net cash inflow on sale	687,777

30. SUBSEQUENT EVENTS

Effective January 1, 2006, the retirement pay ceiling has been increased to YTL 1,771.