

**YATIRIM FİNANSAL KİRALAMA
ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS
PREPARED FOR THE YEAR ENDED
31 DECEMBER 2007**

*(Translated into English from
the Original Turkish Report)*

YATIRIM FİNANSAL KİRALAMA A.Ş.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Yatırım Finansal Kiralama A.Ş

We have audited the accompanying financial statements of Yatırım Finansal Kiralama A.Ş. (the "Company"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Deloitte.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

İstanbul, 22 May 2008

YATIRIM FINANSAL KİRALAMA ANONİM ŞİRKETİ

BALANCE SHEET AT 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

ASSETS

		31 December 2007	31 December 2006
CURRENT ASSETS			
Cash and cash equivalents	Notes 4	3,194,045	3,394,878
Other financial assets	5	1,448	-
Finance lease receivables	6	21,812,864	19,984,556
Other receivables and current assets	8	1,173,662	2,379,584
Total Current Assets		26,182,019	25,759,018
NON CURRENT ASSETS			
Property, plant and equipment	9	248,100	378,887
Other intangible assets	10	22,315	33,677
Deferred tax assets	16	-	-
Finance lease receivables	6	17,934,300	15,697,363
Total Non-Current Assets		18,204,715	16,109,927
TOTAL ASSETS		44,386,734	41,868,945

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

BALANCE SHEET AT 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

LIABILITIES AND EQUITY

		31 December 2007	31 December 2006
CURRENT LIABILITIES	Notes		
Trade payables	12	1,016,864	1,260,542
Borrowings	11	26,893,392	29,162,687
Due to related parties	7	445,719	563,966
Provisions	14	23,994	-
Other payables and expense accruals	13	110,642	86,505
Total Current Liabilities		28,490,611	31,073,700
NON CURRENT LIABILITIES			
Borrowings	11	7,946,460	931,358
Due to related parties	7	98,101	1,555,630
Provision for employment termination benefits	15	9,847	5,213
Deferred tax liabilities	16	-	-
Total Non-Current Liabilities		8,054,408	2,492,201
EQUITY			
Share capital	18	14,376,852	14,376,852
Legal reserves		96,168	96,168
Accumulated deficit		(6,631,305)	(6,169,976)
Total Equity		7,841,715	8,303,044
TOTAL LIABILITIES AND EQUITY		44,386,734	41,868,945

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

INCOME STATEMENT AT 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

	Notes	<u>2007</u>	<u>2006</u>
Interest income on finance leases		5,379,706	4,721,232
Other interest and similar income		30,239	200,922
Interest expense		(1,911,507)	(1,544,196)
Foreign exchange gains/(losses), net		(1,124,603)	257,990
Operating expenses	19	(3,031,487)	(2,435,965)
Other income/(expense) net		196,323	137,951
Profit / (loss) before tax and monetary loss		<u>(461,329)</u>	<u>1,337,934</u>
Monetary loss		-	-
Income tax expense	16	-	-
Net profit / (loss) for the year		<u>(461,329)</u>	<u>1,337,934</u>

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

CONSOLIDATED SHAREHOLDER'S EQUITY AT 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira

	<u>Capital</u>	<u>Legal Reserves</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
Balance as of 1 January 2006	11,626,852	96,168	(7,507,910)	4,215,110
Capital increase	2,750,000	-	-	2,750,000
Net profit / (loss) for the year	-	-	1,337,934	1,337,934
Balance as of 31 December 2006	<u>14,376,852</u>	<u>96,168</u>	<u>(6,169,976)</u>	<u>8,303,044</u>
Capital increase	-	-	-	-
Net profit / (loss) for the year	-	-	(461,329)	(461,329)
Balance as of 31 December 2007	<u>14,376,852</u>	<u>96,168</u>	<u>(6,631,305)</u>	<u>7,841,715</u>

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

	<u>Not</u>	<u>Year Ended 31 December 2007</u>	<u>Year Ended 31 December 2006</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) for the year		(461,329)	1,337,934
Adjustments to reconcile net profit to net cash provided by operating activities:			
- Depreciation of property, plant and equipment	9	137,517	130,846
- Amortization of other intangible assets	10	11,362	11,139
- Provision for employment termination benefits	15	4,634	62
- Provision for unused vacation	14	23,994	-
Operating cash flows before movements in working capital			
- Change in marketable securities		(1,448)	-
- Change in leasing receivables		(4,065,245)	(7,921,195)
- Change in other receivables and current assets		1,205,922	(1,703,309)
- Change in trade payables		(1,819,454)	294,014
- Change in other payables and current liabilities		24,137	14,901
- Proceeds on disposal of held for trading investments		-	1,133
Net cash provided from / (used in) operating activities		<u>(4,939,910)</u>	<u>(7,834,475)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
- Purchases of property, plant and equipment	9	(6,730)	(102,759)
- Purchases of intangible assets	10	-	(4,028)
Net cash used in investing activities		<u>(6,730)</u>	<u>(106,787)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
- New loans raised		37,980,645	33,245,875
- Repayment of loans		(33,234,838)	(26,607,309)
- Capital increase			2,750,000
Net cash (used in) / provided from financing activities		<u>4,745,807</u>	<u>9,388,566</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(200,833)	1,447,304
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	3,394,878	1,947,574
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4	<u>3,194,045</u>	<u>3,394,878</u>

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

1. GENERAL INFORMATION

Yatırım Finansal Kiralama A.Ş. ("the Company") is incorporated in Istanbul, Turkey. The address of its registered office and principal place of business is Nurol Maslak Plaza A Blok Büyükdere Cad. No:71 K:16 Maslak –İSTANBUL.

The Company is currently organized into one operating division – financial leasing.

Principal activities of the Company are as follows:

Financial Leasing – leasing of equipments and property rental.

The average number of employees in 2007 is 24 (2006: 22).

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

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

IFRS 7, "Financial Instruments: Disclosures"

This standard comprises the explanations related to the significance of the financial instruments of the Company, nature and the scope of the risks caused by those financial instruments. New explanations are incorporated. Although there is not an effect of those standards on the financial results, compared data of previous periods are revised.

IAS 1, "Presentation of financial statements"

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

Standards, amendments and interpretations effective in 2007 but not relevant to the operations of the Company.

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

- IFRS 4, "Insurance contracts",
- IFRIC 7, "Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies",
- IFRIC 8, "Scope of IFRS 2",
- IFRIC 9, "Reassessment of embedded derivatives"
- IFRIC 10, "Interim financial reporting and impairment"

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

2. ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

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

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

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

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation:

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments.

Basis of presentation of consolidated financial statements:

The Company maintains its books of account and prepare its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation. The accompanying financial statements are based on the statutory records, with adjustments and reclassifications, including restatement for the changes in the general purchasing power of the Turkish Lira in accordance with International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") until 1 January 2006, for the purpose of fair presentation in accordance with IFRS.

Inflation accounting:

The financial statements of the Company the periods before 1 January 2006 were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on IAS 29. Turkish Economy is accepted to come off its highly inflationary status as of 1 January 2006. Based on this consideration, IAS 29 has not been applied in the preparation of the consolidated financial statements since 1 January 2006. Amounts expressed in the measuring unit current at 31 December 2005 were treated as the basis for the carrying amounts after 1 January 2006.

Revenue recognition

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

Other interest income is accrued based on effective interest which equals the estimated cash flows to net book value of the related asset.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment acquired before 1 January 2006 are carried at cost expressed in terms of purchasing power on 31 December 2005 are stated at cost less accumulated depreciation and any accumulated impairment losses. The ones acquired in or after 1 January 2006 are carried at cost less accumulated depreciation and any impairment loss.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets (cont'd)

Impairment of tangible and intangible assets except goodwill

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

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

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

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxation and deferred income taxes

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

Current tax

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

Deferred tax

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

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation and deferred income taxes (cont'd)

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

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

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation.

Foreign currency transactions

~~The financial statements is presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company is expressed in TRY, which is the functional currency of the Company, for the financial statements.~~

In preparing the financial statements of the Company, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leasing - the Company as lessor

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

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

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

Financial Instruments

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

Finance lease receivables and other receivables

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

Due to/ from related parties

In the accompanying financial statements, shareholders of the Company, related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies. The carrying value of due to and due from related parties at financial statements are estimated to be their fair value.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Financial Assets

Financial assets are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value, and are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories financial assets as 'at fair value through profit or loss', 'held to maturity investments', 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

Financial assets at fair value through profit or loss :

Financial assets are classified as financial assets at fair value through profit or loss where the Company acquires the financial asset principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated and effective hedging instruments. A gain or loss from valuation of a financial asset or financial liability classified as at fair value through profit or loss shall be recognized in profit or loss. Net gain / loss recognized in profit or loss includes interest and dividend income earned on the financial asset.

Effective interest rate:

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period.

Income on debt instruments that are held to maturity, are available for sale, or on loans and receivables is recognized in income by using effective interest rate method.

Held-to-maturity investments:

Policies and bonds with fixed or determinable payments and fixed maturity where the Company has both the intent and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are recognized at amortized cost using the effective interest method, less any impairment in value.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Financial Assets (cont'd)

Available for sale financial assets:

Available for sale investments consist of (a) other than held-to-maturity debt securities or (b) held for trading securities. Available for sale investments are measured at subsequent reporting dates at fair value as long as fair values can be reliably measured and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Dividends on available for sale equity instruments are recognized in profit and loss when the Companies right to receive payments is established.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is an objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Financial Assets (cont'd)

Impairment of financial assets (cont'd)

With the exception of available for sale equity instruments, 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, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Increase in fair value of available for sale financial assets subsequent to impairment is recognized in directly in equity.

Cash and cash equivalents

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

Financial liabilities

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

Trade and other payables

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

4. LIQUID ASSETS

	31 December 2007	31 December 2006
Cash on hand	740	1,156
Cash at banks	3,193,305	3,393,722
	<u>3,194,045</u>	<u>3,394,878</u>

	31 December 2007	31 December 2006
Cash at banks		
Demand deposits	325,737	415,388
Time deposits	2,867,568	2,978,334
	<u>3,193,305</u>	<u>3,393,722</u>

Time Deposits:

<u>Currency Type</u>	<u>Currency Amount</u>	<u>Maturity</u>	<u>31 December 2007</u>
TRY	95,410	02.01.2008	95,410
EURO	841,735	02.01.2008	1,439,536
USD	1,144,176	02.01.2008	1,332,622
			<u>2,867,568</u>

<u>Currency Type</u>	<u>Currency Amount</u>	<u>Maturity</u>	<u>31 December 2006</u>
TRY	284,920	04.01.2007	284,920
EURO	1,454,720	04.01.2007	2,693,414
			<u>2,978,334</u>

Interest rate for time deposit denominated in EUR is 4.75 % (net); denominated in USD is 4.60 % (net)
(31 December 2006: EUR: 3.60% (net))

5. OTHER FINANCIAL ASSETS

Investments held for trading

	31 December 2007	31 December 2006
Investment fund	1,448	-
	<u>1,448</u>	<u>-</u>

The Company has B-Type Liquid investment funds amounting to TRY 1,448 as of 31 December 2007.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

6. FINANCE LEASE RECEIVABLES

Finance Lease Receivables

<u>31 December 2007</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	1,911,191	-	1,911,191
Doubtful finance lease receivables	-	-	-
Less: Doubtful finance lease receivables unearned interest income	-	-	-
Uninvoiced finance lease receivables	23,505,346	20,199,183	43,704,529
Less: Unearned interest income	(3,603,673)	(2,264,883)	(5,868,556)
Allowance for doubtful receivables	-	-	-
Net finance lease receivables	<u>21,812,864</u>	<u>17,934,300</u>	<u>39,747,164</u>
<u>31 December 2006</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	696,007	-	696,007
Doubtful finance lease receivables	-	-	-
Less: Doubtful finance lease receivables unearned interest income	-	-	-
Uninvoiced finance lease receivables	22,649,113	17,407,196	40,056,309
Less: Unearned interest income	(3,360,564)	(1,709,833)	(5,070,397)
Allowance for doubtful receivables	-	-	-
Net finance lease receivables	<u>19,984,556</u>	<u>15,697,363</u>	<u>35,681,919</u>

The allocation of finance lease receivables according to their maturities as of 31 December 2007 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Financial lease receivables (gross)	25,416,537	12,525,772	5,931,425	1,693,869	48,117	45,615,720
Unearned Interest	(3,603,673)	(1,578,086)	(540,928)	(143,637)	(2,232)	(5,868,556)
Finance lease receivables (net)	<u>21,812,864</u>	<u>10,947,686</u>	<u>5,390,497</u>	<u>1,550,232</u>	<u>45,885</u>	<u>39,747,164</u>

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

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

6. FINANCE LEASE RECEIVABLES (cont'd)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Finance lease receivables (gross)	23,345,120	12,729,564	4,267,204	410,058	370	40,752,316
Unearned interest	<u>(3,360,564)</u>	<u>(1,316,459)</u>	<u>(325,646)</u>	<u>(67,358)</u>	<u>(370)</u>	<u>(5,070,397)</u>
Finance lease receivables (net)						
	<u>19,984,556</u>	<u>11,413,105</u>	<u>3,941,558</u>	<u>342,700</u>	<u>-</u>	<u>35,681,919</u>

As of 31 December 2007, the average nominal interest rate that applies for finance lease receivables is; 31.29% for TRY, 12.81 % for USD, and 11.70 % for EURO. (31 December 2006: for TRY 40.25%, for USD 15.58% and for EURO 13.75%).

As of 31 December 2007, the distribution of finance lease receivables according to foreign currency type is as follows

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principle (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	7,443,695	8,669,671	(1,265,290)	(1,473,683)
EURO	17,673,234	30,224,765	(2,512,300)	(4,297,732)
TRY	852,728	852,728	(97,141)	(97,141)
Total		<u>39,747,164</u>		<u>(5,868,556)</u>

As of 31 December 2006, the distribution of finance lease receivables according to foreign currency type is as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principle (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	4,494,940	6,318,087	(721,952)	(1,014,776)
EURO	15,267,018	28,266,884	(2,029,319)	(3,757,284)
TRY	1,096,948	1,096,948	(298,337)	(298,337)
Total		<u>35,681,919</u>		<u>(5,070,397)</u>

All finance lease receivables as of 31.12.2007 and 31.12.2006 have fixed interest rate.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

6. FINANCE LEASE RECEIVABLES (cont'd)

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

<u>Guarantee type :</u>	<u>31 December 2007</u>	<u>31 December 2006</u>
Cheques in portfolio	2,501,159	926,642
Notes in portfolio	97,823,204	47,488,703
Pledges of vehicles	1,711,670	366,886
Pledges of assets	484,756	403,430
Withholdings taken	320,190	236,934
Pledges of machines	2,101,714	1,761,500
Letters of guarantee	124,823	2,076
Notes at banks	10,921,240	8,296,930
Cheques at banks	618,831	80,482
Mortgages	68,732,220	38,002,813
Buy Back Guarantees	6,609,694	4,906,168
	<u>191,949,501</u>	<u>102,472,564</u>

As of balance sheet date, the Company's finance lease receivables which are overdue less than 90 days is amounting to TRY 779,468. The Company does not recognize allowance considering the fact that there is no substantial risk regarding the recoverability of such finance lease receivables. The undue portion of such overdue receivables is TRY 18,464,795 and aging of the total amount is as follows:

	<u>31 December 2007</u>
Up to 30 days	203,946
Between 30 – 60 days	291,753
Between 60 – 90 days	283,769
The portion not due yet	<u>15,091,542</u>
	<u>15,871,010</u>

<u>Guarantee type:</u>	<u>31 December 2007</u>
Cheques	1,315,920
Notes	36,598,447
Mortgages	23,483,958
Buy Back Guarantees	<u>2,869,375</u>
	<u>64,267,700</u>

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

6. FINANCE LEASE RECEIVABLES (cont'd)

In determining the recoverability of the finance lease receivables, the Company considers any change in the credit quality of receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to working with a great many customers. Accordingly, the Company management believes that there is no further credit allowance need in excess of the allowance for doubtful receivables in the accompanying financial statements.

The aging of the doubtful finance lease receivables as of 31 December 2007 is as follows:

	Year Ending 31 December 2007	Year Ending 31 December 2006
Balance at beginning of the year	33,129	33,129
Amounts written off during the year	(33,129)	(33,129)
Balance at end of the year	-	-

7. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Company is TE Holding A.Ş.

Details of transactions between the Company and related parties of the Company are disclosed below.

	31 December 2007	31 December 2006
<u>Lease contract receivables from related parties</u>		
Tet Tekstil Etiket Ambalaj Matbaacılık A.Ş.	38,116	58,645
Strateji Faktoring Hizmetleri A.Ş.	342	-
Tetaş Tekstil İmalat A.Ş.	329,535	71,400
Tec Tekstil Dokuma Baskı A.Ş.	161,362	-
	<u>529,355</u>	<u>130,045</u>

	31 December 2007	31 December 2006
<u>Amounts payable to related parties</u>		
Tetaş Tekstil İmalat A.Ş.	334,381	2,020,158
Tec Tekstil Dokuma Baskı A.Ş.	25,193	-
Tet Sigorta Aracılık Hizmetleri A.Ş.	183,986	99,438
Tet Tekstil Etiket Ambalaj Matbaacılık A.Ş.	258	-
Strateji Faktoring Hizmetleri A.Ş.	2	-
	<u>543,820</u>	<u>2,119,596</u>

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

7. RELATED PARTY TRANSACTIONS (cont'd)

	Year ended 31 December 2007	Year ended 31 December 2006
<u>Lease income from related parties</u>		
Tet Tekstil Etiket Ambalaj Matbaacılık A.Ş.	6,973	9,425
Tec Tekstil Dokuma Baskı Matbaa Etiket San. Ve Tic. A.Ş.	9,414	-
Tek Örme A.Ş.	273	1,319
Tetaş Tekstil İmalat A.Ş.	4,983	1,942
	<u>21,643</u>	<u>12,686</u>
	Year ended 31 December 2007	Year ended 31 December 2006
<u>Services (rent) rendered to related parties</u>		
Strateji Faktoring Hizmetleri A.Ş.	77,823	48,881
	<u>77,823</u>	<u>48,881</u>
<u>Services received from related parties</u>		
Tet Sigorta Aracılık Hizmetleri A.Ş.	1,002,253	719,072
	<u>1,002,253</u>	<u>719,072</u>

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
Short-term benefits	535,650	473,206
	<u>535,650</u>	<u>473,206</u>

8. OTHER RECEIVABLES AND CURRENT ASSETS

	31 December 2007	31 December 2006
Advances given	410,797	940,324
Assets to be leased	151,434	705,856
VAT deductible	570,869	658,769
Prepaid expenses	39,966	53,883
Prepaid taxes and dues	340	14
Advances given to personnel	200	200
Other current assets	26	20,538
	<u>1,173,662</u>	<u>2,379,584</u>

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

(Amounts are expressed in New Turkish Lira ("TRY"))

9. PROPERTY, PLANT AND EQUIPMENT

<u>Cost or valuation</u>	<u>Land and buildings</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
Opening balance, 1 January 2006	-	250,532	242,617	100,187	593,336
Additions	40,935	39,287	21,937	600	102,759
Closing balance, 31 December 2006	40,935	289,819	264,554	100,787	696,095
Additions	-	-	6,730	-	6,730
Closing balance, 31 December 2007	40,935	289,819	271,284	100,787	702,825
Comprising:					
At cost	40,935	289,819	271,284	100,787	702,825
At valuation	40,935	289,819	271,284	100,787	702,825

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

(Amounts are expressed in New Turkish Lira ("TRY"))

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and buildings	Vehicles	Furniture and fixtures	Leasehold improvements	Total
<u>Accumulated depreciation and impairment</u>					
Opening balance, 1 January 2006	-	76,840	76,124	33,398	186,362
Depreciation charge for the year	205	59,542	50,943	20,156	130,846
Closing balance, 31 December 2006	205	136,382	127,067	53,554	317,208
Depreciation charge for the year	819	62,493	54,048	20,157	137,517
Closing balance, 31 December 2007	1,024	198,875	181,115	73,711	454,725
Carrying amount at 31 December 2006	40,730	153,437	137,487	47,233	378,887
Carrying amount at 31 December 2007	39,911	90,944	90,169	27,076	248,100

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The following useful lives are used in the calculation of depreciation:

	<u>Useful life</u>
Buildings	50 years
Vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

10. INTANGIBLE ASSETS

	<u>Licenses</u>	<u>Total</u>
<u>Cost</u>		
Balance at 1 January 2006	50,094	50,094
Additions	4,028	4,028
Balance at 1 January 2007	54,122	54,122
Additions	-	-
Balance at 31 December 2007	54,122	54,122
<u>Accumulated amortisation and impairment</u>		
Balance at 1 January 2006	9,306	9,306
Amortisation expense	11,139	11,139
Balance at 1 January 2007	20,445	20,445
Amortisation expense	11,362	11,362
At 31 December 2007	31,807	31,807
<u>Carrying amount</u>		
As at 31 December 2006	33,677	33,677
As at 31 December 2007	22,315	22,315

The following useful lives are used in the calculation of amortisation:

Licenses	5 years
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YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

11. BORROWINGS

	31 December 2007	31 December 2006
<u>Financial Borrowings:</u>		
Short-term borrowings	26,331,186	26,202,982
Short-term portions of long-term borrowings	562,206	2,959,705
Total short-term borrowing	26,893,392	29,162,687
<u>Long-term borrowings</u>		
Long-term portions of long-term borrowings	7,946,460	931,358
Total long-term borrowings	7,946,460	931,358
Total borrowings	34,839,852	30,094,045
<u>Maturity analysis of borrowings</u>		
	31 December 2007	31 December 2006
Within 1 year	26,893,392	29,162,687
Within 1-2 years	6,655,627	931,358
Within 2-3 years	1,290,833	-
Total	34,839,852	30,094,045

The details of short-term borrowings are as follows as of 31.12.2007:

<u>Currency</u>	<u>Interest rate</u>	31 December 2007	31 December 2007
		Currency Amount	TRY Amount
USD	6.40 % - 7.65 %	1,874,860	2,183,650
EUR	4.94 % - 6.51 %	14,448,452	24,709,742
Total			26,893,392

The details of short-term borrowings are as follows as of 31.12.2006:

<u>Currency</u>	<u>Interest rate</u>	31 December 2006	31 December 2006
		Currency Amount	TRY Amount
USD	6.75 % - 7.50 %	1,878,446	2,640,343
EUR	4.78 % - 6.27 %	14,324,687	26,522,344
Total			29,162,687

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

11. BORROWINGS (cont'd)

The details of long-term portions of long-term borrowings as of 31.12.2007 are as follows:

Currency	Interest rate	31 December	31 December
		2007	2007
		Currency Amount	TRY Amount
USD	5.71 % - 5.79 %	2,544,521	2,963,603
EUR	5.43 % - 6.00 %	2,913,610	4,982,857
Total			<u>7,946,460</u>

The details of long-term portions of long-term borrowings as of 31.12.2006 are as follows:

Currency	Interest rate	31 December	31 December
		2006	2006
		Currency Amount	TRY Amount
USD	6.75 % - 7.05 %	500,000	702,800
EUR	5.35 %	123,445	228,558
Total			<u>931,358</u>

Borrowings amounting to EUR 1,100,000 and USD 1,100,000 (2006: EUR 650,000) with variable libor +fixed interest rates exposes the Company to the cash flow interest rate risk. Other borrowings with fixed interest rates exposing the Company to the fair value interest rate risk.

The Company's borrowing's fair value is given in note 23.

As of 31 December 2007, the Company has TRY 14,637,514 of undrawn borrowing facilities available.

12. TRADE PAYABLES

	31 December	31 December
	2007	2006
Trade payables	<u>1,016,864</u>	<u>1,260,542</u>
	<u>1,016,864</u>	<u>1,260,542</u>

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

13. OTHER PAYABLES AND EXPENSE ACCRUALS

	<u>31 December 2007</u>	<u>31 December 2006</u>
Social security premiums payable	46,529	39,603
Taxes and dues payable	37,134	30,729
Due to personnel	850	5,296
Other payables	26,129	10,877
	<u>110,642</u>	<u>86,505</u>

14. PROVISIONS

Short term provisions:

	<u>31 December 2007</u>	<u>31 December 2006</u>
Unused Vacation Provisions:	23,994	-
	<u>23,994</u>	<u>-</u>

15. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed.

The amount payable consists of one month's salary limited to a maximum of TRY 2,030.19 (2006: TRY 1,857.44) for each period of service at 31 December 2007.

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5.71% (31 December 2006: 5.71%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TRY 2,087.92 effective from 1 January 2008 has been taken into consideration in calculation of provision from employment termination benefits.

YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

15. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (cont'd)

	Year ended 31 December 2007	Year ended 31 December 2006
Provision at 1 January	5,213	5,151
Service cost	4,634	62
Provision at 31 December	<u>9,847</u>	<u>5,213</u>

16. TAXATION ON INCOME

As of the balance sheet date, corporate taxes payable and tax provision are stated below:

	31 December 2007	31 December 2006
<u>Current Tax Payable:</u>		
Current corporate and income tax	-	-
Less: Prepaid taxes and funds	-	-
	<u>-</u>	<u>-</u>
<u>Taxation:</u>		
Current income tax	-	-
Deferred Tax Charge (benefit)	-	-
	<u>-</u>	<u>-</u>
<u>Corporate Tax:</u>		

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

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

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16. TAXATION ON INCOME (cont'd)

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

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

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

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

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

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16. TAXATION ON INCOME (cont'd)

Inflation adjusted legal tax calculation:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as at 31 December 2005, 2006 and 2007, no further inflation adjustment has been made to the Company's statutory financial statements in these years.

Deferred Tax:

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

For calculation of deferred tax asset and liabilities, the rate of 20% (2006 : 20%) is used.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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16. TAXATION ON INCOME (cont'd)

Deferred Tax (cont'd)

	<u>31 December</u> <u>2007</u>	<u>31 December</u> <u>2006</u>
<u>Temporary differences subject to deferred tax:</u>		
Retirement pay provision	(28,953)	5,213
Amortization on fixed assets	(33,841)	(31,927)
Discount income / (expense)	(17,808)	82,678
Interest accrual income - IAS 39	(110)	8,125
Unused investment incentive	(15,682,875)	(13,180,746)
Carry forward tax losses	(630,687)	(303,691)
Other	40,428	-
	<u>(16,353,846)</u>	<u>(13,420,348)</u>
<u>Deferred Tax (assets/liabilities):</u>		
Retirement pay provision	(5,791)	1,564
Amortization on fixed assets	(6,768)	(9,578)
Discount income / (expense)	(3,562)	24,803
Interest accrual income - IAS 39	(22)	2,438
Unused investment incentive	(3,136,575)	(3,954,224)
Carry forward tax losses	(126,137)	(91,107)
Other	8,086	-
	<u>(3,270,769)</u>	<u>(4,026,104)</u>
Valuation allowance for deferred tax asset (-)	<u>3,270,769</u>	<u>4,026,104</u>
	<u>-</u>	<u>-</u>

17. COMMITMENTS AND CONTINGENCIES

The commitments and contingencies of the Company that are not stated in liabilities as of 31 December 2007 and 2006 are as follows:

	<u>31 December</u> <u>2007</u>	<u>31 December</u> <u>2006</u>
Letters of Guarantee Given	<u>180,985</u>	<u>66,455</u>
	<u>180,985</u>	<u>66,455</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

18. SHARE CAPITAL AND LEGAL RESERVES

As of 31 December 2007 and 2006 the share capital held is as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>31 December 2007</u>	<u>(%)</u>	<u>31 December 2006</u>
TE Holding	94.95	7,358,625	94.95	7,358,625
Nejat Zafer Ataman	5.00	387,500	5.00	387,500
Others	0.05	3,875	0.05	3,875
Historical capital	100,00	7,750,000	100,00	7,750,000
Inflation adjustment		6,626,852		6,626,852
Adjusted capital		<u>14,376,852</u>		<u>14,376,852</u>

The company's share capital consists of 7,750,000 shares in 2007 (2006: 7,750,000).

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

19. OPERATING EXPENSES

	<u>Year ended 31 December 2007</u>	<u>Year ended 31 December 2006</u>
Personnel expenses	(1,668,774)	(1,398,796)
Depreciation and amortization expenses	(148,656)	(141,985)
Rent expenses	(98,444)	(96,695)
Consulting expenses	(72,146)	(34,532)
Maintenance expenses	(72,523)	(97,723)
Lawsuit expenses	-	(22,349)
Not-tax deductible expenses	(72,927)	(13,231)
Electricity, water, natural gas & communication expenses	(90,043)	(53,302)
Subscription and membership fees	(34,590)	(62,583)
Transportation expenses	(120,575)	(57,967)
Leasing operation expenses	(555,869)	(384,416)
Other expenses	(96,717)	(72,386)
	<u>(3,031,487)</u>	<u>(2,435,965)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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20. FOREIGN CURRENCY POSITION

As of December 31, 2007, the Company's foreign currency denominated assets exceed its foreign currency denominated liabilities by TRY 6,258 thousand. (December 31, 2006: TRY 6.827 thousand)

21. EVENTS AFTER THE BALANCE SHEET DATE

None.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on May 1, 2008.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

(Amounts are expressed in New Turkish Lira ("TRY"))

23. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings as disclosed in note 18 respectively.

(b) Significant accounting policies

The Company's accounting policies about financial instruments are disclosed in note 3 "Summary of valuation principles / significant accounting policies" to the financial statements.

(c) Categories of financial instruments

	31 December 2007	31 December 2006
<u>Financial assets:</u>		
Liquid assets	3,194,045	3,394,878
Financial assets at fair value through profit and loss:	-	-
-Held for trading	-	-
-Other	1,448	-
Finance lease receivables	39,747,164	35,681,919
<u>Financial liabilities:</u>		
Trade payables	(1,016,864)	(1,260,542)
Borrowings	(34,839,852)	(30,094,045)

(d) Financial risk management objectives

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk

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23. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(e) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section f) and interest rates (refer to section g).

At the Company level market risk exposures are measured by sensitivity analysis.

There has been no change in the Company's exposure to market risks or the manner which it manages and measures the risk.

(f) Foreign currency risk management

Foreign currency transactions causes foreign currency risk. The Company's assets and liabilities denominated in foreign currencies are disclosed in Note 20

Foreign currency sensitivity

The Company mainly is exposed to USD and EURO exchange rate risks.

The statement below shows the sensitivity of the Company to USD and EURO when a 15% change occurs at those currencies' exchange rates. 15% change in rates is used when reporting foreign currency risk to the top management and stands for expected fluctuation in exchange rates by the top management. Foreign currency sensitivity analysis for the reporting period of the Company is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	USD Effect		EURO Effect	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Profit / (loss)	829,375	457,551	57,174	574,610

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23. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(g) Interest risk management

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. Such risk is covered by making a proper diversification between fixed and floating interest rate liabilities.

Interest rate sensitivity

The interest rate sensitivity analysis below is based on interest rate risk as of the balance sheet date and estimated interest rate fluctuations at the beginning of the fiscal year, and are fixed during the reporting period. The Company management makes its sensitivity analysis based on 100 base point interest rate fluctuation scenario.

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

- Interest expense from floating interest rate borrowings would increase by TRY 29,168 (2006: TRY 11,960).

(h) Other price risks

The Company is not effected to equity shares price risks because of equity investments

(i) Credit risk management

Credit risks refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of the transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board of directors.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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23. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

Sectoral allocation of finance lease receivables is as follows:

	31 December 2007 %	31 December 2006 %
Construction	44.37	55.59
Textile	25.39	28.62
Metal Industry	11.95	4.35
Agriculture	6.79	-
Machine Industry	5.15	0.78
Electricity and Optic	3.58	4.22
Health	1.99	1.11
Transportation, Storage and Communication	0.78	-
Food	-	1.60
Paper Manufacturing	-	1.21
Chemical Industry	-	0.95
Forestry Products	-	0.68
Rubber and Plastic Industry	-	0.56
Other	-	0.33
	<u>100.00</u>	<u>100.00</u>

(i) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the Company's expected maturity for its non derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

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23. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

31 December 2007:

	No fixed term	Up to 1 month	1-3 month	3 months -1 year	1-5 years	Total
Liquid assets	-	3,194,045	-	-	-	3,194,045
Marketable securities (net)	-	1,448	-	-	-	1,448
Finance lease receivables	-	4,182,582	3,641,276	13,692,305	17,701,646	39,217,809
Receivables from related parties	-	26,311	53,269	217,121	232,654	529,355
Tangible assets (net)	248,100	-	-	-	-	248,100
Intangible assets (net)	22,315	-	-	-	-	22,315
Other receivables / current assets	547,390	434,277	152,029	39,966	-	1,173,662
Total assets	817,805	7,838,663	3,846,574	13,949,392	17,934,300	44,386,734
Finance lease payables	-	(1,813,880)	(4,024,548)	(21,054,964)	(7,946,460)	(34,839,852)
Trade payables (net)	-	(1,016,864)	-	-	-	(1,016,864)
Payables to related parties	-	(265,101)	(27,658)	(89,395)	(161,666)	(543,820)
Other liabilities (net)	(144,483)	-	-	-	-	(144,483)
Total liabilities	(144,483)	(3,095,845)	(4,052,206)	(21,144,359)	(8,108,126)	(36,545,019)
Liquidity position (net)	673,322	4,742,818	(205,632)	(7,194,967)	9,826,174	7,841,715

31 December 2006:

	No fixed term	Up to 1 month	1-3 month	3 months -1 year	1-5 years	Total
Liquid assets	416,544	2,978,334	-	-	-	3,394,878
Finance lease receivables	-	2,277,125	3,686,315	13,891,071	15,697,363	35,551,874
Receivables from related parties	-	10,315	10,940	50,696	58,094	130,045
Tangible assets (net)	378,887	-	-	-	-	378,887
Intangible assets (net)	33,677	-	-	-	-	33,677
Other receivables / current assets	659,141	940,324	705,856	73,912	351	2,379,584
Total assets	1,488,249	6,206,098	4,403,111	14,015,679	15,755,808	41,868,945
Finance lease payables	-	(1,127,084)	(1,846,236)	(26,189,367)	(931,358)	(30,094,045)
Trade payables (net)	-	(1,260,542)	-	-	-	(1,260,542)
Payables to related parties	-	(430,128)	(228,018)	(866,752)	(594,698)	(2,119,596)
Other liabilities (net)	(91,718)	-	-	-	-	(91,718)
Total liabilities	(91,718)	(2,817,754)	(2,074,254)	(27,056,119)	(1,526,056)	(33,565,901)
Liquidity position (net)	1,396,531	3,388,344	2,328,857	(13,040,440)	14,229,752	8,303,044

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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23. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS (cont'd)

(j) Fair value of financial instruments

Excluding items below on the table, the Company management estimates that the book value of the financial assets and liabilities approximates their fair value.

Fair value of the financial instruments has been determined based on reliable data provided from financial markets. Fair value of other financial assets are determined by benchmarking market value of a similar financial asset or by assumption methods which includes amortizing future cash flows with current interest rates.

The table below refers to comparison of carrying amounts and fair values of financial instruments which have been presented other than their market values at financial statements.

31 December 2007	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial Assets:</u>		
Liquid assets	3,194,045	3,194,045
Financial assets at fair value through profit and loss		
-Held for trading	-	-
-Other	1,448	1,448
Finance lease receivables	39,747,164	39,747,164
<u>Financial Liabilities:</u>		
Trade payables	(1,016,864)	(1,016,864)
Financial liabilities	(34,839,852)	(34,839,852)
31 December 2006	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial Assets:</u>		
Liquid assets	3,394,878	3,394,878
Financial assets at fair value through profit and loss		
-Held for trading	-	-
-Other	-	-
Finance lease receivables	35,681,919	35,681,919
<u>Financial Liabilities:</u>		
Trade payables	(1,260,542)	(1,260,542)
Financial liabilities	(30,094,845)	(30,094,845)