YATIRIM FİNANSAL KİRALAMA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
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INDEPENDENT AUDITORS REPORT

To the Board of Directors of
Yatırım Finansal Kiralama Anonim Şirketi

Report on the Financial Statements

We have audited the accompanying financial statements of Yatırım Finansal Kiralama A.Ş. (the "Company"), which comprise the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flow 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.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

İstanbul, 14 April 2010

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**

YATIRIM FİNANSAL KİRALAMA A.Ş.

BALANCE SHEET AS AT 31 DECEMBER 2009

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

ASSETS

	Notes	31 December 2009	31 December 2008
CURRENT ASSETS			
Cash and cash equivalents	5	4,281	3,202
Finance lease receivables	6	18,757	21,393
- Due from non-related parties		17,351	20,145
- Due from related parties	7	1,406	1,248
Other receivables and current assets	8	473	1,878
Assets classified as held for sale	9	1,780	2,122
Total Current Assets		**25,291**	**28,595**
NON CURRENT ASSETS			
Finance lease receivables	6	14,077	27,998
- Due from non-related parties		12,316	25,774
- Due from related parties	7	1,761	2,224
Property, plant and equipment	10	21	62
Intangible assets	11	3	11
Deferred tax asset	16	3,674	80
Total Non-Current Assets		**17,775**	**28,151**
TOTAL ASSETS		**43,066**	**56,746**

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

YATIRIM FİNANSAL KİRALAMA A.Ş.

BALANCE SHEET AS AT 31 DECEMBER 2009

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

LIABILITIES AND EQUITY

	Notes	31 December 2009	31 December 2008
CURRENT LIABILITIES			
Trade payables	13	50	32
Borrowings	12	27,664	42,294
Current tax liability	16	-	-
Other payables and expense accruals	14	1,421	1,912
- Due to related parties		162	435
- Other payables and expense accruals		1,259	1,477
Total Current Liabilities		**29,135**	**44,238**
NON CURRENT LIABILITIES			
Borrowings	12	1,079	3,548
Provision for employment termination benefits	15	19	7
Deferred tax liability	16	-	-
Total Non-Current Liabilities		**1,098**	**3,555**
EQUITY			
Share capital	18	14,377	14,377
Legal reserves	18	96	96
Accumulated deficit		(1,640)	(5,520)
Total Equity		**12,833**	**8,953**
TOTAL LIABILITIES AND EQUITY		**43,066**	**56.746**

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousand Turkish Lira (“thousand TL”))

	Not	1 January- 31 December 2009	1 January- 31 December 2008
Interest income on finance leases		5,021	5,915
Finance lease service cost		(284)	(583)
Interest income		91	75
Interest expense		(2,853)	(2,649)
Foreign exchange gains/(losses)		(106)	969
Operation expenses	19	(2,046)	(2,474)
Other income and expenses (net)		463	(222)
Profit before taxation		**286**	**1,031**
Deferred tax income	15	3,594	80
Net profit for the year		**3,880**	**1,111**
Other Comprehensive income / (loss)		**-**	**-**
Total Comprehensive income		**3,880**	**1,111**

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

	Capital	**Legal Reserves**	**Accumulated Deficit**	**Total Equity**
Balance as of 1 January 2008	14,377	96	(6,631)	7,841
Total Comprehensive income for the year	-	-	1,111	1,111
Balance as of 31 December 2008	14,377	96	(5,520)	8,953
Total Comprehensive income for the year	-	-	3,880	3,880
Balance as of 31 December 2009	**14,377**	**96**	**(1,640)**	**12,833**

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

YATIRIM FİNANSAL KİRALAMA A.Ş.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

	Notes	1 January- 31 December 2009	1 January- 31 December 2008
Cash flows from operating activities			
Profit/(loss) for the year		3,880	1,111
Income tax (benefit) / expense recognised in profit or loss		(3,594)	(80)
Finance costs recognised in profit or loss (net)		2,853	2,649
Loss on sale or disposal of property, plant and equipment		(85)	(43)
Provision for doubtful receivables		126	329
Impairment for assets held for sale		-	74
Depreciation and amortisation of non-current assets	10,11	47	137
Unrealized foreign exchange loss / (gain)		(909)	9,652
		2,318	**13,829**
Movements in working capital			
Increase in trade receivables		16,431	(9,973)
(Increase) / decrease in assets held for sale		342	(2,196)
(Increase)/ decrease in other receivables and other assets		1,405	-
Increase in provision of employment termination benefits	15	12	17
Increase in other payables, expense accruals and provisions		(473)	(454)
Cash generated from / (used in) operations		**20,035**	**1,223**
Interest paid		(2,853)	(2,645)
Interest received		121	178
Termination benefits paid	15	(26)	(20)
Net cash generated by/ (used in) operating activities		**17,277**	**(1,264)**
Cash flows from investing activities			
Payments for property, plant and equipment	10	(10)	(2)
Proceeds from disposal of property, plant and equipment		97	106
Payments for intangible assets	11	-	(1)
Net cash generated by / (used in) investing activities		**87**	**103**
Cash flows from financing activities			
Proceeds from borrowings		24,750	44,460
Repayment of borrowings		(41,035)	(43,292)
Net cash (used in) / generated by financing activities		**(16,285)**	**1,168**
Net increase/(decrease) in cash and cash equivalents		**1,079**	**7**
Cash and cash equivalents at the beginning of year		**3,202**	**3,195**
Cash and cash equivalents at the end of year	5	**4,281**	**3,202**

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

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:255 K:16 Maslak – İSTANBUL.

The Company is currently organized into one operating division – financial leasing and principal activities of the Company is financial Leasing – leasing of equipments and property rental.

The number of employees as of 31 December 2009 is 13 (31 December 2008: 24).

2. ADOPTION OF NEW AND REVISED STANDARDS

The following new and revised standards and interpretations were implemented in the current year and this implementation had an impact on the reported amounts and disclosures of financial statements. Other standards and interpretations that implemented in the financial statements but had no effect on reported amounts are also explained in the further parts of this article.

<u>Standards and Interpretations affecting reported results or financial position of 2009</u>

- IAS 1 (revised) “Presentation of Financial Statements”

IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

- IFRS 7 (Amendment), “Financial Instruments: Disclosures”

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

The Company has implemented the amendments to IFRS 7 in 2009 and has disclosed fair value hierarchy information in Note 39 to the financial statements. In the current year, the Company did not make significant transfers between fair value hierarchy levels.

<u>Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements</u>

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

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

<u>Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements (cont'd)</u>

- IFRS 1, "First-time Adoption of International Financial Reporting Standards" and IAS 27, "Consolidated and Separate Financial Statements" (Amendment relating to cost of an investment on first-time adoption)
- IFRS 8, "Operating Segments"
- IAS 23, "(Amendment) Borrowing costs"
- IAS 38, "The Amendments to Intangible Assets"
- IAS 40, "The Amendments to Investment Properties"
- IAS 20, "Amendments to Accounting for Government Grants and Disclosure of Government Assistance"
- IFRIC 13, "Customer Loyalty Programmes"
- IFRS 2, "Share-based Payment" (Amendment relating to vesting conditions and cancellations)
- IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"
- IAS 1, "Presentation of Financial Statements" and IAS 32 "Financial Instruments – Presentation" (Amendments relating to disclosure of puttable instruments and obligations arising on liquidation)
- IAS 32, "Financial Instruments: Presentation" and IAS 1, "Presentation of Financial Statements"- Amendments relating to disclosure of puttable instruments and obligations arising on liquidation
- IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments for embedded derivatives when reclassifying financial instruments)
- Amendments resulting from May 2008 Annual Improvements to IFRSs (IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 19 "Employee Benefits", IAS 20 "Government Grants and Disclosure of Government Assistance", IAS 23 "Borrowing Costs", IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investment in Associates", IAS 31 "Interests in Joint Ventures", IAS 29 "Financial Reporting in Hyperinflationary Economies", IAS 36 "Impairment of Assets", IAS 39 "Financial Instruments: Recognition and Measurement", IAS 40 "Investment Property", IAS 41 "Agriculture")IFRIC 15, "Agreements for the construction of real estate"
- IFRIC 16, "Hedges of a net investment in a foreign operation"
- IFRIC 18, "Transfers of Assets from Customers"

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

- IFRS 3, "Business Combinations", IAS 27, "Consolidated and separate financial statements", IAS 28, "Investment in Associates", IAS 31, "Interests in Joint Ventures" (Comprehensive revision on applying the acquisition method)
- IFRS 9, "Financial Instruments: Classification and Measurement"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IAS 24 (2009), "Related Party Disclosures"

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 (cont'd)

- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

Amendments to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after January 1, 2010. The Company has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

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.

Functional currency

The financial statements are 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 TL, which is the functional currency of the Company, for the financial statements.

Basis of presentation of financial statements:

The Company maintains its books of account and prepares 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 for 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

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.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Depreciation is charged so as to write off the cost or valuation of assets, 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.

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.

Computer software

Computer softwares purchased, are capitalized over costs accumulated between the date of purchase and the date for the asset ready to be used. These costs are amortised over their useful lives (5-10 years).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Borrowing costs

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax (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 are 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 TL, 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 TL (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.

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.

Available-for-sale financial assets

Investments held for and have quoted prices in an active market are classified as available for sale financial assets and measured at fair value. Gains and losses on available for sale financial assets at amortized cost are recognized in the income statement. 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.

The Company does not have available for sale financial assets at the year end.

Financial assets

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

Financial assets are classified into the following specified categories: financial assets classified as 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' ("AFS") 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 initial recognition.
Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is 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 financial assets carried at amortised cost, 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 of finance lease receivables where the carrying amount is reduced through the use of an allowance account. When a finance lease receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS 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 recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised 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.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

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.

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.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions for finance lease losses

If Company has objective evidence regarding the uncollectibility of the receivables that are subject of a finance lease agreement, these receivables are considered to be impaired in value, and classified as "doubtful finance lease receivables". The impairment, if receivables are backed with guarantees that can be converted to cash, is estimated as the difference between the book value of the receivable and fair value of the guarantees obtained, or calculated as the difference between the discounted future cash flows using effective interest rate, and receivables' current book value.

With the provision for impairment journalised, the book value of finance lease receivables are reduced to their net realisable values. Finance lease receivables are written off, if uncollectibility of aggregate or a portion of the balance emerges. The write off of receivable is performed with the clearance of principal of finance lease receivables and associated provisions journalised previously, from accounts. Once a finance lease receivable, previously written off is collected, the collected amount is recognised as revenue.

If a decrease is noted on the previously journalised impairment, the impairment is reduced by the amount of the decrease noted, with a reverse journalisation, and remaining provision for impairment is scrutinized for convenience.

4. DIVIDENDS

Company has not distributed dividends in the current year.

5. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Cash on hand	1	1
Bank deposits		
Demand deposits	326	257
Time deposits	3,954	2,944
	4,281	3,202

The details of time deposits as at 31 December 2009 and 2008 are as follows:

Currency Type	Interest rate	Maturity	31 December 2009
USD	%0.51-%1.00	01.01.2010	1,530
EUR	%1.50-%2.25	01.01.2010	1,782
TL	%5.53-%7.65	01.01.2010	642
			3,954

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

5. CASH AND CASH EQUIVALENTS (cont'd)

Currency Type	Interest rate	Maturity	31 December 2008
USD	%4.00-%4.50	13.01.2009	1,490
EUR	% 5.25	13.01.2009	1,391
TL	%15.51	02.01.2009	63
			2,944

6. FINANCE LEASE RECEIVABLES

31 December 2009	Short Term	Long Term	Total
Invoiced finance lease receivables	11,775	-	11,775
Invoiced finance lease dues from related parties	5	-	5
Uninvoiced finance lease receivables	8,598	14,005	22,603
Uninvoiced finance lease dues from related parties	1,406	1,761	3,167
Less: Unearned interest income	(2,901)	(1,689)	(4,590)
Less: Allowance for doubtful receivables	(126)	-	(126)
Net finance lease receivables	18,757	14,077	32,834

31 December 2008	Short Term	Long Term	Total
Invoiced finance lease receivables	9,373	-	9,373
Invoiced finance lease dues from related parties	-	-	-
Uninvoiced finance lease receivables	15,773	29,176	44,949
Uninvoiced finance lease dues from related parties	1,248	2,224	3,472
Less: Unearned interest income	(4,672)	(3,402)	(8,074)
Less: Allowance for doubtful receivables	(329)	-	(329)
Net finance lease receivables	21,393	27,998	49,391

The allocation of finance lease receivables according to their maturities as of 31 December 2009 is as follows:

	2010	2011	2012	2013	2014	2015	Total
Financial Lease Receivables (Gross)	21,658	10,625	4,303	699	75	64	37,424
Unearned Interest	(2,901)	(1,254)	(356)	(64)	(11)	(4)	(4,590)
Financial Lease Receivables (Net)	18,757	9,371	3,947	635	64	60	32,834

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

6. FINANCE LEASE RECEIVABLES (cont'd)

The allocation of finance lease receivables according to their maturities as of 31 December 2008 is as follows:

	2009	2010	2011	2012	2013	Total
Financial Lease Receivables (Gross)	26,065	19,304	8,893	2,972	231	57,465
Unearned Interest	(4,672)	(2,273)	(908)	(205)	(16)	(8,074)
Financial Lease Receivables (Net)	21,393	17,031	7,985	2,767	215	49,391

As of 31 December 2009, the average nominal interest rate that applies for finance lease receivables is; 29.62% for TL, 13.48% for USD, and 11.67% for EURO (31 December 2008: 30.15% for TL, 12.62% for USD and 11.76% for EURO).

As of 31 December 2009, the distribution of finance lease receivables according to foreign currency type is as follows:

Currency	Principal in original currency	Principle in TL	Unearned interest in original currency	Unearned interest in TL
USD	6,306	9,495	883	1,329
EUR	9,959	21,514	1,381	2,983
TL	-	1,825	-	278
Total		32,834		4,590

As of 31 December 2008, the distribution of finance lease receivables according to foreign currency type is as follows:

Currency	Principal in original currency	Principle in TL	Unearned interest in original currency	Unearned interest
USD	9,871	14,928	1,585	2,397
EUR	15,012	32,139	2,377	5,089
TL	-	2,325	-	588
Total		49,391		8,074

All finance lease receivables as of 31 December 2009 and 31 December 2008 have fixed interest rate.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

6. FINANCE LEASE RECEIVABLES (cont'd)

Amounts of guarantees above are presented as the lesser of gross receivable balance or guarantee amount.

Guarantee type:	31 December 2009	31 December 2008
Mortgages	24,959	33,216
Notes in portfolio	5,532	8,974
Buy back guarantees	2,071	921
Pledges of vehicles and machines	248	1,050
Pledges of assets	743	75
Letters of guarantee	-	89
	33,553	44,325

As of balance sheet date, the Company's finance lease receivables which are overdue less than 150 days is amounting to thousand TL 969 (31 December 2008: thousand TL 2,242). The Company does not recognize allowance considering the fact that there is no substantial risk regarding the recoverability of such finance lease receivables. The portion not due as of 31 December 2009 for these receivables is thousand TL 12,251 (31 December 2008: thousand TL 24,825)

Aging of past due but not impaired receivables	31 December 2009	31 December 2008
Up to 30 days	449	926
Between 30 – 60 days	245	585
Between 60 – 90 days	135	260
Between 90 – 150 days	140	471
Total past due	969	2,242
Portion not due as of balance sheet date	12,251	24,825
	13,220	27,067

The details of guarantees received for the overdue receivables are as follows:

Details of Guarantees:	31 December 2009	31 December 2008
Mortgages	10,263	19,855
Notes in portfolio	2,102	5,614
Pledges of vehicles	102	569
Buy back guarantees	470	495
Pledges of machines	54	269
Pledges of assets	-	35
Letters of guarantee	-	89
	12,991	26,926

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 variety of 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.

(Amounts expressed in thousand Turkish Lira (“thousand TL”))

6. FINANCE LEASE RECEIVABLES (cont’d)

The Company has set provision for doubtful receivables in accordance with the Communique dated 1 January, 2008 on the Principles and Procedures for the Financial Leasing, Factoring and Finance Companies.

The aging of the doubtful receivables as of 31 December 2009 and 2008 is as follows:

	31 December 2009	31 December 2008
Between 150 – 240 days	183	1,738
Between 240 – 360 days	92	782
360 days and above	3,241	464
Portion not due as of balance sheet date	8,274	5,257
Less: Unearned interest income	(1,217)	(922)
	10,566	7,319

<u>Guarantees obtained against doubtful receivables:</u>

	31 December 2009	31 December 2008
Mortgages	9,024	4,159
Cash Blokage	713	-
Notes in portfolio	564	68
Pledges of machines	155	564
Buy back guarantees	108	343
Pledges of assets	2	5
	10,566	5,139

The movement of provision for allowance of doubtful finance lease receivables as of 31 December 2009 and 31 December 2008 is as follows:

	1 January-31 December 2009	1 January-31 December 2008
Balance at beginning of the year	(329)	-
Period charge	(20)	(329)
Amounts recovered during the year	223	-
Balance at the end of the year	(126)	(329)

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

7. RELATED PARTY TRANSACTIONS

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

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 financial and operating decisions.

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

Lease contract receivables from related parties	31 December 2009	31 December 2008
Tec Tekstil Dokuma Baskı Matbaa Etiket San. ve Tic. A.Ş.	1,384	1,580
Tetaş İç ve Dış Ticaret A.Ş.(*)	828	1,483
Tepaş Tekstil Pazarlama A.Ş	926	398
Strateji Factoring Hizmetleri A.Ş.	34	9
Tek Örme San. ve Tic. A.Ş.	-	1
	3,172	3,471

(*)Temat Kırtasiye Büro Ekipmanlar Tekstil San.Tic.A.Ş., Tesan Makine Bilişim Teknolojileri San.Tic.A.Ş. and Tetaş Tekstil İmalat İthalat Dahili Tic.A.Ş. have combined under the name Tetaş İç ve Dış Ticaret A.Ş.

Amounts payable to related parties	31 December 2009	31 December 2008
Tet Sigorta Aracılık Hizmetleri A.Ş.	120	200
Tetaş İç ve Dış Ticaret A.Ş. (*)(**)	41	2,909
Tet Tekstil Etiket Ambalaj Matbaacılık A.Ş.	1	-
Tec Tekstil Dokuma Baskı Matbaa Etiket San. ve Tic. A.Ş.	-	5
	162	3,114

The lease receivables from related parties and amounts payable to related parties are included in trade receivables and trade payables in accompanying financial statements.

(**) As of 31 December 2008, the thousand TL 2,679 (EUR 1,251,625) of the balance is corresponding to payables arising from loans received from Tetaş Tekstil İmalat A.Ş. The interest rate on the loan is 5.90% and the maturity is March 27, 2009.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

7. RELATED PARTY TRANSACTIONS (cont'd)

Lease income from related parties	1 January-31 December 2009	1 January-31 December 2008
Tec Tekstil Dokuma Baskı Matbaa Etiket San. ve Tic. A.Ş	103	50
Tetaş İç ve Dış Ticaret A.Ş.	92	76
Tepaş Tekstil Pazarlama A.Ş.	60	11
Tet Tekstil Etiket Ambalaj Matbaacılık A.Ş.	-	5
Strateji Factoring A.Ş.	2	-
Venüs Giyim A.Ş.	1	-
	258	142
Other income (rent income) from related parties		
Strateji Factoring Hizmetleri A.Ş.	234	145
Services received from related parties		
Tet Sigorta Aracılık Hizmetleri A.Ş.	1,108	1,195
The remuneration of directors and other members of key management (***)		
Short-term benefits (****)	478	422

(***) Key management of the Company are general manager, vice general manager and members of board of directors.

(****)The amount includes salaries, bonuses, premiums and also rent, depreciation and other expenses.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

8. OTHER RECEIVABLES AND CURRENT ASSETS

	31 December 2009	31 December 2008
Short term		
VAT deductible	369	1,835
Advances given	23	23
Other receivables	52	17
Prepaid taxes and dues	29	3
	473	1,878

9. ASSETS CLASSIFIED AS HELD FOR SALE

	31 December 2009	31 December 2008
Assets held for sale (*)	1,844	2,196
Impairment for assets held for sale (-)	(64)	(74)
	1,780	2,122

(*) The balance consists of buildings and various vehicles included in the Company's assets incurred as a result of the legal proceedings of receivables under pursuit.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

10. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Furniture and fixtures	Leasehold improvements	Buildings	Total
Cost Value:					
Opening balance, 1 January 2008	290	271	101	41	703
Additions	-	2	-	-	2
Disposals	(109)	-	-	(41)	(150)
Closing balance, 31 December 2008	181	273	101	-	555
Accumulated Depreciation:					
Opening balance,1 January 2008	199	181	74	1	455
Depreciation charge for the year	50	55	20	1	126
Disposals	(86)	-	-	(2)	(88)
Closing balance, 31 December 2008	163	236	94	-	493
Net book value as of 31 December 2008	18	37	7	-	62

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

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

	Vehicles	Furniture and Fixture	Leasehold improvements	Total
Cost Value:				
Opening balance,1 January 2009	181	273	101	555
Additions	-	10	-	10
Disposals	(34)	(18)	-	(52)
Closing balance, 31 December 2009	147	265	101	513
Accumulated Depreciation:				
Opening balance,1 January 2009	163	236	94	493
Depreciation charge for the year	7	25	7	39
Disposals	(24)	(16)	-	(40)
Closing balance, 31 December 2009	146	245	101	492
Net book value as of 31 December 2009	1	20	-	21

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

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

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

	Useful life
Furniture and fixtures	4-10 years
Vehicles	5 years
Leasehold improvements	5 years

11. INTANGIBLE ASSETS

	31 December 2009	31 December 2008
Cost value:		
Opening balance	54	54
Additions	-	-
Closing balance	54	54
Accumulated amortization:		
Opening balance	43	32
Charge for the year	8	11
Closing balance	51	43
Net book values	3	11

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

	Useful life
Licences	3-5

12. BORROWINGS

Short -Term Borrowings	31 December 2009	31 December 2008
Short-term borrowings	1,263	40,572
Short-term portions of long-term borrowings	26,401	1,722
Total short-term borrowing	27,664	42,294
Long -Term Borrowings		
Long-term portions of long-term borrowings	1,079	3,548
Total long-term borrowings	1,079	3,548
Total borrowings	28,743	45,842

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

12. BORROWINGS (cont'd)

Maturity analysis of borrowings	31 December 2009	31 December 2008
Within 1 year	27,664	42,294
Within 1-2 years	637	3,073
Within 2-3 years	442	388
Within 3-4 years	-	87
	28,743	45,842

The details of short-term borrowings are as follows:

Currency	Interest rate %	Original Currency	31 December 2009 TL Equivalent
USD	%6.25-%8.55	4.500	6,776
EUR	%5.95-%8.36	9.217	19,911
TL	%0	15	15
Interest accruals			962
TOTAL			27,664

Currency	Interest rate %	Original Currency	31 December 2008 TL Equivalent
USD	%3.82- %10.00	8,797	13,304
EUR	%3.85-%10.00	13,104	28,052
TL	% 0.0	23	23
Interest accruals			915
TOTAL			42,294

The details of long-term borrowings are as follows:

Currency	Interest rate	Original Currency	31 December 2009 TL Equivalent
EUR	%6.95-%7.55	493	1,064
TL			15
Total			1,079

(Amounts expressed in thousand Turkish Lira (“thousand TL”))

12. BORROWINGS (cont’d)

Currency	Interest rate	Original Currency	31 December 2008 TL Equivalent
USD	%10.00	700	1,059
EUR	%5.95-%10.00	1,162	2,489
Total			3,548

As of 31 December 2009, borrowings have fixed interest rates. As of 31 December 2008, borrowings amounting to EUR 440 thousand and USD 1,100 thousand 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.

As of 31 December 2009, the Company has thousand TL 4,487 (31 December 2008: thousand TL 12,893) of undrawn borrowing facilities available.

13. TRADE PAYABLES

	31 December 2009	31 December 2008
Trade payables	50	32
Total	50	32

14. OTHER PAYABLES AND EXPENSE ACCRUALS

	31 December 2009	31 December 2008
Advances received (*)	1,076	1,362
Due to related parties (note 7)	162	435
Unused pay provision	39	19
Taxes and dues payable	23	32
Social security premiums payable	14	23
Other payables	107	41
Total	1,421	1,912

(*) These are advances received from customers due to the finance leases which are not started to use by customers.

15. PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under Turkish Labour 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 60^{th} article that has been changed.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

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

The amount payable consists of one month's salary limited to a maximum of TL 2,260.05 (2008: TL 2,173.18) for each period of service at 31 December 2009.

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 2009, 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 4.80% and a discount rate of 11%, resulting in a real discount rate of approximately 5.92% (31 December 2008: 6.26%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2,427.04 effective from 1 January 2009 has been taken into consideration in calculation of provision from employment termination benefits.

	1 January- 31 December 2009	1 January- 31 December 2008
Provision at 1 January	7	10
Charge for the period	38	16
Employee termination benefits paid	(26)	(19)
Provision at 31 December	19	7

16. TAXATION ON INCOME

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

	31 December 2009	31 December 2008
Current tax liability:		
Current corporate tax provision	-	-
Less: Prepaid taxes and funds	-	-
	-	-
Taxation:		
Current income tax	-	-
Deferred tax (benefit) / expense	(3,594)	(80)
	(3,594)	(80)

16. TAXATION ON INCOME (cont'd)

Corporate Tax:

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

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

The effective rate of tax in 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008: 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.

On October 15, 2009, the Constitutional Court decided to remove the restriction of "2006, 2007 and 2008" from the legislation and this change will enable tax payers to deduct remaining investment allowance exemptions from the incomes of future years. The related resolution was published in the Official Gazette on 8 January 2010. Because the Company did not use the investment incentive in its current tax calculation the effective tax rate is 20%.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

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, 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% (2008 : 20%) is used.

Deferred Tax (assets)/liabilities:	31 December 2009	31 December 2008
Investment incentives to be utilised in the future	(3,614)	-
Provision for doubtful receivables	(25)	(59)
Impairment in assets held for sale	(13)	(14)
Inflation accounting and depreciation/amortisation differences of property, plant and equipment and intangible assets	(8)	(4)
Unused vacation pay	(8)	(4)
Provision for employee termination benefits	(4)	(2)
Other	(2)	3
	(3,674)	(80)

Movements of deferred tax liabilities as of 31 December 2009 and 2008 are as follows:

	1 January- 31 December 2009	1 January- 31 December 2008
Opening balance	(80)	-
Charged to profit or loss for the year	(3,594)	(80)
Closing balance	(3,674)	(80)

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

16. TAXATION ON INCOME (cont'd)

Total (benefit) / charge for the year can be reconciled to the accounting profit as follows:

Reconciliation of taxation:	1 January- 31 December 2009	1 January- 31 December 2008
Profit before tax	286	1,031
Income tax rate	20%	20%
Tax effects of:	(57)	(206)
- Unused investment incentives and carry forward tax losses	3,614	308
- Expenses that are not deductible in determining taxable profit	(22)	(14)
- IFRS adjustments not subject to income tax	59	(8)
	3,594	80

17. COMMITMENTS AND CONTINGENCIES

The commitments and contingencies of the Company that are not stated in liabilities as of 31 December 2009 and 2008 are as follows:

	31 December 2009	31 December 2008
Letters of guarantee given	325	137
	325	137

18. SHARE CAPITAL AND LEGAL RESERVES

As of 31 December 2009 and 2008 the share capital held is as follows:

Shareholders	(%)	31 December 2009	(%)	31 December 2008
TE Holding	94.95	7,359	94.95	7,359
Nejat Zafer Ataman	5.00	388	5.00	388
Others	0.05	3	0.05	3
Historical capital	100,00	7,750	100,00	7,750
Inflation adjustment		6,627		6,627
Adjusted capital		14,377		14,377

The Company's share capital consists of 7,750,000 shares in 2009 (31 December 2008: 7,750,000).

	31 December 2009	31 December 2008
Legal Reserves	96	96
	96	96

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

18. SHARE CAPITAL AND LEGAL RESERVES (cont'd)

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

	1 January-31 December 2009	1 January-31 December 2008
Personal expenses	(1,390)	(1,624)
Not-tax deductible expenses	(104)	(52)
Rent expenses	(182)	(149)
Depreciation and amortization expenses	(47)	(137)
Electricity, hydro, heating and communication expenses	(54)	(117)
Transportation expenses	(62)	(114)
Consulting expenses	(89)	(75)
Subscription and membership fees	(28)	(36)
Maintenance expenses	(48)	(52)
Impairment for assets held for sale	-	(74)
Other expenses	(42)	(44)
	(2,046)	(2,474)

20. FOREIGN CURRENCY POSITION

As of 31 December 2009 and 31 December 2008, the Company's' asset and liability position in foreign currency in terms of thousand TL is as follows:

31 December 2009	USD	EUR	Thousand TL Equivalent
Banks	1,071	906	3,570
Finance lease receivables	6,306	9,959	31,009
Other assets	-	10	21
Borrowings	(4,759)	(9,981)	(28,728)
Other liabilities	(231)	(380)	(1,168)
Foreign currency position-balance sheet	2,387	514	4,704
Foreign currency position-off balance sheet	-	-	-
Net foreign currency position	2,387	514	4,704

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

20. FOREIGN CURRENCY POSITION (cont'd)

31 December 2008	USD	EUR	Thousand TL Equivalent
Banks	1,009	730	3,088
Finance lease receivables	9,871	15,012	47,066
Borrowings	(9,748)	(14,517)	(45,819)
Other liabilities	(190)	(652)	(1,683)
Foreign currency position-balance sheet	942	573	2,652
Foreign currency position-off balance sheet	-	-	-
Net foreign currency position	942	573	2,652

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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.

(b) Significant accounting policies

The Company's accounting policies about financial instruments are disclosed in note 3 "Significant accounting policies" to the financial statements.

(c) Categories of financial instruments

	31 December 2009	31 December 2008
Financial assets:		
Cash and cash equivalents	4,281	3,202
Finance lease receivables	32,834	49,391
Financial liabilities:		
Borrowings	28,743	45,842
Trade payables	50	32

(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.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 cause foreign currency risk. The Company's assets and liabilities denominated in foreign currencies are disclosed in Note 21.

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

<u>Foreign currency sensitivity</u>

The statement below shows the sensitivity of the Company to USD and EUR 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		EUR Effect	
	2009	2008	2009	2008
Profit	539	214	167	178
(Loss)	(539)	(214)	(167)	(178)

(g) Interest risk management

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 thousand TL 111 (2007: thousand TL 383).

(Amounts expressed in thousand Turkish Lira (“thousand TL”))

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

(h) Other price risks

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

(ı) 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.

Industry allocation of finance lease receivables is as follows:

	31 December 2009 %	31 December 2008 %
Construction	44.87	41.37
Textile	28.56	29.84
Metal Industry	10.99	13.30
Mechanical Industry	3.66	3.04
Health	3.56	2.87
Other	8.36	9.58
	100,00	100,00

(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.

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk table (cont'd)

31 December 2009:

	Up to 1 month	1-3 month	3 months –1 year	1-5 years	Total
Cash and cash equivalents	4,281	-	-	-	4,281
Finance lease receivables	4,545	4,641	11,143	12,505	32,834
Total assets	8,826	4,641	11,143	12,505	37,115
Borrowings	(2,995)	-	(24,669)	(1,079)	(28,743)
Trade payables (net)	(50)	-	-	-	(50)
Total liabilities	(3,045)	-	(24,669)	(1,079)	(28,793)
Liquidity position (net)	5,781	4,641	(13,526)	11,426	8,322

31 December 2008:

	Up to 1 month	1-3 month	3 months-1 year	1-5 years	Total
Cash and cash equivalents	3,202	-	-	-	3,202
Finance lease receivables	977	6,837	13,579	27,998	49,391
Total assets	4,179	6,837	13,579	27,998	52,593
Borrowings	(4,814)	-	(37,480)	(3,548)	(45.842)
Trade payables (net)	(32)	-	-	-	(32)
Total liabilities	(4,846)	-	(37,480)	(3,548)	(45,874)
Liquidity position (net)	(667)	6,837	(23,901)	24,450	6,719

(Amounts expressed in thousand Turkish Lira ("thousand TL"))

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(k) Categories of financial instruments and fair values

	Financial assets at amortized cost	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Fair value	Note
31 December 2009						
Financial assets						
Cash and cash equivalents	4,281	-	-	4,281	4,281	5
Finance lease receivable	-	32,834	-	32,834	32,834	6
Financial liabilities						
Borrowings	-	-	(28,743)	(28,743)	(28,743)	12
Trade payables	-	-	(50)	(50)	(50)	13
31 December 2008						
Financial assets						
Cash and cash equivalents	3,202	-	-	3,202	3,202	5
Finance lease receivable	-	49,391	-	49,391	49,391	6
Financial liabilities						
Borrowings	-	-	(45,842)	(45,842)	(45,842)	12
Trade payables	-	-	(32)	(32)	(32)	13