ALTERNATİF FİNANSAL KİRALAMA A.Ş.

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

AT 31 DECEMBER 2010

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Alternatif Finansal Kiralama A.Ş. ("the Company") which comprise the balance sheet as of 31 December 2010 and the statement of comprehensive income, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2009 were audited by another auditor whose report dated 27 March 2010 expressed an unqualified opinion.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Zeynep Uras, SMMM
Partner

Istanbul, 10 May 2011

ALTERNATİF FİNANSAL KİRALAMA A.Ş.

INDEX TO THE FINANCIAL STATEMENTS

CONTENTS **PAGE**

ALTERNATİF FİNANSAL KİRALAMA A.Ş.

BALANCE SHEET AT 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	2010	2009
ASSETS			
Cash and cash equivalents	5	16,567	19,009
Available for sale investment securities	6	17	17
Investment in direct finance leases	7	252,604	263,482
Other assets and prepaid expenses	10	11,718	15,394
Property and equipment, net	8	779	179
Intangible assets, net	9	131	129
Deferred income tax assets, net	14	22,351	19,843
Total assets		**304,167**	**318,053**
LIABILITIES AND EQUITY			
Funds borrowed	11	224,059	244,139
Accounts payable	12	3,189	1,548
Current income taxes payable	14	721	865
Other liabilities	13	6,077	4,001
Reserve for employment termination benefits	15	200	151
Total liabilities		**234,246**	**250,704**
Equity			
Share capital	16	14,940	14,940
Legal reserves	17	1,973	1,009
Retained earnings	17	53,008	51,400
Total equity		**69,921**	**67,349**
Total liabilities and equity		**304,167**	**318,053**

The accompanying notes set out on pages 5 to 36 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	2010	2009
Interest income from direct finance leases		28,818	30,712
Interest income on placements and transactions with banks		176	1,061
Total interest income		**28,994**	**31,773**
Interest expense on funds borrowed		(10,533)	(19,685)
Net interest income		**18,461**	**12,088**
Impairment loss on finance lease receivables	7	(14,103)	(6,653)
Foreign exchange gains and (losses), net		399	464
Other income/(expense), net	21	3,282	569
Operating profit		**8,039**	**6,468**
Marketing, general and administrative expenses	18	(2,043)	(1,585)
Salaries and employee benefits	19	(4,052)	(3,552)
Depreciation and amortisation expenses	8,9	(97)	(92)
Profit before income tax		**1,847**	**1,239**
Taxation on income	14	725	18,032
Net profit for the year		**2,572**	**19,271**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,572**	**19,271**

The accompanying notes set out on pages 5 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	Share capital	Legal reserves	Retained earnings	Total
Balance at 1 January 2009		**14,940**	**938**	**32,200**	**48,078**
Transfers		-	71	(71)	-
Total comprehensive income for the year		-	-	19,271	19,271
Balance at 31 December 2009	**16,17**	**14,940**	**1,009**	**51,400**	**67,349**
Balance at 1 January 2010		**14,940**	**1,009**	**51,400**	**67,349**
Transfers		-	964	(964)	-
Total comprehensive income for the year		-	-	2,572	2,572
Balance at 31 December 2010	**16,17**	**14,940**	**1,973**	**53,008**	**69,921**

The accompanying notes set out on pages 5 to 36 form an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	2010	2009
Cash flows from operating activities			
Net profit for the year		2,572	19,271
Adjustments for:			
Depreciation and amortisation	8,9	97	92
Provision for employment termination benefits	15	76	38
Provision reversal of unused vacation		(10)	(13)
Provision for personnel bonus		406	418
Provision for impaired receivables	7	14,103	6,653
Provision for income taxes	14	1,783	1,572
Deferred tax income		(2,508)	(19,604)
Interest income, net		(18,461)	(12,088)
Interest received		29,122	29,564
Interest paid		(13,206)	(27,905)
Unrealised foreign currency losses		1,028	88
Net cash provided by/(used in) operating activities before changes in operating assets and liabilities		**15,002**	**(1,914)**
Net (increase)/decrease in investment in direct finance leases		(3,353)	19,639
Net decrease/(increase) in other assets		3,676	(864)
Net increase in accounts payable		1,641	518
Net increase in other liabilities		1,247	1,453
Employment termination benefits paid	15	(27)	(27)
Unused vacation paid		(13)	(9)
Personnel bonus paid		(418)	(361)
Income taxes paid	14	(1,062)	(707)
Net cash provided by operating activities		**1,691**	**19,642**
Cash flows from investing activities			
Purchase of property and equipment	8	(639)	(61)
Purchase of intangible assets	9	(60)	(54)
Proceedings from sale of property and equipment	8	-	2
Net cash (used in) investing activities		**(699)**	**(113)**
Cash flows from financing activities			
Proceeds from funds borrowed		216,966	204,608
Repayments of funds borrowed		(234,373)	(232,477)
Net cash (used in) financing activities		**(17,407)**	**(27,869)**
Net (decrease) in cash and cash equivalents		(1,413)	(10,253)
Effect of exchange rate changes on cash and cash equivalents		(1,028)	(88)
Cash and cash equivalents at beginning of year	4	19,008	29,349
Cash and cash equivalents at end of year	**4**	**16,567**	**19,008**

The accompanying notes set out on pages 5 to 36 form an integral part of these financial statements.

NOTE 1 – GENERAL INFORMATION

Alternatif Finansal Kiralama A.Ş. (a Turkish joint stock company - "the Company") was established in February 1997, in order to operate in Turkey pursuant to the licence obtained from the Undersecretariat of Treasury for the purpose of financial leasing as permitted by the law number 3226. The Company started leasing operations in 1997 and its head office is located at 19 Mayıs Caddesi, Golden Plaza No: 3 Kat: 5, Şişli, Istanbul, Turkey.

The financial statements of the Company are authorized for issue by the Board of Directors on 10 May 2011.

The Company's major shareholder is Anadolu Endüstri Holding A.Ş., and the ultimate parent enterprises of the Company are Yazıcılar Holding. A.Ş. and Özilhan Sınai Yatırım A.Ş. (together referred to Anadolu Group).

As of 31 December 2010, the Company employs 56 persons (2009: 52).

The Company is mainly engaged in leasing of transport vehicles and various equipment including industrial machinery and office equipment. The Company operates predominantly in one geographical region, Turkey.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adapted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of presentation of financial statements

These financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company maintains its books of account and prepares its statutory financial statements in thousand of Turkish Lira ("TL") which is the Company's functional and presentation currency, in accordance with Turkish Commercial Code, Leasing Law and tax legislation. Turkish tax legislation required all leased assets be capitalised on the balance sheet of the lessor whether the lease is operating or finance lease until 1 July 2003. In accordance with amendments in Turkish tax law dated 24 April 2003, the lessors started to apply rules similar to IAS 17: "Leases" for the leasing transactions they entered after 1 July 2003 in their statutory financial statements.

The financial statements have been prepared on the historical cost convention except for the measurement at fair value of financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for the effects of hyperinflation

Prior to 1 January 2006, the adjustments and reclassifications made to the statutory records for the purpose of fair presentation in accordance with IFRS included the restatement of balances and transactions for the changes in the general purchasing power of the TL in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. As the characteristics of the economic environment of the Turkey indicate that hyperinflation has ceased, effective from 1 January 2006, the Company no longer applies the provisions of IAS 29. Accordingly, the amounts expressed in the measuring unit current at 31 December 2005 are treated as the basis for the carrying amounts in these financial statements.

Changes in standards and interpretations

(a) New and amended standards adopted by the Company

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3.

  IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009),
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009,
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009,
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009,
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent,
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010,

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010,
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the European Union ("EU"). The Company is yet to assess IFRS 9's full impact.
- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU,
- 'Classification of rights issues' (amendment to IAS 32), issued in October 2009,
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. However, the standard has not yet been endorsed by the EU,
- Prepayments of a minimum funding requirement' (amendments to IFRIC 14), the amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.
- IFRIC 13 'Customer loyalty programmes'. The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes. The standard is effective for annual periods beginning 1 January 2011,
- IAS 34, 'Interim financial reporting' Key requirements are to provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around. The standard is effective for annual periods beginning 1 January 2011 and applied retrospectively.

Change in accounting policies, accounting estimates and errors:

Changes in accounting policies or fundamental accounting errors are applied retrospectively and the financial statements for the prior periods are restated. If changes in accounting estimates relate only for one period, changes are applied in the current period but if changes in estimates related to more than one period, changes are applied both in the current and following periods prospectively. Any material accounting error detected is applied retrospectively and prior year financial statements are restated, accordingly.

Related parties

For the purpose of these financial statements, the shareholders, key management personnel and Board members, Anadolu Group and Yazıcılar Holding Group and the companies controlled by or affiliated with them are considered and referred to as related parties (Note 20).

Due from other banks

Amounts due from other banks are recorded when the Company advances money to counterparty banks with no intention of trading the resulting receivable, due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment securities

Investment securities are classified into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of it. Available-for-sale investment securities are subsequently remeasured at fair value based on quoted bid prices, or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in the equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be transferred to income statement. Unlisted equity securities for which fair values cannot be measured reliably are recognised at cost after deductions for any impairment (Note 6).

Interest earned whilst holding investment securities is reported as interest income. Dividends on available for sale equity instruments are recognized in profit and loss when the Company has the right to receive any payment.

All regular way purchases and sales of investment securities are recognised at the settlement date, which is the date that the asset is delivered to/from the Company.

Accounting for leases (where the Company is a lessor)

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. All costs that are directly attributable to the investment in direct finance lease are capitalised at initial recognition as part of the investment in direct finance lease and amortised via effective interest rate method. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The profit recognised on sale of leased assets is recorded as gain on liquidation of investments.

Future gross lease rentals receivable, net of unearned future lease income, are classified as the net investment in direct financing leases.

Gross rentals due but not received at the balance sheet date are classified as receivables from outstanding lease payments. Receivables from outstanding lease payments are carried at net realisable value.

Accounting for leases (where the Company is a lessee)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for impairment of lease receivables

A credit risk provision for impairment of the investment in direct finance leases and accounts receivables is established if there is objective evidence that the Company will not be able to collect all amounts due as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivables.

Objective evidence that a financial lease receivable is impaired includes observable data that comes to the attention of the Company about the following loss events:

(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments by more than 90 days;
(c) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(e) the disappearance of an active market for that financial lease receivable because of financial difficulties; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial lease receivable since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial lease receivable in the Company, including:
    (i) adverse changes in the payment status of borrowers in the; or
    (ii) national or local economic conditions that correlate with defaults on the assets in the Company.

If there is objective evidence that an impairment loss on financial lease receivable carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial lease receivable's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the financial lease receivable is reduced through use of an allowance account. The amount of the loss is recognized in income statement. Impairment and uncollectibility are measured and recognized individually for receivables that are individually significant and on a portfolio basis for a group of similar receivables that are not individually identified as impaired.

A write off is made when all or part of a receivable is deemed uncollectible or in the case of debt forgiveness. Write offs are charged against previously established allowances and reduce the principle amount of a receivable. Recoveries of receivables written off in earlier period are included in income.

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 by adjusting the allowance account. Any subsequent reversal of impairment loss is recognized in income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

All property and equipment is carried at cost, restated equivalent to purchasing power of TL at 31 December 2005 less accumulated depreciation. Depreciation is calculated over the restated amounts of property and equipment by using the straight-line method to write down the restated cost of each asset to their residual values over their estimated useful life as follows:

Buildings	50 years
Vehicles	5 years
Equipment, furniture and fixtures	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount ("higher of net selling price" and "value in use"), it is written down immediately to its recoverable amount. The recoverable amount of the impaired property and equipment represents the net selling price.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Intangible assets

Intangible assets are capitalized at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets mainly comprise of rights and amortised by using the straight-line method over their useful lives of 5 years.

Financial liabilities

Financial liabilities including borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, financial liabilities are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method. All borrowing costs are recorded in the income statement in the period in which they are incurred.

Income taxes

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

a. Income taxes currently payable

Income taxes ("corporation tax") currently payable are calculated based in accordance with the Turkish tax legislation (Note 14).

Taxes other than on income are recorded within other income / (expense) (Note 21).

b. Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal temporary differences arise from the provision for impaired lease receivables, reserve for annual leave provision, unused investment allowances and provision for employment termination benefits (Note 14).

Deferred tax liabilities and assets are recognised when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Company. Deferred tax assets resulting from temporary differences in the recognition of expense for income tax, and for financial reporting purposes are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets 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.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provision is not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Reserve for employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. In accordance with existing social legislation and Turkish Labour Law in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service (Note 15).

Accounts payable

Accounts payable 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 accounts payable approximates their fair value.

Revenue recognition

Direct financing leases consist of full-payout leases for various types of equipment. The excess of aggregate contract lease rentals, plus the nominal residual value, over the original cost of the related equipment represents the total revenue to be recognised over the term of the lease. The revenue is recognised in order to provide a constant periodic rate of return on the net investment remaining in each lease.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future gross lease rentals receivable, net of unearned future lease income, are classified as the net investment in direct financing leases. Gross rentals due, but not received at the balance sheet date are classified as receivable lease payments outstanding.

Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Turkish lira at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Reporting of cash flows

For the purposes of statement of cash flows, cash and cash equivalents include balances of cash and due from banks with original maturity periods of less than three months (Note 5).

Offsetting

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

Share capital

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the post balance sheet events note.

Subsequent Events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Company (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote. The Company restates its financial statements if such subsequent events arise.

Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year so that the reclassification will result in a more appropriate presentation of events or transactions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following reclassifications were made to the financial statements prepared as of 31 December 2009 in order for them to be comparable to the presentation of the financial statements as of 31 December 2010:

i) In the balance sheet at 31 December 2009,"Equipment to be Leased" amounting to TL 989, which is illustrated as a separate line, is classified under "Other Assets" (Note 10),

ii) In the balance sheet at 31 December 2009, "Legal Reserves" amounting to TL1,009 which was classified under "Retained Earnings", is illustrated separately under "Equity",

iii) In the statement of comprehensive income as of 31 December 2009, foreign currency gain/ (loss), interest income on placements and transactions with banks and interest expense on funds borrowed amounting to total TL18,055 which was classified under "Financial Income / (Expenses), net ", are illustrated separately.

NOTE 3 - FINANCIAL RISK MANAGEMENT

The Company's activities expose to a variety of financial risks including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

a. Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates including credit spreads, foreign exchange rates, equity prices and commodity prices. The Company manages liquidity risk, foreign exchange risk and interest rate risk by considering market risk.

The core business of the Company is to serve clients' financial needs; therefore typically the Company acts as a commercial institution, an activity which could expose the Company to risks such as foreign exchange risk, interest rate risk and liquidity risk.

b. Credit risk

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

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

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

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

The table below summaries the geographic distribution of the Company's assets and liabilities:

2010	**Assets**	**%**	**Liabilities**	**%**
Turkey	303,620	99	181,550	78
European countries	547	1	52,696	22
Other	-	-	-	-
	304,167	**100**	**234,246**	**100**

2009	**Assets**	**%**	**Liabilities**	**%**
Turkey	317,616	99	105,531	42
European countries	437	1	108,998	44
Other	-	-	36,175	14
	318,053	**100**	**250,704**	**100**

Maximum exposure to credit risk

	2010	**2009**
Credit risk exposures relating to balance sheet items:		
Due from banks	16,567	19,009
Investment in direct finance leases, net	252,604	263,482
Insurance receivables	369	1,873

The above table represent a worst case scenario of credit risk exposure.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

c. Currency risk

Foreign currency risk is a result of the Company's assets and liabilities denominated in foreign currencies. The Company has a foreign currency position as a result of its operations. The table below summaries the Company's exposure to foreign currency exchange rate risk.

	Foreign Currency				
2010	**USD**	**EUR**	**Total**	**TL**	**Total**
Assets					
Cash and cash equivalents	5,624	10,764	16,388	179	16,567
Available for sale investment securities	-	-	-	17	17
Investment in direct finance leases	69,493	130,177	199,670	52,934	252,604
Other assets and prepaid expenses	119	553	672	11,046	11,718
Property and equipment, net	-	-	-	779	779
Intangible assets, net	-	-	-	131	131
Deferred income tax assets, net	-	-	-	22,351	22,351
Total assets	**75,236**	**141,494**	**216,730**	**87,437**	**304,167**
Liabilities					
Funds borrowed	73,085	137,648	210,733	13,326	224,059
Accounts payable	28	1,005	1,033	2,156	3,189
Current income taxes payable	-	-	-	721	721
Other liabilities	2,215	2,157	4,372	1,705	6,077
Reserve for employment termination benefits	-	-	-	200	200
Total liabilities	**75,328**	**140,810**	**216,138**	**18,108**	**234,246**
Net balance sheet position	**(92)**	**684**	**592**	**69,329**	**69,921**

	Foreign Currency				
2009	**USD**	**EUR**	**Total**	**TL**	**Total**
Assets					
Cash and cash equivalents	6,193	12,782	18,975	34	19,009
Available for sale investment securities	-	-	-	17	17
Investment in direct finance leases	62,677	157,400	220,077	43,405	263,482
Other assets and prepaid expenses	446	297	743	14,651	15,394
Property and equipment, net	-	-	-	179	179
Intangible assets, net	-	-	-	129	129
Deferred income tax assets, net	-	-	-	19,843	19,843
Total assets	**69,316**	**170,479**	**239,795**	**78,258**	**318,053**
Liabilities					
Funds borrowed	68,390	170,440	238,830	5,309	244,139
Accounts payable	32	546	578	970	1,548
Current income taxes payable	-	-	-	865	865
Other liabilities	836	1,977	2,813	1,188	4,001
Reserve for employment termination benefits	-	-	-	151	151
Total liabilities	**69,258**	**172,963**	**242,221**	**8,483**	**250,704**
Net balance sheet position	**58**	**(2,484)**	**(2,426)**	**69,775**	**67,349**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

At 31 December 2010, assets, liabilities and off-balance sheet derivative instruments denominated in foreign currency were translated into TL by using a foreign exchange rate of and TL1.5460=USD1 and TL2.0491=EUR1 (2009: TL1.5057=USD1 and TL2.1603=EUR1).

The table below shows the Company's sensitivity against 10% changes in USD and EUR rates against TL in the income statement. In this analysis it has been assumed that all other variables, especially interest rates, are being held constant.

	2010		2009	
	Profit and loss	**Equity**	**Profit and loss**	**Equity**
USD impact	(9)	(9)	6	6
EUR impact	68	68	(249)	(249)
Total	**59**	**59**	**(243)**	**(243)**

In the case of appreciation of TL against USD and EUR 10%, totals shown above has equal or opposite effect on the income statement.

d. Liquidity risk

Liquidity risk is the possibility that the Company will be unable to fund its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. The Company's policy is to match cash outflow mainly arising from repayments of the funds borrowed and cash inflow mainly arising from lease receivables maintained in the portfolio. Repayment schedules of leasing contracts made with the customers are structured considering the funding and equity base of the Company.

In addition, the Company maintains reasonable amount of cash at bank in order to protect itself against the risk of deviation from the expected in and out cash flows in an unfavorable manner.

The following table presents the cash flows payable by the Company under non-derivative financial liabilities remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

2010	Up to 3 months	3 to 12 months	Over 1 year	No definite maturity	Total
Funds borrowed	70,796	68,288	91,152	-	230,236
Total liabilities	**70,796**	**68,288**	**91,152**	**-**	**230,236**
Cash and cash equivalents	15,732	-	-	837	16,569
Investment in direct finance leases, net	29,296	69,987	136,274	52,867	288,424
Assets held for managing liquidity risk (contractual maturity dates)	**45,028**	**69,987**	**136,274**	**53,704**	**304,993**

2009	Up to 3 months	3 to 12 months	Over 1 year	No definite maturity	Total
Funds borrowed	75,496	104,465	71,999	-	251,960
Total liabilities	**75,496**	**104,465**	**71,999**	**-**	**251,960**
Cash and cash equivalents	15,296	-	-	3,715	19,011
Investment in direct finance leases, net	33,601	72,962	128,352	65,343	300,258
Assets held for managing liquidity risk (contractual maturity dates)	**48,897**	**72,962**	**128,352**	**69,058**	**319,269**

e. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value or future cash flows of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies. The table below summaries the average year-end interest rates by major currencies for monetary financial instruments:

		2010 (%)			2009 (%)	
Assets	**US$**	**EUR**	**TL**	**US$**	**EUR**	**TL**
Cash and cash equivalents	1.00	1.25	-	1.00	1.25	-
Investment in direct finance leases	10.46	9.89	21.72	13.65	10.45	27.89
Liabilities						
Funds borrowed	3.76	4.18	7.28	4.78	6.45	7.14

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

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

2010	**Up to 3 months**	**3 to 12 months**	**Over 1 year**	**Non-interest bearing**	**Total**
Assets					
Cash and cash equivalents	15,730	-	-	837	16,567
Available for sale investment securities	-	-	-	17	17
Investment in direct finance leases	23,964	56,359	119,414	52,867	252,604
Other assets and prepaid expenses	-	-	-	11,718	11,718
Property and equipment, net	-	-	-	779	779
Intangible assets, net	-	-	-	131	131
Deferred tax assets	-	-	-	22,351	22,351
Total assets	**39,694**	**56,359**	**119,414**	**88,700**	**304,167**
Liabilities					
Funds borrowed	135,771	71,715	16,573	-	224,059
Accounts payable	-	-	-	3,189	3,189
Current tax liabilities	-	-	-	721	721
Other liabilities	-	-	-	6,077	6,077
Reserve for employment termination benefits	-	-	-	200	200
Total liabilities	**135,771**	**71,715**	**16,573**	**10,187**	**234,246**
Net re-pricing gap	**(96,077)**	**(15,356)**	**102,841**	**78,513**	**69,921**

2009	**Up to 3 months**	**3 to 12 months**	**Over 1 year**	**Non-interest bearing**	**Total**
Assets					
Cash and cash equivalents	15,294	-	-	3,715	19,009
Available for sale investment securities	-	-	-	17	17
Investment in direct finance leases	28,747	59,657	109,735	65,343	263,482
Other assets and prepaid expenses	-	-	-	15,394	15,394
Property and equipment, net	-	-	-	179	179
Intangible assets, net	-	-	-	129	129
Deferred tax assets	-	-	-	19,843	19,843
Total assets	**44,041**	**59,657**	**109,735**	**104,620**	**318,053**
Liabilities					
Funds borrowed	127,875	99,861	16,403	-	244,139
Accounts payable	-	-	-	1,548	1,548
Current tax liabilities	-	-	-	865	865
Other liabilities	-	-	-	4,001	4,001
Reserve for employment termination benefits	-	-	-	151	151
Total liabilities	**127,875**	**99,861**	**16,403**	**6,565**	**250,704**
Net re-pricing gap	**(83,834)**	**(40,204)**	**93,332**	**98,055**	**67,349**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both non-derivatives and derivative instruments, if any, at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2010 would decrease/increase by TL130 (2009: decrease/increase by TL620). This is mainly attributable to the Company's exposure to interest rates on its variable rate funds borrowed.

f. Operational risk

The most comprehensive meaning of operational risk is considered to be any risk which is not classified as market and credit risk. In managing operational risk, increasing the skills of the staff, improving the job technology and job definitions, establishing the necessary internal controls and various insurances are employed as main methods.

g. Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

Fair value of financial assets is measured according to the assumptions based on quoted bid prices of similar assets, or amounts derived from cash flow models.

The fair values of certain financial assets excluding finance lease receivables and funds borrowed are considered to approximate their respective carrying values due to their short-term nature.

The table below indicates the fair value of the financial assets which are stated at their carrying amounts:

	2010	**2009**
Financial Assets		
Net investment in direct finance leases - Carrying amount	252,604	263,482
Net investment in direct finance leases - Fair value	247,808	261,380
Financial Liabilities		
Funds borrowed - Carrying amount	224,059	244,139
Funds borrowed - Fair value	228,264	245,275

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

Since available for sale share certificates are not quoted in a stock exchange, they are carried at cost and are not included in the table above.

Since the Company does not have any financial assets carried at fair value, no additional disclosure of fair value measurements by level of fair value hierarchy has been presented.

h. Capital management

According to 23rd article of "regulation on the Establishment and Operations of Factoring, Leasing and Consumer Finance Companies" which was published in the Official Gazette dated 10 October 2006, total volume of finance lease receivables granted by finance lease companies cannot exceed 30 times of the statutory equity.

As of 31 December 2010, the finance lease receivables granted by the Company at 31 December 2009 in its records were 3.66 (2009: 5.45) times of statutory equity.

	2010	2009
Finance lease receivables from customers (A)	**259,687**	**270,164**
Total statutory equity of the previous quarter end (B)	**70,932**	**49,546**
Finance lease receivable / statutory equity ratio (A/B)	**3.66**	**5.45**

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. These disclosures supplement the commentary significant accounting policies (Note 2) and financial risk management (Note 3). Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Allowance for impairment of finance lease receivables

A credit risk provision for impairment of the investment in finance leases and accounts receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The estimates used in evaluating the adequacy of the provision for impairment of finance lease receivables are based on the aging of these receivable balances and the trend of collection performance.

Deferred income tax asset recognition

Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by Management and extrapolated results thereafter. The business plan is based on Management expectations that are believed to be reasonable under the circumstances.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

	2010	2009
Demand deposits	179	34
Time deposits	-	-
Total TL denominated demand and time deposits at banks	179	34
Foreign currency denominated demand deposits at banks	658	3,681
Foreign currency denominated time deposits at banks	15,730	15,294
Total foreign currency denominated demand and time deposit at banks	16,388	18,975
Total demand and time deposits at banks	**16,567**	**19,009**

For the purposes of cash flow statements, cash and cash equivalents comprise TL16,567 and TL19,008 at 31 December 2010 and 2009, respectively.

NOTE 6 - AVAILABLE FOR SALE INVESTMENT SECURITIES

	2010		2009	
	Share	**Amount**	**Share**	**Amount**
Unlisted equity securities				
Anadolu Varlık Yönetim A.Ş.	< 1%	15	< 1%	15
Listed equity securities				
Alternatif Yatırım Ortaklığı A.Ş.	< 1%	2	< 1%	2
Total		**17**		**17**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 7 - INVESTMENT IN DIRECT FINANCE LEASES

	2010	2009
Gross investment in direct finance leases	232,222	227,888
Invoiced lease receivables	3,335	7,027
Gross finance lease receivables	**235,557**	**234,915**
Unearned finance income	(35,820)	(36,776)
Finance lease receivables	**199,737**	**198,139**
Impaired lease receivables	68,202	77,442
Provision for impaired lease receivables	(15,335)	(12,099)
Finance lease receivables, net	**252,604**	**263,482**

At 31 December 2010 and 2009, the finance lease receivables have fixed interest rates.

At 31 December 2010 and 2009, the leasing receivables have the following collection schedules:

Period end	**2010**	**2010**
	Gross	**Net**
31 December 2011	94,959	76,001
31 December 2012	66,567	55,952
31 December 2013	42,750	37,960
31 December 2014	24,635	23,346
31 December 2015 and after	6,646	6,478
	235,557	**199,737**

Period end	**2009**	**2009**
	Gross	**Net**
31 December 2010	99,535	81,377
31 December 2011	70,996	60,106
31 December 2012	37,298	31,960
31 December 2013	18,326	16,100
31 December 2014 and after	8,760	8,596
	234,915	**198,139**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 7 - INVESTMENT IN DIRECT FINANCE LEASES (Continued)

Finance lease receivables can be analysed as follows:

	2010	2009
Neither past due nor impaired	196,402	191,112
Past due but not impaired	3,335	7,027
Impaired	68,202	77,442
Gross	**267,939**	**275,581**
Less: allowances for impairment	(15,335)	(12,099)
Net finance lease receivables	**252,604**	**263,482**

As at 31 December 2010, TL315,917 of the total collaterals (2009: TL324,590) are related with the impaired finance lease receivables amounting to TL96,028 (2009: TL110,672).

The aging of past due but not impaired finance lease receivables are as follows:

	2010		2009	
	Invoiced Amount	Remaining Principal	Invoiced Amount	Remaining Principal
0-30 days	1,034	44,299	900	30,504
31-60 days	721	6,812	1,397	19,719
61-90 days	1,580	8,645	4,730	17,600
	3,335	**59,756**	**7,027**	**67,823**

The ageing of impaired finance lease receivables is as follows:

	2010	2009
91-150 days	6,089	-
151-240 days	6,420	19,465
241-365 days	4,538	16,998
366 days and over	51,155	40,979
	68,202	**77,442**

Movements in provision for impaired finance lease receivables are as follows:

	2010	2009
At 1 January	**12,099**	**5,446**
Impairment expense during the year	14,808	7,383
Recoveries of amounts previously provided for (including foreign exchange differences)	(705)	(730)
Write-off	(10,867)	-
At 31 December	**15,335**	**12,099**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 7 - INVESTMENT IN DIRECT FINANCE LEASES (Continued)

Economic sector risk concentrations for the gross investment in direct finance leases are as follows:

	2010	%	2009	%
Production	45,980	23	37,737	19
Construction	39,851	20	36,576	18
Transportation	35,277	18	37,572	19
Office Equipment	12,903	6	12,256	6
Services	12,279	6	15,694	8
Food and beverage	12,252	6	9,666	5
Press	11,258	6	9,550	5
Health	10,978	5	15,133	8
Textile	10,842	5	16,372	8
Marketing	3,021	2	3,624	2
Other	5,096	3	3,959	2
	199,737	**100**	**198,139**	**100**

Minimum financial lease receivables consist of rentals receivable over the terms of leases. As per the lease agreements made with lessees, the ownership of the items leased is transferred to the lessees at the end of the lease term.

As of 31 December 2010 neither past due nor impaired finance lease receivables amounting to TL40,463 (2009: TL15,532) and past due but not impaired receivables amounting to TL4,179 (2009: TL6,068) have been renegotiated, rescheduled or revised.

Depending on the customers' inability to repay its obligations arising from financial leases or other similar economic factors, the Company cancelled some of the lease contracts signed with its customers. These related assets may be re-leased to the same customer or to the other customers or; may be sold to the third parties, depending upon circumstances.

As of 31 December 2010 and 2009, the Company obtained the following collaterals from its customers except the goods subjected to finance lease agreements:

	2010	2009
Mortgages	241,519	243,940
Transfer of rights of receivables	41,797	41,622
Pledged assets	18,528	18,777
Buyback guarantees	11,350	12,555
Cheques received	1,356	2,051
Guarantee notes	1,006	1,658
Guarantee letters	352	3,653
Cash blockage	9	334
	315,917	**324,590**

Investment in direct finance leases are further analysed as a part of the balance sheet in the notes: related party transactions (Note 20) and financial risk management (Note 3).

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 8 - PROPERTY AND EQUIPMENT

	Land and Buildings	Equipment, Furniture and Fixtures	Vehicles	Total
1 January 2010	101	78	-	179
Additions	618	21	-	639
Disposals	-	-	-	-
Depreciation charge for the year	(5)	(34)	-	(39)
31 December 2010	**714**	**65**	**-**	**779**
31 December 2009				
Cost	102	611	-	713
Accumulated depreciation	(1)	(533)	-	(534)
Net book value	**101**	**78**	**-**	**179**
31 December 2010				
Cost	720	632	-	1,352
Accumulated depreciation	(6)	(567)	-	(573)
Net book value	**714**	**65**	**-**	**779**

	Land	Equipment, Furniture and Fixtures	Vehicles	Total
1 January 2009, net book value	60	97	2	159
Additions	42	19	-	61
Disposals	-	-	(2)	(2)
Depreciation charge for the year	(1)	(38)	-	(39)
31 December 2009	**101**	**78**	**-**	**179**
31 December 2008				
Cost	60	592	22	674
Accumulated depreciation	-	(495)	(20)	(515)
Net book value	**60**	**97**	**2**	**159**
31 December 2009				
Cost	102	611	-	713
Accumulated depreciation	(1)	(533)	-	(534)
Net book value	**101**	**78**	**-**	**179**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 9 - INTANGIBLE ASSETS

	Total
1 January 2010, net book value	129
Additions	60
Amortisation charge for the year	(58)
31 December 2010	**131**
31 December 2009	
Cost	497
Accumulated amortisation	(368)
Net book value	**129**
31 December 2010	
Cost	**557**
Accumulated amortisation	**(426)**
Net book value	**131**

	Total
1 January 2009, net of accumulated amortisation	129
Additions	54
Amortisation charge for the year	(54)
31 December 2009	**129**
31 December 2008	
Cost	443
Accumulated amortisation	(314)
Net book value	**129**
31 December 2009	
Cost	497
Accumulated amortisation	(368)
Net book value	**129**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 10 - OTHER ASSETS AND PREPAID EXPENSES

	2010	2009
Value Added Tax ("VAT") deductible	10,079	11,547
Equipments to be leased	879	989
Receivables from insurance policies	369	1,873
Prepaid expenses	167	113
Prepaid taxes	7	10
Other	217	862
Total	**11,718**	**15,394**

Equipments to be leased consist of assets purchased for the financial lease agreements signed in the current period, which will be transferred to lessees in the subsequent period.

NOTE 11 - FUNDS BORROWED

		2010			2009		
		Original Amount	**TL Equivalent**	**Interest Rate (%)**	**Original Amount**	**TL Equivalent**	**Interest Rate (%)**
Short-term			**137,660**			**176,261**	
Fixed interest	EUR	28,657,156	58,721	4.81	47,338,967	102,266	7.10
	USD	13,144,696	20,322	3.40	10,327,053	15,549	7.27
	TL	13,326	13,326	7.28	5,309	5,309	7.14
Floating interest	EUR	12,624,774	25,870	3.78	10,303,920	22,260	6.71
	USD	12,562,298	19,421	4.27	20,506,641	30,877	3.93
Medium/long - term			**86,399**			**67,878**	
Fixed interest	EUR	25,893,012	53,057	3.70	13,722,454	29,645	5.74
	USD	19,314,260	29,860	3.77	-	-	-
Floating interest	EUR	-	-	-	7,531,269	16,270	3.24
	USD	2,252,357	3,482	3.03	14,586,723	21,963	4.20
Total			**224,059**			**244,139**	

Floating rate funds borrowed bear interest at rates fixed in advance for periods of three and six months. Repayments of medium/long-term funds borrowed are as follows:

	2010		2009	
	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate
2011	-	-	29,645	34,839
2012	80,809	3,482	-	3,394
2013	2,108	-	-	-
Total	**82,917**	**3,482**	**29,645**	**38,233**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 12 – ACCOUNTS PAYABLE

	2010	2009
Payables to suppliers	2,091	505
Insurance policy payables	966	946
Other	132	97
Total	**3,189**	**1,548**

NOTE 13 - OTHER LIABILITIES

	2010	2009
Advances received	1,745	1,513
Prepayments from customers	3,476	1,897
Provision for personnel performance bonus	406	418
Social security premiums payable	248	121
Other	202	52
Total	**6,077**	**4,001**

Advances received are related with the amounts received from customers regarding the financial leasing agreements.

NOTE 14 - TAXATION

	2010	2009
Current corporate tax provision	(1,783)	(1,572)
Less: prepaid taxes	1,062	707
Current income taxes payable	**(721)**	**(865)**

Components of income tax expenses for the years ended 31 December 2010 and 2009 are as follows:

	2010	2009
Current income tax charge	(1,783)	(1,572)
Deferred tax income	2,508	19,604
	725	**18,032**

Corporate Tax Law numbered 5422 was altered by Law No.5520 on 13 June 2006 which is published at the Official Gazette numbered 26205 and dated 21 June 2006 and many of its articles have become effective retrospectively starting from 1 January 2006. Corporation tax rate in Turkey starting from 1 January 2006 is 20% (2009: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on an investment incentive allowance utilised within the scope of Income Tax Law transitional article 61).

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 14 - TAXATION (Continued)

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax declaration is made by the 14th day of the following month and payable by the 17th day of the second month following each calendar quarter end by companies. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities according to inflation adjustments. In accordance with the aforementioned law's provisions, in order to apply inflation adjustment, the cumulative inflation rate (State Institute of Statistics-Wholesale Price Indices) over the last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not met for the years ended 31 December 2010 and 2009.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

Reconciliation of current year tax expense and calculated theoretical tax expense with statutory tax rate by the Company:

	2010	**2009**
Net income from ordinary activities before income tax	1,847	1,239
At Turkish statutory income tax rate of 20% (2009: 20%)	369	248
Expenditure not allowable for income tax purposes and additions	3,383	2,080
Income exempt from taxation	(3,883)	(20,360)
Investment incentives used	(594)	-
Income tax charge / (benefit) reported in the statement of income	**(725)**	**(18,032)**

NOTE 14 - TAXATION (Continued)

Exemption for investment allowance

Investment allowance applied for several years and calculated as 40% of fixed asset acquisitions exceeding a certain amount, was abolished with law no. 5479 dated 8 April 2006. However, in accordance with temporary law no. 69 added to the Income Tax Law, as of 31 December 2005 corporate and income taxpayers can offset the investment allowance amounts which they could not offset against income in 2005.

a) In the scope of the investment incentive certificates prepared related to the applications before 24 April 2003, investments to be made after 1 January 2006 in the scope of the certificate for the investments started in accordance with the additional 1st, 2nd, 3rd, 4th, 5th and 6th articles prior to the abrogation of Income Tax Law No. 193, with Law No.4842, dated 9 April 2003.

b) Investment allowance amounts to be calculated in accordance with legislation effective on 31 December 2005 in relation to investments which exhibit an integrity technically and economically and which were started prior to 1 January 2006 within the scope of repealed Article 19 of the Income Tax Law numbered 193, could solely be offset against income related to the years 2006, 2007 and 2008, in accordance with the legislation current as of 31 December 2005 (including provisions related to tax rate).

   Within the scope of Temporary Article 69 of the Income Tax Law (for the years of 2006, 2007 and 2008) income tax payers, and corporate taxpayers who are benefiting from investment allowance practice, had calculated their income or corporate tax base related to the aforementioned years by applying to their income for the year in which the allowance was requested the tax rate applicable as of 31 December 2005, and the tax rate of 30% stated in the Article 25 of the annulled Corporate Tax Law No. 5422, respectively.

However, it was no longer possible to benefit from the carried-forward investment allowance amount left unused as of 31 December 2008.In this respect, a lawsuit is filed against the Constitutional Court on the basis that it is against the equality and certainty in taxation which are guaranteed by the Constitution.

According to the decision of the Constitutional Court dated 15 October 2009, the phrase "comprising only the years 2006, 2007 and 2008" in the Provisional Article 69 of the Income Tax Law regarding the investment incentives is revoked. Therefore, the time limitation on the use of unused investment incentives was removed. The decision of the Constitutional Court has been published in the Official Gazette on 8 January 2010. Therefore, the cancellation went into effect with the publishing of the decision of the Constitutional Court at the Official Gazette.

A new arrangement in the application of investment allowance went into effect with the Law No. 6009 Article 5 which is published in Official Gazette No. 27659 dated 1 August 2010. With this new legislation in line with the decision of the Constitutional Court, the utilisation of investment allowances deferred from the year 2005 is not limited for a time period of limitation but limited to 25% of earnings. According to this, the remaining 75% of the earnings is subject to corporate tax at a rate of 20% after the utilisation of investment allowance of tax payers. Depending on this the Company did not paid corporate tax in the 1st and 2nd income tax period.

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 14 - TAXATION (Continued)

Deferred taxes:

Under IAS 12, which deals with income taxes, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Based on the decision of the Constitutional Court mentioned above, the Company Management recognized deferred tax assets on the unused investment allowance amounting to TL19,051 which has been calculated based on its best estimates.

Details of cumulative timing differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2010 and 2009 are as follows:

	Cumulative timing differences		Deferred income tax assets	
	2010	**2009**	**2010**	**2009**
Unused investment allowances without stoppage	95,254	90,380	19,051	18,076
Unused investment allowances with stoppage	17,574	16,317	35	33
Provision for impaired receivables	16,316	6,167	3,263	1,233
Provision for personnel unused vacation, bonus provision, and employment termination benefits	635	620	127	124
Deferred income tax assets			**22,476**	**19,466**
Income accrual on lease receivables	(542)	1.970	(108)	394
Difference between carrying value and tax base of property and equipment and intangibles	(85)	(84)	(17)	(17)
Deferred income tax liabilities			**(125)**	**377**
Deferred tax assets, net			**22,351**	**19,843**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 15 – RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

	2010	2009
Reserve for employee termination benefits	200	151
	200	**151**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age . Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL2,517.01 as of 31 December 2010 (2009: TL2,365.16) for each year of service.

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

IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. In the financial statements, the Company reflected a liability calculated using the projected unit credit method and based upon the factors derived using their experience of personnel terminating their services and being eligible to receive employment termination benefits. 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.

Accordingly the following financial and demographical actuarial assumptions were used in the calculations of the provision:

	2010	2009
Discount rate (%)	4.66	5.92
Turnover rate to estimate the probability of retirement (%)	4.00	4.02

Additionally, the principal actuarial assumption is that the maximum liability of TL2,623.23 for each year of service would increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2,623.23 (1 January 2010: TL2,427.03) which is effective from 1 January 2011, has been taken into consideration in calculating the reserve for employee benefits of the Company.

Movement of the reserve for employment termination benefits for the year is as follows:

	2010	2009
1 January	**151**	**140**
Service cost	6	16
Interest cost	7	8
Monetary (gain)/ loss	63	14
Paid during the year	(27)	(27)
31 December	**200**	**151**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 16 - SHARE CAPITAL

At 31 December 2010, the Company's authorised share capital consists of 2,846,250,000 shares with a par value of Kuruş1 each (2009: 2,846,250,000 shares with a par value of Kuruş1 each).

As of 31 December 2010 and 2009, the Company's historical subscribed and issued share capital was TL28,463 (historical terms). The composition of shareholders and their respective percentages of ownership can be summarized as follows:

	2010		**2009**	
	%	**Amount**	**%**	**Amount**
Anadolu Endüstri Holding A.Ş.	95.51	27,184	95.51	27,184
Other	4.49	1,279	4.49	1,279
Total in historical TL	100.00	28,463	100.00	28,463
Restatement effect		(13,523)		(13,523)
		14,940		**14,940**

Each shareholder has voting rights equivalent to their number of shares.

NOTE 17 - RETAINED EARNINGS AND LEGAL RESERVES

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Dividends Paid and Proposed:

Final dividends are not accounted for until they have been ratified at the Annual General Meeting.

NOTE 18 - MARKETING, GENERAL AND ADMINISTRATIVE EXPENSES

	2010	**2009**
Consultancy expenses	896	550
Transportation expenses	383	403
Rent expenses	316	235
Office expenses	163	129
Communication expenses	126	158
Printing and stationary expenses	57	18
Representation expenses	40	45
Information technology systems expenses	40	38
Other expenses	22	9
	2,043	**1,585**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 19 - SALARIES AND EMPLOYEE BENEFITS

	2010	2009
Wages and salaries	3,006	2,581
Bonuses	406	418
Employer's share of social security premiums	307	284
Provision for employee termination benefits	76	38
Other fringe benefits	257	231
	4,052	**3,552**

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

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. The Company is controlled by Anadolu Endüstri Holding A.Ş. (the Shareholder Company) which owns 95.51% of the Company's shares (2009: 95.51%). The ultimate owner of the Company is Anadolu Group. For the purpose of these financial statements, the Shareholder Company, and their affiliated companies are referred to as "related parties". Related parties also include individuals that are principal owners, management and members of the Company's Board of Directors and their families.

A summary of the major transactions and balances with related parties during the related periods were as follows:

(a) Balances with related parties:

	2010	2009
Due from banks		
Demand deposits		
Alternatifbank A.Ş.	218	47
Time deposits		
Alternatifbank A.Ş.	14,884	13,133
	15,102	**13,180**
Investmets in direct finance leases, net		
Anadolu Etap Tarım ve Gıd.Ür.San.Tic. A.Ş.	5,768	2,521
Anadolu Eğitim ve Sos. Yardım Vakfı Sağ.İkts.İşt.	3,488	6,327
Alternatifbank A.Ş.	982	2,256
	10,238	**11,104**
Other liabilities		
Anadolu Endüstri Holding A.Ş.	46	-
Anadolu Isuzu Otomotiv San. Tic. A.Ş.	11	10
Efestur Turizm İşletmeleri A.Ş.	1	-
	58	**10**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2010	2009
(b) Transactions with related parties:		
Interest income from direct finance leases		
Anadolu Eğitim ve Sos. Yardım Vakfı Sağ. İkts. İşt.	435	539
Anadolu Etap Tarım ve Gıda Ür. San. Tic. A.Ş.	377	123
Alternatifbank A.Ş.	122	270
Alternatif Yatırım A.Ş.	-	2
	934	**934**
Interest income on placements and transactions with banks		
Alternatifbank A.Ş.	146	786
	146	**786**
Interest expense on funds borrowed		
Alternatifbank A.Ş.	7	108
	7	**108**
Service expenses		
Anadolu Endüstri Holding A.Ş.	476	374
Alternatifbank A.Ş.	328	117
Anadolu Eğitim ve Sosyal Yardım Vakfı	325	-
Çelik Motor Ticaret A.Ş.	167	190
Anadolu İsuzu Otomotiv San. Tic. A.Ş.	104	63
Anadolu Bilişim Hizmetleri A.Ş.	43	14
Efestur Turizm İşletmeleri A.Ş.	15	3
Adel Kalemcilik Tic.San. A.Ş.	1	2
	1,459	**763**
Commission expenses		
Alternatifbank A.Ş.	227	329
	227	**329**
(c) Off-balance sheet items		
Letters of credits and guarantee letters		
Alternatifbank A.Ş.	8,805	9,031
	8,805	**9,031**

As of 31 December 2010, the Company has time deposits amounting to USD3,000,082 and EUR5,000,171 at related party bank - Alternatifbank A.Ş. all maturing on 3 January 2011 with an interest rate of 1.00% and 1.25% respectively (2009: USD1,950,053, EUR4,720,162 at related party bank - Alternatifbank A.Ş. all maturing on 4 January 2010 with an interest rate of 1.00%, 1.25% respectively). Also the Company has demand deposits at related party bank - Alternatifbank A.Ş. amounting to USD71,774, EUR52,147 and TL152 (2009: USD 9,347, EUR13,354 and TL4).

The Company has made operating lease agreements as lessee for vehicles with related party Çelik Motor Ticaret A.Ş. As of 31 December 2010, total remaining commitment is amounting to TL105 (2009: TL252).

(d) Key Management's Remuneration:

As of 31 December 2010, the executive members and key management personnel of the Company's management received and accrued salaries and bonuses total amounting to TL1,653 (2009: TL1,150).

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 21 - OTHER INCOME / (EXPENSES), NET

	2010	**2009**
Sundry agreement income / (expenses), net (*)	3,490	555
Commission income, net	418	527
Donations	(325)	-
Sundry taxes paid	(143)	(79)
Bank charges and commissions	(131)	(460)
Other	(27)	26
	3,282	**569**

(*) Consists of tax, legal, expertise, translation and other expenses which have been reimbursed by clients.

NOTE 22 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of activities, the Company undertakes commitments and incurs certain contingent liabilities that are not presented in these financial statements. The following is a summary of significant commitments and contingent liabilities at 31 December 2010 and 2009.

TL167 and TL190 of rent expenses were reflected as of 31 December 2010 and 2009 respectively in the income statements due to the operating lease agreement for vehicles.

Future minimum lease payments under operating lease agreements are as follows:

	2010	**2009**
Next 1 year	71	176
1 year through 5 years	34	76
Total	**105**	**252**

Other commitments:

At 31 December 2010, the Company obtained letters of guarantee amounting to TL8,838 (2009: TL9,031) and submitted to various public authorities.

There is no mortgage on the assets that is subject to leasing agreements (2009: TL20,000).

NOTE 23 - POST BALANCE SHEET EVENTS

None.

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