VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

FINANCIAL STATEMENTS AT 31 DECEMBER 2009

TOGETHER WITH AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.

We have audited the accompanying statement of financial position of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the "Company") as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. 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.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member Firm of Grant Thornton International

Aykut Halit
Partner

İstanbul, 05.03.2010

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Assets	**Note**	**2009**	**2008**
Current assets			
Cash and cash equivalents	5	112.041	119.628
Financial assets held for trading	6	14.040	--
Trade receivables	7	347.320	229.399
Inventories	8	131.131	141.099
Other assets	9	16.526	21.294
Total current assets		**621.058**	**511.420**
Non-current assets			
Trade receivables		120	163
Property, plant and equipment	10	292.925	326.818
Intangible assets	11	14.388	11.172
Other assets		--	4
Deferred tax asset	16	3.059	2.769
Total non-current assets		**310.492**	**340.926**
Total assets		**931.550**	**852.346**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Liabilities and equity	Note	2009	2008
Current liabilities			
Borrowings	12	67.400	25.269
Trade payables	13	195.797	259.547
Taxation on income	16	4.621	--
Provision for expenses	14	5.595	5.172
Other liabilities	15	5.410	4.374
Total current liabilities		**278.823**	**294.362**
Non-current liabilities			
Borrowings	12	42.932	56.199
Trade payables		--	1.351
Employee termination benefits	17	4.150	3.521
Deferred tax liability	16	11.771	13.958
Total non-current liabilities		**58.853**	**75.029**
Equity			
Share capital	18	205.720	205.720
Share premium		109.031	109.031
General reserves		279.123	168.204
Total equity		**593.874**	**482.955**
Commitments and contingencies	19	**--**	**--**
Total liabilities and equity		**931.550**	**852.346**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	Note	2009	2008
Revenue	20	1.297.296	1.259.402
Cost of sales	21	(1.075.335)	(1.137.094)
Gross profit		**221.961**	**122.308**
Research and development expenses		(10.039)	(7.777)
Selling expenses		(28.989)	(26.659)
General and administrative expenses		(15.612)	(14.939)
Other income	23	8.190	7.114
Other expense	23	(7.446)	(4.247)
Operating profit		**168.065**	**75.800**
Financing income	24	117.012	81.855
Financing expense	24	(143.161)	(117.683)
Profit before taxation		**141.916**	**39.972**
Taxation on income	16	(25.199)	(9.975)
Net profit for the year		**116.717**	**29.997**
Comprehensive income (expense)		**--**	**--**
Total comprehensive income (expense) for the year		**116.717**	**29.997**
Basic and fully diluted earnings per share (TL, full)		**0,61**	**0,16**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	Share capital	Share premium	General reserves	Total equity
Balance at 01 January 2008	**205.720**	**109.031**	**189.708**	**504.459**
Dividends paid	--	--	(51.501)	(51.501)
Transactions with owners	--	--	(51.501)	(51.501)
Net profit for the year	--	--	29.997	29.997
Other comprehensive income	--	--	--	--
Balance at 31 December 2008	**205.720**	**109.031**	**168.204**	**482.955**
Dividends paid	--	--	(5.798)	(5.798)
Transactions with owners	--	--	(5.798)	(5.798)
Net profit for the year	--	--	116.717	116.717
Other comprehensive income	--	--	--	--
Balance at 31 December 2009	**205.720**	**109.031**	**279.123**	**593.874**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	Note	2009	2008
Profit before taxation		**141.916**	**39.972**
Adjustment to reconcile net income to net cash provided from operating activities:			
Depreciation expense	10	48.601	45.755
Amortization charge	11	5.742	4.312
Provision for employee termination benefits	17	3.309	3.696
Provision for diminution in value of inventories	8	(2.636)	3.269
Unearned interest on receivables		2.529	(310)
Unearned interest on payables		(632)	1.041
Interest income	24	(5.348)	(3.112)
Interest expense	24	15.931	6.677
Accrued fair value gain on forward income		--	(3.763)
Provision for expense accruals		423	--
Profit on sale of property, plant and equipment		(125)	(3)
Loss on sale of property, plant and equipment		--	494
Operating profit before changes in working capital		**209.710**	**98.028**
Trade receivables		(120.407)	4.210
Inventories		12.604	9.379
Other assets		4.772	232
Trade payables		(64.469)	52.150
Other liabilities		(1.645)	(5.779)
Taxes paid		(23.054)	(8.997)
Net cash provided by operating activities		**17.511**	**149.223**
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(14.873)	(35.363)
Purchases of intangible assets	11	(10.009)	(9.279)
Changes in financial assets held for trading		(14.040)	--
Proceeds from sale of property, plant and equipment		1.341	256
Net cash used in investing activities		**(37.581)**	**(44.386)**
Cash flows from financing activities			
Proceeds from borrowings		293.750	20.420
Repayment of borrowings		(266.822)	(25.146)
Dividend paid		(5.798)	(51.501)
Interest received		5.348	3.112
Interest paid		(13.995)	(6.449)
Net cash provided by (used in) financing activities		**12.483**	**(59.564)**
Net increase (decrease)in cash and cash equivalents		**(7.587)**	**45.273**
Cash and cash equivalents at beginning of year		**119.628**	**74.355**
Cash and cash equivalents at end of year		**112.041**	**119.628**

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

1. ORGANIZATION AND NATURE OF ACTIVITIES

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the "Company" or "Vestel Beyaz Eşya") was incorporated in 1997 under the Turkish Commercial Code and was registered in Istanbul, Turkey. The registered office address of the Company is located at Ambarlı, Petrol Ofisi Dolum Tesisleri Yolu, Zorlu Plaza, Avcılar / Istanbul- Turkey.

The Company is a member of the Vestel Group of Companies which are under the control of the Ahmet Nazif Zorlu family. The Company sells all of its products to Vestel Dış Ticaret A.Ş. ("Vestel Foreign Trade"), which sells them outside of Turkey and Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. ("Vestel Domestic Marketing"), which sells them to customers in Turkey both of which is members of the Vestel Group of Companies and are not owned or controlled by the Company.

The Company started working actively in 1999 and is engaged in the manufacture of refrigerators, freezers, room air conditioning units, washing machines and cookers. The Company's production facilities are located in Manisa industrial site with total area of 395.000 square meters.

The company is registered to Capital Market Board and its shares have been quoted to Istanbul Stock Exchange since 21 April 2006.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board ("IASB").

The financial statements have been prepared under the historical cost convention, other than financial assets which are stated at fair value.

2.2 Measurement currency, reporting currency

Together with the ending of the hyperinflationary period the balances adjusted for inflation as of the last preceding balance sheet date from the opening balances of the assets, liabilities and equity accounts as of 1 January 2006.

According to the law numbered 5083 related to the currency of Republic of Turkey and the decision of the Council of Ministers dated 04.04.2007 numbered 2007/11963 the expression of "new" has been cancelled on New Turkish Lira and New Kurush effective from 01.01.2009. After this conversion 1 New Turkish Lira is held equal to 1 Turkish Lira and 1 New Kurush is held equal to 1 Kurush. All laws, legislations, administrative and legal transactions, court decisions, commercial papers and all kind of documents referencing New Turkish Lira will be considered in Turkish Lira with the conversion rate mentioned above. Beginning from 01.01.2009, in the presentation of financial statements New Turkish Lira has been replaced by Turkish Lira. In the attached financial statements, this conversion has been made retrospectively for convenience purposes.

2.3 Comparable financial information and reclassification of prior period financial statements

The balance sheets with the accompanying notes as of 31.12.2009 and 2008 and statement of income, cash flow and changes in equity with the accompanying notes for the twelve months period ended 31.12.2009 and 2008 are presented as comparatively.

For the compatibility of the current financial statements these financial statements are reclassified if necessary.

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

a) Standards, amendments and interpretations effective in July 2009:

- IAS 27, (Amendments) "Consolidated and Separate Financial Statements"
- IAS 28, "Investments in Associates"
- IAS 31, "Interest in Joint Ventures" "Application of the Purchase Method"
- IAS 38, (Amendments) "Intangible Assets"
- IFRS 3, (Revised) "Business Combinations"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"

b) Standards, amendments and interpretations effective in January 2010 but not early adopted by the Company:

- IAS 1, (Amendments) "Presentation of Financial Statements"
- IAS 24, "Related Party Disclosures"
- IFRS 2, (Amendments) "Share Based Payment"
- IFRS 5, (Amendments) "Non-Current Assets Held For Sale And Discontinued Operations"
- IFRS 9, "Financial Instruments: Classification and Measurement"

Management of the Company anticipates that all of the pronouncements detailed in (a) and (b) above will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Management of the Company has decided that these new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

2.5 Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date and the significant judgments are set out below:

- When setting aside the provision for legal claims the probability of losing the related case and the results to expect to be suffered in the event that the legal counsel of the Company and management of the Company make their best estimates to calculate the provision required under note 14.

- As for the diminution in value of stocks, all stocks are subjected to review and their usage possibility ascertained on basis of the opinion of the technical personnel; provisions are set aside for items expected not to have usage possibility. Calculation of net realizable values of stocks is based on selling prices as disclosed by selling price lists after deduction for average discounts given during the year and selling expenses to be incurred for the realization of stocks. If the net realizable value of any stock falls under its cost price appropriate provisions are therefore set aside.

- Property, plant and equipment and intangible assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Company estimates that the useful lives of tangible and intangible assets. Depreciation is charged using the straight line basis over the useful lives which depend on the best estimation of the management. Useful lives of property, plant and equipment and intangible assets are reviewed at each balance sheet dates and make changes if necessary.

2.6 Offsetting

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

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the accompanying financial statements are summarized below:

Foreign currency translations and transactions
Transactions are recorded in Turkish Lira, which is the Company's functional currency. Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the financing income or expense accounts as appropriate.

As of 31 December 2009 and 2008, the foreign exchange rates used by the Company are as follows:

	2009	2008
US Dollar	1,5057	1,5123
EUR	2,1603	2,1408

Property, plant and equipment depreciation
Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, restated in equivalent purchasing power at 31 December 2005 less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight line basis over the following years stated below:

	Year
Land	Nil
Land improvements	8 – 25
Buildings	25 – 50
Leasehold improvements	5
Plant and machinery	5 – 20
Motor vehicles	5
Furniture and fittings	5 – 10

The carrying values of property, plant and equipment are reviewed for impairment periodically and when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Intangible assets
Expenditure on intangible assets is amortized using the pro-rata basis over their useful lives, not exceeding 5 years.

Research and development costs
Research expenditure is recognized as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets to the extent that the expenditure is expected to generate future economic benefits. Development costs that have been capitalized are amortized on a pro-rata basis over a period of 5 years which in the estimated period over which the technology is expected to lead the market and have commercial value.

The carrying values of capitalized research and development expenditure are reviewed for impairment periodically and when events or changes in circumstances indicate that the carrying value may not be recoverable.

Other intangible assets
Expenditures on acquired patents and licenses are capitalized and amortized using the straight-line basis over their estimated useful life, not exceeding a period of 5 years.

Impairment of assets
At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

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

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded in the amount of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Warranty provision
This provision reflects the costs and expenses for which the Company responsible for servicing its products sold which malfunction due to production defects. Technical service costs which may be incurred in the future with respect to the sales in the current year are estimated by the Company's management on the basis of past experience.

Contingent assets and contingent liabilities
Transactions that may give rise to contingencies and commitments are those for which the outcome and the performance will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Leases
Finance Lease – Leases in terms of which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized as assets of the Company at their fair value at the date of acquisition. The corresponding liability to the Company is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period. Capitalized leased assets are depreciated in accordance with the depreciation policy noted above.

Operating lease
Leases of assets under which all the risks and rewards of ownership are effectively retained by the lesser are classified as operating leases. Lease payments on operating lease are recognized as an expense on a straight-line basis over the lease term.

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. For the purpose of these financial statements shareholders 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.

Government incentives and subsidies
These are reflected in the financial statements when the Company has complied with all of the requirements and reasonable assurance is formed that incentive or assistance will be obtained.

Liabilities to Governmental departments which may be forgone by the Authorities are accepted as Government incentives when reasonable assurance is formed that such liabilities will not be paid because the Company has complied with all the requirements related to the liability.

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

Employee benefits
Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations, is called up for military service or dies.

Revenue recognition
Revenue is recognized at the moment goods are invoiced on the basis of physical delivery by the Company. Revenue is shown net of value added and sales taxes, discounts and returns.

Financial assets held for trading
Financial assets held for trading are either acquired for generating a profit from short-term fluctuations in price or dealers' margin, or included in a portfolio in which a pattern of short-term profit making exists.

Financial assets at fair value through profit or loss are initially recognised at cost and are subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the consolidated income statement.

Trade receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest. 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 present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables
Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method to set an allowance for unearned interest.

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition but excludes borrowing cost. Cost is calculated by using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

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

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

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

Earnings per share
The calculation of the basic and diluted earnings per share is based on net profit for the related year ended divided by the weighted average number of ordinary shares outstanding during the year.

Turkish companies may increase their share capital by the issue of bonus shares from distributions made from accumulated prior period earnings and revaluation fund reserves. In the calculation of basic earnings per share these bonus shares are considered as shares issued and the weighted average number of ordinary shares outstanding during the year or the period is adjusted retrospectively to take into account the bonus share issues.

Cash and cash equivalents
Cash and cash equivalents presented in the cash flow statements include cash and bank deposits which have a maturity of 3 months or shorter.

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

4. EARNING PER SHARE

	2009	2008
Shares outstanding at beginning of year	190.000.000	190.000.000
New shares issued	--	--
Shares outstanding at end of year	**190.000.000**	**190.000.000**
Net profit attributable to shareholders	116.717	29.997
Weighted average number of ordinary shares in issue	190.000.000	190.000.000
Basic and diluted earnings per share (TL, full)	**0,61**	**0,16**

5. CASH AND CASH EQUIVALENTS

Cash in hand	40	70
Cash at banks		
- Demand deposit	27.475	15.313
- Time deposit	84.526	104.245
	112.041	**119.628**

As of balance sheet dates, the maturity date of time deposit account was 05.01.2010 (31.12.2008: 05.01.2009) and the interest rate is given below:

- TL	6,8%	14,9%
- USD	1,5%	2,5%
- EUR	0,9%	3,7%

6. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading	**14.040**	**--**

Financial assets held for trading was purchased on 16.04.2009.

As of 31.12.2009, valuation of bonds resulted a fair value loss which was accounted under financing expenses amounting to TL 1.044.

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

7. TRADE RECEIVABLES

	2009	2008
Current		
- Third parties	1.338	955
- Related parties, note 25	266.814	140.658
Notes receivable		
- Related parties, note 25	81.306	92.415
	349.458	234.028
Unearned interest on receivables (-)	(2.100)	(4.629)
Allowance for doubtful receivables (-)	(38)	--
	347.320	**229.399**

8. INVENTORIES

	2009	2008
Raw materials	87.052	99.777
Work in process	4.559	5.725
Finished goods	41.551	40.294
Merchandise	256	35
Spares and supplies	119	310
	133.537	146.141
Provision for diminution in value (-)		
Raw materials	(1.656)	(4.582)
Finished goods	(750)	(460)
	131.131	**141.099**

Movement of allowance for diminution in value of inventories is as follows:

	2009	2008
Beginning balance	(5.042)	(1.773)
Charge for the year	2.636	(3.269)
Closing balance	**(2.406)**	**(5.042)**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

9. OTHER ASSETS

	2009	2008
Prepaid expenses	1.627	1.533
VAT receivable	13.893	12.566
Due from personnel	66	45
Prepaid taxes	--	2.991
Other	940	4.159
	16.526	**21.294**

10. PROPERTY, PLANT AND EQUIPMENT

	01.01.2009	Additions	Disposals	Transfers	31.12.2009
Cost					
Land	6.844	--	--	--	6.844
Land improvements	2.711	4	--	7	2.722
Buildings	63.508	44	--	--	63.552
Leasehold improvements	1.507	3	--	71	1.581
Machinery and equipment	445.706	1.805	(57)	19.756	467.210
Motor vehicles	578	79	(367)	--	290
Furniture and fixtures	16.581	822	(3)	315	17.715
Construction in progress	11.620	12.116	--	(20.149)	3.587
	549.055	**14.873**	**(427)**	**--**	**563.501**
Accumulated depreciation					
Land improvements	1.302	158	--	--	1.460
Buildings	16.136	2.401	--	--	18.537
Leasehold improvements	755	481	--	--	1.236
Plant and machinery	194.532	43.144	(7)	--	237.669
Motor vehicles	381	53	(254)	--	180
Furniture and fixtures	9.131	2.364	(1)	--	11.494
	222.237	**48.601**	**(262)**	**--**	**270.576**
Net book value	**326.818**				**292.925**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	01.01.2008	Additions	Disposals	Transfers	31.12.2008
Cost					
Land	6.844	--	--	--	6.844
Land improvements	2.693	18	(3)	3	2.711
Buildings	62.454	394	(6)	666	63.508
Leasehold improvements	1.072	212	--	223	1.507
Machinery and equipment	416.833	8.196	(1.520)	22.197	445.706
Motor vehicles	578	--	--	--	578
Furniture and fixtures	14.824	1.580	(452)	629	16.581
Construction in progress	10.375	24.963	--	(23.718)	11.620
	515.673	**35.363**	**(1.981)**	**--**	**549.055**
Accumulated depreciation					
Land improvements	1.143	160	(1)	--	1.302
Buildings	13.761	2.376	(1)	--	16.136
Leasehold improvements	401	354	--	--	755
Machinery and equipment	155.002	40.351	(821)	--	194.532
Motor vehicles	269	112	--	--	381
Furniture and fixtures	7.140	2.402	(411)	--	9.131
	177.716	**45.755**	**(1.234)**	**--**	**222.237**
Net book value	**337.957**				**326.818**

The Company's policy is to trace all material and significant fixed asset additions under construction in progress and transfer to the related fixed asset accounts when the construction process is completed. Construction-in-progress balance represented investment made to increase its second refrigerator, washing machine, cooker and dishwasher factories.

Leased assets included in the table above comprise plant and machinery amounting to TL 13.772 net of accumulated depreciation. (2008: TL 17.744).

As of 31.12.2009, property, plant and equipment were insured for TL 666.367 (2008: TL 548.777).

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

11. INTANGIBLE ASSETS

	01.01.2009	Additions	Disposals	31.12.2009
Cost				
Rights	6.625	12	--	6.637
Development cost	19.759	9.656	(1.051)	28.364
Other intangible assets	1.294	341	--	1.635
	27.678	**10.009**	**(1.051)**	**36.636**
Accumulated amortization				
Rights	6.622	2	--	6.624
Development cost	9.025	5.461	--	14.486
Other intangible assets	859	279	--	1.138
	16.506	**5.742**	**--**	**22.248**
Net book value	**11.172**			**14.388**

	01.01.2008	Additions	Transfers	31.12.2008
Cost				
Rights	6.625	--	--	6.625
Development cost	10.762	8.997	--	19.759
Other intangible assets	1.012	282	--	1.294
	18.399	**9.279**	**--**	**27.678**
Accumulated amortization				
Rights	6.604	18	--	6.622
Development cost	5.003	4.022	--	9.025
Other intangible assets	587	272	--	859
	12.194	**4.312**	**--**	**16.506**
Net book value	**6.205**			**11.172**

Rights mainly comprise computer software development costs and software licenses. Development cost principally comprise internally generated expenditure on development costs on refrigerator and room air conditioning unit projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

12. BORROWINGS

	2009	2008
Current		
Foreign currency bank loans	67.400	25.268
Finance lease liabilities, net	--	1
	67.400	**25.269**
Non-current		
Foreign currency bank loans	**42.932**	**56.199**

The Company obtained various loans from non-Turkish financial institutions with a maturity of 5 years in years between 2003-2007 for financing investments in production machinery and equipment. As of 31.12.2009, the Company's borrowings under these facilities included a short term payable of TL 20.346 (2008: TL 22.632) and long term payable of TL 36.410 (2008: TL 56.199). The principal amount of these loans are repayable at six months intervals and the last repayment date is December 2015. The annual interest rate is between Euribor + 0,3% and 1%.

As of the balance sheet dates, the maturity breakdown of bank borrowings are summarized below:

Due in one year	67.400	25.268
One to two years	21.652	19.510
Two to three years	8.203	14.907
Three to four years	4.941	8.196
Four to five years	4.790	4.999
Over five years	3.346	8.587
	110.332	**81.467**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

13. TRADE PAYABLES

	2009	**2008**
Current accounts		
- Third parties	192.640	257.384
- Related parties, note 25	3.618	3.231
Other	--	25
	196.258	260.640
Unearned interest on payables (-)	(461)	(1.093)
	195.797	**259.547**

14. PROVISION FOR EXPENSES

Warranty provision	5.327	4.997
Expense accruals	268	175
	5.595	**5.172**

	Warranty expense	**Expense accruals**	**Total**
Beginning balance	**4.997**	**175**	**5.172**
Charge for the year	4.402	93	**4.495**
Disposals	(4.072)	--	**(4.072)**
Closing balance	**5.327**	**268**	**5.595**

15. OTHER LIABILITIES

Income tax and social security payables	3.793	2.694
Due to personnel	1.609	1.666
Other	8	14
	5.410	**4.374**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

16. TAXATION ON INCOME

a. Current taxation

	2009	2008
Current	(27.676)	(8.997)
Deferred	2.477	(978)
Taxation on income	**(25.199)**	**(9.975)**

In Turkey, the corporation tax rate on the profits for the calendar year 2009 is 20% (2008: 20%). Taxable profits are calculated by modifying accounting income for certain exclusions and allowances for tax purposes from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed.

In Turkey no taxes are withheld from undistributed profits, profits added to share capital (bonus shares) and dividends paid to other resident companies. Other than those, profits distributed in dividend to individuals and non-resident companies are subject to withholding at the rate of 15%.

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

In Turkey the exemption period granted on profits from the sale of investment shares and immovable property by Corporation Tax Law transitory articles No. 28 and 29 expired on 31 December 2004. However this exemption was re-enacted by Law No. 5281 on permanent basis in effect from 1 January 2005. Accordingly, 75% of profits from the sale of investments and immovable held for a minimum of two years will be tax exempt provided the sale proceeds are collected within two years and 75% of the profit is added to share capital or is kept in a special reserve account for a minimum of five years.

In Turkey companies were allowed to deduct 40% of the value of fixed assets (exceeding TL 6.000) purchased after 24 April 2003 (investment allowances) from their taxable profits as investment incentive. Such investment deduction is also not subject to income tax withholding. The investment deductions not used in any year because of insufficient profits may be carried to future periods. Investment allowances related to fixed assets purchased or to be purchased under Investment Incentive Certificates granted or applied for before 24 April 2003, may be based on up to 100% of the investment value in fixed assets, but these are subject to tax at 19.8%. Investment allowances have been cancelled as from 1 January 2006 but investment allowances earned prior to this date may be used up to 31 December 2008; any balance unused after this date may not be carried forward; if this option is exercised the balance of taxable profit after deduction of investment allowances is to be taxed at 30%.

In Turkey tax losses that are reported in the Corporation Tax in Turkey return may be carried forward and deducted from the corporation tax base for a maximum of five consecutive years.

The Turkish Tax Procedural Law does not include a procedure for formally agreeing tax assessments. Tax returns must be filed within three and half months of the year-end and may be subject to investigation, together with their underlying accounting records, by the tax authorities at any stage during the following five years.

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

A reconciliation of the Company's tax expense is as follows:

	2009	**2008**
Profit before tax	141.916	39.972
Income not subject to tax	(4.790)	(31)
Tax effect of permanent differences and valuation allowances, net	(7.010)	10.680
Research and development allowances	(6.649)	(4.259)
Disallowable expenses	2.526	3.513
Income subject to taxation	125.993	49.875
Tax calculated at a tax rate of 20% (2008: 20%)	25.199	9.975
Income tax expense	**25.199**	**9.975**

The Company's prepaid income and Corporation taxes are netted off against the current income tax provision on the balance sheet as stated below:

Corporation and income taxes	27.676	8.997
Prepaid taxes (-)	(23.055)	(8.997)
Corporation and income taxes payable	4.621	--
Deferred tax asset	(3.059)	(2.769)
Deferred tax liability	11.771	13.958
	13.333	**11.189**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

b. Deferred taxation

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

	Cumulative temporary difference		**Deferred tax**	
	2009	**2008**	**2009**	**2008**
Deferred tax asset				
Warranty expense provision	5.327	4.997	1.065	999
Employee termination benefits	4.150	3.521	830	704
Unearned interest on receivables	2.100	69	420	14
Provision for diminution in value of inventories	2.406	5.041	481	1.008
Provision for financial assets held for trading	1.043	--	209	--
Other	268	220	54	44
			3.059	**2.769**
Deferred tax liability				
Temporary differences arising from restating non-monetary assets	58.033	64.915	11.607	12.983
Unearned interest on payables	462	1.114	92	223
Other	362	3.763	72	752
			11.771	**13.958**
			8.712	**11.189**

Deferred income taxes are calculated using a principal tax rate of 20% (2008:20%).

A reconciliation of the deferred tax expense is as follows:

	2009	**2008**
Opening balance	11.189	10.211
Deferred tax (income) charge	(2.477)	978
Closing balance	**8.712**	**11.189**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

17. EMPLOYEE TERMINATION BENEFITS

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

The amount of indemnity is the equivalent of one month's salary for each year of service subject to a ceiling which is TL 2.365,16 as of 31 December 2009 (2008: TL 2.173,19) on historical cost basis).

The Company has no other obligation for employee termination other than the retirement pay above.

In the accompanying financial statements, the Company reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rates and an appropriate discount rate. The principal actuarial assumptions used were as follows:

	2009	**2008**
Discount rate	11,4%	12%
Average yields	4,8%	5%

Movements of the reserve for retirement pay during the years are as follows:

Opening balance as of 1 January	**3.521**	**3.150**
Charge for the year	3.309	3.696
Disposals	(2.680)	(3.325)
Closing balance	**4.150**	**3.521**
Number of personnel employed at the year end:	**3.709**	**3.404**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

18. SHARE CAPITAL

The authorized and paid-in capital of the Company was TL 190.000 consisting of 190.000.000 ordinary shares of par value TL 1 each at 31 December 2009 and 2008.

As of the balance sheet dates the shareholders of the Company and their percentage shareholdings were as follows:

	Shareholding %	**Shareholding amount**
Vestel Elektronik Sanayi ve Ticaret A.Ş.	72,6%	138.000
Shares held by public	27,4%	52.000
Share capital		190.000
Inflation adjustment of share capital		15.720
		205.720

19. COMMITMENTS AND CONTINGENCIES

a) Contingent asset
As of the balance sheet dates letters of guarantee obtained from customers and suppliers is shown below:

	2009	**2008**
Letters of guarantee	1.321	2.797
Cheques and notes	8.684	5.597
Guarantees received from related companies	28.608	--
Guarantees received from third companies	15.057	--
Mortgages	--	1.000

- Vestel Elektronik has guarantee to Royal Bank of Scotland PLC in favour of Vestel White for derivatives obtained from ABN AMRO Bank.

b) Contingent liabilities

	2009	**2008**
A. Behalf of incorporated body	6.312	9.244
D. Other contingent liabilities		
i. Behalf of shareholders	904.538	714.128
ii.Behalf of group companies	237.905	197.969
Total	**1.148.755**	**921.341**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

- Due to the export and investment incentive certificates obtained for tax purposes, the Company has committed to realize exports amounting to USD 181.727 thousand (2008: USD 128.637 thousand) as of 31.12.2009.
- The payment of VAT on certain export sales may be postponed and later cancelled by the tax office subject to clearance of certain routine formalities in due course. Responsibility of the Company continues until such clearance however no liability has arisen in the past and no liability is reasonably expected for the future. As of 31.12.2009, the amount of VAT is TL 29.415 (31.12.2008: TL 28.383).
- The Company has given payment guarantee to various suppliers in favour of Vestel CIS Ltd ve Vestel Trade Ltd.
- The Company is the guarantor in favour of Vestel Pazarlama and Vestel Elektronik Sanayi ve Ticaret A.Ş. for bank borrowings obtained from ABN AMRO Bank.
- The Company has guarantee to Royal Bank of Scotland PLC in favour of Vestel Germany GMBH, Vestel Pazarlama and Vestel Elektronik Sanayi ve Ticaret A.Ş. for derivatives obtained from ABN AMRO Bank.
- A lawsuit has been initiated against the Company by a company which is engaged in the production of household appliances for the invalidity of the patent certificate. The Company has initiated a counter lawsuit with a claim to cancel the patent certificate from the related registry and invalidity of the same. The lawsuit is still pending and at the stage of expert evaluation. The Company does not believe that this litigation will have a material adverse effect on the results of operation or financial condition of the Company.
- The value of executive proceeding consumer lawsuits TL 46 and the value of lawsuits which have been finalized in favour of the Company amounted TL 214.
- As of the balance sheet dates operational lease commitments are shown below:

	2009	**2008**
Less than one year	202	256
More than one year and less than four years	54	218
	256	**474**

c) Derivatives
As of 31.12.2008, the Company has entered in a forward exchange contract amounting to USD 26.444.700 on a fixed amount EUR 17.000.000. The maturity of forward contract is 01.07.2009.

	Contract amount	**Fair value**	**Gain/(loss)**
Forward exchange contract	36.394	40.156	3.763

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

20. REVENUE

	2009	2008
Domestic sales	363.609	425.753
Overseas sales	934.047	834.122
Gross sales	1.297.656	1.259.875
Sales discounts (-)	(360)	(473)
	1.297.296	**1.259.402**

Gross sales per currency segment is given below:

TL	363.608	425.753
EUR	735.418	663.975
USD	198.630	170.147
	1.297.656	**1.259.875**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

21. COST OF SALES

	2009	2008
Cost		
Direct materials used	933.732	982.601
Direct labour	50.769	56.345
General overhead	46.732	50.402
Depreciation and amortization	43.103	46.713
Cost of goods produced	**1.074.336**	**1.136.061**
Changes in semi-finished goods		
Opening inventory	5.725	4.862
Closing inventory	(4.559)	(5.725)
Changes in finished goods		
Opening inventory	40.294	40.205
Closing inventory	(41.551)	(40.294)
Cost of goods sold	**1.074.245**	**1.135.109**
Purchased during the year	1.311	2.013
Opening merchandise inventory	35	7
Closing merchandise inventory	(256)	(35)
Cost of merchandise sold	**1.090**	**1.985**
Cost of sales	**1.075.335**	**1.137.094**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

22. NATURE OF EXPENSES

Nature of expenses consists of cost of sales, research and development, selling, general and administrative expenses.

	2009	**2008**
Direct materials and merchandise expenses	939.598	985.395
Changes in semi-finished goods and finished goods	(91)	(952)
Employee and sub-contracted personnel cost	68.221	78.538
Depreciation and amortization	49.228	50.067
Energy expenses	10.714	11.289
Outsourcing expenses	2.141	3.578
Travelling expenses	1.049	767
Consulting expenses	3.308	2.685
Rent expenses	7.227	6.152
Sales commission expenses	15.891	11.775
Office expenses	3.051	2.239
Insurance expenses	3.739	6.613
Employee termination benefits	2.680	3.325
Taxes paid	1.582	1.720
Other	21.637	23.278
	1.129.975	**1.186.469**

23. OTHER INCOME AND EXPENSE

Profit on sale of property, plant and equipment	125	3
Grant income	3.881	2.929
Other	4.184	4.182
Other income	**8.190**	**7.114**
Idle capacity expenses	6.639	--
Provision for diminution in value of inventories	432	3.269
Loss on sale of property, plant and equipment	--	494
Other	375	484
Other expense	**7.446**	**4.247**

Grant received is related to reimbursements made by the Directorate for Technology Follow up and Evaluation ("TEYDEB") mainly for automated washing machine development project carried out by the Company.

Idle capacity expenses is related to unused capacity and pre-operation expenses for the new cooker and refrigerator factories which commenced their operations in year 2009.

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

24. FINANCING INCOME AND FINANCING EXPENSE

	2009	2008
Foreign exchange gain	95.464	62.342
Fair value gains on financial assets held for trading	492	--
Interest income from bank deposits	5.348	3.112
Interest income from term sales	10.103	4.599
Fair value gains on forward exchange contracts	463	3.763
Unearned interest on payables	5.142	8.039
Financing income	**117.012**	**81.855**

Foreign exchange loss	109.707	94.726
Bank loans interest expense	15.931	6.656
Interest expense from term purchases	532	222
Fair value losses on financial assets held for trading	1.808	--
Letters of credit expenses	7.063	6.665
Finance lease interest expense	--	21
Bank commission expenses	59	84
Unearned interest on receivables	3.234	8.730
Fair value losses on forward exchange contracts	4.510	--
Other	317	579
Financing expense	**143.161**	**117.683**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

25. RELATED PARTY DISCLOSURE

In the course of conducting its business, the Company conducted various business transactions with related parties on commercial terms. These comprised the following:

i) Year end balances with related parties are given below:

Related party	Due from related parties	Due to related parties
2009		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	2.088	--
Vestel Holland B.V.	--	3.583
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	90.764	--
Vestel CIS Limited	9.182	--
Vestel Dış Ticaret A.Ş.	246.083	--
Other related parties	3	35
	348.120	**3.618**
2008		
Vestel Elektronik Sanayi ve Ticaret A.Ş.	--	2.974
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	97.798	--
Vestel CIS Limited	4.903	--
Vestel Dış Ticaret A.Ş.	129.875	--
Other related parties	497	257
	233.073	**3.231**

ii) Transactions carried out with related parties are given below:

	Sales	Purchases	Financing income	Financing expense
2009				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	14.734	6.488	9.569	862
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	243.081	5.737	4.313	19
Vestel Dış Ticaret A.Ş.	927.288	11.037	14.538	14.730
Other related parties	6.002	298	742	802
	1.191.105	**23.560**	**29.162**	**16.413**
2008				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	14.302	7.536	6.128	186
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	299.128	1.490	31	15
Vestel Dış Ticaret A.Ş.	825.228	12.620	33.947	9.062
Other related parties	8.701	68	2	1
	1.147.359	**21.714**	**40.108**	**9.264**

As of the balance sheet dates, key personnel's salaries and other short term benefits are amounted to TL 2.042 (31.12.2008: TL 1.900).

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

26. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result both from its operating and investing activities. The Company's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

Credit risk

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date.

Credit risk concerns the risk that a loss will be suffered by a party due to the reason that the other party to the transaction is unable to meet its obligations.

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company management considers that all the financial assets shown above under paragraph liquidity risk that are not impaired for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

	Receivables						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Bank amounts	Derivatives	Other
Maximum exposure to credit risk as of 31.12.2009 (A+B+C)	**346.031**	**1.409**	**--**	**16.526**	**112.001**	–	40
- Secured portion of maximum credit risk with collateral	–	750	–	–	–	–	–
A. Carrying amount of financial assets that are not overdue and not impaired	336.936	1.392	–	16.526	112.001	–	40
B. Carrying amount of financial assets whose terms were renegotiated, otherwise are overdue and impaired	9.095	17	–	–	–	–	–
- Carrying amount secured with collateral	–	750	–	–	–	–	–
C. Carrying amount of assets that are impaired		--				–	
- Overdue (gross carrying amount)	–	38	–	–	–	–	–
- Impairment	–	(38)	–	–	–	–	–
- Carrying amount secured with collateral	–	–	–	–	–	–	–
- Not overdue (gross carrying amount)						–	
- Impairment	–	–	–	–	–	–	–
- Carrying amount secured with collateral	–	–	–	–	–	–	–

	Receivables						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Bank amounts	Derivatives	Other
2008							
Maximum exposure to credit risk as of 31.12.2008 (A+B)	**228.624**	**938**	**--**	**12.636**	**119.558**	**39.992**	**69**
- Secured portion of maximum credit risk with collateral	--	2.000					
A. Carrying amount of financial assets that are not overdue and not impaired	228.622	887	--	12.636	119.558	39.992	69
B. Carrying amount of assets that are overdue but not impaired	2	51	--	--	--	--	--
- Carrying amount secured with collateral	--	1.000	--	--	--	--	--

Aging of overdue trade receivables is given below :

	Trade receivables
2009	
Not more than 30 days	1
Within 1 month to 3 months	385
Within 3 months to 12 months	8.726
Over 12 months	38
	9.150
2008	
Not more than 30 days	33
Within 1 month to 3 months	13
Within 3 months to 12 months	7
	53

(All amounts in thousands Turkish Lira (“TL”) unless indicated otherwise.)

Interest rates risk
Interest rate risk arises because changes in interest rates may affect profitability as disclosed in financial statements.

The Company is subject to interest rate risk as a result of differences in balancing off the dates or timing differences related to assets and liabilities maturing or to be subjected to price revision. The Company manages its interest rate risk by applying risk management strategies whereby its strives to balance off the dates of changes in interest rates related to assets and liabilities.

	2009	2008
Fixed interest rate financial instruments		
Financial assets-time deposits	84.526	104.245
Financial liabilities	6.522	--
Variable interest rate financial instruments		
Financial assets	--	--
Financial liabilities	103.811	81.468

As of balance sheet dates, the Company’s annual effective interest rates are as follows:

2009 (%)	USD	EUR	TL
Assets			
Cash and cash equivalents	1,5	0,9	6,8
Trade receivables	0,6	0,7	7,3
Liabilities			
Borrowings	5,4	2,3	--
Trade payables	0,2	0,5	7,3

2008 (%)	USD	EUR	TL
Assets			
Cash and cash equivalents	2,5	3,7	14,9
Trade receivables	1,1	2,6	15,7
Liabilities			
Borrowings	--	4,3	--
Trade payables	1,2	2,7	15,9

All other variables are held constant, if the interest rate applied to the Company increase/decrease by 1 point as of 31.12.2009, net income will increase/(decrease) by TL 304 (31.12.2008: TL 37)

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Capital risk management
The Company's capital management objectives are:

- ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders,

By pricing products and services commensurately with the level of risk

The Company monitors capital on the basis of the carrying amount of equity plus its total of current and non current borrowings (net debt) less cash and cash equivalents as presented on the face of the consolidated balance sheet.

The Company sets the amounts of capital in proportion to its overall financing structure i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's overall financing is as follows:

	2009	**2008**
Total borrowings	110.332	81.468
Less: Cash and cash equivalents	(112.041)	(119.628)
Net debt	**(1.709)**	**(38.160)**
Total equity	593.874	482.955
Overall financing	**592.165**	**444.795**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Liquidity risk

Liquidity risk comprises the risk that the Company becomes unable to find its payment requirements.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30 day projection.

The breakdown of liabilities according to their contractual maturity is based on the maturity dates from the date of the balance sheet is given below:

2009	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Borrowings	110.332	113.173	33.787	34.443	41.284	3.659
Expected maturities						
Trade payables	195.797	196.259	192.156	4.103	--	--
Other liabilities	11.005	11.005	5.410	5.595	--	--
	206.802	**207.264**	**197.566**	**9.698**	**--**	**--**

2008	Book value	Total cash out flow	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years
Contractual maturities						
Borrowings	81.467	81.467	4.839	20.429	47.612	8.587
Finance lease liabilities	1	1	--	1	--	--
	81.468	**81.468**	**4.839**	**20.430**	**47.612**	**8.587**
Derivative cash inflow	33.060	40.156	--	40.156	--	--
Derivative cash outflow	(33.060)	(36.394)	--	(36.394)	--	--
	--	**3.762**	**--**	**3.762**	**--**	**--**
Expected maturities						
Trade payables	260.899	260.899	120.056	139.492	1.351	--
Other liabilities	9.546	9.546	4.374	5.172	--	--
	270.445	**270.445**	**124.430**	**144.664**	**1.351**	**--**

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Foreign currency risk

The majority of the Company's transactions are carried out in Euros and US Dollars. Exposure to currency exchange rates arise from the Company's trade receivables, bank loans and trade payables which are primarily denominated in US Dollars and Euros.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Company manages its currency exposure risk by organizing a balanced distribution between its foreign currency assets and commitments and by matching off the liabilities and receivables and its net currency position.

	USD ('000)	**EUR ('000)**	**GBP ('000)**	**TL equivalent**
2009				
Cash and cash equivalents	12.575	22.542	9	67.655
Trade receivables	15.227	107.554	--	255.275
Total foreign currency assets	**27.802**	**130.096**	**9**	**322.930**
Trade payables	53.289	31.114	--	147.451
Current borrowings	19.715	17.458	--	67.400
Non-current borrowings	--	19.873	--	42.932
Total foreign currency liabilities	**73.004**	**68.445**	**--**	**257.783**
Net foreign currency position	**(45.202)**	**61.651**	**9**	**65.147**
2008				
Cash and cash equivalents	51.969	14.685	3	110.036
Trade receivables	3.181	60.178	--	133.640
Total foreign currency assets	**55.150**	**74.863**	**3**	**243.676**
Current borrowings	1	11.803	--	25.269
Non-current borrowings	--	26.251	--	56.199
Trade payables	84.578	49.813	--	234.547
Total foreign currency liabilities	**84.579**	**87.867**	**--**	**316.015**
Net foreign currency position	**(29.429)**	**(13.004)**	**3**	**(72.339)**
Derivatives				
Assets	26.445	--	--	39.993
Liabilities	--	(17.000)	--	(36.394)
	(2.984)	**(30.004)**	**3**	**(68.740)**

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, management's judgment and appropriate valuation methodologies. The following disclosure of the estimated fair value of financial instruments is made with the requirements of IAS 32. To the extent relevant and reliable information is available from the financial markets in Turkey the fair value of the financial instruments of the Company is based on such market data. The fair values of the remaining financial instruments of the Company can only be estimated. The estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

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

Financial assets

Monetary assets for which fair value approximates carrying value:

-Balances denominated in foreign currencies are translated at year-end exchange rates. The fair value of certain financial assets carried at cost, including cash and due from banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values.

-The carrying value of the trade receivables net of provisions for uncollectible are considered to approximate their fair values.

Financial liabilities

Monetary liabilities for which fair value approximates carrying value:

-The fair values of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

-The fair values of long-term bank borrowings which are denominated in foreign currencies and translated at year-end exchange rates are considered to approximate their carrying values.