VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ FINANCIAL STATEMENTS AT 31 DECEMBER 2006 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 financial statements of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the "Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ARKAN & ERGİN Uluslararası Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member Firm of GRANT THORNTON International

Aykut Halit
Partner

İstanbul, 09 March 2007

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
BALANCE SHEETS
AT 31 DECEMBER 2006 AND 2005

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

Assets	Note	2006	2005
Current assets			
Cash and cash equivalents	4	12.901.538	8.376.924
Trade receivables	5	345.042.374	143.664.580
Inventories	6	131.119.480	101.588.396
Other assets	7	18.521.604	8.554.409
Total current assets		**507.584.996**	**262.184.309**
Non-current assets			
Property, plant and equipment, net	8	333.244.995	318.152.005
Intangible assets, net	9	1.531.332	2.513.835
Deferred tax asset	13	3.163.330	4.952.273
Total non-current assets		**337.939.657**	**325.618.113**
Total assets		**845.524.653**	**587.802.422**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
BALANCE SHEETS
AT 31 DECEMBER 2006 AND 2005

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

Liabilities and equity	Note	2006	2005
Current liabilities			
Borrowings	10	34.464.304	20.301.145
Trade payables	11	258.098.548	178.111.187
Taxation on income	13	1.287.503	795.805
Other liabilities	12	11.814.420	54.680.841
Total current liabilities		**305.664.775**	**253.888.978**
Non-current liabilities			
Borrowings	10	58.888.365	77.377.142
Reserve for retirement pay	14	2.691.147	2.291.625
Deferred tax liability	13	16.826.938	17.211.711
Total non-current liabilities		**78.406.450**	**96.880.478**
Equity			
Share capital	15	205.720.137	153.720.137
Share premium		109.030.821	--
General reserves		83.312.829	33.645.194
Net profit for the year		63.389.641	49.667.635
Total equity		**461.453.428**	**237.032.966**
Commitments and contingencies	16		
Total liabilities and equity		**845.524.653**	**587.802.422**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

	Note	2006	2005
Net sales	17	1.119.126.589	810.072.731
Cost of sales	18	(962.411.886)	(721.566.385)
Gross profit		**156.714.703**	**88.506.346**
Research and development expenses		(12.551.964)	(8.247.505)
Selling expenses		(28.131.951)	(8.179.317)
General and administrative expenses		(17.687.563)	(11.580.374)
Other income (expense), net	19	11.206.145	(2.219.231)
Operating profit		**109.549.370**	**58.279.919**
Financing income (expense), net	20	(37.667.929)	(1.471.982)
Monetary gain (loss)		--	3.923.800
Profit before taxation		**71.881.441**	**60.731.737**
Taxation charge			
Current		(7.087.630)	(796.670)
Deferred		(1.404.170)	(10.267.432)
Taxation on income	13	**(8.491.800)**	**(11.064.102)**
Net profit for the year		**63.389.641**	**49.667.635**
Basic and fully diluted earnings per share		**0,36**	**0,36**

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 2006 AND 2005

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

	Share capital	Share Premium	General reserves	Net profit for the year	Total equity
Balance at 31 December 2004	**92.419.567**	**–**	**22.227.232**	**72.718.532**	**187.365.331**
Increase in share capital	61.300.570	–	(61.300.570)	–	--
Transfer to general reserves	--	--	72.718.532	(72.718.532)	--
Net profit for the year	--	--	--	49.667.635	49.667.635
Balance at 31 December 2005	**153.720.137**	**–**	**33.645.194**	**49.667.635**	**237.032.966**
Increase in share capital	52.000.000	109.030.821	--	--	161.030.821
Transfer to general reserves	--	--	49.667.635	(49.667.635)	--
Net profit for the year	--	--	--	63.389.641	63.389.641
Balance at 31 December 2006	**205.720.137**	**109.030.821**	**83.312.829**	**63.389.641**	**461.453.428**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET A.Ş.
CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

	Note	2006	2005
Net income for the year		**63.389.641**	**49.667.635**
Adjustment to reconcile net income to net cash provided from operating activities:	23	47.787.870	35.811.194
Operating profit before changes in working capital		**111.177.511**	**85.478.829**
Changes in operating assets and liabilities	23	(211.667.406)	19.584.718
Taxes paid		(795.805)	(12.394.560)
Net cash provided by (used in) operating activities		**(101.285.700)**	**92.668.987**
Cash flows from financing activities			
Changes in current borrowings, net		13.060.074	2.133.174
Changes in non-current borrowings, net		(18.488.777)	17.738.201
Increase in share capital		161.030.821	--
Net cash provided by financing activities		**155.602.118**	**19.871.375**
Cash flows from investing activities			
Purchase of property, plant and equipment, net		(49.607.416)	(106.496.847)
Purchase of intangible fixed assets, net		(184.388)	(392.386)
Net cash used in investing activities		**(49.791.804)**	**(106.889.233)**
Net increase in cash and cash equivalents		**4.524.614**	**5.651.129**
Cash and cash equivalents at beginning of year		**8.376.924**	**2.725.795**
Cash and cash equivalents at end of year		**12.901.538**	**8.376.924**

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 outdoor area of 373,000 square meters and indoor area of 278,000 square meters.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

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").

Measurement currency, reporting currency

The restatement for the changes in the general purchasing power of YTL as of 31 December 2005 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic (but not limited to) that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%. As of 31 December 2005, the three year cumulative rate has been 36% (31 December 2004: 70% - 31 December 2003: 181%) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics.

As of 1 January 2006, it has been decided to discontinue the adjustment of financial statements for inflation after taking into account that hyperinflation period has come to an end as indicated by existing objective criteria and, that other signs indicating the continuance of hyperinflation have largely disappeared the financial statement as of 31 December 2006 have therefore, not been subjected to any adjustment for inflation.

The effects of ending the adjustments for inflation on financial statements are summarized as follows:

The financial statements as of 31 December 2006 have not been subjected to any inflation adjustment whereas the financial statements for previous periods have been adjusted for inflation on basis of the measuring unit current at the last preceding balance sheet date namely 31 December 2005.

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

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 New 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 2006 and 2005, the foreign exchange rates used by the Company are as follows:

	2006	2005
US Dollar	1,4056	1,3418
EURO	1,8515	1,5875

Property, plant and equipment depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Year
Land	Nil
Land improvements	8.5 – 25
Buildings	25 – 50
Leasehold improvements	5
Property, plant and equipment	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.

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.

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.

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 on a pro-rata basis over their estimated useful life, not exceeding a period of 5 years.

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.

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.

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.

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.

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.

Use of estimates
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.

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.

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.

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.

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.

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.

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.

Related parties
Companies and their related parties, investments and affiliates controlled by Zorlu Holding Group or otherwise under the control of Ahmet Nazif Zorlu and his family (including the companies in the Vestel Group) are considered and referred to as related parties.

Financial instruments

Financial risk management objectives and policies
The Company's principal financial instruments comprise bank loans, overdrafts, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk
The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Foreign currency risk
The Company's operations are conducted in Turkey. The products sold to Vestel Foreign Trade are primarily exported to Europe. The Company is exposed to transactional and contractual foreign exchange risks resulting from currency exposures primarily with respect to the EURO and U.S. Dollar.

Funding risk
Funding risk of existing and probable future debt requirement is monitored by maintaining the continuity and accessibility of highly qualified credit providers in sufficient number.

Liquidity risk
The Company raises funds by liquidating its short term financial instruments, e.g. by collecting receivables and disposing of marketable securities. The Company's proceeds from these instruments generally approximate their fair values.

Credit risk
The Company's credit risk is primarily attributable to its trade receivables from Vestel Foreign Trade and Vestel Domestic Marketing. Vestel Foreign Trade requires most of its customers to provide guarantees or letters of credit to secure payment. The receivables of Vestel Domestic Marketing from its customers are substantially secured by collaterals and mortgages.

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. 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:

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

Financial assets
Balances denominated in foreign currencies are translated at year-end exchange rates. The fair value of certain financial assets carried at cost, including cash at 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 receivables is considered to approximate their fair values.

The carrying value of the financial assets is considered to approximate their fair values.

Financial liabilities
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.

Trade payables are stated with market value.

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. The fair values of long-term bank borrowings and accrued interests are considered to approximate their carrying values.

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

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.

As of 31 December 2006 and 2005, the computation of the basic and diluted earnings per share is as follows:

	2006	**2005**
Shares outstanding at beginning of period	138.000.000	46.000.000
Bonus shares issued (by transfer of the statutory revaluation fund)	--	92.000.000
New shares issued	52.000.000	--
	190.000.000	**138.000.000**
Net profit attributable to shareholders	63.389.641	49.667.635
Weighted average number of ordinary shares in issue	177.000.000	138.000.000
Basic and diluted earnings per share	**0,36**	**0,36**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

4. CASH AND CASH EQUIVALENTS

	2006	2005
Cash in hand	23.076	23.764
Cash at banks		
- Demand deposit	452.693	234.841
- Time deposit	12.425.769	8.118.319
	12.901.538	**8.376.924**

The maturity of repurchase transactions was 04.01.2007 and the interest rate was between 3,5% and 5,5% per year for foreign currency and 19,8% per year for New Turkish Lira (2005: 02.01.2006) and the interest rate was 2% per year for foreign currency and 14% per year for New Turkish Lira).

5. TRADE RECEIVABLES

Current accounts		
- Third parties	85.917	15.598
- Related parties, note 21	134.094.978	16.188.439
Notes receivable		
- Related parties, note 21	223.048.191	131.490.327
Other	18.902	18.902
	357.247.988	147.713.266
Unearned interest on receivables (-)	(12.205.614)	(4.048.686)
	345.042.374	**143.664.580**

6. INVENTORIES

Raw materials	84.172.075	57.756.170
Work in process	7.774.695	5.610.385
Finished goods	29.775.588	36.175.536
Merchandise	3.279.561	78.592
Spares and supplies	391.148	11.624
Goods in transit	6.616.730	2.359.143
Allowance for diminution in value (-)	(890.317)	(403.054)
	131.119.480	**101.588.396**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

7. OTHER ASSETS

	2006	2005
Prepaid expenses	1.522.249	1.002.948
VAT receivable	16.942.366	7.424.141
Due from personnel	39.371	90.134
Other	17.618	37.186
	18.521.604	**8.554.409**

8. PROPERTY, PLANT AND EQUIPMENT, net

	1 January 2006	Additions	Disposals	Transfers	31 December 2006
Cost					
Land	6.844.298	--	--	--	6.844.298
Land improvements	2.685.299	7.875	--	--	2.693.174
Buildings	57.742.996	401.389	--	21.467	58.165.852
Leasehold improvements	387.645	135.908	--	344.100	867.653
Plant and machinery	323.044.128	3.306.632	(313.155)	34.934.761	360.972.366
Motor vehicles	424.780	131.562	--	--	556.342
Furniture and fixtures	10.514.705	1.512.126	(1.168)	386.259	12.411.922
Construction in progress and advances given	19.790.195	44.312.738	--	(35.767.551)	28.335.382
	421.434.046	**49.808.230**	**(314.323)**	**(80.964)**	**470.846.989**
Accumulated depreciation					
Land improvements	823.094	159.849	--	--	982.943
Buildings	9.297.740	2.208.774	--	--	11.506.514
Leasehold improvements	64.116	115.235	--	--	179.351
Plant and machinery	89.797.066	30.166.430	(194.400)	--	119.769.096
Motor vehicles	61.767	104.681	--	--	166.448
Furniture and fixtures	3.238.258	1.759.457	(73)	--	4.997.642
	103.282.041	**34.514.426**	**(194.473)**	**--**	**137.601.994**
Net book value	**318.152.005**				**333.244.995**

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 during 2006 to increase its second refrigerator, washing machine, cooker and dishwasher factories respectively.

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

Leased assets included in the table above comprise plant and machinery amounting to YTL 29.123.802 net of accumulated depreciation. (2005: YTL 34.231.324).

As of 31 December 2006, fixed assets were insured for YTL 394.736.853 (2005: YTL 291.384.612).

9. INTANGIBLE ASSETS, net

	1 January 2006	Additions	Disposals	Transfers	31 December 2006
Cost					
Rights	6.621.120	3.678	--	--	6.624.798
Research and development cost	5.234.882	--	--	--	5.234.882
Other intangible assets	701.426	99.746	--	80.964	882.136
	12.557.428	**103.424**	**--**	**80.964**	**12.741.816**
Accumulated amortization					
Rights	6.275.185	223.541	--	--	6.498.726
Research and development cost	3.609.205	764.773	--	--	4.373.978
Other intangible assets	159.203	178.577	--	--	337.780
	10.043.593	**1.166.891**	**--**	**--**	**11.210.484**
Net book value	**2.513.835**				**1.531.332**

Rights mainly comprise computer software development costs and software licenses. Research and development expenses principally comprise internally generated expenditure on research and 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 New Turkish Lira ("YTL") unless indicated otherwise.)

10. BORROWINGS

	2006	2005
Current		
New Turkish Lira bank loans	61.283	59.335
Foreign currency bank loans	32.419.964	16.448.098
Finance lease liabilities, net	1.983.057	3.793.712
	34.464.304	**20.301.145**
Non-current		
Foreign currency bank loans	57.846.159	74.540.765
Finance lease liabilities, net	1.042.206	2.836.377
	58.888.365	**77.377.142**

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

Due in one year	32.481.247	16.507.433
One to two years	19.484.411	27.327.441
Two to five years	36.004.294	39.403.619
Over five years	2.357.454	7.809.705
	90.327.406	**91.048.198**

New Turkish Lira borrowings are obtained for the purpose of financing daily payments and were repaid on 01.01. 2007.

The Company obtained various loans from non-Turkish financial institutions with a maturity of 7 years in years 2003, 2004, 2005 and 2006 for financing investments in production machinery and equipment. As of 31 December 2006, the Company's borrowings under these facilities included a short term payable of EURO 8.546.259 (2005: EURO 10.057.560) and long term payable of EURO 27.828.106 (2005: EURO 34.568.059). The principal amount of these loans is repayable at six months intervals and the last repayment date is June 2012. The annual interest rate is between Euribor + %0,625 and %0,75.

As of 31 December 2006, the Company's borrowings included a loan of USD 8,000,000 for the purpose of financing its working capital. The annual interest rate is 5.5%.The loan matures in May 2007.

The Company's borrowings as of December 31, 2005 also included borrowings under a EURO 9,000,000 facility obtained during June 2003 for financing working capital. The loan matures in May 2009. As of December 31, 2005, the remaining principal amount outstanding is EURO 5.625.000. The annual interest rate is Euribor + %3,25. Vestel Group Company Vestel Elektronik Sanayi ve Ticaret A.Ş. is a guarantor for this loan.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

Finance lease liabilities – minimum lease payments:

	2006	2005
Finance lease installments:		
Due in one year	2.132.983	4.166.984
Due between one to four years	1.068.454	3.000.967
Over four years	239	--
Future finance charges on finance leases	(176.706)	(537.862)
	3.024.970	**6.630.089**
The present value of finance lease liabilities:		
Due in one year	1.983.057	3.793.712
Due between one to four years	1.042.009	2.836.377
Over four years	197	--
Total	**3.025.263**	**6.630.089**

11. TRADE PAYABLES

Current accounts		
- Third parties	240.312.589	166.847.226
- Related parties, note 21	18.808.199	7.290.822
Notes receivable		
- Third parties	286.275	4.548.776
Other	--	960
	259.407.063	178.687.784
Unearned interest on payables (-)	(1.308.515)	(576.597)
	258.098.548	**178.111.187**

As of 31 December 2006, trade payables includes USD 20.750.000 provided by HSBC Bank for the purchase of compressors in the form of murabaha financing.

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

12. OTHER LIABILITIES

	2006	2005
Income tax and social security payables	5.532.025	4.862.980
Due to related parties, note 21	--	44.867.652
Warranty expense provision	5.841.913	3.404.517
Due to personnel	207.659	1.394.216
Other	232.823	151.476
	11.814.420	**54.680.841**

13. TAXATION ON INCOME

The corporation tax rate on the profits for the calendar year 2006 is 30% (2005: 30%). 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 dividends 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.

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 and added to Corporation Tax Law article 8.

Accordingly, profits from the sale of investments and immovable held for a minimum of two years will be tax exempt provided such profits are added to share capital under certain conditions. However the two year holding period condition will not apply in the transfer or sale of investment and immovable property to creditor banks implemented by debtors and debt guarantors.

Companies were allowed to deduct 40% of the value of fixed assets (exceeding YTL 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.

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

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

The Turkish Tax Procedural Law does not include a procedure for formally agreeing tax assessments. Tax returns must be filed within three and a 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.

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

	2006	**2005**
Profit before tax	71.881.441	60.731.737
Disallowable expenses		
Income not subject to tax	(10.251.103)	2.342.231
Tax effect of permanent differences and valuation allowances, net	(3.201.787)	21.130.487
Research and development expenses	(3.985.846)	(2.158.290)
Investment incentive allowances 40% deductible and not subject to withholding	(18.129.801)	(43.797.802)
Investment incentive allowances 100% deductible and subject to withholding tax at 19,8%	(23.549.719)	(4.023.590)
Income subject to taxation	12.763.185	34.224.773
Tax calculated at a tax rate of 30%	3.828.956	10.267.432
Withholding tax on investment incentives at 19.8%	4.662.844	796.670
Income tax expense	**8.491.800**	**11.064.102**

Taxes included in the balance sheet are shown below:

Corporation and income taxes	7.087.630	796.670
Prepaid taxes (-)	(5.800.127)	(865)
Corporation and income taxes payable	**1.287.503**	**795.805**
Deferred tax asset	(3.163.330)	(4.952.273)
Deferred tax liability	16.826.938	17.211.711
	14.951.111	**13.055.243**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

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	
	2006	**2005**	**2006**	**2005**
Deferred tax asset				
Warranty expense provision	5.841.913	3.404.517	1.752.574	1.021.355
Retirement pay provision	2.691.147	2.291.625	807.344	687.488
Investment allowance	--	21.495.745	--	2.192.566
Allowance for diminution in value	890.317	--	267.095	--
Finance lease liabilities	4.239	2.056.207	1.272	616.862
from restating non-monetary assets	--	869.473	--	260.842
Other	1.116.819	577.203	335.045	173.160
			3.163.330	**4.952.273**
Deferred tax liability				
Temporary differences arising from restating non-monetary assets	54.781.274	53.882.075	16.434.382	16.164.623
Unearned interest on payables	1.308.515	3.471.204	392.556	1.041.361
Other	--	19.091	--	5.727
			16.826.938	**17.211.711**
Deferred tax (asset) liability, net			**13.663.608**	**12.259.438**

Deferred income taxes are calculated using a principal tax rate of 30% and investment incentives at 10,2%.

Deferred tax assets related to investment allowances are reflected in the financial statements only if it is probable that there will be sufficient profits from which such allowances may be deducted.

A reconciliation of the deferred tax expense is as follows:

Opening balance as of 1 January	**12.259.438**	**1.992.006**
Deferred tax charge for the year	1.404.170	10.267.432
Closing balance as of 31 December	**13.663.608**	**12.259.438**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

14. RESERVE FOR RETIREMENT PAY

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 YTL 1.857,4 as of 31 December 2006 (2005: YTL 1.727,2) on historical cost basis).

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

In the accompanying consolidated 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:

	2006	**2005**
Discount rate	11%	12%
Average yields	6%	6%

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

Opening balance	2.291.625	2.023.490
Charge for the year	399.522	356.101
Monetary gain	--	(87.966)
Closing balance	**2.691.147**	**2.291.625**

Number of personnel employed at year end	2.953	2.978
Number of sub-contracted personnel employed at year end	1.200	--
Total number of personnel	**4.153**	**2.978**

Cost of personnel employed	55.871.068	48.146.328
Cost of sub-contracted personnel	15.301.401	--
Total personnel cost	**71.172.469**	**48.146.328**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

15. SHARE CAPITAL

The authorized and paid-in capital of the Company was YTL 190.000.000 consisting of 190.000.000 ordinary shares of par value YTL 1 each at 31 December 2006 and YTL 138,000,000 consisting of 138.000.000 ordinary shares of par value YTL 1 each at 31 December 2005.

As of 31 December 2006 and 2005, the shareholders of the Company and their percentage shareholdings were as follows:

	Shareholding %		Shareholding amount	
	2006	**2005**	**2006**	**2005**
Vestel Elektronik Sanayi ve Ticaret A.Ş.	72,6%	35,0%	137.999.993	48.300.000
Ahmet Nazif Zorlu	0%	26,5%	1	36.570.000
Olgun Zorlu	0%	26,5%	1	36.570.000
Zorlu Holding A.Ş.	--	10,0%	--	13.800.000
Other	0%	--	5	--
Shares held by public	27,4%	2,0%	52.000.000	2.760.000
Share capital	100,0%	100,0%	190.000.000	138.000.000
Inflation adjustment of share capital			15.720.137	15.720.137
Restated share capital			**205.720.137**	**153.720.137**

The share capital has been increased from YTL 46.000.000 to YTL 138.000.000 on the basis of the resolution of the general meeting of shareholders dated 18.03.2005 and published in the Gazette of the Commercial Registry on 24.03.2005 number 6267.

The Company increased its share capital during April 2006 by YTL 52.000.000 which was subscribed entirely by third parties.

The increase in share capital was as follows:

Out of inflation reserves	--	32.668.000
Out of general reserves	--	59.332.000
Subscription by third parties	52.000.000	--
	52.000.000	**92.000.000**

16. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

a. As of 31 December 2006, the Company has contingent liabilities amounting to YTL 10.275.565 in respect of bank loans, letters of credit and other guarantees arising in the ordinary course of business.

b. Due to the export and investment incentive certificates obtained for tax purposes, the Company has committed to realize exports amounting to USD 172.179.960 as of 31 December 2006.

c. The Company has operating lease agreements amounting to YTL 9.960 (2005: YTL 90.703).

d. Vestel Group signed a guarantee and credit agreement with Vakıflar Bankası for USD 120 million. Group companies and the majority shareholder of the Company were beneficiaries of and guarantors to the agreement.

e. Vestel Elektronik Sanayi ve Ticaret A.Ş. (majority shareholder of the Company) is a guarantor for a loan of EURO 9.000.000 obtained by the Company in June 2003.

f. 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.

g. A law suit has been initiated against the Company by two companies which engaged in the production of household appliances for the invalidity of the patent certificate. The Company has initiated a counter law suit with a claim to cancel the patent certificate from the related registry and invalidity of the same. The law-suits are 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.

h. Lawsuits opened against the Company amounted to YTL 59.961.

i. The value of the law-suits which have been finalized in favor of the Company is YTL 44.972. However, these lawsuits have been taken to the Court of Appeal.

Contingent assets

Letters of guarantee, cheques and notes obtained from suppliers and customers amounted to YTL 17.071.910.

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

17. NET SALES

	2006	2005
Total sales volume		
Refrigerators	2.242.833	1.694.465
Air conditioning units	237.449	332.395
Washing machines	1.423.953	1.015.578
Cookers	364.624	72.441
Total sales – YTL		
Domestic sales	423.345.012	362.108.949
Overseas sales	694.602.533	447.134.545
Other sales	1.780.779	1.153.733
Gross sales	**1.119.728.324**	**810.397.227**
Less: Sales returns and discounts	(601.735)	(324.496)
Net sales	**1.119.126.589**	**810.072.731**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

18. COST OF SALES

	2006	2005
Total production volume		
Refrigerators	2.174.527	1.718.091
Air conditioning units	214.913	369.497
Washing machines	1.451.017	1.020.850
Cookers	390.513	76.982
Cost		
Direct materials used	834.881.727	649.958.070
Direct labor	50.452.320	36.594.376
General overhead	38.152.836	29.327.826
Depreciation and amortization	33.300.676	26.226.668
Cost of goods produced	**956.787.559**	**742.106.940**
Changes in semi-finished goods		
Opening inventory	5.610.385	3.810.744
Closing inventory	(7.774.695)	(5.610.385)
Changes in finished goods		
Opening inventory	36.175.536	17.329.736
Closing inventory	(29.775.588)	(36.175.536)
Cost of goods sold	**961.023.197**	**721.461.499**
Purchased during the period	4.589.658	77.579
Opening merchandise inventory	78.592	105.899
Closing merchandise inventory	(3.279.561)	(78.592)
Cost of merchandise sold	**1.388.689**	**104.886**
Cost of sales	**962.411.886**	**721.566.385**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

19. OTHER INCOME (EXPENSE), net

	2006	2005
Scrap sales	3.073.055	1.911.776
Rent income	14	71.242
Profit on sale of fixed assets	1.109.480	--
Grant received	6.433.436	3.151.898
Insurance refunds	--	216.123
Other	1.864.101	561.117
Other income	**12.480.086**	**5.912.156**
Loss on sale of fixed assets	(51.599)	(457.593)
Idle capacity expenses	(458.540)	(7.170.433)
Provision for inventories	(487.263)	(403.054)
Insurance losses	(38.288)	(13.426)
Other	(238.251)	(86.881)
Other expense	**(1.273.941)**	**(8.131.387)**
Other income (expense), net	**11.206.145**	**(2.219.231)**

Grant received is related to reimbursements made by the Directorate for Technology Follow up and Evaluation ("TIDEB") 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 2005 and 2006.

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

20. FINANCING INCOME (EXPENSE), net

	2006	2005
Foreign exchange gain	11.878.918	16.202.333
Interest income from bank deposits	4.196.941	3.034.521
Interest income from term sales	16.443.062	--
Unearned interest on payables	11.981.413	6.614.011
Financing income	**44.500.334**	**25.850.865**
Foreign exchange loss	(34.743.294)	(9.887.201)
Bank loans interest expense	(18.395.761)	(5.776.897)
Interest expense from term purchases	(3.990.298)	(796.144)
Letters of credit expenses	(4.502.446)	(2.847.332)
Finance lease interest expense	(425.253)	(768.028)
Bank commission expenses	(10.008)	(130.517)
Unearned interest on receivables	(19.406.423)	(6.828.320)
Other financial expenses	(694.780)	(288.408)
Financing expense	**(82.168.263)**	**(27.322.847)**
Financing income (expense), net	**(37.667.929)**	**(1.471.982)**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

21. RELATED PARTY DISCLOSURE

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

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

As of 31 December 2005, cash and cash equivalents including demand deposits of YTL 232,287 and time deposits of YTL 3.355.000 at Denizbank A.Ş. The average interest rate was 14 % per year on new Turkish Lira and 2% per year on foreign currency, with an average of two days maturity.

As of 31 December 2005, the Company obtained interest-free loans amounting to YTL 15.129 from Denizbank A.Ş.

	Due from related parties		**Due to related parties**	
Related party	**Trade receivables**	**Other assets**	**Trade payables**	**Other liabilities**
2006				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	--	--	2.712.636	--
Vestel Holland BV	--	--	16.020.098	--
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	282.044.108	--	--	--
Vestel Dijital Üretim Sanayi A.Ş.	826.620	--	--	--
Vestel CIS Ltd	3.274.529	--	--	--
Vestel Dış Ticaret A.Ş.	70.928.925	--	--	--
Zorlu Holding A.Ş.	--	--	65.494	--
Other	68.987	--	9.971	--
	357.143.169	**--**	**18.808.199**	**--**
2005				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	--	--	3.987.355	--
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	147.516.841	--	--	--
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	--	--	63.457	--
Vestel Holland BV	--	--	3.083.197	--
Vestel Dış Ticaret A.Ş.	--	--	--	44.867.652
Korteks Mensucat A.Ş.	--	--	476	--
Zorlu Linens Pazarlama A.Ş.	--	--	67.629	--
Zorlu Holding A.Ş.	--	--	54.882	--
Vestel Dijital Üretim Sanayi A.Ş.	--	--	26.755	--
Zorpet Zorlu Petrol Nakliyat A.Ş.	161.925	--	--	--
Deniz Destek Oto Kiralama A.Ş.	--	--	6.086	--
Other	--	--	985	--
	147.678.766	**--**	**7.290.822**	**44.867.652**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

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

	Sales	**Purchases**	**Other income**	**Financing income**	**Financing expense**
2006					
Vestel Elektronik Sanayi ve Ticaret A.Ş.	462.606	2.789.786	--	745.061	1.014.950
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş	353.397.009	1.806.206	--	16.246.044	--
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	--	162.987	--	66.800	--
Zorpet Zorlu Petrol Nakliyat A.Ş.	1.860.859	--	--	--	--
Vestel Dış Ticaret A.Ş.	691.300.116	1.486.535	--	--	6.993.866
Vestel Dijital Üretim Sanayi A.Ş.	2.554	14.278	--	74.221	--
Vestel CIS Ltd.	3.302.417	34.844	--	--	--
Other	--	765.534	--	--	--
	1.050.325.561	**7.060.170**	**--**	**17.132.126**	**8.008.816**
2005					
Vestel Elektronik Sanayi ve Ticaret A.Ş.	255.549	2.519.934	19.016	396.096	356.457
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	315.613.206	49.138	52.277	2.631.980	--
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	6.340	35.930	--	70.611	--
Zorpet Zorlu Petrol Nakliyat A.Ş.	704.465	--	--	--	--
Vestel Dış Ticaret A.Ş.	447.668.193	2.472.098	--	695.374	4.882.091
Vestel Dijital Üretim Sanayi A.Ş.	218	25.051	--	--	--
	764.247.971	**5.102.151**	**71.293**	**3.794.061**	**5.238.548**

As of 31 December 2005, interest expense paid for loans obtained from Denizbank A.Ş. amounted to YTL 1.560.418 and interest income received from time deposits at Denizbank A.Ş. amounted to YTL 286.780.

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

22. FOREIGN CURRENCY POSITION

	USD	EURO	GBP	YTL equivalent
2006				
Cash and cash equivalents	2.170.768	3.607.073	--	9.729.728
Trade receivables	7.318.026	34.489.745	21.669	74.203.720
Total foreign currency assets	9.488.794	38.096.818	21.669	83.933.448
Current borrowings	9.615.517	11.281.366	--	34.403.021
Non-current borrowings	609.993	31.342.673	--	58.888.365
Trade payables	71.454.915	62.267.301	1.490	215.729.044
Total foreign currency liabilities	81.680.425	104.891.340	1.490	309.020.430
Net foreign currency position	**(72.191.631)**	**(66.794.522)**	**20.179**	**(225.086.982)**
2005				
Cash and cash equivalents	34.996	5.059.444	--	8.078.825
Advances given	231.711	3.420.237	--	5.740.536
Total foreign currency assets	266.707	8.479.681	--	13.819.361
Current borrowings	1.336.243	11.621.316	--	20.241.810
Non-current borrowings	9.773.838	40.480.382	--	77.377.142
Trade payables	24.501.908	68.373.233	--	141.419.168
Other liabilities	--	27.960.175	--	44.386.778
Total foreign currency liabilities	35.611.989	148.435.106	--	283.424.898
Net foreign currency position	**(35.345.282)**	**(139.955.425)**	**--**	**(269.605.537)**

(All amounts in New Turkish Lira ("YTL") unless indicated otherwise.)

23. SUPPLEMENTARY CASH FLOW INFORMATION

Depreciation and amortization charge:

These are included under the following captions:

	2006	**2005**
Cost of sales	33.300.676	26.226.668
Research and development expenses	1.822.198	1.173.586
Selling expenses	79.438	57.576
General and administrative expenses	479.005	346.058
	35.681.317	**27.803.888**

Adjustment to reconcile net income to net cash provided from operating activities:

Depreciation expense	34.514.426	27.005.749
Amortization charge	1.166.891	798.139
Provision for retirement pay	399.522	268.135
Provision for deferred taxes	1.404.170	10.267.432
Provision for doubtful receivables	--	1.200
Accrued interest expense on borrowings	1.103.085	415.462
Provision for taxes	1.287.503	795.805
Provision for inventories	487.263	403.054
Unearned interest on receivables	8.156.928	(2.036.878)
Unearned interest on payables	(731.918)	(2.106.904)
	47.787.870	**35.811.194**

Changes in operating assets and liabilities:

Trade receivables	(209.534.722)	(4.434.647)
Inventories	(30.018.347)	(16.833.349)
Other assets	(9.967.195)	(4.529.365)
Trade payables	80.719.279	(3.676.764)
Other liabilities	(42.866.421)	49.058.843
	(211.667.406)	**19.584.718**

24. SUBSEQUENT EVENTS

During January 2007, the Company borrowed EURO 1.560.000 with a maturity date of January 2008 and USD 21.191.000 with a maturity date of November 2007 and March 2008. Interest rate is 5,25% per year.