

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY- 30 JUNE 2009  
TOGETHER WITH AUDITOR'S REVIEW REPORT  
(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

To the Board of Directors of Türk Prysmian Kablo ve Sistemleri A.Ş.

*Introduction*

1. We have reviewed the accompanying balance sheet of Türk Prysmian Kablo ve Sistemleri A.Ş. ("the Company") as of 30 June 2009 and the related interim statement of comprehensive income, changes in shareholders' equity, cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of these interim financial statements in accordance with financial reporting standards issued by Capital Market Board ("CMB"). Our responsibility is to express the results of the review of these interim financial statements.

*Scope of review*

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in Section 34 of the Communiqué No: X-22 on the auditing standards issued by the Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of Türk Prysmian Kablo ve Sistemleri A.Ş. as at 30 June 2009, and its financial performance and its cash flows for the six-month period then ended in accordance with financial reporting standards issued by the Capital Market Board (Note 2).

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

**ORIGINAL TURKISH VERSION WAS SIGNED OFF**

Coşkun Şen, SMMM  
Partner

İstanbul, 5 August 2005

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY-30 JUNE 2009**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

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CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

BALANCE SHEETS

AT 30 JUNE 2009 AND 31 DECEMBER 2008

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

	Notes	<i>Reviewed</i> 30 June 2009	<i>Audited</i> 31 December 2008
<b>ASSETS</b>			
<b>Current Assets</b>		<b>173.345.460</b>	<b>234.965.525</b>
Cash and cash equivalents	6	26.267.822	22.165.909
Financial Investments	-	-	-
Trade receivables	10, 37	101.718.155	129.964.327
Receivables on construction contracts	15	-	2.023.974
Receivables from finance activities	12	-	-
Other receivables	11	2.510.218	3.347.614
Inventories	13	35.475.776	64.506.011
Other current assets	26	7.373.489	12.957.690
<i>Subtotal</i>		<i>173.345.460</i>	<i>234.965.525</i>
Assets held for sale	34	-	-
<b>Non-current assets</b>		<b>56.419.174</b>	<b>58.171.386</b>
Trade receivables	10, 37	-	-
Receivables form finance activities	12	-	-
Other receivables	11	-	-
Financial investments	7	-	-
Investments valued at equity method	16	-	-
Investment properties	17	-	-
Property, plant and equipment	18	53.895.070	56.384.236
Intangible assets	19	95.200	116.345
Goodwill	20	-	-
Deferred tax assets	35	2.304.749	650.419
Other non-current assets	26	124.155	1.020.386
<b>TOTAL ASSETS</b>		<b>229.764.634</b>	<b>293.136.911</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**BALANCE SHEETS**

**AT 30 JUNE 2009 AND 31 DECEMBER 2008**

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

	<i>Notes</i>	<i>Reviewed</i> <b>30 June 2009</b>	<i>Audited</i> <b>31 December 2008</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>92.403.075</b>	<b>141.471.885</b>
Financial Liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10, 37	68.027.529	117.586.387
Construction contracts acquisition value	15	-	-
Other payables	11	6.399.009	10.626.837
Payables due to finance activities	12	-	-
Government grants	21	-	-
Tax liabilities	35	2.277.409	3.251.755
Provisions	22	12.200.419	8.942.977
Other current liabilities	26	3.498.709	1.063.929
<i>Subtotal</i>		<i>92.403.075</i>	<i>141.471.885</i>
Liabilities related to assets held for sale	34	-	-
<b>Non-current liabilities</b>		<b>9.180.208</b>	<b>11.613.893</b>
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10, 37	-	-
Other payables	11	-	-
Payables due to finance activities	12	-	-
Government grants	21	-	-
Provisions	22	2.640.593	4.036.105
Benefits to personnel	24	6.539.615	7.577.788
Deferred tax liabilities	35	-	-
Other non-current liabilities	26	-	-
<b>SHAREHOLDERS' EQUITY</b>		<b>128.181.351</b>	<b>140.051.133</b>
<b>Shareholders' Equity of Parent Company</b>			
Paid-in capital	27	112.233.652	39.312.000
Paid-in capital inflation adjustment differences	27	-	8.462.823
Elimination of subsidiary shares in share capital	27	-	-
Share premium	27	-	-
Revaluation fund	27	-	-
Foreign currency translation differences	27	-	-
Restricted reserves	27	5.656.089	1.616.684
Retained earnings	27	18.742.540	72.654.896
Net income/(loss) for the period	27	(8.450.930)	18.004.730
<b>Minority interests</b>		<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>229.764.634</b>	<b>293.136.911</b>

These financial statements as at and for the period ended 30 June 2009 were approved by Board of Directors on 5 August 2009.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**STATEMENTS OF INCOME FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2009 AND 2008**

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

		<i>Reviewed</i> 1 January- 30 June 2009	<i>Reviewed</i> 1 January- 30 June 2008	1 April- 30 June 2009	<i>Reviewed</i> 1 April- 30 June 2008
	Notes				
<b><u>CONTINUING OPERATIONS</u></b>					
Sales Income	28	210.780.320	322.570.913	92.152.529	164.915.832
Cost of Sales (-)	28	(182.900.602)	(276.752.241)	(80.325.821)	(142.696.113)
<b>Gross operating profit/ (loss)</b>		<b>27.879.718</b>	<b>45.818.672</b>	<b>11.826.708</b>	<b>22.219.719</b>
<b>GROSS PROFIT/ (LOSS)</b>		<b>27.879.718</b>	<b>45.818.672</b>	<b>11.826.708</b>	<b>22.219.719</b>
Marketing, Sales and Distribution Expenses (-)	29, 30	(15.675.054)	(19.692.617)	(8.733.239)	(9.589.203)
General Administrative Expenses (-)	29, 30	(11.593.336)	(11.457.776)	(4.773.018)	(5.199.512)
Research and Development Expenses (-)	29, 30	(556.473)	(515.743)	(239.761)	(284.380)
Other Operating Income	31	3.993.288	1.219.139	1.932.360	(10.718)
Other Operating Expenses (-)	31	(10.974.380)	(1.732.897)	(10.749.366)	(203.720)
<b>OPERATING PROFIT/ (LOSS)</b>		<b>(6.926.237)</b>	<b>13.638.778</b>	<b>(10.736.316)</b>	<b>6.932.186</b>
Profit/(Loss) From Investments Valued at Equity Method		-	-	-	-
Financial Income	32	22.186.038	10.646.619	1.416.708	(1.860.610)
Financial Expenses (-)	33	(23.087.652)	(14.183.698)	(1.377.578)	(602.269)
<b>INCOME/ (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES</b>		<b>(7.827.851)</b>	<b>10.101.699</b>	<b>(10.697.186)</b>	<b>4.469.307</b>
<b>Taxes on (income)/loss from continuing operations</b>		<b>(623.079)</b>	<b>(2.002.081)</b>	<b>621.008</b>	<b>(714.626)</b>
Taxes on income/(loss) for the period	35	(2.277.409)	(2.846.221)	(2.277.409)	(676.221)
Deferred tax income/(loss)	35	1.654.330	844.140	2.898.417	(38.405)
<b>NET INCOME/ (LOSS) FOR THE PERIOD</b>		<b>(8.450.930)</b>	<b>8.099.618</b>	<b>(10.076.178)</b>	<b>3.754.681</b>
<b>Other Comprehensive Income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME AFTER TAX</b>		<b>(8.450.930)</b>	<b>8.099.618</b>	<b>(10.076.178)</b>	<b>3.754.681</b>
<b>Earnings Per Share</b>	<b>36</b>	<b>(0,008)</b>	<b>0,007</b>	<b>(0,009)</b>	<b>0,003</b>
<b>Diluted Earnings per Share</b>			-	-	
<b>Earnings per Share from continuing operations</b>		<b>(0,008)</b>	<b>0,007</b>	<b>(0,009)</b>	<b>0,003</b>
<b>Diluted Earnings per Share from continuing operations</b>		-	-	-	-

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**STATEMENTS OF CASH FLOW  
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2009 AND 2008**

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

	<i>Notes</i>	<i>Reviewed 1 January- 30 June 2009</i>	<i>Reviewed 1 January- 30 June 2008</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>8.017.733</b>	<b>(20.781.290)</b>
Net profit before taxation (+)		<b>(7.827.851)</b>	<b>10.101.699</b>
<b>Adjustments:</b>			
Depreciation (+)	18, 19	3.564.415	3.681.271
Employment termination benefits	24	7.747	468.263
Interest income (-)	32	(638.838)	(199.761)
Interest expense (+)	33	83.861	1.209.627
Change in provision for doubtful receivables	10	44.197	693.235
Change in deferred financial income	10	(938.125)	358.408
Change in deferred financial expense	10	244.539	1.888
<b>Changes in assets and liabilities:</b>			
Change in trade receivables	10, 37	29.140.100	(35.812.899)
Change in other receivables	11	837.396	(1.343.575)
Change in inventories	13	29.030.235	(984.751)
Change in other current assets	26	7.617.617	3.668.646
Change in other non-current assets	26	896.231	464.712
Change in trade payables	10, 37	(47.779.423)	4.301.711
Change in short term provisions	22	3.257.442	843.405
Change in other short-term liabilities	26	(2.187.673)	(958.980)
Change in other long-term liabilities	26	(1.395.512)	561.090
Taxes paid	35	(5.285.171)	(7.632.405)
Employment termination benefits paid	24	(653.454)	(202.874)
<b>Net cash generated from operating activities</b>		<b>8.017.733</b>	<b>(20.781.290)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>(1.054.104)</b>	<b>(4.625.187)</b>
Fixed asset additions (-)	18	(1.128.492)	(4.630.110)
Proceeds from sale of property, plant and equipment (+)	18	74.388	4.923
<b>Net cash used in investment activities</b>		<b>(1.054.104)</b>	<b>(4.625.187)</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		<b>(2.861.716)</b>	<b>14.359.070</b>
Interest paid (-)	33	(83.861)	(1.209.627)
Interest received (+)	32	638.838	199.761
Change in borrowings	8	-	23.177.650
Dividends paid	27	(3.416.693)	(7.808.714)
<b>Net cash used in financial activities</b>		<b>(2.861.716)</b>	<b>14.359.070</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>4.101.913</b>	<b>(11.047.407)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6</b>	<b>22.165.909</b>	<b>15.580.851</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>26.267.822</b>	<b>4.533.444</b>

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 30 JUNE 2009**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES**

The primary operations of Türk Prysmian Kablo ve Sistemleri A.Ş. ("the Company"), established and operating in Turkey are the production, import, export and trading of cables, conductors, machinery, apparatus, their spare parts and accessories. The Company was established in 1964. The main shareholder of the Company is Prysmian Cable Holding B.V. (83.75%). The Company is registered with the Capital Markets Board ("CMB") and 15.48% of its shares have been quoted on the Istanbul Stock Exchange ("ISE").

The Company's previous name "Türk Pirelli Kablo ve Sistemleri A.Ş." was changed to "Türk Prysmian Kablo ve Sistemleri A.Ş." with respect to the General Assembly decision dated on 26 September 2005. The new name had been registered to T.C. Bursa Trade Register Office on 27 September 2005.

Company is operating in one sector, cable production and sale, and in one geographical region. Product range of the Company includes all energy cables up to 220 kVolt, copper conductive communication cables up to 3600 duplex and fiber optic cables. The factory of the Company is situated in Bursa Mudanya, and it contains thermic, mechanic, chemical, and electrical scientific research and test laboratories which have Turkish Standards Institute (TSI) adequacy, and a high level of technology.

The address of the registered office is Ömerbey Mah. Bursa Asfaltı Cad. No:51 16941 Mudanya Bursa. The average number of employees of the Company as f the period is stated as follows:

**30 June 2009**

<b>Personnel Type</b>	<b>Union</b>	<b>Union Name</b>	<b>Non-union</b>
Blue Collar	301	Birleşik Metal İş Sendikası	1
White Collar	-	-	81
<b>TOTAL</b>	<b>301</b>		<b>82</b>

**31 December 2008**

<b>Personnel Type</b>	<b>Union</b>	<b>Union Name</b>	<b>Non-union</b>
Blue Collar	319	Birleşik Metal İş Sendikası	1
White Collar	-	-	83
<b>TOTAL</b>	<b>319</b>		<b>84</b>

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 30 JUNE 2009**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The interim financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 14 April 2008, including the compulsory disclosures.

In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

**2.2 Changes in Accounting Policies**

There is not any accounting policy changed or planned to be changed in the period. All accounting policies applied are consistent with the prior periods' policies.

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE NOTE 42**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 30 JUNE 2009**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.3 Changes in accounting estimates and errors**

Material changes in accounting policies or material errors are corrected, retrospectively; restating the prior period financial statements. Effects of changes in accounting estimates are recognized prospectively; i.e. the effects of such changes on current and future periods are recognized in the current and future periods.

**2.4 Summary of significant accounting policies**

**2.4.1 Revenue recognition:**

Net revenues represent the invoiced value of goods shipped. Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of consideration received or receivable. Construction type contracts revenue are presented in the financial statements based on the percentage of completion method (Note 2.4.17). When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income.

**2.4.2 Inventories:**

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. The cost of inventories is determined on a process costing basis, the first in first out (FIFO) method. Inventories comprise of all raw material, direct labor, and other direct and indirect production costs. Financial expenses are not capitalized and are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 13).

The Company performs monthly stock counts. Cost of inventories include total purchase costs and other costs incurred in bringing the inventories to their present location and condition.

**2.4.3 Tangible Assets:**

Property, plant and equipment are carried at cost less accumulated depreciation (Note 18). Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets, except for land. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows;

	<b><u>Economic life</u></b>	<b><u>Method</u></b>
Buildings	20-50 years	Straight-line Method
Machinery and equipment	5-15 years	Straight-line Method
Vehicles	5 years	Straight-line Method
Furniture and fixture	2-5 years	Straight-line Method
Special costs	5-10 years	Straight-line Method
Rights	8-20 years	Straight-line Method

Lands are not depreciated due to its infinite economic life.

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Expenses for repair and maintenance of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

**2.4.4 Intangible assets:**

Intangible assets comprise acquired computer software and development costs. They are recorded at their acquisition cost and amortized using the straight-line method over their estimated useful lives for a period not exceeding five years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 19).

**2.4.5 Impairment of assets:**

Tangible and intangible non-current assets are examined for any impairment resulting from an event or change, which leads the carrying amount to exceed its recoverable amount. An impairment loss is charged to income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use.

In case that increase in the recoverable amount of the asset is related with a situation that has occurred in the period subsequent to the period in which the impairment of an asset is booked, impairment amount can be reversed. Reversal amount cannot be greater than the impairment amount that has been booked before.

**2.4.6 Trade receivables:**

Trade receivables that are originated by the Company by providing goods or services directly to a debtor are carried at amortized cost using the effective yield method. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.4.7 Financial liabilities:**

Financial liabilities are recognised initially at proceeds received, net of transaction costs incurred. Financial liabilities are subsequently stated at amortized cost using the effective yield method. Any difference between the proceeds and redemption value is recognised in the statements of income over the period of the borrowings.

**2.4.8 Financial instruments:**

**a) Financial instruments and financial risk management**

***Credit risk***

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Material trade receivable balances comprise of receivables from dealers and intercompanies. The Company has established an effective control system, which is monitored by the management. Guarantees taken from dealers is another tool used in credit risk management (Note 10).

***Liquidity risk***

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate, committed funding lines from high quality lenders (Note 10).

The Company does not have any bank loans, bonds issued and financial leasing liabilities. Explanations related with the liquidity risk arising from trade payables and other payables are presented in Note 10.

***Interest-rate risk***

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

***Foreign currency risk***

The Company is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to local currency (Note 38). These risks are monitored and limited by the analysis of the foreign currency position.

**b) Fair value of the financial instruments**

Fair value is the amount at which a financial instrument can 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 the following assumptions:

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

***Monetary assets***

The fair values of balances denominated in foreign currencies, which are translated at year-end bid rates declared by Central Bank of Turkey are considered to approximate its carrying value.

Financial assets including cash and amounts due from banks are considered to approximate their respective carrying values since they are translated at bid rates declared by the Central Bank of Turkey.

The carrying value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair values.

***Monetary liabilities***

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

Long term borrowings and trade payables, which are denominated in foreign currencies, are translated at period-end ask rates declared by the Central Bank of Turkey and accordingly their carrying amounts approximate their fair values.

Since long-term borrowings which are denominated in foreign currencies, are translated at period-end rates, their fair values are considered to approximate their respective carrying values.

**2.4.9 Business Combinations:**

None (2008: None).

**2.4.10 Foreign currency transactions:**

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets denominated in foreign currencies have been translated into Turkish Lira at the TCMB ask rates prevailing at the balance sheet dates. Payables denominated in foreign currencies have been translated into Turkish Lira at the TCMB bid 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 statements of income.

**2.4.11 Earnings per share:**

Earnings per share disclosed in the statements of income are determined by dividing net income by the weighted average number of shares in existence during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus share issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.4.12 Subsequent events:**

There are no subsequent events resulting in an adjustment to financial statements.

**2.4.13 Provisions, contingent assets and liabilities:**

Provisions are recognized when the Company has a present legal or constructive obligation or a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Warranty expenses are recorded as a result of repair and maintenance expenses based on statistical information for possible future warranty services (Note 22).

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial tables and treated as contingent assets or liabilities (Note 41).

**2.4.14 Leasing**

None (2008: None).

**2.4.15 Related parties:**

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, investments, associated companies and joint venture partners are considered and referred to as related parties (Note 37).

**2.4.16 Segment reporting:**

None (2008: None).

**2.4.17 Construction type contracts:**

Construction type contracts are presented in the financial statements based on the percentage of completion method.

**2.4.18 Discontinued operations:**

None (2008: None).

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.4.19 Government grants and incentives:**

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received. A forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. Even if the state incentives are obtained either by offsetting an obligation or in cash, they are recognised in the same method in financial statements.

**2.4.20 Investment property:**

None (2008: None).

**2.4.21 Taxes on income:**

Corporation tax is payable at a rate of 20% for the year 2009 (2008: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

**2.4.22 Deferred income taxes:**

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities, related to income taxes levied by the same taxation authority, are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities (Note 35).

**2.4.23 Employment termination benefits:**

Provision for employment termination benefit represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law (Note 24).

**2.4.24 Cash and cash equivalents:**

Cash and cash equivalents are valued with their nominal values. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid assets, whose maturity at the time of purchase is less than six months (Note 6).

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2.4.25 Capital and Dividends:**

Ordinary shares are classified as equity. Dividends receivable are recognised as income in the period when the right to receive payment is established and dividends payable are recognised as an appropriation of profit in the period in which they are declared (Note 27).

**2.4.26 Financial assets:**

All the financial investments are initially valued over their costs which are the fair value of the acquisition including acquisition costs related to the investment. With respect to the financial assets where the Company has an interest below 20% or subsidiaries which are not included in the consolidation, when the financial investments do not have any quoted fair value; other methods to identify the fair value are not applicable; or a reasonable estimate cannot be performed, the face value of the financial asset is calculated by deducting, if any, the impairment provision from the cost. Gains and losses resulting from the changes in the fair values of held for sale financial assets are indicated in the end of period results (Note 7).

**2.4.27 Statement of cash flow:**

The cash and cash equivalents represented in cash flow statement comprise of cash in hand and, bank deposits, with a maturity of less than three months, and reverse repo agreements with banks.

**2.5 Significant accounting estimates and assumptions:**

Preparation of financial statements requires use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of balance sheet date, contingent assets and liabilities disclosed and amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Group management's best knowledge about the current events and transactions, actual outcome may vary from those estimates and assumptions.

**NOTE 3 – BUSINESS COMBINATIONS**

There are no business combinations as of the balance sheet date. (2008: None).

**NOTE 4 – BUSINESS PARTNERSHIP**

There are no business partnerships as of the balance sheet date. (2008: None).

**NOTE 5 – SEGMENT REPORTING**

The Company operates in one business (cable production and sale) and one geographical segment. Therefore, segment reporting is not required (2008: None).

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**NOTE 6 – CASH AND CASH EQUIVALENTS**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Cash – YTL	1.403	1.321
Cash – Foreign Currency	10.608	6.356
Bank – Demand Deposit	7.245	53.085
Bank – YTL – Time Deposit	15.985.534	2.653.185
Bank – Export Foreign Currency	-	153.421
Bank – Foreign currency	1.527.404	51.422
Bank – USD – Time Deposit	1.717.341	9.361.353
Bank – EUR – Time Deposit	4.619.443	7.730.195
Cheques received	2.398.844	2.155.571
<b>TOTAL</b>	<b>26.267.822</b>	<b>22.165.909</b>

Maturities and interest rates for the time deposits are as follows:

	<b>30 June 2009</b>		<b>31 December 2008</b>	
	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>
YTL Time Deposits	O/N	11	O/N	16
YTL Time Deposits	O/N	10,25	O/N	15,25
YTL Time Deposits	O/N	11,10	-	-
YTL Time Deposits	8 Days	13,25	-	-
Time Deposits USD	O/N	3	O/N	2,75
Time Deposits USD	-	-	5 Days	3,50
Time Deposits EUR	O/N	3	O/N	4

**NOTE 7 – FINANCIAL INVESTMENTS**

There are no financial investments of the Company as of 30 June 2009 (2008: As it is approved on the Extraordinary General Meeting of Shareholders on 5 December 2008 that, 3,81 % shares of Entek Eletktirk Üretimi A.Ş. whose nominal value amounts to TL3.768.000 is sold and transferred to Aygaz A.Ş. at a price of TL6.856.536. Sales price has been received in cash and TL3.936.185 profit has been obtained as a result of the sale) .

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**NOTE 8 – FINANCIAL LIABILITIES**

There are no financial liabilities of the Company as of 30 June 2009 (2008: None).

**NOTE 9 – OTHER FINANCIAL LIABILITIES**

None (2007: None).

**NOTE 10 – TRADE RECEIVABLES AND PAYABLES**

**a) Short-term trade receivables:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Trade Receivables (Domestic)	33.419.125	49.149.101
Trade Receivables (Foreign)	38.128.178	44.825.064
Trade Receivables (Foreign Related Parties) (Note 37)	9.235.668	6.591.807
Notes Receivables	21.354.313	30.755.610
Doubtful Receivables	13.320.860	13.276.663
Provision for Doubtful Receivables	(13.320.860)	(13.276.663)
Unearned Financial Income	(419.129)	(1.357.255)
<b>TOTAL</b>	<b>101.718.155</b>	<b>129.964.327</b>

Foreign exchange differences accrued for foreign currency doubtful receivables are included in the provision and reflected to the foreign exchange income/loss.

Movement of the provision for doubtful receivables during the periods is as follows:

	<b>2009</b>	<b>2008</b>
<b>1 January</b>	<b>13.276.663</b>	<b>10.350.058</b>
Additions and collections	(89.431)	161.410
Changes due to the foreign exchange rate differences	133.628	531.825
<b>30 June</b>	<b>13.320.860</b>	<b>11.043.293</b>

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**NOTE 10 – TRADE RECEIVABLES AND PAYABLES (CONTIUNED)**

Aging analysis of Notes Receivables:

	<b>30 June 2009</b>	<b>31 December 2008</b>
0-30 Days Maturity	10.393.771	18.446.731
31-60 Days Maturity	6.194.325	9.161.693
61-90 Days Maturity	3.372.226	2.458.629
91 Days and Over	1.393.991	688.557
<b>TOTAL</b>	<b>21.354.313</b>	<b>30.755.610</b>

Guarantees received regarding trade receivables:

The company minimizes all risks regarding trade receivables by effective controls and by guarantees received. A trade relationship is formed between the Company and its customer after guarantees are obtained from the customers. All guarantee terms are kept under control both before order date and shipment date. As of 30 June 2009 the Company has TL31.128.279 (31 December 2008: TL32.599.701) of guarantees for its trade receivables.

Aging analysis of trade receivables:

As of 30 June 2009, maturities of trade receivables, for which no bad debt provision has been accounted, are as follows;

	<b>30 June 2009</b>	<b>31 December 2008</b>
Overdue receivables (*)	14.774.045	7.684.777
0-30 Days Maturity	19.653.100	39.193.259
31-60 Days Maturity	26.150.754	34.309.245
61-90 Days Maturity	19.795.235	4.647.368
91-120 Days Maturity	-	-
121 Days and Over	409.837	14.731.323
<b>TOTAL</b>	<b>80.782.971</b>	<b>100.565.972</b>

<b>(*) Overdue days</b>	<b>30 June 2009</b>	<b>31 December 2008</b>
0-1 Month	11.172.172	6.516.989
1-3 Month	2.019.262	979.235
3-6 Month	1.582.611	188.553
<b>TOTAL</b>	<b>14.774.045</b>	<b>7.684.777</b>

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**NOTE 10 – TRADE RECEIVABLES AND PAYABLES (CONTIUNED)**

**b) Short-Term Trade Payables:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Trade Payables (Domestic)	33.253.932	71.748.177
Trade Payables (Foreign)	30.721.584	40.385.788
Trade Payables (Foreign Related Parties) (Note 37)	4.099.207	5.744.155
Deferred Financial Expenses	(47.194)	(291.733)
<b>TOTAL</b>	<b>68.027.529</b>	<b>117.586.387</b>

<b>Non-derivative financial liabilities as of 30 June 2009</b>						
Expected terms	Net book value	Expected total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Trade Payables	68.027.529	68.074.723	60.672.780	7.401.943	-	-
Other Payables	6.399.009	6.399.009	2.958.614	3.211.707	223.206	5.482

<b>Non-derivative financial liabilities as of 31 December 2008</b>						
Expected terms	Net book value	Expected total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Trade Payables	117.586.387	117.878.120	81.420.904	36.457.216	-	-
Other Payables	10.626.837	10.626.837	8.554.456	1.944.788	127.256	337

	<b>Receivables</b>				<b>Bank Deposits</b>
	<b>Trade Receivables</b>		<b>Other Receivables</b>		
<b>30 June 2009</b>	<b>Related Parties</b>	<b>Other Parties</b>	<b>Related Parties</b>	<b>Other Parties</b>	
<b>Maximum risk on receivables as of reporting date (A+B+C+D+E)</b>	<b>9.235.668</b>	<b>92.482.487</b>	<b>-</b>	<b>2.510.218</b>	<b>23.856.967</b>
Guaranteed portion of the maximum risk	-	-	-	-	-
<b>A. Net book value of the assets that are not due or provision (impairment) has not been accounted for</b>	<b>6.695.426</b>	<b>80.248.684</b>	<b>-</b>	<b>2.510.218</b>	<b>23.856.967</b>
<b>B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Book value of the overdue assets that provision (impairment) has not been accounted for</b>	<b>2.540.242</b>	<b>12.233.803</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Guaranteed portion	-	8.151.207	-	-	-
<b>D. Net book value of the assets that impaired (provision has been accounted for)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Overdue (gross book value)	-	13.320.860	-	-	-
Impairment (-)	-	(13.320.860)	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
<b>E. Off balance sheet items that pose credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E. Off balance sheet items that pose credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**NOTE 10 - TRADE RECEIVABLES AND PAYABLES (CONTIUNED)**

31 December 2008	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
<b>Maximum risk on receivables as of reporting date (A+B+C+D+E)</b>	<b>6.591.807</b>	<b>123.372.520</b>	-	<b>3.347.614</b>	<b>20.002.662</b>
Guaranteed portion of the maximum risk	-	-	-	-	-
<b>A. Net book value of the assets that are not due or provision (impairment ) has not been accounted for</b>	4.882.018	117.397.533	-	3.347.614	20.002.662
<b>B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired</b>	-	-	-	-	-
<b>C. Book value of the overdue assets that provision (impairment ) has not been accounted for</b>	1.709.789	5.974.988	-	-	-
- Guaranteed portion	-	2.228.375	-	-	-
<b>D. Net book value of the assets that impaired( provision has been accounted for)</b>	-	-	-	-	-
Overdue (gross book value)	-	13.276.663	-	-	-
Impairment (-)	-	(13.276.663)	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
E. Off balance sheet items that pose credit risk	-	-	-	-	-
<b>E. Off balance sheet items that pose credit risk</b>	-	-	-	-	-

**NOTE 11 - OTHER RECEIVABLES AND PAYABLES**

**a) Other Receivables:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
VAT Receivable from Direct Export Sales	101.928	533.608
VAT Receivable from Export Sales	1.965.534	1.954.581
Receivables from Personnel	213.117	175.635
Other Doubtful Receivables	32.695	32.695
Provisions for Other Doubtful Receivables	(32.695)	(32.695)
Deposits and Warranties Given	50.881	28.674
Other Miscalleneous Receivables	178.758	655.116
<b>TOTAL</b>	<b>2.510.218</b>	<b>3.347.614</b>

**b) Other Payables:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Due to Shareholders	11.291	9.132
Order Advances Received	6.387.718	10.617.705
<b>TOTAL</b>	<b>6.399.009</b>	<b>10.626.837</b>

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**NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES**

None (2008: None).

**NOTE 13 - INVENTORIES**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Raw materials	9.552.988	16.021.986
Semi-finished goods	11.340.865	22.732.432
Finished goods	15.160.207	26.483.815
Trade goods	439.856	1.597.593
Other inventories	2.662	135.927
Provision for diminution in value of inventories	(1.020.802)	(2.465.742)
<b>TOTAL</b>	<b>35.475.776</b>	<b>64.506.011</b>

As of 1 January - 30 June 2008, TL165.979.917 (1 January-31 December 2008: TL484.659.202) of cost of goods sold is related raw materials usage (Note: 28).

<b>Movement for the provision of obsolete inventory:</b>	<b>2009</b>	<b>2008</b>
<b>1 January</b>	<b>2.465.742</b>	<b>963.981</b>
Additions and deductions during the period	(1.444.940)	336.322
<b>30 June</b>	<b>1.020.802</b>	<b>1.300.303</b>

**NOTE 14 - BIOLOGICAL ASSETS**

None (2008: None).

**NOTE 15 - ASSETS RELATED TO CONSTRUCTION CONTRACTS**

The Company applies percentage of completion method for construction type contracts for revenue and cost recognition. There is not any contracts that the Company has signed at 2009 in this respect. (2008: 3 contracts).

**a) Karadeniz Coastal Way and 2,500 km Fiber Project:**

Bidding Company : Türk Telekomünikasyon A.Ş. (TÜRK TELEKOM)  
Contract Date / Amount : 10 September 2007 / USD10.651.778  
Provisional Acceptance Date : 18 June 2009

There are 16 progress payments related with the project as of 31 June 2009 (2008: 4). The Company has completed 100% of the project at the current period, revenues and costs are allocated to the financial statements on this portion.

	<b>Current Period</b>	<b>Prior Periods</b>	<b>TOTAL</b>
Additions to sales revenue	2.180.555	7.686.464	<b>9.867.019</b>
Additions to cost of sales	2.357.987	7.409.426	<b>9.767.413</b>
Net income /(loss) on financial statements	(177.432)	277.038	<b>99.606</b>

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in that time interval. Company's detained receivable related with the project amounts to TL1.678.560.

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**NOTE 15 - ASSETS RELATED TO CONSTRUCTION CONTRACTS (CONTINUED)**

**b) Dudullu TM- Paşaköy TM 154 Kv Underground Cable Connection Project:**

Bidding Company : Türkiye Elektrik İletim A.Ş. (TEİAŞ)  
Contract Date / Amount : 12 February 2008 / TL19.498.865  
Provisional Acceptance Date : 21 February 2009

There are 5 progress payments related with the project as of 30 June 2009. The Company has completed 100% of the project at the current period, revenues and costs are allocated to the financial statements on this portion.

	<b>Current Period</b>	<b>Prior Periods</b>	<b>TOTAL</b>
Additions to sales revenue	2.137.116	19.078.175	<b>21.215.291</b>
Additions to cost of sales	631.515	13.893.069	<b>14.524.584</b>
Net income /(loss) on financial statements	<b>1.505.600</b>	<b>5.185.106</b>	<b>6.690.707</b>

Company collected all receivables related with progress payments at the current period and there are no advances received related with the project.

**c) Edirnekapı – Topkapı Railway Route 154 kV Energy Cable Displacement Project:**

Bidding Company : İstanbul Elektrik Tramvay ve Tünel İşletmeleri Genel Müdürlüğü (İETT)  
Contract Date / Amount : 18 April 2008 / EUR1.831.360 + VAT  
Provisional Acceptance Date : 31 December 2008

The Company has completed 100% of the project at 2008 and revenues and costs are allocated to the financial statements on this portion.

	<b>Current Period</b>	<b>Prior Periods</b>	<b>TOTAL</b>
Additions to sales revenue	-	3.792.831	<b>3.792.831</b>
Additions to cost of sales	-	2.854.842	<b>2.854.842</b>
Net income /(loss) on financial statements	-	937.989	<b>937.989</b>

**d) Atışalanı - Bağcılar 154kV Turnkey Underground Cable Connection Project:**

Bidding Company : Türkiye Elektrik İletim Genel Müdürlüğü (TEİAŞ)  
Contract Date / Amount : 27 December 2006 / USD8.504.736 + TL9.429.082  
Provisional Acceptance Date : 29 January 2008

The Company has completed 100% of the project at 2008 and temporary acceptance reports have been approved.

	<b>Current Period</b>	<b>Prior Periods</b>	<b>TOTAL</b>
Additions to sales revenue	-	19.478.014	<b>19.478.014</b>
Additions to cost of sales	-	16.210.939	<b>16.210.939</b>
Net income /(loss) on financial statements	-	3.267.075	<b>3.267.075</b>

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in this time interval. . Company's detained receivable related with the project amounts to TL1.074.619.

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**NOTE 15 - ASSETS RELATED TO CONSTRUCTION CONTRACTS (CONTINUED)**

**e) İsdemir 154 Kv GIS and 154 kV Power Station/ GPP Cable Connection and Montage Project**

Bidding Company : İskenderun Demir ve Çelik A.Ş.  
Contract Date / Amount : 15 March 2007 / EUR5.829.850  
Temporary Acceptance Date : 22 January 2008

The Company has completed 100% of the project at 2008 and temporary acceptance reports have been approved.

	<b>Current Period</b>	<b>Prior Periods</b>	<b>TOTAL</b>
Additions to sales revenue	-	10.007.146	<b>10.007.146</b>
Additions to cost of sales	-	7.630.103	<b>7.630.103</b>
Net income /(loss) on financial statements	-	2.377.043	<b>2.377.043</b>

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in this time interval. There are no detained progress payments and advances received related with the project at current period.

**NOTE 16 – INVESTMENTS VALUED AT EQUITY METHOD**

None (2008: None).

**NOTE 17 – INVESTMENT PROPERTIES**

None (2008: None).

**NOTE 18 – PROPERTY, PLANT AND EQUIPMENT**

<b>2009</b>	<b>31.12.2008</b>	<b>Additions</b>	<b>Disposals</b>	<b>30.06.2009</b>
<b>Cost</b>				
Land	3.780.040	-	-	3.780.040
Buildings	44.113.319	102.000	(1.908)	44.213.411
Machinery and equipment	206.424.460	840.501	(15.265.669)	191.999.292
Motor vehicles, furniture and fixtures	23.070.338	185.991	(295.832)	22.960.497
Special costs	77.543	-	-	77.543
<b>Total</b>	<b>277.465.700</b>	<b>1.128.492</b>	<b>(15.563.409)</b>	<b>263.030.783</b>
<b>Accumulated Depreciation</b>				
Buildings	(21.781.328)	(385.709)	316	(22.166.721)
Machinery and equipment	(178.190.240)	(2.865.222)	15.254.362	(165.801.100)
Motor vehicles, furniture and fixtures	(21.032.381)	(292.339)	234.343	(21.090.377)
Special costs	(77.515)	-	-	(77.515)
<b>Total</b>	<b>(221.081.464)</b>	<b>(3.543.271)</b>	<b>15.489.022</b>	<b>(209.135.713)</b>
<b>Net Book Value</b>	<b>56.384.236</b>	<b>(2.414.779)</b>	<b>(74.387)</b>	<b>53.895.070</b>

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**NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

As of 30 June 2009, the Company has TL3.564.415 depreciation expense; TL3.543.270 for tangible assets and TL21.145 for intangible assets. TL3.273.434 of the current period depreciation expense is allocated to cost of goods sold and TL290.981 of the depreciation expense is allocated to operating expenses.

<b>2008</b>	<b>31.12.2007</b>	<b>Additions</b>	<b>Disposals</b>	<b>30.06.2008</b>
<b>Cost</b>				
Land	3.780.040	-	-	3.780.040
Buildings	43.615.327	400.000	-	44.015.327
Machinery and equipment	208.274.706	4.032.129	(5.395.369)	206.911.466
Motor vehicles, furniture and fixtures	22.799.294	183.352	(9.986)	22.972.660
Special costs	77.543	-	-	77.543
<b>Total</b>	<b>278.546.910</b>	<b>4.615.481</b>	<b>(5.405.355)</b>	<b>277.757.036</b>
<b>Accumulated Depreciation</b>				
Land	(21.019.800)	(379.519)	-	(21.399.319)
Machinery and equipment	(180.534.877)	(2.968.926)	5.395.369	(178.108.434)
Motor vehicles, furniture and fixtures	(20.625.654)	(319.768)	5.063	(20.940.359)
Special costs	(77.515)	-	-	(77.515)
<b>Total</b>	<b>(222.257.846)</b>	<b>(3.668.213)</b>	<b>5.400.432</b>	<b>(220.525.627)</b>
<b>Net Book Value</b>	<b>56.289.064</b>	<b>947.268</b>	<b>(4.923)</b>	<b>57.231.409</b>

As of 30 June 2008, the Company has TL3.681.271 depreciation expense; TL3.668.213 for tangible assets and TL13.058 for intangible assets. TL3.185.863 of the current period depreciation expense is allocated to cost of goods sold and TL495.408 of the depreciation expense is allocated to operating expenses.

**NOTE 19 - INTANGIBLE ASSETS**

<b>2009</b>	<b>31.12.2008</b>	<b>Additions</b>	<b>Disposals</b>	<b>30.06.2009</b>
Cost	969.373	-	-	969.373
Accumulated amortization	(853.028)	(21.145)	-	(874.173)
<b>Net Book Value</b>	<b>116.345</b>	<b>(21.145)</b>	<b>-</b>	<b>95.200</b>

<b>2008</b>	<b>31.12.2008</b>	<b>Additions</b>	<b>Disposals</b>	<b>30.06.2008</b>
Cost	903.895	14.629	-	918.524
Accumulated amortization	(822.321)	(13.058)	-	(835.379)
<b>Net Book Value</b>	<b>81.574</b>	<b>1.571</b>	<b>-</b>	<b>83.145</b>

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**NOTE 20 -GOODWILL**

None (2008: None).

**NOTE 21 - GOVERNMENT GRANTS**

**a) Investment incentive:**

Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2003 are eligible for the 40% of the investments over TL10.000. There are no stoppages calculated related to these investment allowances. If the income of the Company is not enough, investment incentive can be transferred to the following years. Company is not obligated to obtain "Investment Incentive Document". 19.8% stoppage is paid for the investment incentives received in accordance with the law before 24 April 2003.

In respect with investment incentive law which was valid until 24 April 2003, the Company has used its investment incentives. Starting from 1 January 2006, in respect with the change in Income Tax Law Article 19, investment incentive regulation was abolished and the Company did not use any investment incentive in 2009 and 2008.

In the scope of the investment certificate, the Company has an exemption from custom taxes for imports from the countries except European Union Members and VAT exemption related to foreign and domestic investment goods purchases. Company has the Investment Incentive Certificate details of which are below as of 30 June 2009.

<b>INFORMATION ABOUT THE INVESTMENTS WITH INVESTMENT INCENTIVE CERTIFICATE</b>	
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<b>Subject of the investment:</b>	TELECOM AND ENERGY CABLES (AIR-GUARD, AFUMEX AND MV/HV)
<b>Type of investment:</b>	EXPANSION - MODERNISATION
<b>Incentive no:</b>	5161
<b>Date of incentive:</b>	25 April 2008
<b>Date of start/end:</b>	15 April 2008 / 15 April 2010
<b>Total amount :</b>	TL 4.434.788

The Company's investment completion visa ,which falls into the scope of the encouragement certificate dated 4644 and expired on April 11, 2008, was prepared with the Turkish Treasury's letter dated July 16, 2008.

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**NOTE 21 - GOVERNMENT GRANTS (CONTINUED)**

**b) Research and development tax incentive:**

In accordance with the Income Tax Law 89/9 and Corporate Tax Law 14/6, which has been changed through a law no 5228, starting from 31 July 2004, 40% of the research and development (R&D) expenditures on technology and knowledge research made by the Company itself are exempt from corporate tax. Stoppage is not applied on R&D expenditure allowance.

In order for an expense to be considered as a subject to R&D tax exemption, it has to be an expense realized in the structure of the enterprise for the exclusive use of new technology and information research. In other words, the expense has to be made within the scope of an R&D activity. An R&D exemption is not calculated over payments from the depreciation amounts calculated for the economical assets subject to depreciation, and expenses not directly linked with R&D activities. There is tax allowance amounting to TL172.290 (2008: TL 435.705) subject to research and development expenses at the current period.

**c) Research and development TÜBİTAK support:**

The Company makes periodical applications to Turkish Scientific and Technical Research Association (TÜBİTAK) for the R&D project named as "CABLES MAKING LIFE EASIER" in order to obtain R&D grant in the scope of Communiqué related to Research and Development Grants, No 98/10 dated 4 November 1998 of the Monetary and Credit Coordination Board, obtained based on the authority granted by Article 4 of decision related to State Aids for Exports, no 94/6401 dated 27 December 1994, of the Council of Ministers.

As of 30 June 2009, TÜBİTAK support related with the expenditures in 2007/2 amounting to TL44.156 (2008: TL85.812) are shown in financial statements. Evaluation of expenditures that is spent for research and development in 2008/1 and 2 are still in progress.

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**NOTE 22 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

**a) Short Term Provisions:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Expense accruals related with construction type contracts	300.209	2.650.079
Provision for service and goods that invoices are not received	10.080.634	3.743.339
Expense accruals of order commissions	949.410	1.694.314
Expense accruals for warranty costs	162.068	81.969
Expense accruals of foreign service contracts	125.458	121.103
Expense accruals of forward contracts	359.185	652.173
Expense accruals of dealer sales premiums	223.455	-
<b>TOTAL</b>	<b>12.200.419</b>	<b>8.942.977</b>

**b) Long Term Provisions:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Provisions for court cases	2.116.170	2.965.079
Provisions for Warranty Expenses	524.423	637.505
Provision for Disabled Workers	-	433.521
<b>TOTAL</b>	<b>2.640.593</b>	<b>4.036.105</b>

**NOTE 23 - COMMITMENTS**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Bank Guarantee Letters Given	70.655.280	69.976.384
<b>TOTAL</b>	<b>70.655.280</b>	<b>69.976.384</b>

Guarantee letters given sum up to total of TL70.655.280. Bank guarantee letters given include performance letters that were given the customs, authorities of different competitive biddings and customs due to sale contracts. The Company does not have any export commitments as of 30 June 2009 (2008: None). All the guarantee letters given are related with the third parties, there are no guarantee letters obtained from related parties.

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**NOTE 24 - BENEFITS TO PERSONNEL**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Provision for employment termination benefits	5.646.078	6.291.785
Accruals related with personnel bonuses	449.078	960.261
Accruals related with personnel vacations	444.459	325.742
<b>TOPLAM</b>	<b>6.539.615</b>	<b>7.577.788</b>

**Employment Termination Benefits:**

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, dies. Since legislation was changed on 23 May 2002 there are certain transitional provisions relating to lengthed of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL2.260,05 for each year of service as of 30 June 2009 (31 December 2008: TL2.173,19). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The following actuarial assumptions were used in the calculation of the total liability:

	<b>30 June 2009</b>	<b>31 December 2008</b>
Discount rate (%)	6,26	6,26
Turnover rate to estimate the probability of retirement (%)	97,41	97,19

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the ceiling for employee termination benefits is calculated twice a year, provision for employee termination benefits is calculated by using amounts applied at 1 July 2009 which is TL2.365,16 (1 July 2007: TL2.173,19). Movements of the provision for employment termination benefits during the period are as follows:

	<b>2009</b>	<b>2008</b>
<b>1 January</b>	<b>6.291.785</b>	<b>5.743.014</b>
Paid during the period	(653.454)	(202.874)
Increase during the period	7.747	468.263
<b>30 June</b>	<b>5.646.078</b>	<b>6.008.403</b>

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**NOTE 25 - RETIREMENT PLANS**

The Company does not have any retirement plans, except the employment termination benefits as disclosed in Note 24. (2008: None)

**NOTE 26 - OTHER ASSETS AND LIABILITIES**

**a) Other Current Assets:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
VAT Deductible	726.117	3.317.008
Prepaid Taxes	104.026	2.737.336
Order Advances Given Related with Inventories	3.411.269	6.032.873
Job Advances	2.738.034	644.300
Prepaid Expenses	393.990	225.251
Other Current Assets	53	922
<b>TOTAL</b>	<b>7.373.489</b>	<b>12.957.690</b>

**b) Other Non-Current Assets:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
Advances Given for Purchase of Fixed Assets	98.814	918.261
Prepaid Expenses	25.341	102.125
<b>TOTAL</b>	<b>124.155</b>	<b>1.020.386</b>

**c) Other Liabilities:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
VAT Calculated	2.624.908	-
Payables to the Personnel	405.624	498.869
Other Miscellaneous Payables	462.900	527.102
Other Liabilities	5.277	37.958
<b>TOTAL</b>	<b>3.498.709</b>	<b>1.063.929</b>

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**NOTE 27 - SHAREHOLDERS' EQUITY**

**a) Paid-in Capital:**

Shareholders who hold 5% or more of the shares of the Company as of 30 June 2009 and 31 December 2008 are as follows;

**30 June 2009**

Description	Percentage (%)	Amount ( YTL)
Prysmian (Dutch) Holdings B.V.	83,75	93.995.684
Other	16,25	18.237.968
<b>TOTAL</b>		<b>112.233.652</b>

At 30 April 2009, Board of Directors agreed to increase of share capital over the TL80.000.000 capital ceiling, all financed from retained earnings, from TL39.312.000 to TL112.233.652. Issued shares has TL72.921.652 nominal value and were registered to Capital Market Board at 2 July 2009 with 68/529 number. Capital increase was registered to Bursa Trade Register Office at 9 July 2009 and distribution of bonus shares to existing shareholders started at 15 July 2009 related with regulations of Capital Market Board by Central Register Office. Distribution of shares in Central Register Office and share capital increase process is performed by HSBC Bank A.Ş.

**31 December 2008**

Description	Percentage (%)	Amount ( YTL)
Prysmian (Dutch) Holdings B.V.	83,75	32.922.392
Other	16,25	6.389.608
	<b>100,00</b>	<b>39.312.000</b>
Inflation Adjustment Differences		8.462.823
<b>TOTAL</b>		<b>47.774.823</b>

Prysmian S.p.A. possesses 100% of Prysmian Cavi e Energia S.r.l.'s shares. Prysmian Cavi e Energia S.r.l possesses 100% of shares of Prysmian (Dutch) Holdings B.V. who possesses 83.75% shares of Turk Prysmian Kablo Sistemleri A.Ş. All shares of Prysmian S.p.A. belong to Prysmian (Lux) II S.a.r.l.

Adjustment to share capital represents the restatement effect of cash contributions to share capital as of 31 December 2004 purchasing power. There are 1.122.336.520 (31 December 2008: 39.312.000) shares with nominal value of TL 0,10 each (2008: TL 0,10).

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**NOTE 27 - SHAREHOLDERS' EQUITY (CONTINUED)**

**b) Restricted Reserves:**

Retained earnings as per the statutory financial statements, other than legal reserve requirements, are available for distribution subject to the legal reserve requirement referred to below.

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

In accordance with Capital Market Board Financial Reporting Standards, above-mentioned amounts should be classified under "Restricted Reserves". "Restricted Reserves" amount to TL5.656.089 as of 30 June 2009 (2008: TL1.616.684).

In accordance with the CMB requirements, effective up to 1 January 2008, the accumulated deficit amount arising from the first application of inflation accounting used to be deducted, when computing the distributable profit in line with CMB's profit distribution regulations. However, it was possible to offset such accumulated deficit initially against net income and retained earnings, and the remaining amount of deficit against extraordinary reserves, legal reserves and shareholders' equity restatement differences.

Furthermore, in accordance with the CMB implementations, effective up to 1 January 2008, items in statutory shareholders' equity such as "share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves", used to be presented at their historical amounts and the total difference between the amounts adjusted for the effect of inflation and historical amounts of these items was presented under shareholders' equity inflation adjustment differences.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference is arising from the "Paid-in Capital" and not been transferred to capital yet, it shall be classified under the "Inflation Adjustment To Share Capital";
- the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings/(Accumulated Losses)".

The other capital components are shown with their evaluated sums in accordance with CMB Financial Reporting Standards.

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**NOTE 27 - SHAREHOLDERS' EQUITY (CONTINUED)**

Share capital adjustment differences can only be added to share capital.

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum profit distribution ratio shall be applied as 20% (2008: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its profits, to distribute the initial dividend amount in cash.

In addition, based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

Following is the decision of the Company the General Assembly held on 29 March 2009 to distribute a total cash dividend:

*"The Company had TL21.312.654 profit before tax for the year ended 31 December 2008. After taxes on income (TL3.307.924) are deducted; TL18.004.730 remained as net income. According to the generally accepted accounting principles published by CMB, from net income of TL18.004.730, TL941.941 first legal reserves is set aside. According to the CMB regulations minimum 20% of the 2008 profit that is amounting to TL3.418.852 will be distributed to existing shareholders in cash for 0,10 nominal value shares gross TL0,008696713 and after deduction of 15% tax net TL0,007392206 Dividends will be distributed starting from 8 April 2009. According to Turkish Commercial Code Law No: 466, since the distributable dividend amount of the Company is more than 5% of the paid-in capital, the Company will set aside YTL589.680 as second legal reserves and subsidiary sales income amounting to 2.952.139 transferred to special fund under shareholders' equity and remaining balance of TL10.546.473 set as extraordinary reserves. "*

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**NOTE 27 - SHAREHOLDERS' EQUITY (CONTINUED)**

As a result of the decision taken at the General Assembly, the Company started to pay dividends to shareholders which represent the TL393.120.000 paid-in capital at 8 April 2009. For YTL1 nominal valued shares, the shareholders who are subject to withholding tax are paid TL0,007392206 (net), the shareholders who are not subject to withholding tax are paid TL0,008696713 (net).

None of the Company shareholders have preferential or privileged voting right, all of the votes have equal value. Because there is no beneficial share class in the capital of the Company, there exists no privilege related to the participation in the Company's profit.

According to the aforementioned principles above and in line with Comminiqué No: 29 shareholders' equity accounts of the Company as of 30 June 2009 and 31 December 2008 are as follows;

	<b>30 June 2009</b>	<b>31 December 2008</b>
<b>Paid-in Capital</b>	<b>112.233.652</b>	<b>39.312.000</b>
<b>Paid-in Capital Inflation Adjustment Differences</b>	-	<b>8.462.823</b>
<b>Retained Earnings</b>	<b>18.742.540</b>	<b>72.654.896</b>
<i>Shareholders' Equity Restatement Differences (*)</i>	-	<i>64.458.829</i>
<i>Extraordinary Reserves</i>	<i>18.742.540</i>	<i>8.196.067</i>
<b>Restricted Reserves</b>	<b>5.656.089</b>	<b>1.616.684</b>
<i>Legal Reserves</i>	<i>2.661.634</i>	<i>1.574.368</i>
<i>Legal Reserves Inflation Adjustment Differences</i>	<i>15.863</i>	<i>15.863</i>
<i>Investment and Property Sales Gains to be Transferred to the Share Capital (**)</i>	<i>2.978.592</i>	<i>26.453</i>
<b>Net Income/Loss for the Period</b>	<b>(8.450.930)</b>	<b>18.004.730</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>128.181.351</b>	<b>140.051.133</b>

(\*) The Company has offset "the Previous Year Losses" against other equity accounts in its inflation adjusted financial statements in accordance with the decision taken in the General Assembly on 25 October 2004. After the offset of the historic values of the other equity accounts, remaining inflation adjustment balances amounting to YTL64.458.829 have been represented as shareholders' equity restatement differences. Mentioned amount include to share capital in 2009.

(\*\*) In accordance with the new Corporate Tax Law no 5520, exemptions on gain from sales of estates were rearranged and the obligation of the addition of those exemptions to the capital was abolished, which is different than the old Corporate Tax Law no 5422. Accordingly, 75% of the gain from the sales should be followed in a special fund account for 5 years from the beginning of the year in which the sales was realized. While during this period or at the end of it, the addition of this fund to capital is possible, the amount hold in the fund can also be used freely at the end of the fifth year.

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**NOTE 28 - SALES AND COST OF SALES**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Domestic Sales	151.674.199	258.138.244	69.615.849	126.871.337
Export Sales	91.200.935	115.933.576	37.525.756	61.463.476
Other Sales	3.598.724	8.784.475	1.857.567	4.374.350
Other operating income	315.243	143.206	279.307	31.880
Sales Discounts	(36.008.781)	(60.428.588)	(17.125.949)	(27.825.211)
Cost of Sales	(182.900.602)	(276.752.241)	(80.325.822)	(142.696.113)
<b>TOTAL</b>	<b>27.879.718</b>	<b>45.818.672</b>	<b>11.826.708</b>	<b>22.219.719</b>

Cost of sales as of 30 June 2009 and 30 June 2008 are as follows;

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Direct Material Costs	158.786.238	239.161.214	69.293.219	124.675.552
General Production Costs	9.578.197	8.635.865	4.681.748	2.590.866
Cost of Trade Goods Sold	2.111.417	11.604.682	351.304	6.539.249
Cost of Other Sales	3.382.568	8.292.349	1.924.186	4.411.801
Direct Labor Costs	5.768.748	5.872.268	2.435.665	2.881.041
Depreciation	3.273.434	3.185.863	1.639.699	1.597.604
<b>TOTAL</b>	<b>182.900.602</b>	<b>276.752.241</b>	<b>80.325.821</b>	<b>142.696.113</b>

Changes in quantity of groups of goods sold and services to be provided during the period are as follows;

<b>Group of sales</b>	<b>Terms of quantity</b>	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Telecom cables	Core-Km	966.620	3.310.712	511.414	1.879.660
Energy cables	Cable-Ton	21.172	26.439	10.565	13.970
Fiber optic cables	Faser-Km	101.135	88.123	38.327	14.934

**NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES; MARKETING, SALES AND  
DISTRIBUTION EXPENSES; GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Selling and marketing expenses	15.675.054	19.692.617	8.733.239	9.589.203
General administrative expenses	11.593.336	11.457.776	4.773.018	5.199.512
Research and development expenses	556.473	515.743	239.761	284.380
<b>TOTAL</b>	<b>27.824.863</b>	<b>31.666.136</b>	<b>13.746.018</b>	<b>15.073.095</b>

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**NOTE 30 - EXPENSES BY TYPE**

**a) Selling and Marketing Expenses:**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Packaging Expenses	5.425.737	6.903.305	2.633.140	3.413.360
Sales and Guarantee Letters Commissions	3.599.827	5.117.720	2.657.681	2.334.882
Transportation Expenses	4.106.383	5.119.000	2.116.575	2.562.310
Personnel Expenses	1.440.288	1.471.492	743.087	731.062
Other Sales and Distribution Expenses	1.061.562	1.042.084	562.258	528.323
Depreciation Expenses	41.257	39.016	20.498	19.266
<b>TOTAL</b>	<b>15.675.054</b>	<b>19.692.617</b>	<b>8.733.239</b>	<b>9.589.203</b>

**b) General and Administrative Expenses:**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
License Expenses	7.250.707	7.535.442	2.310.422	3.243.385
Personnel Expenses	2.243.738	2.063.850	1.279.533	1.010.024
Other Administrative Expenses	1.604.867	1.176.949	944.720	552.245
Depreciation Expenses	224.040	434.636	107.743	212.330
Outsourced Service Expenses	269.984	246.899	130.600	181.528
<b>TOTAL</b>	<b>11.593.336</b>	<b>11.457.776</b>	<b>4.773.018</b>	<b>5.199.512</b>

**c) Research and Development Expenses:**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Personnel Expenses	312.014	242.309	152.540	158.308
Project Costs	13.863	20.288	7.250	14.288
Depreciation Expenses	25.684	26.679	12.848	13.208
Other Expenses	204.912	226.467	67.123	98.576
<b>TOTAL</b>	<b>556.473</b>	<b>515.743</b>	<b>239.761</b>	<b>284.380</b>

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**NOTE 31 - OTHER INCOME/EXPENSES**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Gains from reversal of provisions	1.893.945	383.506	1.160.134	12.506
Rediscount income	693.586	825.824	12.790	-
Purchase premium income	501.151	-	-	-
Prior period income	380.718	1.744	311.748	-
Income from research and development incentives of Tübitak	44.156	-	44.156	-
Other income	479.732	8.065	403.532	(23.224)
<b>Other Operating Income and Profits</b>	<b>3.993.288</b>	<b>1.219.139</b>	<b>1.932.360</b>	<b>(10.718)</b>
Rediscount expense	-	(1.186.120)	138.285	66.578
Provision expenses	(86.106)	(357.524)	(15.004)	(160.553)
Tax Penalty and legal advisory related expenses (Note 41)	(10.863.744)	-	(10.863.744)	-
Expenses related with legal issues	-	(182.000)	0	(110.112)
Other expense (*)	(24.530)	(7.253)	(8.903)	367
<b>Other Operating Expense and Losses</b>	<b>(10.974.380)</b>	<b>(1.732.897)</b>	<b>(10.749.366)</b>	<b>(203.720)</b>

(\*) Donations and aids amounting to TL7.934 given to different associations, foundations, corporations and enterprises in the current period has been included in other expenses (1 January-30 June 2008: TL24.770).

**NOTE 32 - FINANCIAL INCOME**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Foreign exchange difference income	21.280.545	9.723.139	1.008.450	(2.224.545)
Financial income from forward contracts	266.655	723.719	-	348.384
Interest income	638.838	199.761	408.258	15.551
<b>TOTAL</b>	<b>22.186.038</b>	<b>10.646.619</b>	<b>1.416.708</b>	<b>(1.860.610)</b>

**NOTE 33 - FINANCIAL EXPENSE**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Foreign exchange difference expense	(21.807.709)	(12.325.005)	(1.096.387)	1.086.416
Financial expense from forward contracts	(774.083)	-	(27.204)	-
Bank commissions and other financial expense	(218.466)	(628.795)	(86.397)	(496.557)
Interest expense	(83.861)	(1.209.627)	(458)	(1.180.292)
Guarantee letter expenses	(203.533)	(20.271)	(167.132)	(11.836)
<b>TOTAL</b>	<b>(23.087.652)</b>	<b>(14.183.698)</b>	<b>(1.377.578)</b>	<b>(602.269)</b>

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**NOTE 34 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

None (2008: None).

**NOTE 35 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS  
AND LIABILITIES)**

**a) Current period tax charge:**

Corporate tax law was changed with the law no 5520 dated 13 June 2006. Many of the provisions of the law no 5520 came into effect effective from 1 January 2006. Accordingly corporate tax is payable at a rate of 20% in 2009. (2008: %20) after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance utilized within the scope of the Income Tax Law Temporary Article 61).

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

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

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira In accordance with the law in question, cumulative inflation rate for the last 36 months, and inflation rate for the last 12 months must exceed (DIE WPI increase rate)100% and 10% respectively. Since these conditions in question were not fulfilled in 2009 and 2008, no inflation adjustment was performed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate.

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

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**NOTE 35 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS  
AND LIABILITIES) (CONTINUED)**

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

There are a lot of exemptions in the Corporate Tax Law regarding corporations. Those related to the Company are explained below:

***Exemption for dividend income***

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

***Investment Allowance Exception***

Investment allowance which was calculated as 40 % of the fixed asset purchases that exceed a defined limit was annulled on 30 March 2006 by Law No 5479.

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
- Current period corporate tax	(2.277.409)	(2.846.221)	(2.277.409)	(676.221)
- Deferred tax income/expense	1.654.330	844.140	2.898.417	(38.405)
<b>Total tax expense</b>	<b>(623.079)</b>	<b>(2.002.081)</b>	<b>621.008</b>	<b>(714.626)</b>

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
<b>Income / (Expense) before tax</b>	<b>(7.827.851)</b>	<b>10.101.699</b>	<b>(10.697.186)</b>	<b>4.469.306</b>
Corporate tax provision calculated with 20% tax rate	(1.565.570)	2.020.340	(2.139.437)	893.861
Non-deductible expenses	4.111.286	1.166.206	3.382.349	208.310
Non-taxable income	(1.721.977)	(1.237.677)	313.279	(329.957)
Non-deductible expenses used in deferred tax	(200.660)	53.212	(2.177.199)	(57.588)
<b>Total tax provision</b>	<b>623.079</b>	<b>2.002.081</b>	<b>(621.008)</b>	<b>714.626</b>

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**NOTE 35 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)**

**b) Deferred tax assets and liabilities:**

The Company calculates deferred tax assets and liabilities based on temporary differences between the financials prepared in accordance with the CMB Communiqué No: XI-29 and financial statements prepared according to the Turkish tax legislation. Deferred income taxes are calculated using a principal tax rate of 20% (2008: 20%) on temporary differences that are expected to be realised or settled in the following periods.

Details of the cumulative temporary differences and deferred tax assets and liabilities calculated by the current tax rate as of 30 June 2009 are as follows;

	<b>Cumulative Temporary Differences</b>		<b>Deferred Tax Assets /(Liabilities)</b>	
	<b>30 June 2009</b>	<b>31 December 2009</b>	<b>30 June 2008</b>	<b>31 December 2008</b>
<b>Deferred Tax Assets</b>				
Net difference between the tax base and carrying value of inventories	2.411.209	4.410.573	482.242	882.115
Provision for doubtful receivables	660.466	773.066	132.093	154.613
Deferred credit finance expense	371.935	1.065.521	74.387	213.104
Expense accruals	20.445.824	18.198.983	4.089.165	3.639.796
	<b>23.889.434</b>	<b>24.448.143</b>	<b>4.777.887</b>	<b>4.889.628</b>
<b>Deferred Tax Liabilities</b>				
Net difference between the tax base and the carrying value of property, plant and equipment	12.193.600	14.023.093	2.438.720	2.804.619
Construction type contracts income accruals	-	6.524.238	-	1.304.848
Other income accruals	172.091	648.709	34.418	129.742
	<b>12.365.691</b>	<b>21.196.040</b>	<b>2.473.138</b>	<b>4.239.209</b>
<b>Net Deferred Tax Assets</b>	<b>11.523.743</b>	<b>3.252.103</b>	<b>2.304.749</b>	<b>650.419</b>

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**NOTE 35 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS  
AND LIABILITIES) (CONTINUED)**

	1 January 2009	Charged to Income Statement	30 June 2009
<b>Deferred Tax Assets</b>	<b>4.889.628</b>	<b>(111.741)</b>	<b>4.777.887</b>
Net difference between the tax base and carrying value of inventories	882.115	(399.873)	482.242
Provision for doubtful receivables	154.613	(22.520)	132.093
Deferred credit finance expense	213.104	(138.717)	74.387
Expense accruals	3.639.796	449.369	4.089.165
<b>Deferred Tax Liabilities</b>	<b>4.239.209</b>	<b>(1.766.071)</b>	<b>2.473.138</b>
Net difference between the tax base and the carrying value of property, plant and equipment	2.804.619	(365.899)	2.438.720
Construction type contracts income accruals	1.304.848	(1.304.848)	-
Other income accruals	129.742	(95.324)	34.418
<b>Net Deferred Tax Assets</b>	<b>650.419</b>	<b>1.654.330</b>	<b>2.304.749</b>

**NOTE 36 - EARNINGS PER SHARE**

	1 January – 30 June 2009	1 January – 30 June 2008	1 April – 30 June 2009	1 April – 30 June 2008
Net profit for the period (YTL)	(8.450.930)	8.099.618	(10.076.178)	3.754.681
Number of shares with a nominal value TL1.000 each	1.122.336.520	1.122.336.520	1.122.336.520	1.122.336.520
<b>Earnings per share (YTL)</b>	<b>(0,008)</b>	<b>0,007</b>	<b>(0,009)</b>	<b>0,003</b>

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 30 JUNE 2009**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 37 - RELATED PARTY DISCLOSURES**

Amounts due from and due to related parties at the end of the period and transactions with the related parties during the period are summarized below:

	<b>30 June 2008</b>	<b>31 December 2007</b>
Due from group companies	9.235.668	6.591.807
Due from personnel	213.117	175.635
<b>Due from related parties</b>	<b>9.448.785</b>	<b>6.767.442</b>
Due to group companies	4.099.207	5.744.155
Due to shareholders	11.291	9.132
<b>Due to related parties</b>	<b>4.110.498</b>	<b>5.753.287</b>

**a) Due from group companies:**

<b><u>30 June 2009 :</u></b>	<b>Currency</b>	<b>Original Amount</b>	<b>Exchange Rate</b>	<b>Total (YTL)</b>
<b>Group Companies</b>				
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EUR	3.363.063	2,1469	7.220.160
Prysmian Kabel und System Deutschland GmbH	EUR	200.978	2,1469	431.479
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EUR	11.562	2,1469	24.823
Prysmian Telecom Cables & Systems UK Ltd.	EUR	211.656	2,1469	454.404
Prysmian MKM Magyar Kábel Müvek Kft.	EUR	23.876	2,1469	51.259
Prysmian Cables Ltd.	GBP	5.891	2,5272	14.887
Prysmian Cables Et Systemes France	EUR USD	8.926 132.669	2,1469 1,5301	19.164 202.997
Prysmian Power Cables & Systems USA	USD	1.053	1,5301	1.611
Prysmian Cavi e Sistemi Telecom S.r.l.	EUR	149.923	2,1469	321.870
Prysmian S.p.A.	EUR	229.640	2,1469	493.014
<b>TOTAL</b>				<b>9.235.668</b>

<b><u>31 December 2008 :</u></b>	<b>Currency</b>	<b>Original Amount</b>	<b>Exchange Rate</b>	<b>Total (YTL)</b>
<b>Grup Şirketleri</b>				
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EUR	2.390.646	2,1408	5.117.896
Prysmian Kabel und System Deutschland GmbH	EUR	457.436	2,1408	979.279
Prysmian Telecom Cables & Systems UK Ltd.	EUR	114.642	2,1408	245.426
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EUR	61.911	2,1408	132.539
Prysmian Cables Et Systemes France	USD	45.518	1,5123	68.837
Prysmian S.P.A.	EUR	10.053	2,1408	21.521
Prysmian Cables Ltd.	GBP	5.660	2,1924	12.409
Kablo Bratislava Spol S R.O.	EUR	4.801	2,1408	10.278
Prysmian Cavi e Sistemi Energia S.r.l.	EUR	1.692	2,1408	3.622
<b>TOPLAM</b>				<b>6.591.807</b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 37 - RELATED PARTY DISCLOSURES (CONTINUED)**

**b) Due to group companies:**

<b>30 June 2009 :</b>	<b>Currency</b>	<b>Original Amount</b>	<b>Exchange Rate</b>	<b>Total (YTL)</b>
<b>Group Companies</b>				
Prysmian Cavi e Sistemi Energia S.r.l.	EUR	689.636	2,1573	1.487.752
	TL	1.271.319	1	1.271.319
Fibre Ottiche Sud - F.O.S. S.r.l.	EUR	200.618	2,1573	432.793
Prysmian Cavi e Sistemi Telecom S.r.l.	EUR	153.305	2,1573	330.725
	TL	263.607	1	263.607
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EUR	5.324	2,1573	11.485
Prysmian Kabel und System GmbH	EUR	13.113	2,1573	28.289
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EUR	105.160	2,1573	226.862
Prysmian Cables Et Systemes France SAS	ABD	15.518	1,5375	23.859
Prysmian Cable Systems Pte. Ltd.	ABD	8.381	1,5375	12.886
Prysmian Cables Y sistemas, SL	EUR	1.400	2,1573	3.020
Prysmian S.p.a.	EUR	3.064	2,1573	6.610
<b>TOTAL</b>				<b>4.099.207</b>

<b>31 December 2008 :</b>	<b>Currency</b>	<b>Original Amount</b>	<b>Exchange Rate</b>	<b>Total (YTL)</b>
<b>Group Companies</b>				
Prysmian Cavi e Sistemi Energia S.r.l.	EUR	591.200	2,1511	1.271.730
	TL	1.980.999	1	1.980.997
Fibre Ottiche Sud - F.O.S. S.r.l.	EUR	349.984	2,1511	752.851
Prysmian Cavi e Sistemi Telecom S.r.l.	TL	340.981	1	340.981
	EUR	129.761	2.1511	279.129
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EUR	249.925	2,1511	537.614
Prysmian Kabel und System GmbH	EUR	174.259	2,1511	374.849
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EUR	48.535	2,1511	104.403
Prysmian Cables & Systems Limited	ABD	45.648	1,5196	69.366
Prysmian Cables & Systems Pte Ltd.	ABD	21.213	1.5196	32.235
<b>TOTAL</b>				<b>5.744.155</b>

**c) Due to shareholders:**

	<b>1 January – 30 June 2009</b>	<b>1 January – 31 December 2008</b>
Dividends payable for 2008	2.159	-
Dividends from previous years	9.132	9.132
<b>TOTAL</b>	<b>11.291</b>	<b>9.132</b>

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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 30 JUNE 2009**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 37 - RELATED PARTY DISCLOSURES (CONTINUED)**

**d) Sales to Group Companies:**

<b>Name</b>	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Prysmian Cavi e Sist. Tel. Italia S.r.l.	14.312.453	20.852.294	4.098.307	14.149.934
Prysmian Kabel und Systeme GmbH	2.295.890	2.520.968	912.916	1.325.257
Prysmian Tel.Cables & Systems UK Ltd.	1.723.984	3.139.902	1.089.144	1.422.600
Prysmian Cavi e Sistemi Energia S.r.l	510.715	13.847	510.715	13.847
Prysmian Cables y Sistemas S.L.	330.923	-	-	-
Prysmian Cables & Systems B.V.	306.491	-	-	-
Prysmian Cavi e Sist. En. Italia S.r.l	80.230	148.798	24.627	134.951
Kablo Bratislava Spol S R.O.	61.764	115.397	-	75.409
Prysmian MKM Magyar Kábel Műv.Kft.	51.185	-	51.185	-
Prysmian Cavi e Sistemi Telecom S.r.l	-	17.442	-	17.442
Prysmian Cables et Systemes Fr. S.A.S.	-	2.452.547	-286.697	2.452.547
Prysmian Cables and Systems OY	-	31.319	-	-
Prysmian Cables Ltd.	-	40.742	-	20.531
Prysmian Telecom Cables et Systemes	-	914.341	-	914.341
Prysmian SPA	-	6.318	-	6.318
Prysmian Energy C&S Argentina S.A	-	20.175	-	20.175
Prysmian Energia Cabos e Sistemas	-	3.269	-	3.269
<b>TOTAL</b>	<b>19.673.635</b>	<b>30.277.359</b>	<b>6.400.197</b>	<b>20.556.621</b>

**e) Trade goods, service and fixed asset purchases from Group Companies:**

**Foreign Purchases: (1 January - 30 June 2009)**

<b>Name</b>	<b>Trade Goods</b>	<b>Service</b>	<b>Fixed Assets</b>	<b>Total</b>
Prysmian Metals Ltd.	18.423.372	-	-	18.423.372
Prysmian Cavi e Sistemi Energia S.r.l.	-	5.922.727	-	5.922.727
Prysmian Kabel und System GmbH	188.910	-	-	188.910
Fibre Ottiche Sud - F.O.S. S.r.l.	904.948	-	-	904.948
Prysmian Cavi e Sistemi Energia Italia S.r.l	1.321.463	-	-	1.321.463
Prysmian Cavi e Sistemi Telecom S.r.l.	-	1.327.980	-	1.327.980
Prysmian Cavi e Sistemi Tel. Italia S.r.l.	11.416	-	-	11.416
Prysmian Telecom Cables&Systems UK Ltd.	2.968	-	-	2.968
Prysmian Cables Y Sistemas SL	86.466	-	-	86.466
Prysmian Cables & Systems B.V.	-	59.565	-	59.565
Prysmian Cabluri Si Systeme S.A.	66.388	-	-	66.388
Prysmian Cables & Systems Pte Ltd.	-	13.911	-	13.911
Prysmian SPA	-	6.449	-	6.449
Prysmian Power Cables and Systems US LLC	-	12.881	-	12.881
<b>TOTAL</b>	<b>21.005.931</b>	<b>7.343.513</b>	<b>-</b>	<b>28.349.444</b>

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 30 JUNE 2009**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 37 - RELATED PARTY DISCLOSURES (CONTINUED)**

**Foreign Purchases : (1 January - 30 June 2008)**

<b>Name</b>	<b>Trade Goods</b>	<b>Service</b>	<b>Fixed Assets</b>	<b>Total</b>
Prysmian Metals Ltd.	32.985.540	-	-	32.985.540
Prysmian Cavi e Sistemi Energia S.r.l.	13.677	5.701.040	-	5.714.717
Eurelectric S.A.	4.100.003	-	-	4.100.003
Prysmian Kabel und System GmbH	7.593.579	-	-	7.593.579
Prysmian Cavi e Sistemi Energia Italia S.r.l	1.946.009	-	-	1.946.009
Fibre Ottiche Sud - F.O.S. S.r.l.	977.061	-	-	977.061
Prysmian Cavi e Sistemi Tel. Italia S.r.l.	167.338	-	-	167.338
Prysmian Cavi e Sistemi Telecom S.r.l.	-	1.295.081	-	1.295.081
Prysmian Cables & Systems Ltd. UK	-	33.285	-	33.285
Prysmian Telecom Cables&Systems UK Ltd.	3.183	-	-	3.183
Prysmian Cables Et Systemes SA	-	150	-	150
Prysmian Cables Y Sistemas SL	12.147	-	-	12.147
Prysmian Cables & Systems B.V.	31.142	-	-	31.142
<b>TOTAL</b>	<b>47.829.679</b>	<b>7.029.556</b>	<b>-</b>	<b>54.859.235</b>

**Foreign Purchases : (1 April - 30 June 2009)**

<b>Name</b>	<b>Trade Goods</b>	<b>Service</b>	<b>Fixed Assets</b>	<b>Total</b>
Prysmian Metals Ltd.	8.794.230	-	-	8.794.230
Prysmian Cavi e Sistemi Energia S.r.l.	-	1.944.036	-	1.944.036
Prysmian Kabel und System GmbH	89.804	-	-	89.804
Fibre Ottiche Sud - F.O.S. S.r.l.	649.919	-	-	649.919
Prysmian Cavi e Sistemi Energia Italia S.r.l	751.914	-	-	751.914
Prysmian Cavi e Sistemi Telecom S.r.l.	-	366.384	-	366.384
Prysmian Cavi e Sistemi Tel. Italia S.r.l.	-	-	-	-
Prysmian Telecom Cables&Systems UKLtd	-	-	-	-
Prysmian Cables Y Sistemas SL	3.006	-	-	3.006
Prysmian Cables & Systems B.V.	-	-	-	-
Prysmian Cabluri Si Sisteme S.A.	-	-	-	-
Prysmian Cables & Systems Pte Ltd.	-	13.911	-	13.911
Prysmian SPA	-	6.449	-	6.449
Prysmian Power Cables and Systems US LLC	-	12.881	-	12.881
<b>TOTAL</b>	<b>10.288.873</b>	<b>2.343.661</b>	<b>-</b>	<b>12.632.534</b>

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**NOTE 37 - RELATED PARTY DISCLOSURES (CONTINUED)**

**Foreign Purchases : (1 April - 30 June 2008)**

<b>Name</b>	<b>Trade Goods</b>	<b>Service</b>	<b>Fixed Assets</b>	<b>Total</b>
Prysmian Metals Ltd.	18.289.864	-	-	18.289.864
Prysmian Cavi e Sistemi Energia S.r.l.	13.677	2.170.814	-	2.184.491
Eurelectric S.A.	3.416.489	-	-	3.416.489
Prysmian Kabel und System GmbH.	5.445.183	-	-	5.445.183
Prysmian Cavi e Sistemi Energia Italia S.r.l	1.291.473	-	-	1.291.473
Fibre Ottiche Sud- F.O.S. S.r.l.	432.141	-	-	432.141
Prysmian Cavi e Sistemi Tel. Italia S.r.l.	48.682	-	-	48.682
Prysmian Cavi e Sistemi Telecom S.r.l.	-	533.251	-	533.251
Prysmian Cables & Systems UK Ltd.	-	33.285	-	33.285
Prysmian Telecom Cables&Systems UK Ltd	3.183	-	-	3.183
Prysmian Cables et Systemes SA	-	150	-	150
Prysmian Cables y Systemes SL	12.147	-	-	12.147
Prysmian Cable Systems B.V:	27.275	-	-	27.275
<b>TOTAL</b>	<b>29.513.365</b>	<b>2.204.249</b>	<b>-</b>	<b>31.717.614</b>

**f) License expense paid to group companies:**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
Prysmian Cavi e Sistemi Telecom S.r.l.	1.327.980	1.426.668	366.385	664.837
Prysmian Cavi e Sistemi Energia S.r.l.	5.922.727	6.108.774	1.944.037	2.578.548
<b>TOTAL</b>	<b>7.250.707</b>	<b>7.535.442</b>	<b>2.310.422</b>	<b>3.243.385</b>

**g) Dividend income:**

None (2008: None).

**h) Remunerations to key management personnel:**

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>	<b>1 April – 30 June 2009</b>	<b>1 April – 30 June 2008</b>
<b>Short-term Benefits:</b> (Salaries, bonus payments, public housing, car, social security, health insurance, permit etc.)	856.271	1.138.094	562.856	278.379
<b>Benefits After Severance</b> (Prescribed payments will be made to key personnel after retirement etc.)	-	-	-	-
<b>Other long-term Benefits</b> (Provision for employment termination benefits, long term parts of the allowance provisions, long term bonus plans etc.)	123.388	121.230	18.654	30.637
<b>Benefits Extended due to Employment Terminations</b> (Severance, termination benefits and other legal amounts paid to redundant managers)	17.120	-	17.120	-
<b>Share Based Payments</b>	-	-	-	-
<b>TOTAL</b>	<b>996.779</b>	<b>1.259.324</b>	<b>598.630</b>	<b>309.016</b>

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 38 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS**

The table below summarizes the foreign currency position risk of the Company as at 30 June 2009 and 31 December 2008. Foreign currency denominated assets and liabilities held by Company are as follows:

<b>FOREIGN EXCHANGE POSITION TABLE</b>										
	<b>30 June 2009</b>					<b>31 December 2008</b>				
	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>
1. Trade receivables	65.458.413	18.752.040	17.118.184	5.891	-	70.790.983	25.507.053	15.043.095	5.660	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	8.561.759	2.354.669	2.309.786	-	-	17.312.852	6.323.979	3.616.870	2.783	-
2b. Nonmonetary Financial Assets						-	-	-	-	-
3. Other	5.761.304	721.323	2.166.040	1.020	3.388	6.546.242	496.619	2.684.953	-	33.048
<b>4. Current Assets (1+2+3)</b>	<b>79.781.476</b>	<b>21.828.032</b>	<b>21.594.010</b>	<b>6.911</b>	<b>3.388</b>	<b>94.650.077</b>	<b>32.327.651</b>	<b>21.344.918</b>	<b>8.443</b>	<b>33.048</b>
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL Assets (4+8)</b>	<b>79.781.476</b>	<b>21.828.032</b>	<b>21.594.010</b>	<b>6.911</b>	<b>3.388</b>	<b>94.650.077</b>	<b>32.327.651</b>	<b>21.344.918</b>	<b>8.443</b>	<b>33.048</b>
10. Trade payables	59.123.042	33.270.793	3.693.668	334	-	102.854.203	61.702.520	4.203.782	334	33.048
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>13. Short-term Liabilities (10+11+12)</b>	<b>59.123.042</b>	<b>33.270.793</b>	<b>3.693.668</b>	<b>334</b>	<b>-</b>	<b>102.854.203</b>	<b>61.702.520</b>	<b>4.203.782</b>	<b>334</b>	<b>33.048</b>
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	13.084.033	2.938.491	3.970.752	-	-	13.145.614	4.493.017	2.937.113	-	-
16 b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>17. Long-term Liabilities (14+15+16)</b>	<b>13.084.033</b>	<b>2.938.491</b>	<b>3.970.752</b>	<b>-</b>	<b>-</b>	<b>13.145.614</b>	<b>4.493.017</b>	<b>2.937.113</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL Liabilities (13+17)</b>	<b>72.207.075</b>	<b>36.209.284</b>	<b>7.664.420</b>	<b>334</b>	<b>-</b>	<b>115.999.817</b>	<b>66.195.537</b>	<b>7.140.895</b>	<b>334</b>	<b>33.048</b>

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated)

**NOTE 38 – CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (CONTINUED)**

<b>FOREIGN EXCHANGE POSITION TABLE (CONTINUED)</b>										
	<b>30 June 2009</b>					<b>31 December 2008</b>				
	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>
<b>19. Net Asset / (Liability) Position of the Off-Balance-Sheet Foreign Exchange Based Derivatives (19a-19b)</b>	1.408.429	17.142.675	(11.505.854)	0	-	25.219.706	34.565.006	(12.576.334)	-	-
19a. The Amount of the Asset Type Off-Balance-Sheet Foreign Exchange Based Derivatives (Note 39)	26.230.008	17.142.675	0	0	-	52.272.658	34.565.006	-	-	-
19b. The Amount of the Liability Type Off-Balance-Sheet Foreign Exchange Based Derivatives (Note 39)	24.821.579	0	11.505.854	0	-	27.052.953	-	12.576.334	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	8.982.830	2.761.423	2.423.736	6.577	3.388	3.869.966	697.120	1.627.689	8.109	-
<b>21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	1.813.097	(15.102.575)	11.763.550	5.557	-	(27.895.982)	(34.364.505)	11.519.070	8.109	(33.048)
<b>22. Total Fair Value of the Financial Instruments Used for the Foreign Exchange Hedge</b>	1.408.429	17.142.675	(11.505.854)	0	-	25.219.706	34.565.006	(12.576.334)	-	-

	<b>1 January – 30 June 2009</b>	<b>1 January – 30 June 2008</b>
<b>23. Total Exports (TL)</b>	91.197.232	114.755.754
<b>24. Total Imports (TL)</b>	55.927.790	104.962.046
<b>25. Hedging ratio of foreign currency position (%)</b>	36%	45%

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**NOTE 38 – CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (CONTINUED)**

The Company is mainly exposed to currency risk arising from EUR, USD, GBP and CHF in the current period.

<b>Sensitivity Analysis Table of Foreign Exchange Rate</b>				
<b>30 June 2009</b>	<b>Profit/Loss</b>		<b>Shareholders' Equity</b>	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case that USD rate changes by 10%:				
1- USD net asset/liability	(2.223.828)	2.223.828	-	-
2- Portion protected from the USD foreign exchange risk (-)	2.623.001	(2.623.001)	-	-
<b>3- USA Dollar Net Effect (1+2)</b>	<b>399.173</b>	<b>(399.173)</b>	-	-
In case that EUR rate changes by 10%:				
4- EUR net asset/liability	2.982.573	(2.982.573)	-	-
5- Portion protected from the EURign exchange risk (-)	(2.482.158)	2.482.158	-	-
<b>6- Net EUR Effect (4+5)</b>	<b>500.415</b>	<b>(500.415)</b>	-	-
In case that other foreign exchange rates change by 10%:				
7- Other net foreign exchange asset/liability	2.137	(2.137)	-	-
8- The part protected from the other foreign exchange rate risk (-)	-	-	-	-
<b>9- Other Foreign Exchange Assets Net Effect (7+8)</b>	<b>2.137</b>	<b>(2.137)</b>	-	-
<b>TOTAL (3+6+9)</b>	<b>901.725</b>	<b>(901.725)</b>	-	-

<b>Sensitivity Analysis Table of Foreign Exchange Rate</b>				
<b>30 June 2008</b>	<b>Profit/Loss</b>		<b>Shareholders' Equity</b>	
	Yabancı paranın değer kazanması	Yabancı paranın değer kaybetmesi	Yabancı paranın değer kazanması	Yabancı paranın değer kaybetmesi
In case that USD rate changes by 10%:				
1- USD net asset/liability	(5.170.163)	5.170.163	-	-
2- Portion protected from the USD foreign exchange risk (-)	5.227.266	(5.227.266)	-	-
<b>3- USA Dollar Net Effect (1+2)</b>	<b>57.103</b>	<b>(57.103)</b>	-	-
In case that EUR rate changes by 10%:				
4- EUR net asset/liability	3.033.442	(3.033.442)	-	-
5- Portion protected from the EURign exchange risk (-)	(2.705.295)	2.705.295	-	-
<b>6- Net EUR Effect (4+5)</b>	<b>328.147</b>	<b>(328.147)</b>	-	-
In case that other foreign exchange rates change by 10%:				
7- Other net foreign exchange asset/liability	1.747	(1.747)	-	-
8- The part protected from the other foreign exchange rate risk (-)	-	-	-	-
<b>9- Other Foreign Exchange Assets Net Effect (7+8)</b>	<b>1.747</b>	<b>(1.747)</b>	-	-
<b>TOTAL (3+6+9)</b>	<b>386.996</b>	<b>(386.996)</b>	-	-

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**NOTE 39 - FINANCIAL INSTRUMENTS (Fair Value Disclosures and Hedging Disclosures)**

**The Fair Value of Financial Instruments**

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, interpreting the fair values of financial instruments by evaluating the market information requires judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange.

**Foreign currency purchases agreement:**

As of 30 June 2009, the Company has ongoing forward sale contracts amounting to EUR11.505.854 and ongoing forward purchase contracts amounting to USD17.142.646 and the related expense amounting to TL818.744 is classified under "*Financial expense*".

As of 31 December 2008, the Company has ongoing forward sale contracts amounting to EUR12.576.334 and ongoing forward purchase contracts amounting to USD34.565.006 and the related expense amounting to TL1.175.576 is classified under "*Financial expense*".

**NOTE 40 - SUBSEQUENT EVENTS**

None (2007: None).

**NOTE 41-DISCLOSURE OF OTHER MATTERS, WITH MATERIAL EFFECT ON  
FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF  
UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS**

**a) Tax Penalty Declarations related to 2002:**

The Company received 'Tax investigation report' and 'Tax penalty declarations' from Turkey Revenue Administration Bursa Tax Office Mudanya Tax administration at the date of 31 December 2007. In the mentioned tax investigation report, it was stated that there was irregularity related with purchasing from Ünipek Elektronik Mamulleri İmalat Sanayi ve Tic. Ltd. in 2002. Also it was concluded that Ünipek Elektrolikit Bakır İm. Sanayi Tic. Ltd. Şti., a former supplier of the Company, did not pay the VAT on the invoices issued to the Company for the year ended 31 December 2002 and consequently the Company is joint liable to pay the VAT. Mudanya Tax Administration claims a VAT loss amounting to TL4.499.620 due to these invoices and a penalty amounting to TL4.499.620. The Company has total exposure amounting to TL9.025.240 in aggregate. The Company has filed a lawsuit for the cancellation of 'Tax penalty declarations' as of 29 January 2008.

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(CONTINUED)**

Based on the above mentioned 'Tax investigation report', a further 'Tax penalty declaration' of TL1.157.864 tax penalty has been presented to the Company as of 30 January 2008. The Company has filed a lawsuit for the cancellation of this 'Tax penalty declaration' as of 31 January 2008.

Also, related with the tax penalties amounting to TL10.183.104 in the "Tax penalty declarations", Mudanya Tax Administration has levied and execution on the land registered address as Ömerbey Mahallesi section 32-34 block 20 Mudanya on which the Company's facilities are located. Lawsuit is stil in progress at the report date of this report.

Lawsuit completed in favour of the Company and Tax Court decided to cancellation of tax loss and penalty amounting to TL10.183.104. However, Bursa Tax Administration requested for the appeal of the case to the upper court.

**b) Tax Penalty Declarations ralated to 2003:**

The Company received 'Tax investigation report' from Bursa Tax Administration on 27 October 2008. In the mentioned tax investigation report, it was claimed that there were irregularities related with the purchases from Ünipek Elektronik Mamulleri İmalat Sanayi ve Tic. Ltd Şti. performed in 2003. Although the Company had no wrong intention by the usage of the documents which cause the irregularities, Tax Administration claims a VAT loss amounting to TL3.295.493 in accordance with Article 30/4-6 of the Law on Tax Procedures numbered 213. Additionally, Tax Administration claims a tax loss for the correction of VAT amounting to TL4.976.933 in accordance with Articles 116-126 of the same law and it also claims a tax fine as one time of the VAT correction in accordance with Articles 341 and 344/1 of the Law on Tax Procedures. A specific irregularity fine amounting TL40.000 is also stated in the report. At 17 November 2008, Company received the mentioned tax fine declaration. According ot the tax fine, in summary, the Company has total exposure amounting TL20.721.064 in aggregate which is as follows: Tax loss for the correction of VAT amounting to TL8.272.426, tax loss fine amounting to TL12.408.638 and TL40.000 as specific irregularity fine.

In respect to the mentioned tax investigation report, the Company demanded reconciliation before payment notification arrival and it was agreed to held the reconciliation meeting on 13 November, Thursday by the Tax Administration. However, The Company cancelled the reconciliation request before payment notification with a written form to Revenues Administration Presidency Bursa Tax Administration Tax Audit Department on 11 November 2008 according to the following regulation: "*Before the agreed meeting date, the tax payer demanding reconciliation before assessment might inform in written form the parties preparing the report or the unit providing secretarial services to the commission that it has relinquished its demand. In such a case, operations are carried out as if the tax payer did not ask for reconciliation before assessment.*" After further evaluations, Company agreed to arrange reconciliation afer tax penalty declaration and requested for the reconciliation to the Ministry of Finance Revenue Administration Reconciliation Office and 13 May 2009 decided as reconciliation date.

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(CONTINUED)**

Reconciliation meeting held on 13 May 2009 with Finance Revenue Administration Reconciliation Office, parties reached an agreement and reconciliation statement signed. According to the accrual documents declared to the Company by Mudanya Tax Office at 1 June 2009, Company obligated to pay total TL10.065.000 (TL3.067.250 tax, TL125.000 tax loss, and TL6.832.750 overdue interest and TL40.000 irregularity fine) related with the year 2003 as result of reconciliation meeting. The entire amount paid by the Company at 12 June 2009.

Also, another tax investigation has been started related with purchases from Ünipek Elektronik Mamulleri İmalat Sanayi ve Tic. Ltd. in 2004. Investigation started at the same time with the 2003 related investigation, however there is not any tax investigation report obtained by Company at the time of this report.

**NOTE 42 - CONVENIENCE TRANSLATION INTO ENGLISH**

As indicated in Note 2, the accompanying financial statements are prepared and presented in accordance with the accounting and reporting principles issued by the Turkish Capital Market Board, which differ from the accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). The effects of such differences have not been quantified. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in the financial position and cash flows in accordance with the accounting principles generally accepted in such countries and the IFRS.

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