TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 AND INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)

PRICEWATERHOUSECOOPERS

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

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

1. We have audited the accompanying financial statements of Türk Prysmian Kablo ve Sistemleri A.Ş. ("the Company") which comprise the balance sheet as of 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. The Company management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standards issued by Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB.

Without qualifying our conclusion we draw your attention to the following matter:

5. As explained in Note 41, the Company received “Tax investigation report” related with 2004 on 24 November 2009. In the mentioned tax investigation report, it was stated that there were irregularities related with purchases from one supplier in 2004. It was also stated in the report that although the Company had no wrong intention by the usage of the documents which cause the irregularities, Tax Office calculated a VAT loss, penalty and irregularity fine amounting to total TL28.132.664. The Company management applied for reconciliation with the tax authority related with the mentioned ‘Tax investigation report’ and waiting for the determination of reconciliation date.

   There is an uncertainty related with the outcome of the above tax penalty at the report date and no provision has been accounted for in the financial statements as of 31 December 2009.

Additional paragraph for convenience translation into English:

6. The effects of differences between accounting principles issued by CMB and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

Coşkun Şen, SMMM
Partner

İstanbul, 16 February 2010

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 AND
INDEPENDENT AUDITOR'S REPORT
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

BALANCE SHEETS
AS OF 31 DECEMBER 2009 AND 31 DECEMBER 2008

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

	Notes	*Audited* 31 December 2009	*Audited* 31 December 2008
ASSETS			
Current Assets		**184.906.098**	**234.965.525**
Cash and cash equivalents	6	26.019.602	22.165.909
Financial investments	7	-	-
Trade receivables	10, 37	102.321.477	129.964.327
Receivables on construction contracts	15	271.553	2.023.974
Receivables from finance activities	12	-	-
Other current receivables	11	4.290.464	3.347.614
Inventories	13	44.434.941	64.506.011
Other current assets	26	7.568.061	12.957.690
Subtotal		*184.906.098*	*234.965.525*
Assets held for sale	34	-	-
Non-current assets		**55.165.748**	**58.171.386**
Trade receivables	10, 37	-	-
Receivables from finance activities	12	-	-
Other non-current receivables	11	-	-
Financial investments	7	-	-
Investments valued at equity method	16	-	-
Investment properties	17	-	-
Property, plant and equipment	18	52.191.927	56.384.236
Intangible assets	19	74.088	116.345
Goodwill	20	-	-
Deferred tax assets	35	2.426.122	650.419
Other non-current assets	26	473.611	1.020.386
TOTAL ASSETS		**240.071.846**	**293.136.911**

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.

BALANCE SHEETS
AS OF 31 DECEMBER 2009 AND 31 DECEMBER 2008

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

	Notes	*Audited* **31 December 2009**	*Audited* **31 December 2008**
LIABILITIES			
Current liabilities		**97.923.966**	**141.471.885**
Financial Liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10, 37	78.033.380	117.586.387
Construction contracts acquisition value	15	-	-
Other current payables	11	3.209.271	10.626.837
Payables due to finance activities	12	-	-
Government grants	21	-	-
Tax liabilities	35	3.774.096	3.251.755
Provisions	22	10.322.909	8.942.977
Other current liabilities	26	2.584.310	1.063.929
Subtotal		*97.923.966*	*141.471.885*
Liabilities related to assets held for sale	34	-	-
Non-current liabilities		**10.804.661**	**11.613.893**
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10, 37	-	-
Other non-current payables	11	-	-
Payables due to finance activities	12	-	-
Government grants	21	-	-
Provisions	22	3.129.440	4.036.105
Benefits to personnel	24	7.675.221	7.577.788
Deferred tax liabilities	35	-	-
Other non-current liabilities	26	-	-
SHAREHOLDERS' EQUITY		**131.343.219**	**140.051.133**
Shareholders' Equity of Parent Company			
Paid-in capital	27	112.233.652	39.312.000
Paid-in capital inflation adjustment differences	27	-	8.462.823
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	(5.289.062)	18.004.730
Minority interests		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**240.071.846**	**293.136.911**

These financial statements as at and for the period ended 31 December 2009 were approved by Board of Directors on 16 February 2010.

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.

STATEMENTS OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

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

	Notes	*Audited* 1 January- 31 December 2009	*Audited* 1 January- 31 December 2008
CONTINUING OPERATIONS			
Sales Income	28	428.768.437	633.913.846
Cost of Sales (-)	28	(370.369.617)	(550.592.018)
Gross operating profit/ (loss)		**58.398.820**	**83.321.828**
GROSS PROFIT/ (LOSS)		**58.398.820**	**83.321.828**
Marketing, Sales and Distribution Expenses (-)	29, 30	(29.760.391)	(33.758.313)
General Administrative Expenses (-)	29, 30	(23.215.163)	(21.480.839)
Research and Development Expenses (-)	29, 30	(1.182.030)	(1.133.585)
Other Operating Income	31	4.402.707	6.551.876
Other Operating Expenses (-)	31	(11.150.350)	(3.518.367)
OPERATING PROFIT/ (LOSS)		**(2.506.407)**	**29.982.600**
Profit/(Loss) From Investments Valued at Equity Method	-	-	-
Financial Income	32	28.928.460	36.344.444
Financial Expenses (-)	33	(29.712.722)	(45.014.390)
INCOME/ (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES		**(3.290.669)**	**21.312.654**
Taxes on income/(loss)		**(1.998.393)**	**(3.307.924)**
Tax income/(loss) for the period	35	(3.774.096)	(3.251.755)
Deferred tax income/(loss)	35	1.775.703	(56.169)
NET INCOME/ (LOSS) FROM CONTINUING OPERATIONS		**(5.289.062)**	**18.004.730**
NET INCOME/ (LOSS) FOR THE PERIOD		**(5.289.062)**	**18.004.730**
Other Comprehensive Income		**-**	**-**
TOTAL COMPREHENSIVE INCOME AFTER TAX		**(5.289.062)**	**18.004.730**
Earnings Per Share	**36**	**(0,005)**	**0,016**
Diluted Earnings per Share		**-**	**-**
Earnings per Share from Operations		**(0,005)**	**0,016**
Diluted Earnings per Share from Operations		**-**	**-**

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

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

	Notes	*Audited* 1 January- 31 December 2009	*Audited* 1 January- 31 December 2008
A. CASH FLOWS FROM OPERATING ACTIVITIES		**8.894.011**	**20.020.219**
Net profit before taxation (+)		**(3.290.669)**	**21.312.654**
Adjustments:			
Depreciation (+)	18, 19	6.810.163	7.229.015
Employment termination benefits	24	893.425	1.347.596
Interest income (-)	32	(1.138.846)	(273.017)
Interest expense (+)	33	84.048	5.349.306
Gains on sales of long-term financial assets	7	-	(3.936.185)
Gains on sales of property, plant and equipment	31	102.367	-
Change in provision for doubtful receivables	10	1.182.848	2.926.605
Change in deferred financial income	10	(986.038)	307.000
Change in deferred financial expense	10	262.484	170.182
Changes in assets and liabilities:			
Change in trade receivables	10, 37	27.446.040	(26.155.985)
Change in other receivables	11	(942.850)	(1.844.380)
Change in inventories	13	20.071.070	720.662
Change in other current assets	26	7.423.045	4.338.476
Change in other long term receivables	26	546.775	118.746
Change in trade payables	10, 37	(38.063.070)	22.964.255
Change in short term provisions	22	1.379.932	(6.762.610)
Change in other short-term liabilities	26, 22	(5.302.304)	357.340
Change in other long-term liabilities	26, 22	(906.665)	951.709
Taxes paid	35	(5.285.171)	(8.302.325)
Employment termination benefits paid	24	(1.392.573)	(798.825)
Net cash generated from operating activities		**8.894.011**	**20.020.219**
B. CASH FLOW FROM INVESTEMENT ACTIVITIES		**(2.677.964)**	**(502.422)**
Fixed asset additions (-)	18	(3.277.371)	(7.391.183)
Proceeds from sale of property, plant and equipment (+)	18	599.407	32.225
Proceeds from the sale of financial investments (+)	7	-	6.856.536
Net cash used in investment activities		**(2.677.964)**	**(502.422)**
C. CASH FLOW FROM FINANCIAL ACTIVITIES		**(2.362.354)**	**(12.932.739)**
Interest paid (-)	33	(84.048)	(5.349.306)
Interest received (+)	32	1.138.846	273.017
Dividends paid	27	(3.417.152)	(7.856.450)
Net cash used in financial activities		**(2.362.354)**	**(12.932.739)**
Net increase in cash and cash equivalents		**3.853.693**	**6.585.058**
Cash and cash equivalents at the beginning of the period	**6**	**22.165.909**	**15.580.851**
Cash and cash equivalents at the end of the period	**6**	**26.019.602**	**22.165.909**

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

STATEMENTS OF SHAREHOLDERS’ EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

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

								Restricted reserves		Retained Earnings / (Loss)			
	Notes	**Share Capital**	**Inflation Adjustment to Share Capital**	**Company’s Own Shares**	**Share Premium**	**Revaluation Fund**	**Foreign Currency Translation Differences**	**Legal Reserves**	**Other Reserves and Retained Earnings**	**Statutory Reserves**	**Inflation Adjustment of Equity Items**	**Net Income/ (Loss) for the Period**	**Total**
1 January 2008		**39.312.000**	**8.462.823**	**-**	**-**	**-**	**-**	**454.448**	**26.453**	**110.745**	**64.458.829**	**17.083.505**	**129.908.803**
Dividends paid	27	-	-	-	-	-	-	-	-	-	-	(7.862.400)	(7.862.400)
Transfers	27	-	-	-	-	-	-	1.135.783	-	8.085.322	-	(9.221.105)	-
Net income for the period	27	-	-	-	-	-	-	-	-	-	-	18.004.730	18.004.730
31 December 2008		**39.312.000**	**8.462.823**	**-**	**-**	**-**	**-**	**1.590.231**	**26.453**	**8.196.067**	**64.458.829**	**18.004.730**	**140.051.133**
1 January 2009		**39.312.000**	**8.462.823**	**-**	**-**	**-**	**-**	**1.590.231**	**26.453**	**8.196.067**	**64.458.829**	**18.004.730**	**140.051.133**
Dividends paid	27	-	-	-	-	-	-	-	-	-	-	(3.418.852)	(3.418.852)
Transfers	27	-	-	-	-	-	-	1.087.266	2.952.139	10.546.473	-	(14.585.878)	-
Capital increase	27	72.921.652	(8.462.823)	-	-	-	-	-	-	-	(64.458.829)	-	-
Net income for the period	27	-	-	-	-	-	-	-	-	-	-	(5.289.062)	(5.289.062)
31 December 2009		**112.233.652**	**-**	**-**	**-**	**-**	**-**	**2.677.497**	**2.978.592**	**18.742.540**	**-**	**(5.289.062)**	**131.343.219**

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

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

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 in the Capital Markets Board ("CMB") and 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 of the period is stated as follows:

31 December 2009

Personnel Type	Union	Union Name	None-Union
Blue Collar	290	Birleşik Metal İş Sendikası	-
White Collar	-	-	79
TOTAL	**290**		**79**

31 December 2008

Personnel Type	Union	Union Name	None-Union
Blue Collar	319	Birleşik Metal İş Sendikası	1
White Collar	-	-	83
TOTAL	**319**		**84**

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.

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

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 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 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.

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.

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 recognized 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 recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

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

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

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 includes 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;

	Economic Life	Method
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.

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.

Costs for repair and maintenance of property, plant and equipment are normally charged as expenses. 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).

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

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.

2.4.7 Financial liabilities:

Financial liabilities are recognized 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 recognized 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).

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

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:

Monetary asset

Balances denominated in foreign currencies are translated at year-end bid rates declared by Central Bank of Turkey.

Financial assets including cash and amounts due from banks are translated at bid rates declared by the Central Bank of Turkey.

The carrying value of trade receivables are also translated at year-end bid rates and their fair values are considered to approximate with the related allowance of doubtful accounts.

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.

Trade payables and borrowings are translated at period-end ask rates declared by the Central Bank of Turkey.

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

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

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 ask rates prevailing at the balance sheet dates. Payables denominated in foreign currencies have been translated into Turkish Lira at the 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.

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 on 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).

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

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).

2.4.19 Government grants and incentives:

Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received. Even if the state incentives are obtained either by offsetting an obligation or in cash, they are recognized 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 recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

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

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 three months (Note 6).

2.4.25 Capital and Dividends:

Ordinary shares are classified as equity. Dividends receivable are recognized as income in the period when the right to receive payment is established and dividends payable are recognized 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.

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

NOTE 3 - BUSINESS COMBINATIONS

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

NOTE 4 - BUSINESS PARTNERSHIP

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

NOTE 5 - SEGMENT REPORTING

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

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2009	**31 December 2008**
Cash – TL	1.394	1.321
Cash – Foreign Currency	6.824	6.356
Bank – Demand Deposit	109.826	53.085
Bank – TL – Time Deposit	17.418.131	2.653.185
Bank – Export Foreign Currency	-	153.421
Bank – Foreign Currency	291.629	51.422
Bank – USD – Time Deposit	4.356.143	9.361.353
Bank – EURO – Time Deposit	2.705.949	7.730.195
Cheques Received	1.129.706	2.155.571
TOTAL	**26.019.602**	**22.165.909**

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

	31 December 2009		**31 December 2008**	
	Maturity	**Interest rate (%)**	**Maturity**	**Interest rate (%)**
TL Time Deposits	O/N	9	O/N	16
TL Time Deposits	O/N	8,5	O/N	15,25
TL Time Deposits	O/N	7,5	-	-
TL Time Deposits	19 Days	10,75	-	-
TL Time Deposits	17 Days	10,75	-	-
Time Deposits USD	O/N	1,5	O/N	2,75
Time Deposits USD	O/N	1	5 Days	3,50
Time Deposits EURO	O/N	1	O/N	4

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

NOTE 7 - FINANCIAL INVESTMENTS

The Company does not have any financial investments as of 31 December 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 recognised as a result of the sale).

NOTE 8 - FINANCIAL LIABILITIES

The Company does not have any bank loans as of 31 December 2009 (2008: None).

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2008: None).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables:

	31 December 2009	31 December 2008
Trade Receivables	66.328.842	93.974.165
Trade Receivables (Foreign Related Parties) (Note 37)	3.615.084	6.591.807
Notes Receivables	32.748.767	30.755.610
Doubtful Receivables	14.459.511	13.276.663
Provision for Doubtful Receivables	(14.459.511)	(13.276.663)
Unearned Financial Income	(371.216)	(1.357.255)
TOTAL	**102.321.477**	**129.964.327**

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:

	2009	2008
1 January	**13.276.663**	**10.350.058**
Additions and collections	1.230.353	71.668
Changes due to the foreign exchange rate differences	(47.505)	2.854.937
31 December	**14.459.511**	**13.276.663**

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Aging analysis of Notes Receivables:

	31 December 2009	31 December 2008
0-30 Days Maturity	14.928.609	18.446.731
31-60 Days Maturity	11.197.942	9.161.693
61-90 Days Maturity	4.906.485	2.458.629
91 Days and Over	1.715.731	688.557
TOTAL	**32.748.767**	**30.755.610**

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 31 December 2009 the Company has TL23.704.005 (31 December 2008: TL32.599.701) of guarantees for its trade receivables. All of the mentioned guarantees have been obtained from third parties, there are no guarantees obtained from intercompanies.

Aging analysis of trade receivables:

As of 31 December 2009, maturities of trade receivables, for which no bad debt provision has been accounted, are as follows;

	31 December 2009	31 December 2008
Overdue receivables (*)	2.784.148	7.684.777
0-30 Days Maturity	41.083.397	39.193.259
31-60 Days Maturity	24.219.913	34.309.245
61-90 Days Maturity	1.386.534	4.647.368
91-120 Days Maturity	469.934	-
121 Days and Over	-	14.731.323
TOTAL	**69.943.926**	**100.565.972**

(*) Overdue days	**31 December 2009**	**31 December 2008**
0-1 Month	2.742.702	6.516.989
1-3 Month	18.581	979.235
3 Months and Over	22.865	188.553
TOTAL	**2.784.148**	**7.684.777**

b) Short-Term Trade Payables:

	31 December 2009	31 December 2008
Trade Payables	73.491.145	112.133.965
Trade Payables (Foreign Related Parties) (Note 37)	4.571.484	5.744.155
Deferred Financial Expenses	(29.249)	(291.733)
TOTAL	**78.033.380**	**117.586.387**

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Non-derivative financial liabilities as of 31 December 2009						
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	78.033.380	78.062.629	61.493.135	16.569.494	-	-
Other Payables	3.209.271	3.209.271	2.300.580	10.159	878.968	19.564

Non-derivative financial liabilities as of 31 December 2008						
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

	Receivables				
31 December 2009	**Trade Receivables**		**Other Receivables**		**Bank Deposits**
	Related Parties	**Other Parties**	**Related Parties**	**Other Parties**	
Maximum risk on receivables as of reporting date (A+B+C+D+E)	**3.615.084**	**98.706.393**	**-**	**4.290.464**	**24.881.678**
Guaranteed portion of the maximum risk	-	-	-	-	-
A. Net book value of the assets that are not due or provision (impairment) has not been accounted for	3.438.867	96.098.462	-	4.290.464	24.881.678
B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired	-	-	-	-	-
C. Book value of the overdue assets that provision (impairment) has not been accounted for	176.217	2.607.931	-	-	-
- Guaranteed portion	-	1.050.794	-	-	-
D. Net book value of the assets that impaired(provision has been accounted for)	-	-	-	-	-
Overdue (gross book value)	-	14.459.511	-	-	-
Impairment (-)	-	(14.459.511)	-	-	-
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	-	-	-	-	-

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (CONTINUED)

	Receivables				
31 December 2008	**Trade Receivables**		**Other Receivables**		**Bank Deposits**
	Related Parties	**Other Parties**	**Related Parties**	**Other Parties**	
Maximum risk on receivables as of reporting date (A+B+C+D+E)	**6.591.807**	**123.372.520**	**-**	**3.347.614**	**20.002.662**
Guaranteed portion of the maximum risk	-	-	-	-	-
A. Net book value of the assets that are not due or provision (impairment) has not been accounted for	4.882.018	117.397.532	-	3.347.614	20.002.662
B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired	-	-	-	-	-
C. Book value of the overdue assets that provision (impairment) has not been accounted for	1.709.789	5.974.988	-	-	-
- Guaranteed portion	-	2.228.375	-	-	-
D. Net book value of the assets that impaired(provision has been accounted for)	-	-	-	-	-
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	-	-	-	-	-

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

	31 December 2009	31 December 2008
VAT Receivable from Direct Export Sales	1.229	533.608
VAT Receivable from Export Sales	2.778.216	1.954.581
Receivables from Employees	198.501	175.635
Other Doubtful Receivables	32.695	32.695
Provisions for Other Doubtful Receivables	(32.695)	(32.695)
Deposits and Warranties Given	57.167	28.674
Other Miscellaneous Receivables	1.255.351	655.116
TOTAL	**4.290.464**	**3.347.614**

b) Other Payables:

	31 December 2009	31 December 2008
Due to Shareholders	10.832	9.132
Order Advances Received	3.198.439	10.617.705
TOTAL	**3.209.271**	**10.626.837**

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES

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

None (2008: None).

NOTE 13 - INVENTORIES

	31 December 2009	**31 December 2008**
Raw materials and supplies	9.557.974	16.021.986
Semi-finished goods	14.483.162	22.732.432
Finished goods	21.856.559	26.483.815
Trade goods	446.660	1.597.593
Other inventories	49.982	135.927
Provision for diminution in value of inventories	(1.959.396)	(2.465.742)
TOTAL	**44.434.941**	**64.506.011**

As of 1 January - 31 December 2009, TL320.932.770 (1 January-31 December 2008: TL484.659.202) of cost of goods sold is related with raw material usage (Note: 28).

Movement for the provision of obsolete inventory:	**2009**	**2008**
1 January	**2.465.742**	**963.981**
Additions and deductions during the period	(506.346)	1.501.761
31 December	**1.959.396**	**2.465.742**

NOTE 14 - BIOLOGICAL ASSETS

None (2008: None).

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

NOTE 15 - ASSETS RELATED TO CONSTRUCTION CONTRACTS

The Company applies percentage of completion method for construction type contracts for revenue and cost recognition. There are 2 contracts that the Company has signed in this respect in 2009 (2008: 3 contracts), these contracts are as follows:

a) 380 kV DAVUTPAŞA GIS TM-YENİBOSNA GIS TM Underground XLPE Power Cable Project: The Company signed related contract at the end of 2009. Construction and installation has not started related with the project as of 31 December 2009 accordingly there is no detained progress payments and advances received related with the project as of 31 December 2009.

b) TEİAŞ Yarımca – 1 TM / TÜPRAŞ 154 kV Cable Telecommunication Project: The Company recognized revenues and incurred costs related with the project in 2009 according to the completion percentage of the project.

Total amount of revenues recognized and costs incurred in 2009 related with the construction contracts are as follows:

	31 December 2009	**31 December 2008**
Additions to sales revenue	5.151.691	32.303.326
Additions to cost of sales	3.621.405	25.489.491
Net income /(loss) on financial statements	**1.530.286**	**6.813.835**

There are no advances received related with these projects as of 31 December 2009.

NOTE 16 - INVESTMENTS VALUED AT EQUITY METHOD

None (2008: None).

NOTE 17 - INVESTMENT PROPERTIES

None (2008: None).

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

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

2009	**31 December 2008**	**Additions**	**Disposals**	**31 December 2009**
Cost				
Land	3.780.040	-	(615.680)	3.164.360
Buildings	44.113.319	265.568	(1.908)	44.376.979
Machinery and equipment	206.424.460	2.577.578	(15.301.169)	193.700.869
Motor vehicles, furniture and fixtures	23.070.338	434.225	(1.428.090)	22.076.473
Special costs	77.543	-	-	77.543
Total	**277.465.700**	**3.277.371**	**(17.346.847)**	**263.396.224**
Accumulated Depreciation				
Buildings	(21.781.328)	(769.264)	316	(22.550.276)
Machinery and equipment	(178.190.240)	(5.416.003)	15.314.899	(168.291.344)
Motor vehicles, furniture and fixtures	(21.032.381)	(582.639)	1.329.858	(20.285.162)
Special costs	(77.515)	-	-	(77.515)
Total	**(221.081.464)**	**(6.767.906)**	**16.645.073**	**(211.204.297)**
Net Book Value	**56.384.236**	**(3.490.535)**	**(701.774)**	**52.191.927**

As of 31 December 2009, the Company has TL6.767.906 depreciation expense for tangible assets and TL42.257 amortization expense for intangible assets amounting to total TL6.810.163. This amount is allocated to cost of goods and operating expenses as TL6.219.825 and TL590.338, respectively.

2008	**31 December 2007**	**Additions**	**Disposals**	**31 December 2008**
Cost				
Land	3.780.040	-	-	3.780.040
Buildings	43.615.327	497.992	-	44.113.319
Machinery and equipment	208.274.706	6.349.499	(8.199.745)	206.424.460
Motor vehicles, furniture and fixtures	22.799.294	478.214	(207.170)	23.070.338
Special costs	77.543	-	-	77.543
Total	**278.546.910**	**7.325.705**	**(8.406.915)**	**277.465.700**
Accumulated Depreciation				
Buildings	(21.019.800)	(761.528)	-	(21.781.328)
Machinery and equipment	(180.534.877)	(5.855.108)	8.199.745	(178.190.240)
Motor vehicles, furniture and fixtures	(20.625.654)	(581.672)	174.945	(21.032.381)
Special costs	(77.515)	-	-	(77.515)
Total	**(222.257.846)**	**(7.198.308)**	**8.374.690**	**(221.081.464)**
Net Book Value	**56.289.064**	**127.397**	**(32.225)**	**56.384.236**

As of 31 December 2008, the Company has TL7.198.308 depreciation expense for tangible assets and TL30.707 amortization expense for intangible assets amounting to total TL7.229.015. TL6.457.739 of this amount is allocated to cost of goods sold and TL771.276 of the depreciation expense is allocated to operating expenses.

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

NOTE 19 - INTANGIBLE ASSETS

2009	31 December 2008	Additions	Disposals	31 December 2009
Cost	969.373	-	-	969.373
Accumulated amortization	(853.028)	(42.257)	-	(895.285)
Net Book Value	**116.345**	**(42.257)**	**-**	**74.088**

2008	31 December 2007	Additions	Disposals	31 December 2008
Cost	903.895	65.478	-	969.373
Accumulated amortization	(822.321)	(30.707)	-	(853.028)
Net Book Value	**81.574**	**34.771**	**-**	**116.345**

NOTE 20 - GOODWILL

None (2008: None).

NOTE 21 - GOVERNMENT GRANTS

a) 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: TL489.325) subject to research and development expenses as of 31 December 2009.

b) 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 31 December 2009, TÜBİTAK support related with the expenditures are as in the following table. Evaluation of 2009 research and development expenditures is still in progress of TÜBİTAK and there is no grant accounted for in the financial statements as a result of such expenditures as of 31 December 2009.

	31 December 2009	31 December 2008
2007 related grants	26.887	85.812
2008 related grants	85.303	-
TOTAL	**112.190**	**85.812**

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

NOTE 22 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short Term Provisions:

	31 December 2009	31 December 2008
Expense accruals related with construction type contracts	208.097	2.650.079
Provision for service and goods that invoices are not received	7.622.878	3.743.339
Expense accruals of order commissions	796.397	1.694.314
Expense accruals for warranty costs	848.510	81.969
Expense accruals of foreign service contracts	550.524	121.103
Expense accruals of forward contracts	296.503	652.173
TOTAL	**10.322.909**	**8.942.977**

b) Long Term Provisions:

	31 December 2009	31 December 2008
Provisions for court cases	2.590.599	2.965.079
Provisions for Warranty Expenses	538.841	637.505
Provision for Disabled Workers	-	433.521
TOTAL	**3.129.440**	**4.036.105**

NOTE 23 - COMMITMENTS

	31 December 2009	31 December 2008
Bank Guarantee Letters Given	77.425.701	69.976.384
TOTAL	**77.425.701**	**69.976.384**

Guarantee letters given sum up to total of TL77.425.701. 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 31 December 2009 (2008: None).

All the guarantee letters given are related with the third parties, there are no guarantee letters obtained from related parties.

NOTE 24 – PERSONNEL BENEFITS

	31 December 2009	31 December 2008
Provision for employment termination benefits	5.792.637	6.291.785
Accruals related with personnel bonuses	1.591.960	960.261
Accruals related with personnel vacations	290.624	325.742
TOTAL	**7.675.221**	**7.577.788**

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

NOTE 24 – PERSONNEL BENEFITS (CONTINUED)

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 lengthen of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL2.365,16 for each year of service as of 31 December 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:

	31 December 2009	31 December 2008
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	97,39	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 January 2010 which is TL2.427,04 (1 January 2009: TL2.260,05). Movements of the provision for employment termination benefits during the period are as follows:

	2009	2008
1 January	**6.291.785**	**5.743.014**
Paid during the year	(1.392.573)	(798.825)
Increase / (decrease) during the year	893.425	1.347.596
31 December	**5.792.637**	**6.291.785**

NOTE 25 - RETIREMENT PLANS

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

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

NOTE 26 - OTHER ASSETS AND LIABILITIES

a) Other Current Assets:

	31 December 2009	31 December 2008
Prepaid Taxes	1.960.662	3.317.008
Taxes, Dues and Other Receivables	13.036	2.737.336
Order Advances Given Related with Inventories	2.394.656	6.032.873
Job Advances	3.008.174	644.300
Prepaid Expenses	189.388	225.251
Personnel Advances	1.368	-
Other Current Assets	777	922
TOTAL	**7.568.061**	**12.957.690**

b) Other Non-Current Assets:

	31 December 2009	31 December 2008
Advances Given for Purchase of Fixed Assets	417.337	918.261
Prepaid Expenses	56.274	102.125
TOTAL	**473.611**	**1.020.386**

c) Other Liabilities:

	31 December 2009	31 December 2008
Taxes, Dues and Other Payables (*)	1.456.041	-
Payables to the Personnel	387.980	498.869
Other Miscellaneous Payables	740.289	527.102
Other Liabilities	-	37.958
TOTAL	**2.584.310**	**1.063.929**

NOTE 27 - SHAREHOLDERS' EQUITY

a) Paid-in Capital:

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

31 December 2009

Description	Percentage (%)	Amount (TL)
Prysmian (Dutch) Holdings B.V.	83,75	93.995.684
Other	16,25	18.237.968
TOTAL	**100,00**	**112.233.652**

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

NOTE 27 - SHAREHOLDERS' EQUITY

At 30 April 209, 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 have 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.

31 December 2008

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

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: 393.120.000) shares with nominal value of TL0,10 each (2008: TL0,10).

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.

b) Restricted Reserves:

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

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 31 December 2008 (31 December 2008: TL1.616.6841).

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.

NOTE 27 - SHAREHOLDERS' EQUITY (CONTINUED)

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.

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

In accordance with the decision of Capital Markets Board on 27 January 2010 number 02/51, there is not any minimum profit distribution obligation for companies related with 2009 (2008: 20%). If a Company decides to distribute dividend, that can realize distribution in cash or as bonus shares through the addition of dividend to equity upon the decision of the Company's general assembly. It has been further enabled that if initial dividend amount is less than the 5% of the existing paid /issued capital, Company can decide to retain this amount if the following situation does not exist; "a Company is obligated to distribute the initial dividend amount in cash if a capital increase without performing a dividend distribution in the previous period is existing".

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.

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 Communiqué No: 29 shareholders' equity accounts of the Company as of 31 December 2009 and 31 December 2008 are as follows;

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

NOTE 27 - SHAREHOLDERS' EQUITY (CONTINUED)

	31 December 2009	31 December 2008
Paid-in Capital	**112.233.652**	**39.312.000**
Paid-in Capital Inflation Adjustment Differences	**-**	**8.462.823**
Retained Earnings	**18.742.540**	**72.654.896**
Shareholders' Equity Restatement Differences (*)	-	*64.458.829*
Extraordinary Reserves	*18.742.540*	*8.196.067*
Restricted Reserves	**5.656.089**	**1.616.684**
Legal Reserves	*2.661.634*	*1.574.368*
Legal Reserves Inflation Adjustment Differences	*15.863*	*15.863*
Investment and Property Sales Gains to be Transferred to the Share Capital (**)	*2.978.592*	*26.453*
Net Income/Loss for the Period	**(5.289.062)**	**18.004.730**
TOTAL SHAREHOLDERS' EQUITY	**131.343.219**	**140.051.133**

(*) 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 TL64.458.829 have been represented as shareholders' equity restatement differences. Such amount has been added 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.

NOTE 28 - SALES AND COST OF SALES

	1 January – 31 December 2009	1 January – 31 December 2008
Domestic Sales	334.456.730	488.402.397
Export Sales	174.690.128	239.724.315
Other Sales	9.042.975	13.939.058
Other Operating Income	495.028	1.049.046
Sales Discounts	(89.916.424)	(109.200.971)
Cost of Sales	(370.369.617)	(550.592.017)
TOTAL	**58.398.820**	**83.321.828**

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

NOTE 28 - SALES AND COST OF SALES (CONTINUED)

Cost of sales as of 31 December 2009 and 31 December 2008 are as follows;

	1 January – 31 December 2009	**1 January – 31 December 2008**
Direct Material Costs	320.932.770	484.659.202
General Production Costs	18.646.125	15.741.745
Cost of Trade Goods Sold	4.647.338	18.978.209
Cost of Other Sales	8.811.417	13.460.806
Direct Labor Costs	11.112.142	11.294.316
Depreciation	6.219.825	6.457.739
TOTAL	**370.369.617**	**550.592.017**

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

	1 January – 31 December 2009	**1 January – 31 December 2008**
Selling and marketing expenses	29.760.391	33.758.313
General administrative expenses	23.215.163	21.480.839
Research and development expenses	1.182.030	1.133.585
TOTAL	**54.157.584**	**56.372.737**

NOTE 30 - EXPENSES BY TYPE

a) Selling and Marketing Expenses:

	1 January – 31 December 2009	**1 January - 31 December 2008**
Logistics Expenses	18.372.139	22.731.132
Sales and Guarantee Letters Commissions	5.448.634	6.185.974
Personnel Expenses	2.868.343	2.708.229
Other Sales and Distribution Expenses	2.990.801	2.098.511
Depreciation Expenses	80.474	34.467
TOTAL	**29.760.391**	**33.758.313**

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

NOTE 30 - EXPENSES BY TYPE (CONTINUED)

b) General and Administrative Expenses:

	1 January – 31 December 2009	**1 January – 31 December 2008**
License Expenses	13.657.213	13.909.374
Personnel Expenses	5.632.399	3.992.307
Other Administrative Expenses	2.908.438	2.423.415
Depreciation Expenses	459.241	684.053
Outsourced Service Expenses	557.872	471.690
TOTAL	**23.215.163**	**21.480.839**

c) Research and Development Expenses:

	1 January – 31 December 2009	**1 January – 31 December 2008**
Personnel Expenses	637.227	712.445
Project Costs	63.807	109.396
Depreciation Expenses	50.623	52.756
Other Expenses	430.373	258.988
TOTAL	**1.182.030**	**1.133.585**

NOTE 31 - OTHER INCOME/EXPENSES

	1 January – 31 December 2009	**1 January – 31 December 2008**
Income from sales of financial investments	-	3.936.185
Expense distribution	1.127.947	-
Closed provisions	955.709	389.532
Rediscount income	723.554	825.824
Purchase premium gains	580.756	882.129
Prior period income	807.658	163.688
Research and development incentive income	112.190	85.812
Other income	94.893	268.706
Other Operating Income and Profits	**4.402.707**	**6.551.876**
Rediscount expense	-	(1.303.006)
Provision expenses	(45.703)	(1.703.125)
Tax penalty and tax penalty related other advisory costs	(11.064.673)	-
Other expense (*)	(39.974)	(512.236)
Other Operating Expense and Losses	**(11.150.350)**	**(3.518.367)**

(*) All of the contributions and aids amounting to TL31.796 given to different associations, foundations, corporations and enterprises in the current period has been included in the Other Expenses (31 December 2008: TL54.131).

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

NOTE 32 - FINANCIAL INCOME

	1 January – 31 December 2009	**1 January – 31 December 2008**
Foreign exchange difference income	26.971.966	34.983.130
Financial income from forward contracts	817.648	1.088.297
Interest income	1.138.846	273.017
TOTAL	**28.928.460**	**36.344.444**

NOTE 33 - FINANCIAL EXPENSE

	1 January – 31 December 2009	**1 January – 31 December 2008**
Foreign exchange difference expense	(27.183.157)	(35.504.768)
Financial expense from forward contracts	(1.367.773)	(3.277.774)
Bank transaction commissions and other financial expense	(537.869)	(814.103)
Interest expense	(84.048)	(5.349.306)
Guarantee letter expenses	(539.875)	(68.439)
TOTAL	**(29.712.722)**	**(45.014.390)**

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.

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

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

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 (TURKSTAT PPI-Producer Price Index 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.

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.

	1 January – 31 December 2009	**1 January – 31 December 2008**
- Current period corporate tax	(3.774.096)	(3.251.755)
- Deferred tax income/expense	1.775.703	(56.169)
Total tax expense	**(1.998.393)**	**(3.307.924)**

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

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

	1 January – 31 December 2009	1 January – 31 December 2008
Income before tax	**(3.290.669)**	**21.312.654**
Corporate tax provision calculated with 20% tax rate (31 December 2008: 20%)	(658.134)	4.262.531
Non-deductible expenses	4.515.217	1.587.407
Non-taxable income	(1.873.634)	(2.959.410)
Non-deductible expenses base for deferred tax	14.944	417.396
Total tax provision	**1.998.393**	**3.307.924**

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 realized 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 31 December 2009 are as follows;

	Cumulative Temporary Differences		Deferred Tax Assets /(Liabilities)	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Deferred Tax Assets				
Net difference between the tax base and carrying value of inventories	3.528.009	4.410.573	705.602	882.115
Provision for doubtful receivables	606.085	773.066	121.217	154.613
Deferred credit finance expense	341.967	1.065.521	68.393	213.104
Expense accruals	19.054.662	18.198.983	3.810.932	3.639.796
	23.530.723	**24.448.143**	**4.706.144**	**4.889.628**
Deferred Tax Liabilities				
Net difference between the tax base and the carrying value of property, plant and equipment	11.165.786	14.023.093	2.233.157	2.804.619
Construction type contracts income accruals	217.800	6.524.238	43.560	1.304.848
Other income accruals	16.527	648.709	3.305	129.742
	11.400.113	**21.196.040**	**2.280.022**	**4.239.209**

Net Deferred Tax Assets	**12.130.610**	**3.252.103**	**2.426.122**	**650.419**

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

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

	1 January 2009	Charged to income statement	31 December 2009
Deferred Tax Assets	**4.889.628**	**(183.484)**	**4.706.144**
Net difference between the tax base and carrying value of inventories	882.115	(176.513)	705.602
Provision for doubtful receivables	154.613	(33.396)	121.217
Deferred credit finance expense	213.104	(144.711)	68.393
Expense accruals	3.639.796	171.136	3.810.932
Deferred Tax Liabilities	**4.239.209**	**(1.959.187)**	**2.280.022**
Net difference between the tax base and the carrying value of property, plant and equipment	2.804.619	(571.462)	2.233.157
Construction type contracts income accruals	1.304.848	(1.261.288)	43.560
Other income accruals	129.742	(126.437)	3.305
Net Deferred Tax Assets	**650.419**	**1.775.703**	**2.426.122**

NOTE 36 - EARNINGS PER SHARE

	1 January – 31 December 2009	1 January – 31 December 2008
Net profit for the period (TL)	(5.289.062)	18.004.730
Number of shares with a nominal value TL0,10 each	1.122.336.520	1.122.336.520
Earnings per share (TL)	**(0,005)**	**0,016**

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:

	31 December 2009	31 December 2008
Due from group companies	3.615.084	6.591.807
Due from personnel	198.501	175.635
Due from related parties	**3.813.585**	**6.767.442**
Due to group companies	4.571.484	5.744.155
Due to shareholders	10.832	9.132
Due to related parties	**4.582.316**	**5.753.287**

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

NOTE 37 - RELATED PARTY DISCLOSURES (CONTINUED)

a) Due from group companies:

	31 December 2009	31 December 2008
Prysmian Cavi e Sistemi Telecom Italia	1.868.293	5.117.896
Prysmian Kabel und Systeme GmbH	1.035.069	979.279
Prysmian Telecom Cables & Systems	453.619	245.426
Due from Other Group Companies	258.103	249.206
TOTAL	**3.615.084**	**6.591.807**

b) Due to group companies:

	31 December 2009	31 December 2008
Prysmian Cavi e Sistemi Energia S.r.l.	3.268.593	3.252.727
Prysmian Cavi e Sistemi Telecom S.r.l.	546.896	620.110
Prysmian Cavi e Sistemi Energia Italia S.r.l.	317.697	537.614
Prysmian Metals Ltd.	251.443	-
Fibre Ottiche Sud - F.O.S. S.r.l.	-	752.851
Due to Other Group Companies	186.855	580.853
TOTAL	**4.571.484**	**5.744.155**

c) Due to shareholders:

	1 January – 31 December 2009	1 January – 31 December 2008
Dividends payable for 2008	2.057	-
Dividends from previous years	8.775	9.132
TOTAL	**10.832**	**9.132**

d) Sales to Group Companies:

Name	1 January – 31 December 2009	1 January – 31 December 2008
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	30.232.056	52.419.231
Prysmian Kabel und Systeme GmbH	7.191.357	4.752.932
Prysmian Telecom Cables & Systems UK Ltd.	3.838.248	5.100.868
Sales to Other Group Companies	3.276.794	6.816.279
TOTAL	**44.538.455**	**69.089.310**

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

NOTE 37 - RELATED PARTY DISCLOSURES (CONTINUED)

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

Foreign Purchases: (1 January - 31 December 2009)

Name	Raw Materials and Trade Goods	Service	Fixed Assets	TOTAL
Prysmian Metals Ltd.	36.006.998	-	-	36.006.998
Prysmian Cavi e Sistemi Energia S.r.l.	-	11.212.633	-	11.212.633
Fibre Ottiche Sud - F.O.S. S.r.l.	2.388.681	-	-	2.388.681
Prysmian Cavi e Sistemi Energia Italia S.r.l	3.265.089	-	-	3.265.089
Purchases from Other Group Companies	1.810.569	3.136.701	-	4.947.270
TOTAL	**43.471.337**	**14.349.334**	**-**	**57.820.671**

Foreign Purchases: (1 January - 31 December 2008)

Name	Raw Materials and Trade Goods	Service	Fixed Assets	TOTAL
Prysmian Metals Ltd.	50.785.481	-	-	50.785.481
Prysmian Cavi e Sistemi Energia S.r.l.	192.981	11.249.406	-	11.442.387
Prysmian Kabel und System GmbH	11.094.304	-	-	11.094.304
Eurelectric S.A.	4.210.679	-	-	4.210.679
Fibre Ottiche Sud - F.O.S. S.r.l.	3.939.261	-	-	3.939.261
Purchases from Other Group Companies	6.679.242	237.928	37.827	6.954.997
TOTAL	**76.901.948**	**11.487.334**	**37.827**	**88.427.109**

f) License expense paid to group companies:

	1 January – 31 December 2009	1 January – 31 December 2008
Prysmian Cavi e Sistemi Telecom S.r.l.	11.212.633	11.249.406
Prysmian Cavi e Sistemi Energia S.r.l.	2.444.580	2.659.968
TOTAL	**13.657.213**	**13.909.374**

g) Dividend income:

None (2008: None).

h) Remunerations to key management personnel:

	1 January – 31 December 2009	1 January – 31 December 2008
Short-term Benefits (Salaries, bonus payments, public housing, car, social security, health insurance, permit etc.)	1.621.048	2.197.057
Benefits After Severance (Prescribed payments will be made to key personnel after retirement etc.)	-	-
Other long-term Benefits (Provision for employment termination benefits, long term parts of the allowance provisions, long term bonus plans etc.)	64.333	131.019
Benefits Extended due to Employment Terminations (Severance, termination benefits and other legal amounts paid to redundant managers)	118.727	-
Share Based Payments	-	-
TOTAL	**1.804.108**	**2.328.076**

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

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 31 December 2009 and 31 December 2008. Carrying values of foreign currency assets and liabilities of the Company are as follows:

FOREIGN EXCHANGE POSITION TABLE										
	31 December 2009					31 December 2008				
	TL equivalent	USD	EURO	GBP	CHF	TL equivalent	USD	EURO	GBP	CHF
1. Trade receivables	57.975.316	20.390.635	12.615.377	8.428	-	70.790.983	25.507.053	15.043.095	5.660	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	7.590.617	2.894.922	1.495.964	-	-	17.312.852	6.323.979	3.616.870	2.783	-
2b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	4.836.665	285.786	1.995.167	26.822	22.161	6.546.242	496.619	2.684.953	-	33.048
4. Current Assets (1+2+3)	**70.402.598**	**23.571.343**	**16.106.508**	**35.250**	**22.161**	**94.650.077**	**32.327.651**	**21.344.918**	**8.443**	**33.048**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. TOTAL Assets (4+8)	**70.402.598**	**23.571.343**	**16.106.508**	**35.250**	**22.161**	**94.650.077**	**32.327.651**	**21.344.918**	**8.443**	**33.048**
10. Trade payables	68.882.420	41.503.185	2.781.369	21.062	-	102.854.203	61.702.520	4.203.782	334	33.048
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term Liabilities (10+11+12)	**68.882.420**	**41.503.185**	**2.781.369**	**21.062**	**-**	**102.854.203**	**61.702.520**	**4.203.782**	**334**	**33.048**
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	12.820.739	3.562.415	3.408.340	-	22.161	13.145.614	4.493.017	2.937.113	-	-
16 b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**12.820.739**	**3.562.415**	**3.408.340**	**-**	**22.161**	**13.145.614**	**4.493.017**	**2.937.113**	**-**	**-**
18. TOTAL Liabilities (13+17)	**81.703.159**	**45.065.600**	**6.189.709**	**21.062**	**22.161**	**115.999.817**	**66.195.537**	**7.140.895**	**334**	**33.048**

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

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

FOREIGN EXCHANGE POSITION TABLE (CONTINUED)

	31 December 2009					31 December 2008				
	TL equivalent	USD	EURO	GBP	CHF	TL equivalent	USD	EURO	GBP	CHF
19. Net Asset / (Liability) Position of the Off-Balance-Sheet Foreign Exchange Based Derivatives (19a-19b)	**16.185.909**	**21.841.851**	**(7.694.000)**	**-**	**-**	**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)	32.887.275	21.841.851	-	-	-	52.272.658	34.565.006	-	-	-
19b. The Amount of the Liability Type Off-Balance-Sheet Foreign Exchange Based Derivatives (Note 39)	16.701.366	-	7.694.000	-	-	27.052.953	-	12.576.334	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**4.885.348**	**347.594**	**2.222.799**	**14.188**	**-**	**3.869.966**	**697.120**	**1.627.689**	**8.109**	**-**
21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(16.137.226)**	**(21.780.043)**	**7.921.632**	**(12.634)**	**(22.161)**	**(27.895.982)**	**(34.364.505)**	**11.519.070**	**8.109**	**(33.048)**
22. Total Fair Value of the Financial Instruments Used for the Foreign Exchange Hedge	**16.185.909**	**21.841.851**	**(7.694.000)**	**-**	**-**	**25.219.706**	**34.565.006**	**(12.576.334)**	**-**	**-**

	31 December 2009	31 December 2008
23. Total Exports (TL)	174.483.026	238.258.558
24. Total Imports (TL)	144.692.352	242.528.787
25. Hedging ratio of foreign currency position (%)	40%	45%

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

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

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

Sensitivity Analysis Table of Foreign Exchange Rate				
31 December 2009				
	Profit/Loss		**Shareholders' Equity**	
	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	(3.269.288)	3.269.288	-	-
2- Portion protected from the USD foreign exchange risk (-)	3.288.728	(3.288.728)	-	-
3- USD Net Effect (1+2)	**19.439**	**(19.439)**	**-**	**-**
In case that EURO rate changes by 10%:				
4- EURO net asset/liability	2.135.889	(2.135.889)	-	-
5- Portion protected from the EURO foreign exchange risk (-)	(1.670.137)	1.670.137	-	-
6- Net EURO Effect (4+5)	**465.752**	**(465.752)**	**-**	**-**
In case that other foreign exchange rates change by 10%:				
7- Other net foreign exchange asset/liability	3.343	(3.343)	-	-
8- The part protected from the other foreign exchange rate risk (-)	-	-	-	-
9- Other Foreign Exchange Assets Net Effect (7+8)	**3.343**	**(3.343)**	**-**	**-**
TOTAL (3+6+9)	**488.535**	**(488.535)**	**-**	**-**

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

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

The Company was mainly exposed to currency risk arising from EURO, USD, GBP and CHF in the prior period.

Sensitivity Analysis Table of Foreign Exchange Rate				
31 December 2008				
	Profit/Loss		**Shareholders' Equity**	
	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	(5.170.163)	5.170.163	-	-
2- Portion protected from the USD foreign exchange risk (-)	5.227.266	(5.227.266)	-	-
3- USD Net Effect (1+2)	**57.103**	**(57.103)**	**-**	**-**
In case that EURO rate changes by 10%:				
4- EURO net asset/liability	3.033.442	(3.033.442)	-	-
5- Portion protected from the EURO foreign exchange risk (-)	(2.705.295)	2.705.295	-	-
6- Net EURO Effect (4+5)	**328.147**	**(328.147)**	**-**	**-**
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 (-)	-	-	-	-
9- Other Foreign Exchange Assets Net Effect (7+8)	**1.747**	**(1.747)**	**-**	**-**
TOTAL (3+6+9)	**386.996**	**(386.996)**	**-**	**-**

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 purchase agreement:

As of 31 December 2009, the Company has ongoing forward sale contracts amounting to EURO7.694.000 and ongoing forward purchase contracts amounting to USD21.841.851 and the related income amounting to TL503.272 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 (2008: None).

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

a) Tax Penalty Declarations related to 2002:

The Company received "Tax investigation report" and "Tax penalty declarations" from 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 Unipek 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.

Based on the above mentioned "Tax investigation report", a further "Tax penalty declaration" of TL1.157.864 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.

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

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 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 to 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 hold 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.*" The result of the evaluations made after, decision of request for settlement has been taken and on 25 November 2008, required written application has been made to Ministry of Finance in Ankara.

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.

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

c) Tax Penalty Declarations related to 2004:

The Company received “Tax investigation report” from Bursa Tax Administration on 24 November 2009. 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 2004. 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 TL6.919.166 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 TL4.313.900 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 TL50.000 is also stated in the report. At 10 December 2009, Company received the mentioned tax fine declaration. According to the tax fine, in summary, the Company has total exposure amounting TL28.132.664 in aggregate which is as follows: Tax loss for the correction of VAT amounting to TL16.849.598, tax loss fine amounting to TL11.233.066 and TL50.000 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 hold the reconciliation meeting on 8 December 2009, 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 7 December 2009 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.*” The result of the evaluations made after, decision of request for settlement has been taken on 8 January 2010, and required written application has been made to Ministry of Finance in Ankara. The Company is waiting for the determination of the settlement date.

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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