

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

**CONVENIENCE TRANSLATION TO  
ENGLISH OFFINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2010  
AND INDEPENDENT AUDITOR'S  
REVIEW REPORT  
(ORIGINALLY ISSUED IN TURKISH)**



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**CONVENIENCE TRANSLATION TO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

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

**BALANCE SHEET AS OF 30 JUNE 2010**

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

	<i>Notes</i>	<i>Reviewed</i> <b>30 June 2010</b>	<i>Audited</i> <b>31 December 2009</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>207.876.948</b>	<b>184.906.098</b>
Cash and cash equivalents	4	27.031.484	26.019.602
Trade receivables	6, 21	116.603.060	102.321.477
Receivables on construction contracts	8	-	271.553
Other current receivables		5.267.769	4.290.464
Inventories	7	48.525.174	44.434.941
Other current assets		10.449.461	7.568.061
<b>Non-current assets</b>		<b>52.619.669</b>	<b>55.165.748</b>
Property, plant and equipment	18	50.308.607	52.191.927
Intangible assets	19	53.102	74.088
Deferred tax assets	35	2.122.119	2.426.122
Other non-current assets	26	135.841	473.611
<b>TOTAL ASSETS</b>		<b>260.496.617</b>	<b>240.071.846</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>122.971.198</b>	<b>184.906.098</b>
Trade payables	6,21	100.420.279	78.033.380
Other current payables		8.703.027	3.209.271
Tax liabilities	20	-	3.774.096
Provisions	11	11.592.634	10.322.909
Other current liabilities		2.255.258	2.584.310
<b>Non-current liabilities</b>		<b>10.520.232</b>	<b>10.804.661</b>
Provisions	11	3.704.120	3.129.440
Benefits to personnel		6.816.112	7.675.221
<b>SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' Equity of Parent Company</b>		<b>127.005.187</b>	<b>131.343.652</b>
Paid-in capital	13	112.233.652	112.233.652
Restricted reserves	13	5.656.089	5.656.089
Retained earnings	13	13.453.478	18.742.540
Net income/(loss) for the period	13	(4.338.032)	(5.289.062)
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>240.496.617</b>	<b>240.071.846</b>

These financial statements as at and for the period ended 30 June 2010 were approved by Board of Directors on 30 July 2010.

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

**CONVENIENCE TRANSLATION TO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

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

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2010**

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

	<i>Reviewed</i>	<i>Reviewed</i>	<i>Not Reviewed</i>	<i>Not Reviewed</i>
	<b>Current period</b>	<b>Prior period</b>	<b>Current period</b>	<b>Prior period</b>
Notes	<b>1 January- 30 June 2010</b>	<b>1 January- 30 June 2009</b>	<b>1 April- 30 June 2010</b>	<b>1 April- 30 June 2009</b>
<b><u>CONTINUING OPERATIONS</u></b>				
Sales Income	14	239,073,261	210,780,320	121,439,992
Cost of Sales (-)	14	(215,904,720)	(182,900,602)	(110,941,274)
<b>Gross operating profit/ (loss)</b>		<b>23,168,541</b>	<b>27,879,718</b>	<b>10,498,718</b>
<b>GROSS PROFIT/ (LOSS)</b>		<b>23,168,541</b>	<b>27,879,718</b>	<b>10,498,718</b>
Marketing, Sales and Distribution Expenses (-)	16	(10,179,092)	(15,675,054)	(4,446,714)
General Administrative Expenses (-)	16	(8,665,337)	(11,593,336)	(4,442,525)
Research and Development Expenses (-)	16	(622,652)	(556,473)	(313,733)
Other Operating Income	17	1,439,684	3,993,288	616,270
Other Operating Expenses (-)	17	(8,828,666)	(10,974,380)	(8,240,344)
<b>OPERATING PROFIT/ (LOSS)</b>		<b>(3,687,522)</b>	<b>(6,926,237)</b>	<b>(6,328,328)</b>
Profit/(Loss) From Investments Valued at Equity Method		-	-	-
Financial Income	18	11,980,101	22,186,038	6,550,614
Financial Expenses (-)	19	(12,326,608)	(23,087,652)	(6,929,496)
<b>INCOME/ (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES</b>		<b>(4,034,029)</b>	<b>(7,827,851)</b>	<b>(6,707,210)</b>
<b>Taxes on income/(loss)</b>		<b>(304,003)</b>	<b>(623,079)</b>	<b>170,701</b>
Tax income/(loss) for the period	20	-	(2,277,409)	-
Deferred tax income/(loss)	20	(304,003)	1,654,330	170,701
<b>NET INCOME/ (LOSS) FROM CONTINUING OPERATIONS</b>		<b>(4,338,032)</b>	<b>(8,450,930)</b>	<b>(6,536,509)</b>
<b>DISCONTINUED OPERATIONS</b>		-	-	-
<b>Income / (Loss) From Discontinued Operations After Taxes</b>		-	-	-
<b>NET INCOME/ (LOSS) FOR THE PERIOD</b>		<b>(4,338,032)</b>	<b>(8,450,930)</b>	<b>(6,536,509)</b>
<b>Other Comprehensive Income</b>		-	-	-
<b>TOTAL COMPREHENSIVE INCOME AFTER TAX</b>		<b>(4,338,032)</b>	<b>(8,450,930)</b>	<b>(6,536,509)</b>
<b>Earnings Per Share</b>		<b>(0,004)</b>	<b>(0,008)</b>	<b>(0,006)</b>
<b>Diluted Earnings per Share</b>		-	-	-
<b>Earnings per Share from Operations</b>		<b>(0,004)</b>	<b>(0,008)</b>	<b>(0,006)</b>
<b>Diluted Earnings per Share from Operations</b>		-	-	-

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

**CONVENIENCE TRANSLATION TO ENGLISH OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

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

**STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2010**

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

	Notes	<i>Reviewed</i>	
		Current period 1 January-30 June 2010	Current period 1 January-30 June 2009
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>1,287,042</b>	<b>8,017,733</b>
Net profit / (loss) before taxation (+)		(4,034,029)	(7,827,851)
<b>Adjustments:</b>			
Depreciation (+)	14,16	3,004,489	3,564,415
Employment termination benefits		(75,574)	7,747
Interest income (-)	18	(658,008)	(638,838)
Interest expense (+)	19	131	83,861
Gains / (losses) on sales of property, plant and equipment- net	17	(167,246)	-
Change in provision for doubtful receivables	6	(844,246)	44,197
Change in deferred financial income	6	41,140	(938,125)
Change in deferred financial expense	6	(40,363)	244,539
<b>Changes in assets and liabilities:</b>			
Change in trade receivables	6,21	(13,478,477)	29,140,100
Change in other receivables		(977,305)	837,396
Change in inventories	7	(4,090,233)	29,030,235
Change in other current assets		(4,842,062)	7,617,617
Change in other long term receivables		337,770	896,231
Change in trade payables	6,21	22,698,815	(47,779,423)
Change in short term provisions	11	(103,078)	3,257,442
Change in other short-term liabilities		4,381,269	(2,187,673)
Change in other long-term liabilities		1,947,483	(1,395,512)
Taxes paid	20	(1,813,434)	(5,285,171)
Employment termination benefits paid		-	(653,454)
<b>Net cash generated from operating activities</b>		<b>1,287,042</b>	<b>8,017,733</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>(932,937)</b>	<b>(1,054,104)</b>
Fixed asset additions (-)	9	(1,163,855)	(1,128,492)
Proceeds from sale of property, plant and equipment (+)	9	230,918	74,388
<b>Net cash generated from investment activities</b>		<b>(932,937)</b>	<b>(1,054,104)</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		<b>657,777</b>	<b>(2,861,716)</b>
Interest paid (-)	19	(131)	(83,861)
Interest received (+)	18	658,008	638,838
Dividends paid	13	(100)	(3,416,693)
<b>Net cash generated from financial activities</b>		<b>657,777</b>	<b>(2,861,716)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,011,882</b>	<b>4,101,913</b>
<b>Cash and cash equivalents at the beginning of the period</b>	4	<b>26,019,602</b>	<b>22,165,909</b>
<b>Cash and cash equivalents at the end of the period</b>	4	<b>27,031,484</b>	<b>26,267,822</b>

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

CONVENIENCE TRANSLATION TO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY MOVEMENT  
FOR THE PERIOD ENDED 30 JUNE 2010

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

	Notes	Share Capital	Inflation Adjustment to Share Capital	Company's Own Shares	Share Premium	Revaluation Fund	Foreign Currency Translation Differences	<u>Restricted reserves</u>		<u>Retained Earnings / (Loss)</u>		Net Income/ (Loss) for the Period	Total
								Legal Reserves	Other Reserves and Retained Earnings	Statutory Reserves	Inflation Adjustment of Equity Items		
<b>1 January 2009</b>		<b>39.312.000</b>	<b>8.462.823</b>	-	-	-	-	<b>1.590.231</b>	<b>26.453</b>	<b>8.196.067</b>	<b>64.458.829</b>	<b>18.004.730</b>	<b>140.051.133</b>
Dividends paid		-	-	-	-	-	-	-	-	-	-	(3.418.852)	(3.418.852)
Transfers		-	-	-	-	-	-	1.087.266	2.952.139	10.546.473	-	(14.585.878)	-
Capital increase		72.921.652	(8.462.823)	-	-	-	-	-	-	-	(64.458.829)	-	-
Net income for the period		-	-	-	-	-	-	-	-	-	-	(8.450.930)	(8.450.930)
<b>30 June 2009</b>		<b>112.233.652</b>	-	-	-	-	-	<b>2.677.497</b>	<b>2.978.592</b>	<b>18.742.540</b>	-	<b>(8.450.930)</b>	<b>128.151.352</b>
<b>1 January 2009</b>		<b>112.233.652</b>	-	-	-	-	-	<b>2.677.497</b>	<b>2.978.592</b>	<b>18.742.540</b>	-	<b>(5.289.062)</b>	<b>131.343.219</b>
Dividends paid	27	-	-	-	-	-	-	-	-	-	-	-	(3.418.852)
Transfers	27	-	-	-	-	-	-	-	-	(5.289.062)	-	5.289.062	-
Net income for the period	27	-	-	-	-	-	-	-	-	-	-	(4.338.032)	(4.338.032)
<b>31 December 2009</b>		<b>112.233.652</b>	-	-	-	-	-	<b>2.677.497</b>	<b>2.978.592</b>	<b>18.742.540</b>	-	<b>(4.338.032)</b>	<b>127.005.187</b>

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

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

### NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY

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:

#### 30 June 2010

Personnel Type	Union	Union Name	None-Union
Blue Collar	283	Birleşik Metal İş Sendikası	-
White Collar	-	-	80
<b>TOTAL</b>	<b>283</b>		<b>80</b>

#### 31 December 2009

Personnel Type	Union	Union Name	None-Union
Blue Collar	290	Birleşik Metal İş Sendikası	-
White Collar	-	-	79
<b>TOTAL</b>	<b>290</b>		<b>79</b>

### 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.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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### 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 and 9 January 2009, including the compulsory disclosures.

Enterprises are free to prepare the interim financial statements as the full or summary set of in accordance with the IAS 34 standard "Interim Financial Reporting" according to the CMB Communiqué Serial: XI No:29 requirements. Company, in this framework, preferred to prepare summary of financial statements in six month interim period ended 30 June 2010 in accordance with the CMB Financial Reporting Standards.

#### 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.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

(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 7).

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 9). 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;

	<u>Economic Life</u>	<u>Method</u>
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
Leasehold improvements	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 10).

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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### 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 Borrowing costs:

Bank loans 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 6).

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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

#### *Liquidity risk (cont'd)*

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 6).

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 6.

#### *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 (Notes 18 and 19). 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.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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

#### 2.4.9 Business Combinations:

None (2009: 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 11).

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 11).

#### 2.4.14 Leasing

None (2009: None).

#### 2.4.15 Related parties:

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, investments, associated companies and joint venture partners are considered and referred to as related parties (Note 21).

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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

#### 2.4.16 Segment reporting:

None (2009: 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 (2009: 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 (2009: None).

#### 2.4.21 Taxes on income:

Corporation tax is payable at a rate of 20% for the year 2010 (2009: 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.

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 20).

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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

##### 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.

##### 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 4).

##### 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 13).

##### 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.

##### 2.4.27 Statement of cash flow:

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

#### 2.5 Significant accounting estimates and assumptions:

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

#### NOTE 3 - SEGMENT REPORTING

The Company operates in one business (cable production and sale) and one geographical segment. Therefore, segment recognized is not required (2009: None).

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Cash – TL	1.409	1.394
Cash – Foreign Currency	4.711	6.824
Bank – Demand Deposit	42.708	109.826
Bank – TL – Time Deposit	6.785.105	17.418.131
Bank – Foreign Currency	341.253	291.629
Bank – USD – Time Deposit	12.867.616	4.356.143
Bank – EURO – Time Deposit	4.784.880	2.705.949
Cheques Received	2.203.802	1.129.706
<b>TOTAL</b>	<b>27.031.484</b>	<b>26.019.602</b>

**NOTE 5 - FINANCIAL LIABILITIES**

The Company does not have any bank loans as of 30 June 2010 (2009: None).

**NOTE 6 - TRADE RECEIVABLES AND PAYABLES**

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

	<b>30 June 2010</b>	<b>31 December 2009</b>
Trade Receivables	73.834.055	66.328.842
Trade Receivables (Foreign Related Parties) (Note 21)	7.190.959	3.615.084
Notes Receivables	35.990.402	32.748.767
Doubtful Receivables	13.615.265	14.459.511
Provision for Doubtful Receivables	(13.615.265)	(14.459.511)
Unearned Financial Income	(412.356)	(371.216)
<b>TOTAL</b>	<b>116.603.060</b>	<b>102.321.477</b>

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

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

	<b>2010</b>	<b>2009</b>
<b>1 January</b>	<b>14.459.511</b>	<b>13.276.663</b>
Additions and collections in the period	(1.280.609)	(89.431)
Changes due to the foreign exchange rate differences	436.363	133.628
<b>31 July</b>	<b>13.615.265</b>	<b>13.320.860</b>

Aging analysis of Notes Receivables:

	<b>30 June 2010</b>	<b>31 December 2009</b>
0-30 Days Maturity	19.674.379	14.928.609
31-60 Days Maturity	11.281.963	11.197.942
61-90 Days Maturity	3.983.870	4.906.485
91 Days and Over	1.050.190	1.715.731
<b>TOTAL</b>	<b>35.990.402</b>	<b>32.748.767</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 6 - TRADE RECEIVABLES AND PAYABLES (CONTINUED)**

Guarantees received regarding trade receivables:

The Company minimizes all risks regarding trade receivables by effective controls and by guarantees received. A trade relationship is formed between the Company and its customer after guarantees are obtained from the customers. All guarantee terms are kept under control both before order date and shipment date. As of 30 June 2010 the Company has TL 21.613.438 (31 December 2009: TL 23.704.005) 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 30 June 2010, maturities of trade receivables, for which no bad debt provision has been accounted, are as follows;

	<b>30 June 2010</b>	<b>31 December 2009</b>
Overdue receivables (*)	9.363.535	2.784.148
0-30 Days Maturity	38.738.996	41.083.397
31-60 Days Maturity	31.169.290	24.219.913
61-90 Days Maturity	1.753.193	1.386.534
91-120 Days Maturity	-	469.934
121 Days and Over	-	-
<b>TOTAL</b>	<b>81.025.014</b>	<b>69.943.926</b>

<b>(*) Overdue days</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
0-1 Month	9.216.538	2.742.702
1-3 Months	107.371	18.581
3 Months and Over	39.626	22.865
<b>TOTAL</b>	<b>9.363.535</b>	<b>2.784.148</b>

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

	<b>30 June 2010</b>	<b>31 December 2009</b>
Trade Payables	97.682.854	73.491.145
Trade Payables (Foreign Related Parties) (Note 21)	2.807.037	4.571.484
Deferred Financial Expenses	(69.612)	(29.249)
<b>TOTAL</b>	<b>100.420.279</b>	<b>78.033.380</b>

<b>Non-derivative financial liabilities as of 30 June 2010</b>						
<b>Expected terms</b>	<b>Net book value</b>	<b>Expected total cash outflows</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Trade Payables	100.420.279	100.489.891	85.079.757	15.410.134	-	-
Other Payables	8.703.027	8.703.027	4.972.882	3.019.346	610.666	10.133
<b>Non-derivative financial liabilities as of 31 December 2009</b>						
<b>Expected terms</b>	<b>Net book value</b>	<b>Expected total cash outflows</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
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

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 6 - TRADE RECEIVABLES AND PAYABLES (CONTINUED)**

30 June 2010	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
<b>Maximum risk on receivables as of reporting date (A+B+C+D+E)</b>	<b>7.190.959</b>	<b>109.412.101</b>	<b>126.655</b>	<b>5.141.114</b>	<b>24.821.562</b>
Guaranteed portion of the maximum risk	-	-	-	-	-
<b>A. Net book value of the assets that are not due or provision (impairment ) has not been accounted for</b>	6.528.538	100.710.987	126.655	5.141.114	24.821.562
<b>B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired</b>	-	-	-	-	-
<b>C. Book value of the overdue assets that provision (impairment ) has not been accounted for</b>	662.421	8.701.114	-	-	-
- Guaranteed portion	-	5.122.598	-	-	-
<b>D. Net book value of the assets that impaired( provision has been accounted for)</b>	-	-	-	-	-
Overdue (gross book value)	-	13.615.265	-	-	-
Impairment (-)	-	(13.615.265)	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
<b>E. Off balance sheet items that pose credit risk</b>	-	-	-	-	-

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

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

### NOTE 7 - INVENTORIES

	30 June 2010	31 December 2009
Raw materials and supplies	11.857.009	9.557.974
Semi-finished goods	18.381.356	14.483.162
Finished goods	19.299.515	21.856.559
Trade goods	460.473	446.660
Other inventories	79.332	49.982
Provision for diminution in value of inventories	(1.552.511)	(1.959.396)
<b>TOTAL</b>	<b>48.525.174</b>	<b>44.434.941</b>

As of 1 January – 30 June 2010, TL 189.255.525 (1 January-31 December 2009: TL 320.932.770) of cost of goods sold is related with raw material usage (Note: 14).

<b>Movement for the provision of obsolete inventory:</b>	2010	2009
<b>1 January</b>	<b>1.959.396</b>	<b>2.465.742</b>
Additions and deductions during the period	(406.885)	(1.444.940)
<b>30 June</b>	<b>1.552.511</b>	<b>1.020.802</b>

### NOTE 8 - ASSETS RELATED TO CONSTRUCTION CONTRACTS

The Company applies percentage of completion method for construction type contracts for revenue and cost recognition. There are no contracts that the Company has signed in this respect in 2010 (2009: 2 contracts). Previously signed ongoing 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 30 June 2010 accordingly there is no detained progress payments. Advances received related with the project is TL 2.251.454 as of 30 June 2010 (2009:None).

#### b) TEİAŞ Yarımcı – 1 TM / TÜPRAŞ 154 kV Cable Telecommunication Project:

The Company recognized revenues and incurred costs related with the project as of the current period according to the completion percentage of the project.

Total amount of revenues and costs related with the construction contracts in 2010 and 2009 balance sheets are as follows:

	30 June 2010	31 December 2009
Ongoing construction contract costs:	-	631.903
Profit minus losses recorded (net)	-	202.117
	-	<b>834.020</b>
Revenues recognized (-)	-	(562.467)
	-	<b>271.553</b>

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

	30 June 2010	31 December 2009
Additions to sales revenue	8.864.340	5.151.691
Additions to cost of sales	6.546.310	3.621.405
<b>Net income /(loss) on financial statements</b>	<b>2.318.030</b>	<b>1.530.286</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 9 - PROPERTY, PLANT AND EQUIPMENT**

<b>2010</b>	<b>31.12.2009</b>	<b>Additions</b>	<b>Disposals</b>	<b>30.06.2010</b>
<b>Cost</b>				
Land	3.164.360	-	-	3.164.360
Buildings	44.376.979	70.000	-	44.446.979
Machinery and equipment	193.700.869	712.416	(112.819)	194.300.466
Motor vehicles, furniture and fixtures	22.076.473	381.439	(131.754)	22.326.158
Leasehold improvements	77.543	-	-	77.543
<b>TOTAL</b>	<b>263.396.224</b>	<b>1.163.855</b>	<b>(244.573)</b>	<b>264.315.506</b>
<b>Accumulated Depreciation</b>				
Buildings	(22.550.276)	(385.636)		(22.935.912)
Machinery and equipment	(168.291.344)	(2.279.173)	73.137	(170.497.380)
Motor vehicles, furniture and fixtures	(20.285.162)	(318.694)	107.764	(20.496.092)
Leasehold improvements	(77.515)	-	-	(77.515)
<b>TOTAL</b>	<b>(211.204.297)</b>	<b>(2.983.503)</b>	<b>180.901</b>	<b>(214.006.899)</b>
<b>Net Book Value</b>	<b>52.191.927</b>	<b>(1.819.648)</b>	<b>(63.672)</b>	<b>50.308.607</b>

As of 30 June 2010, the Company has TL 2.983.503 of depreciation expense for tangible assets and TL 20.986 of amortization expense for intangible assets amounting to total of TL 3.004.489. This amount is allocated to cost of goods and operating expenses as TL 2.687.366 and TL 317.123, respectively.

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

As of 30 June 2009, the Company has TL 3.543.270 of depreciation expense for tangible assets and TL 21.145 of amortization expense for intangible assets amounting to total of TL 3.564.415. TL 3.273.434 of this amount is allocated to cost of goods sold and TL 290.981 of the depreciation expense is allocated to operating expenses.

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 10 - INTANGIBLE ASSETS**

<b>2010</b>	<b>31.12.2009</b>	<b>Additions</b>	<b>Disposals</b>	<b>30.06.2010</b>
Cost	969.373	-	-	969.373
Accumulated amortization	(895.285)	(20.986)	-	(916.271)
<b>Net Book Value</b>	<b>74.088</b>	<b>(20.986)</b>	<b>-</b>	<b>53.102</b>

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

**NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

**a) Short Term Provisions:**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Expense accruals related with construction type contracts	181.610	208.097
Provision for service and goods that invoices are not received	6.541.875	7.622.878
Expense accruals of order commissions	594.710	796.397
Expense accruals for warranty costs	648.714	848.510
Expense accruals of foreign service contracts	1.743.169	550.524
Expense accruals of forward contracts	599.218	296.503
Expense accruals of distributor sales premiums	1.283.338	-
<b>TOTAL</b>	<b>11.592.634</b>	<b>10.322.909</b>

**b) Long Term Provisions:**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Provisions for court cases	3.238.874	2.590.599
Provisions for warranty expenses	465.246	538.841
<b>TOTAL</b>	<b>3.704.120</b>	<b>3.129.440</b>

**NOTE 12 - COMMITMENTS**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Bank Guarantee Letters Given	59.942.809	77.425.701
<b>TOTAL</b>	<b>59.942.809</b>	<b>77.425.701</b>

Guarantee letters given sum up to total of TL 59.942.809. Bank guarantee letters given include performance letters that were given the customs, authorities of different competitive biddings and customs due to sale contracts. The Company does not have any export commitments as of 30 June 2010 (2009: None). All the guarantee letters given are related with the third parties, there are no guarantee letters obtained from related parties.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

### NOTE 13 - SHAREHOLDERS' EQUITY

#### a) Paid-in Capital:

Shareholders who hold 5% or more of the shares of the Company as of 30 June 2010 and 31 December 2009 are as follows;

#### 30 June 2010

<u>Description</u>	<u>Percentage (%)</u>	<u>Amount ( TL )</u>
Prysmian (Dutch) Holdings B.V.	83,75	93.991.660
Other	16,25	18.241.992
<b>TOTAL</b>	<b>100,00</b>	<b>112.233.652</b>

#### 31 December 2009

<u>Description</u>	<u>Percentage (%)</u>	<u>Amount ( TL )</u>
Prysmian (Dutch) Holdings B.V.	83,75	93.991.660
Other	16,25	18.241.992
<b>TOTAL</b>	<b>100,00</b>	<b>112.233.652</b>

At 30 April 2009, Board of Directors agreed to increase share capital over the TL 80.000.000 capital ceiling, all financed from retained earnings, from TL 39.312.000 to TL 112.233.652. Issued shares have TL72.921.652 nominal value and were registered to Capital Market Board at 2 July 2009 with 68/519 number. Capital increase was registered to Bursa Trade Register Office at 9 July 2009 according to the regulations of Capital Market Board by Central Register Office.

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 2009: 1.122.336.520) shares with nominal value of TL 0,10 each (2009: TL 0,10).

#### b) Restricted Reserves:

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

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

In accordance with Capital Market Board Financial Reporting Standards, above-mentioned amounts should be classified under "Restricted Reserves". "Restricted Reserves" amount to TL5.656.089 as of 30 June 2010 (31 December 2009: TL5.656.089).

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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#### NOTE 13 - SHAREHOLDERS' EQUITY (CONTINUED)

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

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

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

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

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

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 (2009: 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".

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

### NOTE 13 - SHAREHOLDERS' EQUITY (CONTINUED)

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 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 30 June 2010 and 31 December 2009 are as follows;

	30 June 2010	31 December 2009
<b>Paid-in Capital</b>	<b>112.233.652</b>	<b>112.233.652</b>
<b>Retained Earnings</b>	<b>13.453.478</b>	<b>18.742.540</b>
<i>Extraordinary Reserves</i>	<i>13.453.478</i>	<i>18.742.540</i>
<b>Restricted Reserves</b>	<b>5.656.089</b>	<b>5.656.089</b>
<i>Legal Reserves</i>	<i>2.661.634</i>	<i>2.661.634</i>
<i>Legal Reserves Inflation Adjustment Differences</i>	<i>15.863</i>	<i>15.863</i>
<i>Investment and Property Sales Gains to be Transferred to the Share Capital (*)</i>	<i>2.978.592</i>	<i>2.978.592</i>
<b>Net Income/Loss for the Period</b>	<b>(4.338.032)</b>	<b>(5.289.062)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>127.005.187</b>	<b>131.343.219</b>

(\*) 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.

In accordance with the decision taken in the General Assembly on 26 March 2010, there is no profit distribution for the period 2009 regarding the CMB profit distribution policy since there has been "Net loss" after "corporate tax expense" and "deferred tax income" amounting TL 5.289.062 according to the financial statements prepared for the fiscal year of 2009 in accordance with International Financial Reporting Standards and CMB Communiqué No: XI-29.

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 14 - SALES AND COST OF SALES**

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
Domestic Sales	200.096.909	151.674.199	105.992.365	69.615.849
Export Sales	93.814.639	91.200.935	43.639.227	37.525.756
Other Sales	6.074.732	3.598.724	2.613.205	1.857.566
Other Operating Income	75.474	315.243	60.730	279.307
Sales Discounts	(60.988.493)	(36.008.781)	(30.865.535)	(17.125.949)
Cost of Sales	(215.904.720)	(182.900.602)	(110.941.274)	(80.325.821)
<b>TOTAL</b>	<b>23.168.541</b>	<b>27.879.718</b>	<b>10.498.718</b>	<b>11.826.708</b>

Cost of sales for the six months period ended 30 June 2010 and 30 June 2009 are as follows;

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
Direct Material Costs	189.255.525	158.786.238	97.220.725	69.293.219
General Production Costs	9.541.685	9.578.197	5.521.471	4.681.748
Cost of Trade Goods Sold	2.863.845	2.111.417	1.487.470	351.304
Cost of Other Sales	6.177.423	3.382.568	2.719.244	1.924.185
Direct Labor Costs	5.378.876	5.768.748	2.646.793	2.435.666
Depreciation Costs	2.687.366	3.273.434	1.345.572	1.639.699
<b>TOTAL</b>	<b>215.904.720</b>	<b>182.900.602</b>	<b>110.941.274</b>	<b>80.325.821</b>

**NOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES; MARKETING, SALES AND  
DISTRIBUTION EXPENSES; GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
Selling and Marketing Expenses	10.179.092	15.675.054	4.446.714	8.733.239
General Administrative Expenses	8.665.337	11.593.336	4.442.525	4.773.018
Research and Development Expenses	622.652	556.473	313.733	239.761
<b>TOTAL</b>	<b>19.467.081</b>	<b>27.824.863</b>	<b>9.202.972</b>	<b>13.746.018</b>

**NOTE 16 - EXPENSES BY NATURE**

**a) Selling and Marketing Expenses:**

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
Logistics, Sales and Guarantees Commision Expenses	7.313.240	13.131.947	3.024.565	7.407.396
Personnel Expenses	1.576.144	1.440.288	734.133	743.087
Other Sales and Distribution Expenses	1.241.105	1.061.562	661.839	562.258
Depreciation Expenses	48.603	41.257	26.177	20.498
<b>TOTAL</b>	<b>10.179.092</b>	<b>15.675.054</b>	<b>4.446.714</b>	<b>8.733.239</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 16 - EXPENSES BY NATURE (CONTINUED)**

**b) General and Administrative Expenses:**

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
License Expenses	5.226.318	7.250.707	2.953.696	2.310.422
Personnel Expenses	1.906.075	2.243.738	893.574	1.279.533
Other Administrative Expenses	1.026.549	1.604.867	328.730	944.720
Depreciation Expenses	244.185	224.040	125.575	107.743
Outsourced Service Expenses	262.210	269.984	140.950	130.600
<b>TOTAL</b>	<b>8.665.337</b>	<b>11.593.336</b>	<b>4.442.525</b>	<b>4.773.018</b>

**c) Research and Development Expenses:**

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
Personnel Expenses	324.980	312.014	161.186	152.540
Project Costs	-	13.863	-	7.250
Depreciation Expenses	24.335	25.684	12.152	12.848
Auditing Expenses	106.539	-	54.039	-
Outsourced Service Expenses	88.943	-	44.918	-
Other Expenses	77.855	204.912	41.438	67.123
<b>TOTAL</b>	<b>622.652</b>	<b>556.473</b>	<b>313.733</b>	<b>239.761</b>

**NOTE 17 - OTHER OPERATING INCOME/EXPENSES**

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
Expense Distribution	76.723	-	76.723	-
Released Provisions	430.965	1.893.945	322.145	1.160.134
Discount Income	487.599	693.586	-	12.790
Purchase Premium Gains	-	501.151	-	-
Prior Period Income	207.064	380.718	126.933	311.748
Research and Development Incentive Income	-	44.156	-	44.156
Other Income	237.333	479.732	90.469	403.532
<b>Other Operating Income and Profits</b>	<b>1.439.684</b>	<b>3.993.288</b>	<b>616.270</b>	<b>1.932.360</b>
Discount Expense	(488.376)	-	(57.496)	138.285
Provision Expenses	(64.394)	(86.106)	(64.394)	(15.004)
Payments Related to Tax Penalty Declarations and Consultancy Service Expenses (Note:25)	(7.967.465)	(10.863.744)	(7.967.465)	(10.863.744)
Other Expenses (*)	(308.431)	(24.530)	(150.989)	(8.903)
<b>Other Operating Expense and Losses</b>	<b>(8.828.666)</b>	<b>(10.974.380)</b>	<b>(8.240.344)</b>	<b>(10.749.366)</b>

(\*) All of the contributions and aids amounting to TL 3.500 given to different associations, foundations, corporations and enterprises in the current period has been included in the Other Expenses (1 January – 30 June 2009: 7.934 TL).

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

### NOTE 18 - FINANCIAL INCOME

	1 January – 30 June 2010	1 January – 30 June 2009	1 April – 30 June 2010	1 April – 30 June 2009
Foreign Exchange Difference Income	11.148.099	21.280.545	6.167.215	1.008.450
Financial Income from Forward Contracts	173.994	266.655	54.676	-
Interest Income	658.008	638.838	328.723	408.258
<b>TOTAL</b>	<b>11.980.101</b>	<b>22.186.038</b>	<b>6.550.614</b>	<b>1.416.708</b>

### NOTE 19 - FINANCIAL EXPENSE

	1 January – 30 June 2010	1 January – 30 June 2009	1 April – 30 June 2010	1 April – 30 June 2009
Foreign Exchange Difference Expense	(10.909.169)	(21.807.709)	(6.023.752)	(1.096.387)
Financial Expense from Forward Contracts	(1.029.520)	(774.083)	(691.279)	(27.204)
Bank Transaction Commissions and Other Financial Expense	(42.668)	(218.466)	(18.602)	(86.397)
Interest Expense	(16.321)	(83.861)	(16.190)	(458)
Guarantee Letter Expenses	(328.930)	(203.533)	(179.673)	(167.132)
<b>TOTAL</b>	<b>(12.326.608)</b>	<b>(23.087.652)</b>	<b>(6.929.496)</b>	<b>(1.377.578)</b>

### NOTE 20 - 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 rate is 20% in 2010 (2009: %20). Corporate tax rate is applied to the tax base which is calculated by 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 calculate advance corporation tax quarterly at the rate of 20% on their corporate income and declare by the 14<sup>th</sup> and pay by the 17<sup>th</sup> of the second subsequent month. 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.

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 20 - 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 31 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 2010 and 2009, 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 25<sup>th</sup> 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.

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
- Current Period Corporate Tax	-	(2.277.409)	-	(2.277.409)
- Deferred Tax Income / Expense	(304.003)	1.654.330	170.701	2.898.417
<b>Total Tax Expense</b>	<b>(304.003)</b>	<b>(623.079)</b>	<b>170.701</b>	<b>621.008</b>

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
<b>Income before tax</b>	(4.034.029)	(7.827.851)	(6.707.210)	(10.697.186)
Corporate tax provision calculated with 20% tax rate	(806.806)	(1.565.570)	(806.806)	(2.139.437)
Non-deductible expenses	10.346.370	4.111.286	5.831.153	3.382.349
Non-taxable income	(1.249.653)	(1.721.977)	623.981	313.279
Non-deductible expenses ( non-taxable income) base for deferred tax	(7.985.908)	(200.660)	(5.819.029)	(2.177.199)
<b>Total Tax Provision</b>	<b>304.003</b>	<b>623.079</b>	<b>(170.701)</b>	<b>(621.008)</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 20 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)**

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

The Company calculates deferred tax assets and liabilities based on temporary differences between the financials prepared in accordance with the CMB Communiqué No: XI-29 and financial statements prepared according to the Turkish tax legislation. Deferred income taxes are calculated using a principal tax rate of 20% (2009: 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 30 June 2010 are as follows;

	Cumulative Temporary Differences		Deferred Tax Assets /(Liabilities)	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
<b>Deferred Tax Assets</b>				
Net difference between the tax base and carrying value of inventories	2.120.920	3.528.009	424.184	705.602
Provision for doubtful receivables	666.265	606.085	133.253	121.217
Deferred credit finance expense	342.744	341.967	68.549	68.393
Expense accruals	17.564.281	19.054.662	3.512.855	3.810.932
	<b>20.694.210</b>	<b>23.530.723</b>	<b>4.138.841</b>	<b>4.706.144</b>
<b>Deferred Tax Liabilities</b>				
Net difference between the tax base and the carrying value of property, plant and equipment	9.868.537	11.165.786	1.973.707	2.233.157
Construction type contracts income accruals	37.426	217.800	7.485	43.560
Other income accruals	177.652	16.527	35.530	3.305
	<b>10.083.615</b>	<b>11.400.113</b>	<b>2.016.722</b>	<b>2.280.022</b>
<b>Net Deferred Tax Assets</b>	<b>10.610.595</b>	<b>12.130.610</b>	<b>2.122.119</b>	<b>2.426.122</b>

	1 January 2010	Charged to income statement	30 June 2010
<b>Deferred Tax Assets</b>	<b>4.706.144</b>	<b>(567.303)</b>	<b>4.138.841</b>
Net difference between the tax base and carrying value of inventories	705.602	(281.418)	424.184
Provision for doubtful receivables	121.217	12.036	133.253
Deferred credit finance expense	68.393	156	68.549
Expense accruals	3.810.932	(298.077)	3.512.855
<b>Deferred Tax Liabilities</b>	<b>2.280.022</b>	<b>(263.300)</b>	<b>2.016.722</b>
Net difference between the tax base and the carrying value of property, plant and equipment	2.233.157	(259.450)	1.973.707
Construction type contracts income accruals	43.560	(36.075)	7.485
Other income accruals	3.305	32.225	35.530
<b>Net Deferred Tax Assets</b>	<b>2.426.122</b>	<b>(304.003)</b>	<b>2.122.119</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 21 - RELATED PARTY DISCLOSURES**

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

	<b>30 June 2010</b>	<b>31 December 2009</b>
Due from group companies	7.190.959	3.615.084
Due from personnel	126.655	198.501
<b>Due from related parties</b>	<b>7.317.614</b>	<b>3.813.585</b>
Due to group companies	2.807.037	4.571.484
Due to shareholders	10.733	10.832
<b>Due to related parties</b>	<b>2.817.770</b>	<b>4.582.316</b>

**a) Due from Group Companies:**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Prysmian Cables et Systemes France	2.999.451	-
Prysmian Cavi e Sistemi Telecom Italia	-	1.868.293
Prysmian Cavi e Sistemi Italia S.r.l	884.435	-
Prysmian Kabel und Systeme GmbH	1.739.396	1.035.069
Prysmian Cavi e Sistemi Telecom S.r.l	567.092	-
Prysmian Cables & Systems Ltd.	450.271	-
Pt. Prysmian Cables Indonesia	289.861	-
Prysmian Telecom Cables & Systems	-	453.619
Due from Other Group Companies	260.453	258.103
<b>TOTAL</b>	<b>7.190.959</b>	<b>3.615.084</b>

**b) Due to Group Companies:**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Prysmian Cavi e Sistemi Energia S.r.l.	1.622.130	3.268.593
Prysmian Cavi e Sistemi Telecom S.r.l.	130.297	546.896
Prysmian Cavi e Sistemi Energia Italia S.r.l.	500.107	317.697
Prysmian Metals Ltd.	-	251.443
Prysmian Cables & Systems B.V.	105.143	-
Fibre Ottiche Sud - F.O.S. S.r.l.	361.423	-
Due to Other Group Companies	87.937	186.855
<b>TOTAL</b>	<b>2.807.037</b>	<b>4.571.484</b>

**c) Due to Shareholders:**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Dividends from previous years	10.733	10.832
<b>TOTAL</b>	<b>10.733</b>	<b>10.832</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 21 - RELATED PARTY DISCLOSURES (CONTINUED)**

**d) Sales to Group Companies:**

Name	1 January- 30 June 2010	1 January – 30 June 2009	1 April – 30 June 2010	1 April – 30 June 2009
Prysmian Cavi e Sistemi Italia S.r.l.	8.041.609	-	881.097	-
Prysmian Cavi e Sistemi Energia S.r.l	5.352.291	510.715	5.318.323	510.715
Prysmian Kabel und Systeme GmbH	4.106.968	2.295.890	2.244.864	912.916
Prysmian Cavi e Sistemi Telecom S.r.l	2.579.561	-	392.377	-
Prysmian Cables & Systems Ltd.	1.841.796	-	1.189.579	-
Prysmian Cavi e Sist. Tel. Italia S.r.l.	1.411.520	14.312.453	-	4.098.307
Prysmian Romania Cabluri Si Sist. S.A.	508.213	-	213.329	-
Prysmian Tel.Cables & Systems UK Ltd.	488.182	1.723.984	(27.973)	1.089.144
Sales to Other Group Companies	387.391	830.593	288.081	(210.885)
<b>TOTAL</b>	<b>24.717.531</b>	<b>19.673.635</b>	<b>10.499.677</b>	<b>6.400.197</b>

**e) Trade Goods, Service and Fixed Asset Purchases from Group Companies:**

**Foreign Purchases: (1 January – 30 June 2010)**

Name	Raw Materials and Trade Goods	Service	Fixed Assets	TOTAL
Prysmian Metals Ltd.	15.741.855	558	-	15.742.413
Prysmian Cavi e Sistemi Energia S.r.l.	-	4.566.283	-	4.566.283
Prysmian Kabel und Systeme GmbH	1.281.250	82.183	-	1.363.433
Prysmian Cavi e Sistemi S.r.l.	1.681.874	-	-	1.681.874
Fibre Ottiche Sud - F.O.S. S.r.l.	1.435.944	-	-	1.435.944
Prysmian Cavi e Sistemi Telecom S.r.l.	-	660.035	-	660.035
Prysmian SpA	-	187.877	-	187.877
Purchases from Other Group Companies	195.684	154.267	-	349.951
<b>TOTAL</b>	<b>20.336.607</b>	<b>5.651.203</b>	<b>-</b>	<b>25.987.810</b>

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

Name	Raw Materials and Trade Goods	Service	Fixed Assets	TOTAL
Prysmian Metals Ltd.	18.423.372	-	-	18.423.372
Prysmian Cavi e Sistemi Energia S.r.l.	-	5.922.727	-	5.922.727
Prysmian Kabel und System GmbH	188.910	-	-	188.910
Fibre Ottiche Sud - F.O.S. S.r.l.	904.948	-	-	904.948
Prysmian Cavi e Sistemi Energia Italia S.r.l	1.321.463	-	-	1.321.463
Prysmian Cavi e Sistemi Telecom S.r.l.	-	1.327.980	-	1.327.980
Purchases from Other Group Companies	167.238	92.806	-	260.044
<b>TOTAL</b>	<b>21.005.931</b>	<b>7.343.513</b>	<b>-</b>	<b>28.349.444</b>

**f) License expense paid to Group Companies:**

	1 January – 30 June 2010	1 January – 30 June 2009	1 April – 30 June 2010	1 April – 30 June 2009
Prysmian Cavi e Sistemi Telecom S.r.l.	660.035	1.327.980	395.307	366.385
Prysmian Cavi e Sistemi Energia S.r.l.	4.566.283	5.922.727	2.558.389	1.944.037
<b>TOTAL</b>	<b>5.226.318</b>	<b>7.250.707</b>	<b>2.953.696</b>	<b>2.310.422</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 21 - RELATED PARTY DISCLOSURES (CONTINUED)**

**g) Dividend income:**

None (2009: None).

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

	<b>1 January – 30 June 2010</b>	<b>1 January – 30 June 2009</b>	<b>1 April – 30 June 2010</b>	<b>1 April – 30 June 2009</b>
<b>Short-term benefits</b> (Salaries, bonus payments, public housing, car, social security, health insurance, permit etc.)	616.692	856.271	280.935	562.856
<b>Benefits after severance</b> (Prescribed payments will be made to key personnel after retirement etc.)	-	-	-	-
<b>Other long-term benefits</b> (Provision for employment termination benefits, long term parts of the allowance provisions, long term bonus plans etc.)	5.954	123.388	1.220	18.654
<b>Benefits extended due to employment terminations</b> (Severance, termination benefits and other legal amounts paid to redundant managers)	-	17.120	-	17.120
<b>Share based payments</b>	-	-	-	-
<b>TOTAL</b>	<b>622.646</b>	<b>996.779</b>	<b>282.155</b>	<b>598.630</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**

The table below summarizes the foreign currency position risk of the Company as at 30 June 2010 and 31 December 2009. Carrying values of foreign currency assets and liabilities of the Company are as follows:

<b>FOREIGN EXCHANGE POSITION TABLE</b>										
	<b>30 June 2010</b>					<b>31 December 2009</b>				
	<b>TL equivalent</b>	<b>USD \$</b>	<b>EURO</b>	<b>GBP</b>	<b>CHF</b>	<b>TL equivalent</b>	<b>USD \$</b>	<b>EURO</b>	<b>GBP</b>	<b>CHF</b>
1. Trade receivables	58.298.406	17.401.473	16.077.591	-	-	57.975.316	20.390.635	12.615.377	8.428	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	18.099.974	8.276.981	2.636.318	-	-	7.590.617	2.894.922	1.495.964	-	-
2b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	5.504.143	350.147	2.568.743	6.927	-	4.836.665	285.786	1.995.167	26.822	22.161
<b>4. Current Assets (1+2+3)</b>	<b>81.902.523</b>	<b>26.028.601</b>	<b>21.282.652</b>	<b>6.927</b>	<b>-</b>	<b>70.402.598</b>	<b>23.571.343</b>	<b>16.106.508</b>	<b>35.250</b>	<b>22.161</b>
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>81.902.523</b>	<b>26.028.601</b>	<b>21.282.652</b>	<b>6.927</b>	<b>-</b>	<b>70.402.598</b>	<b>23.571.343</b>	<b>16.106.508</b>	<b>35.250</b>	<b>22.161</b>
10. Trade Payables	89.300.125	44.484.005	9.794.100	284	-	68.882.420	41.503.185	2.781.369	21.062	-
11. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>13. Short-term Liabilities (10+11+12)</b>	<b>89.300.125</b>	<b>44.484.005</b>	<b>9.794.100</b>	<b>284</b>	<b>-</b>	<b>68.882.420</b>	<b>41.503.185</b>	<b>2.781.369</b>	<b>21.062</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	16.804.011	3.968.121	5.450.675	-	-	12.820.739	3.562.415	3.408.340	-	22.161
16 b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>17. Long-term Liabilities (14+15+16)</b>	<b>16.804.011</b>	<b>3.968.121</b>	<b>5.450.675</b>	<b>-</b>	<b>-</b>	<b>12.820.739</b>	<b>3.562.415</b>	<b>3.408.340</b>	<b>-</b>	<b>22.161</b>
<b>18. Total Liabilities (13+17)</b>	<b>106.104.136</b>	<b>48.452.126</b>	<b>15.244.775</b>	<b>284</b>	<b>-</b>	<b>81.703.159</b>	<b>45.065.600</b>	<b>6.189.709</b>	<b>21.062</b>	<b>22.161</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE  
INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010**

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

**NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

<b>FOREIGN EXCHANGE POSITION TABLE (CONTINUED)</b>										
	<b>30 June 2010</b>					<b>31 December 2009</b>				
	<b>TL equivalent</b>	<b>USD \$</b>	<b>EURO</b>	<b>GBP</b>	<b>CHF</b>	<b>TL equivalent</b>	<b>USD \$</b>	<b>EURO</b>	<b>GBP</b>	<b>CHF</b>
<b>19. Net Asset / (Liability) Position of the Off-Balance-Sheet Foreign Exchange Based Derivatives (19a-19b)</b>	<b>29.641.488</b>	<b>24.403.085</b>	<b>(4.550.000)</b>	-	-	<b>16.185.909</b>	<b>21.841.851</b>	<b>(7.694.000)</b>	-	-
19a. The Amount of the Asset Type Off-Balance-Sheet Foreign Exchange Based Derivatives	38.427.538	24.403.085	-	-	-	32.887.275	21.841.851	-	-	-
19b. The Amount of the Liability Type Off-Balance-Sheet Foreign Exchange Based Derivatives	8.786.050	-	4.550.000	-	-	16.701.366	-	7.694.000	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>5.439.875</b>	<b>1.979.560</b>	<b>1.487.877</b>	<b>6.643</b>	-	<b>4.885.348</b>	<b>347.594</b>	<b>2.222.799</b>	<b>14.188</b>	-
<b>21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(29.705.756)</b>	<b>(22.773.672)</b>	<b>3.469.134</b>	<b>(284)</b>	-	<b>(16.137.226)</b>	<b>(21.780.043)</b>	<b>7.921.632</b>	<b>(12.634)</b>	<b>(22.161)</b>
<b>22. Total Fair Value of the Financial Instruments Used for the Foreign Exchange Hedge</b>	<b>29.641.488</b>	<b>24.403.085</b>	<b>(4.550.000)</b>	-	-	<b>16.185.909</b>	<b>21.841.851</b>	<b>(7.694.000)</b>	-	-

	<b>1 January- 30 June 2010</b>	<b>1 January- 30 June 2009</b>
<b>23. Total Exports (TL)</b>	93.154.743	91.197.232
<b>24. Total Imports (TL)</b>	77.810.988	55.927.790
<b>25. Hedging ratio of foreign currency position (%)</b>	36%	36%

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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### NOTE 23 - 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 30 June 2010, the Company has ongoing forward sale contracts amounting to EURO 5.550.000 and ongoing forward purchase contracts amounting to EURO 1.000.000 and USD 24.403.085. The related income amounting to TL 268.739 is classified under "*Financial income*".

As of 31 December 2009, the Company has ongoing forward sale contracts amounting to EURO 7.694.000 and ongoing forward purchase contracts amounting to USD 21.841.851 and the related income amounting to TL 503.272 is classified under "*Financial income*".

### NOTE 24 - SUBSEQUENT EVENTS

None (2009: None).

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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#### **NOTE 25- OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS**

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

The Company received "Tax investigation report" and "Tax penalty declarations" from Revenue Administration Department Bursa Tax Administration Mudanya Tax Head Office claiming that there were irregularities related with the purchases from Ünipek Elektronik Mamulleri İmalat Sanayi ve Tic. Ltd. Şti. performed in 2002. 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 TL 4.499.620 in accordance with Article 30/4-6 of the Law on Tax Procedures numbered 213 and a tax fine as one time of the VAT correction in accordance with Articles 341, 344 and 359 of the Law on Tax Procedures. A specific irregularity fine amounting TL 26.000 is also stated in the report. At 31 December 2007, Company received the mentioned tax fine declaration which is prepared based on the report amounting TL 9.025.240 ( TL 4.499.620 + 4.499.620 + TL 26.000). 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 TL 1.157.864 (TL 578.932 + TL 578.932) has been presented to the Company as of 30 January 2008. The Company has filed a lawsuit for the cancellation of this "Tax penalty declaration" as of 31 January 2008.

Also, related with the tax penalties amounting to TL 10.183.104 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. The related levy has been released again by Mudanya Tax Administration instruction with the Mudanya Land Registry contribution dated 1 April 2010 and No:3327 .

Lawsuit completed in favour of the Company and Tax Court decided to cancellation of tax loss and penalty amounting to TL 10.183.104. However, Bursa Tax Administration requested for the appeal of the case to the upper court. On 19 January 2010, the State Council decided the rejection of the appeal decision of the Bursa Tax Administration and approval of the decision in favor of Bursa 2. Tax Court. Tax Court has been raised a claim for the adjustment of the decision; however, it has been learned the decision became final on 9 July 2010 and the risk related to tax penalty notices for year 2002 has been removed.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

### NOTE 25- OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS (CONTINUED)

#### b) Tax Penalty Declarations related to 2003:

The Company received "Tax investigation report" from Revenue Administration Department 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 TL 3.295.493 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 TL 4.976.933 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 TL 40.000 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 TL 20.721.064 in aggregate which is as follows: Tax loss for the correction of VAT amounting to TL 8.272.426, tax loss fine amounting to TL 12.408.638 and TL 40.000 as specific irregularity fine.

In respect to the mentioned tax investigation report, the Company demanded settlement before payment notification arrival and it was agreed to hold the settlement meeting on 13 November 2008 by the Tax Administration. However, The Company cancelled the settlement 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 article 12 of Settlement before Assessment Regulation as: *"Before the agreed meeting date, the tax payer demanding settlement 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 settlement 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. The settlement date is set as 13 May 2009.

Agreement was provided between the parties after the settlement meeting held on 13 May 2009 with Finance Revenue Administration Settlement Office and the related settlement minute has been signed by the parties. According to the accrual documents declared to the Company by Mudanya Tax Office at 1 June 2009, Company obligated to pay total TL 10.065.000 (TL 3.067.250 tax, TL 125.000 tax loss, and TL 6.832.750 overdue interest and TL 40.000 irregularity fine) related with the year 2003 as result of settlement meeting. The entire amount is paid by the Company at 12 June 2009.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF 1 JANUARY - 30 JUNE 2010

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

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#### NOTE 25- OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF 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 TL 6.919.166 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 TL 4.313.900 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 TL 50.000 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 TL 28.132.664 in aggregate which is as follows: Tax loss for the correction of VAT amounting to TL 16.849.598, tax loss fine amounting to TL 11.233.066 and TL 50.000 as specific irregularity fine.

In respect to the mentioned tax investigation report, the Company demanded settlement before payment notification arrival and it was agreed to hold the settlement meeting on 8 December 2009, Thursday by the Tax Administration. However, The Company cancelled the settlement 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 article 12 of Settlement before Assessment Regulation as: *"Before the agreed meeting date, the tax payer demanding settlement 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 settlement 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. Upon the response to the application request on 27 April 2010, the Company was given an appointment to discuss the terms of the agreement at the Revenue Administration Department on 13 May 2010 at 14.30.

On 13 May 2010, agreement was provided between the parties and the related settlement minute has been signed by the parties. Accordingly, the original tax amount is TL 1.932.262. Also, overdue interest amount calculated on the original tax amount is TL 3.684.271 resulting a total amount of obligation to be paid as TL 5.616.533. The related accrual slips have been taken from from Mudanya Tax Office on 1 June 2010 and the payment was done on 11 June 2010 by the Company.