ARÇELİK ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2007 TOGETHER WITH AUDITOR'S REVIEW REPORT

CONVENIENCE TRANSLATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2007

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ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED INTERIM BALANCE SHEETS
AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated)

	Notes	30 June 2007	31 December 2006
ASSETS			
Current assets			
Cash and cash equivalents	4	213.555	288.796
Marketable securities (net)	5	-	-
Trade receivables (net)	7	2.522.907	2.287.127
Lease receivables (net)	8	-	-
Due from related parties (net)	9	236.956	242.850
Other receivables (net)	10	-	-
Biological assets (net)	11	-	-
Inventories (net)	12	1.373.449	1.275.026
Construction contract receivables (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	57.978	113.264
Total current assets		**4.404.845**	**4.207.063**
Non-current assets			
Trade receivables (net)	7	39.775	13.693
Lease receivables (net)	8	-	-
Due from related parties (net)	9	-	36.144
Other receivables (net)	10	-	-
Financial assets (net)	16	901.699	816.084
Goodwill/negative goodwill (net)	17	1.788	1.788
Investment properties (net)	18	-	2.786
Property, plant and equipment (net)	19	1.135.334	1.115.169
Intangible assets (net)	20	148.317	126.881
Deferred tax assets	14	60.729	58.437
Other non-current assets	15	-	-
Total non-current assets		**2.287.642**	**2.170.982**
Total assets		**6.692.487**	**6.378.045**

The consolidated interim financial statements as at and for the period ended 30 June 2007 have been approved for issue by the Board of Directors on 10 August 2007 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED INTERIM BALANCE SHEETS
AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish lira ("TRY") unless otherwise indicated)

	Notes	30 June 2007	31 December 2006
LIABILITIES			
Current liabilities			
Short-term bank borrowings (net)	6	872.274	962.858
Current maturities of long-term bank borrowings (net)	6	452.234	306.269
Lease payables (net)	8	125	161
Other financial liabilities (net)	10	87.071	83.647
Trade payables (net)	7	789.593	812.300
Due to related parties (net)	9	420.190	432.152
Advances received	21	444	54.722
Construction contracts progress billings (net)	13	-	-
Provisions	23	10.358	2.266
Deferred tax liabilities	14	-	-
Other current liabilities (net)	15	364.845	301.048
Total current liabilities		**2.997.134**	**2.955.423**
Non-current liabilities			
Long-term bank borrowings (net)	6	1.386.879	1.047.735
Lease payables (net)	8	107	91
Other financial liabilities (net)	10	4.519	10.867
Trade payables (net)	7	-	36.144
Due to related parties (net)	9	-	-
Advances received	21	-	-
Provisions	23	54.744	52.852
Deferred tax liabilities	14	32.586	34.666
Other non-current liabilities (net)	15	98.574	103.730
Total non-current liabilities		**1.577.409**	**1.286.085**
Total liabilities		**4.574.543**	**4.241.508**
MINORITY INTEREST	**24**	**31.320**	**32.890**
SHAREHOLDERS' EQUITY			
Share capital	**25**	**399.960**	**399.960**
Treasury shares	**25**	**-**	**-**
Capital reserves	**26**	**1.158.734**	**1.079.829**
Share premium	26	-	-
Share cancellation gains		-	-
Revaluation fund		-	-
Financial assets fair value reserve (net)		409.750	330.845
Inflation adjustment to shareholders' equity		748.984	748.984
Profit reserves	**27**	**223.403**	**77.180**
Legal reserves		97.240	61.759
Statutory reserves		-	-
Extraordinary reserves		114.192	-
Special reserves		-	-
Investment and property sales income to be added to the capital		-	-
Translation reserves		11.971	15.421
Net income for the period		**107.502**	**324.147**
Prior years' income	**28**	**197.025**	**222.531**
Total shareholders' equity		**2.086.624**	**2.103.647**
Total shareholders' equity and liabilities		**6.692.487**	**6.378.045**
Commitments and contingent liabilities	**31**		

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED INTERIM STATEMENTS OF INCOME FOR THE PERIODS ENDED 30 JUNE

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

	Notes	1 January-30 June 2007	Restated 1 January-30 June 2006	1 April-30 June 2007	Restated 1 April-30 June 2006
Operating revenue					
Net sales	36	3.412.601	3.265.156	1.776.926	1.826.127
Cost of sales (-)		(2.495.606)	(2.399.522)	(1.335.467)	(1.339.741)
Gross operating profit		**916.995**	**865.634**	**441.459**	**486.386**
Operating expenses (-)	37	(631.452)	(649.280)	(338.379)	(375.130)
Net operating profit		**285.543**	**216.354**	**103.080**	**111.256**
Other income and gains	38	24.293	25.424	12.700	19.024
Other expenses and losses (-)	38	(23.886)	(17.739)	(17.990)	(10.408)
Financial income / (expenses), net	39	(158.402)	(60.541)	(59.592)	(50.114)
Income/(Loss) from associates, net	16	9.912	21.289	5.507	16.626
Income before monetary loss, taxes and minority interests		**137.460**	**184.787**	**43.705**	**86.384**
Monetary loss	40	-	-	-	-
Income before tax and minority interest		**137.460**	**184.787**	**43.705**	**86.384**
Minority interest (net)	24	1.185	9.338	(536)	9.662
Income before tax		**138.645**	**194.125**	**43.169**	**96.046**
Taxes on income	41	(31.143)	(21.370)	(15.633)	825
Net income		**107.502**	**172.755**	**27.536**	**96.871**
Earnings per share (TRY)	42	0,269	0,432	0,069	0,242

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

	Capital reserves				Profit reserves			Retained earnings			
	Share capital	**Share premium**	**Inflation adjustment to shareholders' equity**	**Financial assets fair value reserve**	**Legal reserves**	**Extraordinary reserves**	**Translation reserves**	**Prior years' income**	**Net income for the period**	**Total**	**Shareholders' equity**
Balance at 1 January 2006	**399.960**	**-**	**748.984**	**257.486**	**31.359**	**-**	**(26.841)**	**383.030**	**259.913**	**642.943**	**2.053.891**
Transfers	-	-	-	-	-	-	-	259.913	(259.913)	-	-
Dividends paid	-	-	-	-	30.400	-	-	(230.380)	-	(230.380)	(199.980)
Financial assets fair value gain (net)	-	-	-	56.171	-	-	-	-	-		56.171
Cumulative translation differences	-	-	-	-	-	-	58.439	-	-		58.439
Net income for the period	-	-	-	-	-	-	-	-	172.755	172.755	172.755
Balance at 30 June 2006	**399.960**	**-**	**748.984**	**313.657**	**61.759**	**-**	**31.598**	**412.563**	**172.755**	**585.318**	**2.141.276**
Balance at 1 January 2007	**399.960**	**-**	**748.984**	**330.845**	**61.759**	**-**	**15.421**	**222.531**	**324.147**	**546.678**	**2.103.647**
Transfers	-	-	-	-	-	114.192	-	209.955	(324.147)	(114.192)	-
Dividends paid	-	-	-	-	35.481	-	-	(235.461)	-	(235.461)	(199.980)
Financial assets fair value gain (net)	-	-	-	78.905	-	-	-	-	-	-	78.905
Cumulative translation differences	-	-	-	-	-	-	(3.450)	-	-	-	(3.450)
Net income for the period	-	-	-	-	-	-	-	-	107.502	107.502	107.502
Balance at 30 June 2007	**399.960**	**-**	**748.984**	**409.750**	**97.240**	**114.192**	**11.971**	**197.025**	**107.502**	**304.527**	**2.086.624**

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

	Notes	30 June 2007	*Restated* 30 June 2006
Operating activities:			
Income before tax		**138.645**	**194.125**
Minority interest		(1.185)	(9.338)
Adjustments to reconcile net cash provided from operating activities to income before tax			
Increases in accruals and provisions	43	71.885	232.627
Depreciation and amortisation	18, 19, 20	76.391	92.411
Interest income	39	(10.591)	(7.642)
Interest expense	39	163.428	63.281
Income from associates (net)	16	(9.912)	(21.289)
Gains/losses from sales of tangible and intangible assets (net)		4.426	(765)
Net loss from sales of financial assets	38	1.234	-
Net cash provided from operating activities before changes in operating assets and liabilities		**434.321**	**543.410**
Changes in operating assets and liabilities (net)	43	(397.329)	(716.414)
Income and corporate taxes paid	41	(29.726)	(52.732)
Net cash provided from/ used in operating activities		**7.266**	**(225.736)**
Investing activities:			
Cash provided from sale of tangible and intangible assets		3.994	4.075
Acquisition of tangible and intangible assets		(134.863)	(157.257)
Cash provided from sale of financial assets		1.598	-
Translation differences (net)		3.498	19.796
Net cash used in investing activities		**(125.773)**	**(133.386)**
Financing activities:			
Interest received		10.591	7.642
Interest paid		(141.535)	(57.479)
Dividends paid		(199.980)	(207.378)
Decrease / (increase) in held-to-maturity investments (net)		1.558	(65.627)
Increase in bank borrowings (net)		372.632	603.695
Net cash provided from financing activities		**43.266**	**280.853**
Net decrease in cash and cash equivalents		**(75.241)**	**(78.269)**
Cash and cash equivalents as of 1 January		**288.796**	**293.520**
Cash and cash equivalents as of 30 June		**213.555**	**215.251**

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

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 1 – ORGANISATION AND PRINCIPAL ACTIVITIES

Arçelik Anonim Şirketi (a Turkish corporation - "Arçelik" or "the Company") and its subsidiaries, joint ventures and associates (collectively, "the Group") undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates eleven manufacturing plants in Turkey, Romania and Russia. The Company is a member of the Koç Group of companies, which holds a majority stake in the Company.

The Company's head office is located at:
Karaağaç Caddesi No: 2-6
Sütlüce 34445 Beyoğlu
İstanbul / Turkey

The Company is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1986. At 30 June 2007, the publicly quoted shares are approximately 21,29% of the total shares. At 30 June 2007, the principal shareholders and their respective shareholdings in the Company are as follows (Note 25):

	%
Koç Holding A.Ş.	39,14
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	14,68
Koç Ailesi	9,81
Burla Ticaret ve Yatırım A.Ş.	7,66
Koç Holding Emekli ve Yardım Sandığı Vakfı	4,50
Other	24,21
	100,00

The average number of employees of the Group is 17.794 (31 December 2006: 16.701).

The Company's subsidiaries ("Subsidiaries"), joint ventures ("Joint Ventures") and investments in associated undertakings ("Associates") are as follows:

NOTE 1 – ORGANISATION AND PRINCIPAL ACTIVITIES (Continued)

Subsidiaries	Country of incorporation	Core Business	Nature of business
Arcelitalia SRL ("Arcelitalia")	Italy	Sales	Consumer durables/Electronics
Archin Limited ("Archin")	Hong Kong, China	Sales	Consumer durables/Electronics
ArcticPro SRL ("ArcticPro")	Romania	Service	Consumer durables
Arctic Service ("Arctic Service")	Romania	Service	Consumer durables
Ardutch B.V. ("Ardutch")	Netherlands	Investment	Holding
Bekodutch B.V. ("Bekodutch")	Netherlands	Investment	Holding
Beko Cesko ("Beko Cesko")	Czech Republic	Sales	Consumer durables/Electronics
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Sales	Consumer durables/Electronics
Beko Electronics España S.L. ("Beko Espana")	Spain	Sales	Consumer durables/Electronics
Beko Elektronik Llc ("Beko Elektronik Russia")	Russia	Production/Sales	Electronics
Beko Elektronik A.Ş. ("Beko Elektronik")	Turkey	Production/Sales	Electronics
Beko France S.A. (Beko France")	France	Sales	Consumer durables/Electronics
Beko Llc. ("Beko Russia")	Russia	Production/Sales	Consumer durables/Electronics
Beko Magyarorszag K.F.T. ("Beko Magyarorszag")	Hungary	Sales	Consumer durables/Electronics
Beko Plc. ("Beko UK")	U.K.	Sales	Consumer durables/Electronics
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales	Consumer durables/Electronics
Beko S.A. ("Beko Polska")	Poland	Sales	Consumer durables/Electronics
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Sales	Consumer durables/Electronics
Beko S.A. Hungary ("Beko Hungary")	Hungary	Sales	Consumer durables/Electronics
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales	Consumer durables/Electronics
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb") (*)	Germany	Sales	Consumer durables/Electronics
Blomberg Werke GmbH ("Blomberg Werke") (*)	Germany	Production	Consumer durables/Electronics
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Sales	Consumer durables/Electronics
Fusion Digital Technology Ltd. ("Fusion Digital") (*)	U.K.	Technology	Electronics
Izocam Llc ("Izocam Russia")	Russia	Production	Consumer durables
Izodutch B.V. ("Izodutch")	Netherlands	Investment	Holding
Raupach Wollert GmbH ("Raupach")	Germany	Investment	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales	Consumer durables/Electronics

(*) Liquidation in process.

Joint Ventures	Country of incorporation	Core Business	Nature of business
Grundig Multimedia B.V. ("Grundig")	Netherlands	Investment	Holding
Grundig Australia Pty. Ltd ("Grundig Australia")	Australia	Sales	Electronics
Grundig Benelux B.V. ("Grundig Benelux")	Netherlands	Sales	Electronics
Grundig Danmark A/S ("Grundig Denmark")	Denmark	Sales	Electronics
Grundig España S.A. ("Grundig Espana")	Spain	Sales	Electronics
Grundig Intermedia GmbH ("Grundig Intermedia")	Germany	Sales	Electronics
Grundig Italiana S.p.A. ("Grundig Italy")	Italy	Sales	Electronics
Grundig Intermedia GmbH ("Grundig Austria")	Austria	Sales	Electronics
Grundig Intermedia Trgovina, d.o.o. ("Grunding Slovenia")	Slovenia	Sales	Electronics
Grundig Magyarország Kft. ("Grundig Hungary")	Hungary	Sales	Electronics
Grundig Svenska AB. ("Grundig Sweden")	Sweden	Sales	Electronics
Grundig Norge AS ("Grundig Norway")	Norway	Sales	Electronics
Grundig OY ("Grundig Finland")	Finland	Sales	Electronics
Grundig Portuguesa, Lda ("Grundig Portugal")	Portugal	Sales	Electronics
Grundig Polska Sp. z o.o. ("Grundig Polska")	Poland	Sales	Electronics
Grundig AG ("Grundig Switzerland")	Switzerland	Sales	Electronics
Grundig S.A.S. ("Grundig France")	France	Sales	Electronics

Related companies are jointly controlled by Beko Elektronik A.Ş., the Subsidiary of the Group, and Alba Plc, the joint venture partner, which is incorporated in the U.K.

Associates	Country of incorporation	Core Business	Nature of business
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. ("Arçelik-LG")	Turkey	Production/Sales	Consumer durables
Koç Tüketici Finansmanı A.Ş. ("Koç Tüketici Finans")	Turkey	Finance	Consumer finance
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Sales	Foreign trade
Tanı Pazarlama İ.H.A.Ş. ("Tanı Pazarlama")	Turkey	Consultancy	Marketing and communication

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting standards

The consolidated interim financial statements of Arçelik have been prepared in accordance with the accounting and reporting principles published by the Capital Markets Board ("CMB"), namely "CMB Accounting Standards". The CMB published a comprehensive set of accounting principles in Communiqué No. XI-25 "The Accounting Standards in the Capital Markets". In the aforementioned communiqué, it was stated that applying the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") is accepted as an alternative to conform to the CMB Accounting Standards.

With the decision taken on 17 March 2005, the CMB has 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 Accounting Standards. Accordingly, International Accounting Standard ("IAS") 29 ("Financial Reporting in Hyperinflationary Economies") issued by the IASB, has not been applied in consolidated financial statements for the accounting periods commencing from 1 January 2005. These consolidated interim financial statements and the related notes have been prepared under the alternative application defined by the CMB as explained above and presented in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

The consolidated financial statements are prepared in New Turkish lira ("TRY") based on the historical cost conversion except for the financial assets and liabilities which are expressed with their fair values.

2.2 Financial statements of foreign Subsidiaries and Joint Ventures

Financial statements of Subsidiaries and Joint Ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the CMB Accounting Standards to reflect the proper presentation and content. Foreign Subsidiaries and Joint Ventures' assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "translation reserves" under the shareholders' equity.

2.3 Group accounting

(a) The consolidated interim financial statements include the accounts of the parent company, Arçelik, and its Subsidiaries, Joint Ventures and Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications for the purpose of presentation in conformity with IFRS and applying uniform accounting policies and presentations.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(b) Subsidiaries are companies over which Arçelik has power to control the financial and operating policies for the benefit of Arçelik, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Arçelik and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Arçelik and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Arçelik in its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

The table below sets out all Subsidiaries included in the scope of consolidation and shows their direct and indirect ownership and economic interests at 30 June 2007 and 31 December 2006:

	30 June 2007	**31 December 2006**
Arctic	96,68	96,68
Ardutch	100,00	100,00
Bekodutch	100,00	100,00
Beko Cesko (*)	100,00	100,00
Beko Czech (**)	100,00	100,00
Beko Deutschland	100,00	100,00
Beko Elektronik Russia (*)	100,00	100,00
Beko Elektronik	72,46	72,46
Beko Espana	99,97	99,97
Beko France	99,96	99,96
Beko Hungary (**)	100,00	100,00
Beko Magyarorszag (*)	100,00	100,00
Beko Polska	100,00	100,00
Beko Russia	100,00	100,00
Beko Slovakia (*)	100,00	100,00
Beko UK	50,00	50,00
Blomberg Vertrieb	100,00	100,00
Blomberg Werke	100,00	100,00
Elektra Bregenz	100,00	100,00
Fusion Digital	100,00	100,00
Izodutch	100,00	100,00
Raupach	100,00	100,00

(*) Incorporated in 2006.
(**) Included in the scope of consolidation in 2006.

Subsidiaries, in which the Group has ownership interests over 50% and which are immaterial, are carried at cost, less any provision for impairment. Subsidiaries excluded from the scope of consolidation are disclosed in Note 16.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Arçelik and one or more other parties. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. According to this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements.

The table below sets out all Joint Ventures included in the scope of consolidation and shows their direct and indirect ownership and economic interests at 30 June 2007 and 31 December 2006:

	30 June 2007	**31 December 2006**
Grundig	50,00	50,00
Grundig Australia	50,00	50,00
Grundig Austria	50,00	50,00
Grundig Benelux	50,00	50,00
Grundig Denmark	50,00	50,00
Grundig Espana	50,00	50,00
Grundig Finland	50,00	50,00
Grundig France	50,00	50,00
Grundig Intermedia	50,00	50,00
Grundig Italy	50,00	50,00
Grundig Hungary	50,00	50,00
Grundig Norway	50,00	50,00
Grundig Portugal	50,00	50,00
Grundig Polska	50,00	50,00
Grundig Sweden	50,00	50,00
Grundig Switzerland	50,00	50,00

The economic interest of the above Joint Ventures included in the scope of consolidation is 36,18%.

Joint Ventures, in which the Group has ownership interests over 50% and which are immaterial, are carried at cost, less any provision for impairment. Joint Ventures excluded from the scope of consolidation are disclosed in Note 16.

(d) Associates are companies in which the Group has attributable interest of 20% or more of the ordinary share capital held for the long-term and over which a significant influence is exercised. Associates are accounted for using the equity method. The Group's share of the Associates' profits or losses for the period is recognised in the income statement and its share of Associates' movements in shareholders' equity such as changes in financial assets fair value reserve and translation reserves are recognised in the statement of shareholders' equity. The Group's interest in the Associates is carried in the consolidated balance sheet at an amount that reflects its share in the net assets of the Associates. Provisions are provided if a long-term impairment in value is identified (Note 16).

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The table below sets out all Associates and shows their direct and indirect ownership and economic interests at 30 June 2007 and 31 December 2006:

	30 June 2007	**31 December 2006**
Arçelik - LG	45,00	45,00
Koç Tüketici Finans	47,00	47,00
Ram Dış Ticaret	33,50	33,50
Ram Pacific	-	25,00
Tanı Pazarlama	32,00	32,00

(e) Available-for-sale investments, in which the Group has controlling interests below 20%, equal to 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any provision for impairment.

Available-for-sale investments in which the Group has attributable interests of more than 50%, which are immaterial for the Group's consolidated financial position, operation results and net assets, are excluded from the scope of consolidation.

(f) The minority shareholders' share in the net assets and results of Subsidiaries for the period are separately classified as minority interest in the consolidated balance sheets and statements of income.

2.4 Comparatives and restatement of prior years' financial statements

The consolidated interim financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance.

The consolidated interim financial statements and the accompanying explanatory notes for the six months period ending 30 June 2006 are restated in accordance with the accounting policies (Note 3.10) applied in the preparation of the consolidated interim financial statements at 30 June 2007 and the comparability principles following the business combination explained in Note 32 regarding Beko Elektronik acquisition in 2006.

The Group recognises sales and purchases related to its Subsidiaries and Joint Ventures made through Ram Dış Ticaret as intra-group transactions; thus these transactions are eliminated in the consolidated financial statements. Related transactions which occurred in six-months period ended 30 June 2006 are similarly eliminated for consistency with the current year financial statements and as a result of the mentioned elimination, consolidated export sales and the related cost of sales for the period ending 30 June 2006 have decreased by TRY173.339.

2.5 Offsetting

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Convenience translation into English of consolidated financial statements originally issued in Turkish

The financial reporting standards described in Note 2.1 (defined as CMB Accounting Standards) to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January-31 December 2005 and presentation of basic financial statements and the notes to them. Accordingly, the consolidated interim financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with IFRS.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated interim financial statements are summarised below:

3.1 Related parties

For the purpose of these consolidated interim financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Koç Holding group are considered and referred to as related parties. Transactions with related parties are priced predominantly at market rates (Note 9).

3.2 Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at the 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 Group will not be able to collect all amounts due. The amount of 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 income (Note 7).

3.3 Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses (Note 39).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount for factory overheads. The cost of inventories is determined on the moving average basis for each purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 12).

3.5 Financial assets

Investment securities with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has the intention of holding the investment securities for less than 12 months from the balance sheet date, or unless they will need to be sold to raise working capital, in which case they are included in current assets. Management determines the appropriate classification of its investment securities at the time of the purchase and re-evaluates such a designation on a regular basis. The unrealised gains and losses arising from changes in the fair value of available-for-sale securities are deferred in the equity under “financial assets fair value reserve” until the financial asset is sold, collected or otherwise disposed of. When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement (Note 16).

All financial assets are initially recognised at the cost of the purchase including the transaction costs. Investments, in which the Group has ownership interest under 20%, which do not have quoted market prices in active markets and whose fair values cannot be reliably measured, are carried at cost, less any provision for impairment.

3.6 Investment property

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as “investment property”. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives (Note 18).

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. The recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Property, plant, equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. 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 since their indefinite useful life. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

	Years
Land and land improvements	25
Buildings	30-50
Machinery and equipment	11-25
Vehicles	4-8
Moulds	4-7
Fixtures	4-10

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or fair value less cost to sell.

Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Company. Repairs and maintenance are charged to the statements of income during the financial period in which they are incurred (Note 19) .

3.8 Intangible assets

Intangible assets comprise of acquired information systems, trademarks, software, licenses and other identified rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period not exceeding 15 years from the date of acquisition. Amortisation is not provided for trademarks since they have an indefinite life. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount (Note 20).

3.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuous use and depreciation and amortisation charges for those assets are ceased. Non-current assets classified as held for sale are measured at the lower of carrying amounts and fair values less costs to sell.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation (Note 17).

The excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "effect of transactions under common control" in shareholders' equity.

3.11 Finance leases

(1) The Group as the lessee

Finance leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) The Group as the lessor

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

3.12 Borrowing cost

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. They are stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the income statement over the period of borrowings (Note 6).

3.13 Deferred income taxes

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 14).

The principal temporary differences arise from the restatement of property, plant and equipment and available-for-sale-investments over their historical cost, the portion of allowance for unearned credit finance income and expense, provision for employment termination benefits and unused tax allowances and exemptions.

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

Provided that deferred tax assets and liabilities related to income taxes levied by the same taxation authority and it is legally eligible, that may be offset against one another.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Accounting for derivative financial instruments and embedded derivatives

The derivative instruments of the Group mainly consist of foreign exchange forward contracts and foreign currency and interest rate swap transactions. These derivative financial instruments, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, "Financial Instruments: Recognition and Measurement", and are therefore accounted for as derivatives held-for-trading in the consolidated financial statements.

Held-for-trading derivative financial instruments are initially recognised in the consolidated financial statements at cost and are subsequently remeasured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

Forward foreign exchange contracts are valued at quoted market prices or discounted cash flow models as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative (Note 15).

3.15 Employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law, is recognised in these financial statements as the benefits are earned. The total provision represents the present value of future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 23).

3.16 Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statements of income.

3.17 Revenue recognition

Revenues are recognised on an accrual basis at the fair values incurred or to be incurred when the goods or services are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured and it is probable that the future economic benefits associated with the transaction will flow to the entity. Net sales represent the fair value of goods shipped less sales discounts and commissions and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised in the period on an accrual basis as financial income (Note 36).

Interest income is recognised on a time proportion basis that takes into account the effective yield on the assets.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, but only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis from 2 to 5 years.

3.19 Investment, research and development incentives

Gains arising from investment activities and research and development expenditures are recognised when the Company's incentive claims are approved by the related authorities.

3.20 Dividends

Dividends receivable are recognised as income in the period when they are declared and dividends payables are recognised as an appropriation of profit in the period in which they are declared (Note 9).

3.21 Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services’ labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 15).

3.22 Share premium

Share premium represents (a) differences resulting from the sale of the Company’s Subsidiaries and Associates’ shares at a price exceeding the face value of those shares and (b) differences between the face value and the fair value of shares issued for acquired companies.

3.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation at the balance sheet date as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

3.24 Contingent assets and liabilities

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 Group are not included in consolidated balance sheets and are disclosed as contingent assets or liabilities (Note 31).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.25 Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the period 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 and inflation adjustment to shareholders' equity. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the period in which they were issued and for each earlier period.

No bonus shares have been issued during the period.

3.26 Management's estimates

The preparation of consolidated financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. Although these estimates and assumptions are based on the best information held by the Group management, actual results may differ from these.

3.27 Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Group manages these risks by offsetting interest-bearing assets and liabilities and using derivative instruments for hedging purposes.

Funding risk

Cash flow generated through amount and term of borrowing backpayments is managed by considering the amount of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary, and on the other hand sufficient and reliable sources of high quality loans are accessable.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit risk

Credit risk arising from trade receivables, is managed by using instruments such as receivable insurance, bank collaterals and mortgages. Additionally, the majority of these receivables are from authorised dealers where the Company has effective controlling procedures in place. Credit risk on dealer basis is monitored closely by the senior management and is restricted when necessary. A record of Group’s long term relations established with the dealers and the amount of uncollected receivables being at a low level is a consequence of the credit risk management.

Foreign exchange risk

The Group is exposed to foreign exchange risk through operations done using multiple currencies. The proportion of the positions of these currencies among each other or against new Turkish lira to shareholders’ equity is tried to be kept under certain limits. For this purpose, foreign currency position is analysed continuously and foreign exchange risk is managed by using balance sheet items or off-balance sheet items such as derivative instruments where necessary.

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 Group using available market information and appropriate valuation methodologies to the extent that relevant and reliable information is available from the financial markets. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used in the estimation of the fair value of the financial instruments for which it is practicable to estimate fair value

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and cash equivalents and held to maturity investments plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

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

The fair values of investment securities, which have been determined by reference to market values, approximate carrying values.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Monetary liabilities

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

Trading liabilities, derivatives and foreign exchange instruments have been estimated at their fair values.

Borrowings that are denominated in foreign currencies are translated at period-end exchange rates and accordingly their fair values approximate their carrying values. The carrying values of borrowings along with the related accrued interest are estimated to be their fair values.

3.28 Reporting of cash flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents with maturity periods of less than three months.

The analysis of cash and cash equivalents included in the consolidated interim statements of cash flows for the periods ended 30 June are as follows:

	30 June 2007	**30 June 2006**
Cash and cash equivalents - maturities of less than 3 months (Note 4)	213.555	215.251
	213.555	**215.251**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2007	31 December 2006
Cash in hand	247	160
Cash at banks		
- demand deposits	64.436	80.703
- time deposits	104.318	132.073
Cheques and notes	43.228	72.675
Other	1.326	3.185
	213.555	**288.796**

As of 30 June 2007 and 31 December 2006, maturities of cash and cash equivalents are as follows:

Up to 30 days	206.090	286.864
30 – 90 days	7.465	1.932
	213.555	**288.796**

As of 30 June 2007 and 31 December 2006, effective interest rates (%) of time deposits are as follows:

EUR	3,35	3,24
USD	5,13	4,87
RON	5,14	4,19
Other foreign currency	1,81	5,12

NOTE 5 - MARKETABLE SECURITIES

There are no short-term marketable securities at balance sheet date (31 December 2006: None).

NOTE 6 – BORROWINGS

(a) Short-term bank borrowings

	30 June 2007	31 December 2006
TRY loans	804.430	834.654
Foreign currency loans	46.121	107.453
Eximbank loans	21.723	20.751
	872.274	**962.858**

As of 30 June 2007 and 31 December 2006, the effective interest rates (%) of bank borrowings are as follows:

TRY loans	17,51	19,00
Foreign currency loans	6,40	5,93

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 6 – BORROWINGS (Continued)

(b) Long-term bank borrowings

As of 30 June 2007, long-term bank borrowings are as follows:

Currency	Effective interest rate (%)	Original currency	TRY amount
EUR	%5,02	284.116.155	499.617
TRY	%18,78	959.737.150	959.737
USD	%7,46	158.602.282	206.912
GBP	%6,74	45.285.055	118.312
RUB	%5,91	648.876.451	32.869
RON	%7,10	38.613.896	21.666
			1.839.113
Less: Current maturities			(452.234)
			1.386.879

As of 31 December 2006, long-term bank borrowings are as follows:

Currency	Effective interest rate (%)	Original currency	TRY amount
EUR	%5,61	293.416.595	543.261
TRY	%19,78	343.499.096	343.499
USD	%7,40	200.528.057	281.862
GBP	%6,26	49.351.213	136.056
RUB	%7,02	523.407.788	28.180
RON	%7,10	38.621.489	21.146
			1.354.004
Less: Current maturities			(306.269)
			1.047.735

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 6 – BORROWINGS (Continued)

The redemption schedule of the long-term bank borrowings is as follows:

	30 June 2007	31 December 2006
2008	425.244	658.215
2009	408.965	203.348
2010	296.577	84.666
2011	180.316	60.086
2012 and over	75.777	41.420
	1.386.879	**1.047.735**

Analysis of borrowings in terms of periods remaining to contractual repricing dates is as follows:

	30 June 2007	31 December 2006
Up to 6 months	2.174.628	2.183.335
6 – 12 months	121.989	-
1 – 3 years	184.392	58.567
3 – 5 years	230.378	74.960
	2.711.387	**2.316.862**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	30 June 2007	31 December 2006
Trade receivables	1.434.928	940.818
Notes receivables	1.140.567	1.305.421
Cheques receivables	100.706	159.793
Doubtful receivables	74.107	76.469
	2.750.308	**2.482.501**
Less: Provision for doubtful receivables	(66.952)	(69.122)
Less: Unearned credit finance income	(160.449)	(126.252)
	2.522.907	**2.287.127**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements in the provision for doubtful receivables are as follows:

	30 June 2007	30 June 2006
Balance at the beginning of the period	**69.122**	**32.445**
Current period additions (Note 38)	2.151	5.580
Recoveries of doubtful receivables	(4.321)	(629)
Balance at the end of the period	**66.952**	**37.396**

Long-term trade receivables	**30 June 2007**	**31 December 2006**
Trade receivables	39.628	12.463
Deposits and guarantees given	147	1.230
	39.775	**13.693**

The ageing schedule of the impaired doubtful receivables is as follows:

	30 June 2007	31 December 2006
0-3 months	2.816	4.435
3-6 months	1.079	18.850
6 months and over	63.057	45.837
	66.952	**69.122**

Short-term trade payables	**30 June 2007**	**31 December 2006**
Trade payables	797.944	820.126
Deposits and guarantees received	1.270	1.615
Unearned credit finance charges	(9.621)	(9.441)
	789.593	**812.300**

Long-term trade payables	**30 June 2007**	**31 December 2006**
Trade payables	-	36.144
	-	**36.144**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 8 - LEASE RECEIVABLES AND PAYABLES

(a) Finance lease receivables

There are no finance lease receivables at the balance sheet date (31 December 2006: None).

(b) Finance lease payables

Finance lease payables amounts to TRY232 as of 30 June 2007 (31 December 2006: TRY252).

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Amounts due from and due to related parties at period ends and a summary of major transactions with related parties during the period are as follows:

(i) Balances with related parties

(a) Due from related parties	**30 June 2007**	**31 December 2006**
Short-term		
Grundig Multimedia B.V.	72.708	2.021
Ram Dış Ticaret A.Ş.	68.242	183.416
Akpa Dayanıklı Tüketim Mal. San. Tic. Ltd. Şti.	46.878	26.138
Arcelitalia SRL	17.869	5.042
Türk Demir Döküm Fabrikaları A.Ş.	14.079	16.683
Other	13.856	8.917
	233.632	**242.217**
Due from personnel	3.324	633
	236.956	**242.850**
Long-term		
Ram Dış Ticaret A.Ş.	-	36.144
	-	**36.144**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(b) Due to related parties	**30 June 2007**	**31 December 2006**
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	251.293	74.102
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	81.429	105.380
Ram Dış Ticaret A.Ş.	71.357	120.843
Ram Pacific Ltd. (**)	-	86.370
Türk Demir Döküm Fabrikaları A.Ş.	14.252	7.764
Koç Faktoring Hizmetleri A.Ş.	-	21.035
Other	12.437	17.395
	430.768	**432.889**
Due to personnel	9.982	22.461
Less: Unearned credit finance income from related parties	(20.560)	(23.198)
	420.190	**432.152**

(*) Commercial name of Beko Ticaret A.Ş. has been changed to Zer Merkezi Hizmetler ve Ticaret A.Ş.
(**) The significant influence of the Group on the company ceased following the share sales in 2007, hence this company is not considered a related party as of 30 June 2007.

(c) Deposits	**30 June 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş.		
- time deposits	64.394	25.703
- demand deposits	2.050	5.999
	66.444	**31.702**

(d) Bank borrowings	**30 June 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş.		
- bank borrowings	157.785	1.852
	157.785	**1.852**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

e) Derivative Instruments

30 June 2007

None.

31 December 2006	Contract amount	Fair Values assets/(liabilities)	
Yapı ve Kredi Bankası A.Ş.	35.623	-	(952)
	35.623	**-**	**(952)**

(ii) Transactions with related parties

(a) Sales

	1 January-30 June 2007	1 January-30 June 2006	1 April-30 June 2007	1 April-30 June 2006
Ram Dış Ticaret A.Ş.	85.570	129.451	51.121	74.868
Akpa Dayanıklı Tüketim	57.114	50.382	28.465	34.369
Grundig Multimedia B.V.	35.587	13.312	8.732	87
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	8.121	7.194	4.444	5.171
Kofisa S.A. (*)	-	7.552	-	1.357
Other	24.606	14.683	15.411	9.289
	210.998	**222.574**	**108.173**	**125.141**

(*) The controlling rights of Koç Group in the companies ceased following the share transfers in 2006, hence these companies are not considered as related parties as of 30 June 2007.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 9 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(b) Purchases

	1 January-30 June 2007	1 January-30 June 2006	1 April-30 June 2007	1 April-30 June 2006
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	232.664	142.647	156.570	104.433
Ram Pacific Ltd.	109.402	130.936	70.031	119.267
Ram Dış Ticaret A.Ş.	67.946	52.173	605	23.145
Zer Merkezi Hizmetler ve Ticaret A.Ş.	37.610	32.802	20.400	18.576
Türk Demir Döküm Fabrikaları A.Ş.	21.058	28.111	9.096	16.581
Ram Sigorta Aracılık Hizmetleri A.Ş.	14.256	14.491	423	3.045
Palmira Turizm Ticaret A.Ş.	6.948	5.522	3.589	2.891
Setur Servis Turistik A.Ş.	3.305	5.148	2.018	2.838
Kofisa S.A. (*)	-	126.821	-	58.488
Döktaş A.Ş. (*)	-	33.193	-	17.484
İzocam Ticaret ve Sanayi A.Ş. (*)	-	12.432	-	6.279
Other	26.475	38.160	14.429	25.029
	519.664	**622.436**	**277.161**	**398.056**
Less: Credit finance charges (Note 39)	(9.496)	(4.875)	(4.545)	(2.961)
	510.168	**617.561**	**272.616**	**395.095**

(*) The controlling rights of Koç Group in the companies ceased following the share transfers in 2006, hence these companies are not considered as related parties as of 30 June 2007.

(c) Other transactions

	1 January-30 June 2007	1 January-30 June 2006	1 April-30 June 2007	1 April-30 June 2006
Dividends paid	199.980	207.378	199.980	207.378
Dividends received	3.320	38	3.320	38
Technical service assistance income	1.165	1.531	73	727
Interest income	932	1.638	86	851

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term financial liabilities	30 June 2007	31 December 2006
Taxes and duties payable	80.928	71.310
Rescheduled taxes payable	6.143	12.337
	87.071	**83.647**

Other long-term financial liabilities		
Rescheduled taxes payable	4.519	10.867
	4.519	**10.867**

NOTE 11 - BIOLOGICAL ASSETS

There are no biological assets in the operations of the Group.

NOTE 12 - INVENTORIES

	30 June 2007	31 December 2006
Raw materials and supplies	730.541	687.937
Semi-finished goods	44.749	44.080
Finished goods	303.265	247.932
Commercial goods	326.137	337.328
	1.404.692	**1.317.277**
Less: Provision for impairment on inventories	(31.243)	(42.251)
	1.373.449	**1.275.026**

The provision for impairment on inventories in terms of inventory type is as follows:

	30 June 2007	31 December 2006
Raw materials and supplies	11.220	19.233
Finished goods	10.370	11.406
Commercial goods	9.653	11.612
	31.243	**42.251**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 12 – INVENTORIES (Continued)

Movements in the provision for impairment on inventories are as follows:

	30 June 2007	30 June 2006
Balance at the beginning of the period	**42.251**	**33.940**
Current period additions (Note 38)	9.239	6.668
Realised due to sale of inventory	(20.247)	(14.550)
Balance at the end of the period	**31.243**	**26.058**

NOTE 13 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLINGS

The Group has no construction contract receivables or progress billings.

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

	30 June 2007	31 December 2006
Deferred tax assets	60.729	58.437
Deferred tax liabilities	(32.586)	(34.666)
Deferred tax assets/ (liabilities) net	**28.143**	**23.771**

The Company recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Accounting Standards and their statutory financial statements.

Tax rates used for the calculation of deferred tax assets and liabilities calculated based on temporary differences expected to be realised or settled based on the taxable income in coming years under the liability method are disclosed in Note 41.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities provided as of 30 June 2007 and 31 December 2006 using principal tax rates, are as follows:

	Cumulative Temporary differences		**Deferred tax assets/(liabilities)**	
	30 June 2007	**31 December 2006**	**30 June 2007**	**31 December 2006**
Property, plant and equipment and intangible assets	372.075	376.469	(73.367)	(74.290)
Available-for-sale investments	431.320	348.256	(21.570)	(17.411)
Provision for warranty and assembly	(236.921)	(235.279)	47.204	47.038
Unused tax credits	(199.527)	(180.904)	39.855	36.466
Provision for employment termination benefits	(53.446)	(51.398)	10.668	10.258
Provision for doubtful receivables	(39.998)	(43.255)	7.998	8.651
Unearned credit finance income	(31.339)	853	6.268	(437)
Provision for impairment on inventories	(17.967)	(27.610)	3.593	5.522
Accrual for export sales expenses	(8.058)	(5.439)	1.612	1.088
Other	(21.480)	(27.806)	5.882	6.886
Deferred tax assets (net)			**28.143**	**23.771**

	30 June 2007	**30 June 2006**
Balance at the beginning of the period	**23.771**	**(8.139)**
Charged to income statement (Note 41)	7.747	39.613
Charged to shareholders’ equity	(4.159)	-
Translation differences	784	141
Balance at the end of the period	**28.143**	**31.615**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND LIABILITIES

Other current assets	**30 June 2007**	**31 December 2006**
Prepaid expenses	24.956	6.448
VAT and PCT receivables (*)	11.648	75.499
Taxes and funds deductible	6.511	24.728
Assets held for sale	4.862	1.317
Income accruals	4.497	509
Other	5.504	4.763
	57.978	**113.264**

(*) VAT: Value Added Tax, PCT: Private Consumption Tax

Other current liabilities	**30 June 2007**	**31 December 2006**
Warranty provision	124.843	145.070
Accrual for customer premiums	64.767	6.813
Assembly provision	56.839	41.976
Accrual for sales and marketing expenses	42.917	18.284
Accrual for export sales expenses	22.281	26.424
Accrual for transportation expenses	16.173	13.858
Accrual for bonuses and premiums	11.374	3.244
Other	25.651	45.379
	364.845	**301.048**

Other non-current liabilities	**30 June 2007**	**31 December 2006**
Warranty provision	96.624	101.122
Other	1.950	2.608
	98.574	**103.730**

NOTE 16 - FINANCIAL ASSETS

	30 June 2007	**31 December 2006**
Available-for-sale investments	678.959	595.724
Held-to-maturity investments	110.894	112.449
Investments in associates	106.807	102.872
Financial assets excluded from the scope of consolidation	5.039	5.039
	901.699	**816.084**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 16 - FINANCIAL ASSETS (Continued)

a) Available-for-sale investments:

	30 June 2007		31 December 2006	
	%	**TRY**	**%**	**TRY**
Koç Finansal Hizmetler A.Ş.	7,66	664.521	7,66	581.341
Entek Elektrik Üretimi San. ve Tic A.Ş.	6,86	12.340	6,86	12.340
Ultra Kablolu TV ve Telekomünikasyon San. Tic. A.Ş.	7,50	1.901	7,50	1.901
Tat Konserve Sanayii A.Ş.	0,34	133	0,34	78
Other		64		64
		678.959		**595.724**

	30 June 2007	30 June 2006
Balance at the beginning of the period	**595.724**	**511.437**
Fair value gains	83.235	57.630
Purchase of financial assets	-	13
Balance at the end of the period	**678.959**	**569.080**

The unrealised gains (net) arising from changes in the fair value of available-for-sale-investments amounting to TRY431.320 net off deferred tax effect amounting to TRY21.570 are recognised in consolidated shareholders’ equity under the “financial assets fair value reserve” at 30 June 2007 (31 December 2006: TRY348.256).

b) Held-to-maturity investments:

	30 June 2007	31 December 2006
Time deposits (USD)	110.894	112.449
	110.894	**112.449**

As of 30 June 2007, the effective interest rate of long-term time deposits is 7,59% (31 December 2006: 7,56%).

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 16 - FINANCIAL ASSETS (Continued)

c) Investments in associates:

	30 June 2007		31 December 2006	
	%	TRY	%	TRY
Koç Tüketici Finansmanı A.Ş.	47,00	53.473	47,00	48.801
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	45,00	46.652	45,00	44.653
Ram Dış Ticaret A.Ş.	33,50	4.847	33,50	3.996
Ram Pacific Ltd.	-	-	25,00	3.256
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	32,00	1.835	32,00	2.166
		106.807		**102.872**

	30 June 2007	30 June 2006
Balance at the beginning of the period	**102.872**	**84.998**
Income from associates	9.912	21.289
Dividends received from associates	(3.320)	(3.240)
Sales of shares in associates	(2.389)	-
Translation differences	(268)	792
Balance at the end of the period	**106.807**	**103.839**

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Income from associates				
Koç Tüketici Finansmanı A.Ş.	4.672	8.464	3.002	6.977
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	3.813	10.785	1.921	7.805
Ram Dış Ticaret A.Ş.	851	444	360	749
Ram Pacific Ltd.	906	1.926	355	1.357
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	(330)	(330)	(131)	(262)
	9.912	**21.289**	**5.507**	**16.626**

d) Financial assets excluded from the scope of consolidation:

	30 June 2007		31 December 2006	
	%	TRY	%	TRY
Subsidiaries				
Beko Shanghai Trading Company Ltd.	100,00	2.626	100,00	2.626
Izocam Llc	100,00	2.215	100,00	2.215
Arcelitalia SRL	100,00	191	100,00	191
ArticPro SRL	100,00	1	100,00	1
Archin Limited	99,99	-	99,99	-
Arctic Service	100,00	-	100,00	-
Joint ventures				
Grundig Intermedia Trgovina, d.o.o., Ljubljana	50,00	6	50,00	6
		5.039		**5.039**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 17 - GOODWILL/NEGATIVE GOODWILL

	1 January 2007	Additions	Disposals	Translation differences	30 June 2007
Goodwill	2.044	-	-	-	2.044
Accumulated amortisation	(256)	-	-	-	(256)
Net carrying value	**1.788**				**1.788**

	1 January 2006	Additions	Disposals	Translation differences	30 June 2006
Goodwill	4.229	-	-	562	4.791
Accumulated amortisation	(965)	-	-	(183)	(1.148)
Net carrying value	**3.264**				**3.643**

NOTE 18 - INVESTMENT PROPERTY

	1 January 2007	Additions	Transfers (*)	Translation differences	30 June 2007
Cost	4.052	-	(3.847)	(205)	-
Accumulated depreciation	(1.266)	(13)	1.214	65	-
Net carrying value	**2.786**				**-**

(*) Investment properties amounting to TRY2.633, which is planned to be sold in connection with the restructuring plans of the Group's Joint Venture Grundig Multimedia B.V., have been transferred to the "Other current assets" (Note 15).

	1 January 2006	Additions	Disposals	Translation differences	30 June 2006
Cost	3.460	18	-	919	4.397
Accumulated depreciation	(1.042)	(29)	-	(276)	(1.347)
Net carrying value	**2.418**				**3.050**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2007	Additions	Disposals	Transfers	Translation differences	30 June 2007
Cost						
Land	15.319	1.075	-	-	72	16.466
Land improvement	32.614	148	(339)	-	(19)	32.404
Buildings	456.850	70	(2.553)	19	(4.389)	449.997
Machinery and equipment	2.305.001	41.844	(40.315)	13.097	(494)	2.319.133
Motor vehicles, furniture and fixtures	204.385	4.684	(7.930)	777	(140)	201.776
Leasehold improvements	33.831	72	-	-	(94)	33.809
Construction in progress	10.035	57.199	(314)	(13.893)	116	53.143
Advances given	6.354	4.139	(4.751)	-	-	5.742
	3.064.389	**109.231**	**(56.202)**	**-**	**(4.948)**	**3.112.470**
Accumulated Depreciation						
Land improvement	(12.705)	(590)	-	-	-	(13.295)
Buildings	(137.036)	(5.130)	1.800	-	(371)	(140.737)
Machinery and equipment	(1.626.703)	(59.346)	38.314	-	(1.598)	(1.649.333)
Motor vehicles, furniture and fixtures	(157.010)	(5.731)	7.671	-	2	(155.068)
Leasehold improvements	(15.766)	(2.973)	-	-	36	(18.703)
	(1.949.220)	**(73.770)**	**47.785**	**-**	**(1.931)**	**(1.977.136)**
Net carrying value	**1.115.169**					**1.135.334**

At 30 June 2007, there are mortgages amounting to TRY89.137 on property, plant and equipment (31 December 2006: TRY93.851). The mentioned mortgages have been released at 31 July 2007 due to the repayment of the related bank borrowing obtained from the IFC (Note 31).

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2006	Additions	Disposals	Transfers	Translation differences	30 June 2006
Cost						
Land	13.813	134	(452)	-	730	14.225
Land improvement	31.454	11	-	-	138	31.603
Buildings	346.955	267	(45)	8	9.926	357.111
Machinery and equipment	2.097.871	16.641	(26.013)	13.138	27.550	2.129.187
Motor vehicles, furniture and fixtures	193.807	5.005	(1.652)	256	11.388	208.804
Leasehold improvements	32.978	357	-		375	33.710
Construction in progress	46.156	127.834	(6)	(13.123)	10.806	171.667
Advances given	4.584	4.988	-	(279)	1.124	10.417
	2.767.618	**155.237**	**(28.168)**	**-**	**62.037**	**2.956.724**
Accumulated Depreciation						
Land improvement	(11.332)	(580)	-	-	(11)	(11.923)
Buildings	(125.987)	(6.543)	38	-	(4.034)	(136.526)
Machinery and equipment	(1.537.285)	(73.033)	23.570	7	(15.611)	(1.602.352)
Motor vehicles, furniture and fixtures	(152.272)	(7.075)	1.454	(7)	(8.990)	(166.890)
Leasehold improvements	(10.160)	(2.784)	-		(95)	(13.039)
	(1.837.036)	**(90.015)**	**25.062**	**-**	**(28.741)**	**(1.930.730)**
Net carrying value	**930.582**					**1.025.994**

At 30 June 2006, there are mortgages amounting to TRY101.860 on property, plant and equipment (31 December 2005: TRY96.343).

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 20 - INTANGIBLE ASSETS

	1 January 2007	Additions	Disposals	Transfers	Translation differences	30 June 2007
Cost						
Rights	156.861	782	(36)	-	(1.851)	155.756
Development costs	-	24.619	-	-	-	24.619
Other intangible assets	21.197	231	(49)	-	(39)	21.340
	178.058	**25.632**	**(85)**	**-**	**(1.890)**	**201.715**
Accumulated Amortisation						
Rights	(36.470)	(1.365)	36	-	281	(37.518)
Development costs	-	(142)	-	-	-	(142)
Other intangible assets	(14.707)	(1.101)	46	-	24	(15.738)
	(51.177)	**(2.608)**	**82**	**-**	**305**	**(53.398)**
Net carrying value	**126.881**					**148.317**

	1 January 2006	Additions	Disposals	Transfers	Translation differences	30 June 2006
Cost						
Rights	67.771	1.584	(14)	-	7.967	77.308
Other intangible assets	21.136	209	(1)	-	306	21.650
	88.907	**1.793**	**(15)**	**-**	**8.273**	**98.958**
Accumulated Amortisation						
Rights	(31.905)	(1.416)	13	-	(1.156)	(34.464)
Other intangible assets	(13.159)	(951)	1	-	(285)	(14.394)
	(45.064)	**(2.367)**	**14**	**-**	**(1.441)**	**(48.858)**
Net carrying value	**43.843**					**50.100**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 21 - ADVANCES RECEIVED

	30 June 2007	31 December 2006
Order advances received	-	54.378
Other advances received	444	344
	444	**54.722**

NOTE 22 - RETIREMENT PLANS

There is no liability for retirement plans in the consolidated interim balance sheet.

NOTE 23 – PROVISIONS

a) Short-term provisions

	30 June 2007	31 December 2006
Tax provision (Note 41)	10.358	2.266

b) Long-term provisions

	30 June 2007	31 December 2006
Provision for employment termination benefits	54.744	52.852

The provision for employment termination benefits is provided as explained below:

Under the Turkish Legislations, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY1,96069 (31 December 2006: TRY1,85744) for each period of service at 30 June 2007.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company registered in Turkey arising from the retirement of employees.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 23 – PROVISIONS (Continued)

IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	30 June 2007	31 December 2006
Discount rate (%)	5,71	5,71
Turnover rate to estimate the probability of retirement (%)	99	99

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY2,03019 (1 January 2007: TRY1,96069) which is effective from 1 July 2007 has been taken into consideration in calculating the reserve for employment termination benefit of the Company and its Turkish associates.

Movements in the provision for employment termination benefits are as follows:

	30 June 2007	30 June 2006
Balance at the beginning of the period	**52.852**	**47.947**
Increase during the period	7.634	10.358
Payments during the period	(5.485)	(5.213)
Translation differences	(257)	324
Balance at the end of the period	**54.744**	**53.416**

NOTE 24 - MINORITY INTEREST

Changes in minority interest during the period are as follows:

	30 June 2007	30 June 2006
Balance at the beginning of the period	**32.890**	**81.746**
Net loss for the period (net)	(1.185)	(9.338)
Dividend payments	-	(7.398)
Financial assets fair value gains (net)	-	1.459
Translation differences	(385)	4.509
Effect of change in economic interests	-	769
Balance at the end of period	**31.320**	**71.747**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 25 - SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL

The Company is subject to the registered share capital system in accordance with the CMB regulations.

The Company's registered and authorised and paid-in share capital not adjusted for inflation at 30 June 2007 and 31 December 2006 are as follows:

	30 June 2007	31 December 2006
Limit on registered share capital	500.000	500.000
Authorised and paid-in share capital	399.960	399.960

At 30 June 2007 and 31 December 2006, the shareholding structure can be summarised as follows:

	30 June 2007		31 December 2006	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Koç Holding A.Ş.	39,14	156.546	39,14	156.546
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	14,68	58.709	14,68	58.709
Koç Ailesi	9,81	39.252	9,81	39.252
Burla Ticaret ve Yatırım A.Ş.	7,66	30.649	7,66	30.649
Koç Holding Emekli ve Yardım Sandığı Vakfı	4,50	17.982	4,50	17.982
Other	24,21	96.822	24,21	96.822
Total	**100,00**	**399.960**	**100,00**	**399.960**
Adjustment to share capital		468.811		468.811
Total paid-in share capital		**868.771**		**868.771**

The shareholder of the Company, Koç Holding, has pledged its shares in the Company with a nominal value of TRY156.546 as collateral to J.P. Morgan Europe Limited against the loan agreement dated 21 January 2006. The voting and dividend rights relating to these shares have been retained by Koç Holding.

NOTE 26 - 27 - 28 CAPITAL RESERVES, PROFIT RESERVES, RETAINED EARNINGS

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 Group'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.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

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 entire amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the entire amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

For the purposes of profit distribution in accordance with related CMB regulations, items of statutory shareholders' equity such as share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves, are presented at their historical amounts. The difference between the inflated and historical amounts of these items is presented in inflation adjustment to shareholders' equity.

The net income computed in accordance with Communiqué No:XI-25 must be distributed in the ratio of a minimum of 20% of total distributable profit. This distribution may be made either as cash, as pro-rata shares or as a combination of both in accordance with the decisions taken in the general assemblies.

The profits of subsidiaries, joint ventures and associates that are included in the consolidated financial statements of the parent, are not considered in the calculation of distributable profits, if the decision on profit distribution has not been taken in the general assemblies of the related subsidiaries, joint ventures and associates.

In accordance with Communiqués No:XI/21 and No:XI/25, if a profit distribution decision is taken in the general assemblies of subsidiaries, joint ventures and associates, which are consolidated under parent financials, the parent can distribute its share of the profits in these companies up to the profit level included in the consolidated financial statements with reference to the profit distribution decision taken in the general assemblies of these subsidiaries, joint ventures and associates.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 26 - 27 - 28 CAPITAL RESERVES, PROFIT RESERVES, RETAINED EARNINGS (Continued)

Inflation adjustment to shareholders' equity and extraordinary reserves can either be netted-off against prior years' losses or used in the distribution of bonus shares or in distributions of dividends to shareholders. In accordance with the Communiqué No:XI-25, at 30 June 2007 and 31 December 2006 the shareholders' equity schedule is as follows:

	30 June 2007	**31 December 2006**
Share capital	399.960	399.960
Inflation adjustment to shareholders' equity	748.984	748.984
Legal reserves	97.240	61.759
Extraordinary reserves	114.192	-
Financial assets fair value reserve	409.750	330.845
Translation reserves	11.971	15.421
Net income for the period	107.502	324.147
Prior years' income	197.025	222.531
Total shareholders' equity	**2.086.624**	**2.103.647**

Details of the inflation adjustment to shareholders' equity are as follows:

	Nominal value	**Restated amounts**	**Inflation adjustment to shareholders' equity**
Share capital	399.960	868.771	468.811
Offsetting difference (*)	-	280.173	280.173
	399.960	1.148.944	748.984

(*) Inflation adjustment to shareholders' equity amounting to TRY280.173 which is the remaining balance of equity accounts have been zeroed by offsetting as shown in the inflation adjustment to shareholders' equity account.

NOTE 29 – FOREIGN CURRENCY POSITION

Assets and liabilities denominated in foreign currency at 30 June 2007 and 31 December 2006 are as follows:

	30 June 2007	**31 December 2006**
Assets	1.547.568	1.826.950
Liabilities	(1.613.969)	(2.028.754)
Off-balance sheet commitments	93.251	98.053
Net foreign currency position	**26.850**	**(103.751)**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 29 – FOREIGN CURRENCY POSITION (Continued)

TRY equivalents of assets and liabilities denominated in foreign currency at 30 June 2007 are as follows:

	EUR	USD	GBP	RON	RUB	Other	Total
Current assets							
Cash and cash equivalents	95.147	40.043	21.865	392	2.248	9.315	169.010
Trade receivables (net)	421.483	97.890	126.670	43.425	38.677	29.500	757.645
Due from related parties (net)	41.129	8.352	22.239	133	626	530	73.009
Other receivables (net)	-	-	-	-	-	-	-
Inventories (net)	127.379	54.523	83.941	67.561	47.697	22.731	403.832
Other current assets	17.898	6	2.721	1.396	3.600	2.600	28.221
Non-current assets							
Trade receivables	454	-	-	-	-	-	454
Due from related parties (net)	-	-	-	-	-	-	-
Financial assets (net)	-	110.894	-	-	-	-	110.894
Deferred tax assets	-	-	293	-	2.651	1.559	4.503
Other non-current assets	-	-	-	-	-	-	-
Total assets	**703.490**	**311.708**	**257.729**	**112.907**	**95.499**	**66.235**	**1.547.568**
Current liabilities							
Short-term bank borrowings	12.309	27.273	-	-	-	-	39.582
Current maturities of long-term bank borrowings	47.976	8.348	118.312	21.666	6.735	1	203.038
Lease payables (net)	-	-	70	42	-	-	112
Other financial liabilities (net)	4.042	-	9.703	2.709	-	1.810	18.264
Trade payables (net)	185.449	98.750	10.107	13.497	1.756	3.481	313.040
Due to related parties (net)	66.621	13.204	17.779	1.611	15.291	-	114.506
Advances received	16	-	-	-	-	-	16
Provisions	469	-	1.708	409	-	137	2.723
Other current liabilities (net)	70.007	80.440	48.830	6.273	2.250	11.887	219.687
Non-current liabilities							
Long-term bank borrowings (net)	451.643	198.565	-	-	32.629	-	682.837
Lease payables (net)	-	-	-	43	-	-	43
Trade payables (net)	-	-	-	-	-	-	-
Provisions	1.294	-	-	516	-	16	1.826
Deferred tax liabilities	801	-	172	3.424	-	-	4.397
Other non-current liabilities (net)	3.854	-	-	9.557	-	487	13.898
Total liabilities	**844.481**	**426.580**	**206.681**	**59.747**	**58.661**	**17.819**	**1.613.969**
Net balance sheet position	**(140.991)**	**(114.872)**	**51.048**	**53.160**	**36.838**	**48.416**	**(66.401)**
Off-balance sheet derivative instruments	**85.427**	**-**	**-**	**-**	**-**	**7.824**	**93.251**
Net foreign currency position	**(55.564)**	**(114.872)**	**51.048**	**53.160**	**36.838**	**56.240**	**26.850**

The net foreign currency position of the Group as of 30 June 2007 is positive TRY26.850 equivalent to EUR15.268.695.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 29 – FOREIGN CURRENCY POSITION (Continued)

TRY equivalents of assets and liabilities denominated in foreign currency at 31 December 2006 are as follows:

	EUR	USD	GBP	RON	RUB	Other	Total
Current assets							
Cash and cash equivalents	133.254	19.736	30.852	13.575	5.715	8.976	212.108
Trade receivables (net)	567.209	100.764	103.807	55.655	12.967	42.536	882.938
Due from related parties (net)	9.344	71.991	30.123	-	337	47	111.842
Other receivables (net)	-	-	-	-	-	-	-
Inventories (net)	170.775	62.670	76.728	58.374	38.221	15.045	421.813
Other current assets	12.948	6	735	13.125	17.063	2.151	46.028
Non-current assets							
Due from related parties(net)	36.144	-	-	-	-	-	36.144
Financial assets (net)	-	112.448	-	-	-	-	112.448
Deferred tax assets	303	-	309	-	2.574	443	3.629
Other non-current assets	-	-	-	-	-	-	-
Total assets	**929.977**	**367.615**	**242.554**	**140.729**	**76.877**	**69.198**	**1.826.950**
Current liabilities							
Short-term bank borrowings	28.431	79.022	-	-	-	-	107.453
Current maturities of long-term bank borrowings	177.400	44.784	34.051	67	183	-	256.485
Lease payables (net)	-	-	141	13	-	7	161
Other financial liabilities (net)	1.843	-	9.798	3.473	872	299	16.285
Trade payables (net)	222.346	113.032	1.302	19.719	465	4.933	361.797
Due to related parties (net)	108.167	166.789	28.374	64	3.317	825	307.536
Advances received	17	-	-	1	-	-	18
Provisions	-	-	1.753	513	-	-	2.266
Other current liabilities (net)	96.769	6.852	42.780	4.044	1.026	9.974	161.445
Non-current liabilities							
Long-term bank borrowings (net)	365.861	237.078	102.005	21.079	-	27.997	754.020
Lease payables (net)	-	-	41	7	-	-	48
Trade payables	36.144	-	-	-	-	-	36.144
Provisions	1.342	-	112	532	-	12	1.998
Deferred tax liabilities	1.361	-	-	3.370	-	5	4.736
Other non-current liabilities (net)	6.228	-	22	10.812	-	1.300	18.362
Total liabilities	**1.045.909**	**647.557**	**220.379**	**63.694**	**5.863**	**45.352**	**2.028.754**
Net balance sheet position	**(115.932)**	**(279.942)**	**22.175**	**77.035**	**71.014**	**23.846**	**(201.804)**
Off-balance sheet derivative instruments	**27.773**	**70.280**	**-**	**-**	**-**	**-**	**98.053**
Net foreign currency position	**(88.159)**	**(209.662)**	**22.175**	**77.035**	**71.014**	**23.846**	**(103.751)**

The net foreign currency position of the Group as of 31 December 2006 is negative TRY103.751 equivalent to EUR56.036.187.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 30 - GOVERNMENT GRANTS

The Group is entitled to investment incentive according to the official authorities, in connection with certain major capital expenditures. The rights of the Group due to these incentives are as follows:

a) 100% exemption from customs duty on machinery and equipment to be imported,
b) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
c) Exception of corporate tax liability amounting to 40% of the research and development expenditures,
d) Inward Processing Permission Certificates (Note 31),
e) Incentive from Tübitak-Teydeb for research and development expenditures

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Provisions

Provisions in the consolidated interim financial statements are disclosed in Notes 15 and 23.

Commitments and contingent liabilities

a) Derivative financial instruments and embedded derivatives

	Contract amount	Fair Values Assets/(Liabilities)	
30 June 2007			
Curreny forward contracts	93.251		(472)
	93.251		**(472)**
31 December 2006			
Curreny forward contracts	160.499	-	(1.749)
	160.499	**-**	**(1.749)**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 31 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

b) Guarantees and commitments given are as follows at 30 June 2007 and 31 December 2006:

	30 June 2007	31 December 2006
Collateral obtained	1.570.318	1.454.855
Mortgages on property, plant and equipment regarding IFC loans (*)	89.137	93.851
Other guarantees given	65.260	60.846
Standby letters of credit	51.077	56.360
Guarantee letters given to customs for imports	35.819	31.424
Assigned receivables given related to IFC loans	-	27.850
Guarantee letters given	12.325	11.378
Operational lease commitments (**)	5.162	6.498
Guarantee letters given to Eximbank for import loans	13.650	5.250
Pledges given	1.617	1.742
Other guarantees	321	2.173

(*) Mortgages have been released at 31 July 2007 due to the repayment of the related borrowing obtained from IFC.
(**) Consists of office, warehouse and car rental payables.

c) In connection with the Inward Processing Permission Certificates, the Group has committed to realise export sales amounting to USD1.216.309.825 in 2007 (31 December 2006: USD1.286.690.953).

NOTE 32 - BUSINESS COMBINATIONS

There have been no business combinations in 2007.

Information regarding the business combinations in 2006 is as follows:

On 6 October 2006, Arçelik acquired additional shares of Beko Elektronik with a nominal value of TRY87.171, of which TRY57.200 belongs to Koç Holding, TRY21.164 to Beko Ticaret, TRY1.384 to Temel Ticaret ve Yatırım A.Ş. and TRY6.973 to Koç family, for a purchase consideration of TRY190.032 that is determined by considering the arithmetic average of the weighted average of the share prices on the ISE between 3 April and 29 September 2006 and increased its interest in Beko Elektronik's capital from 22,36% to 72,46%.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 32 - BUSINESS COMBINATIONS (Continued)

This acquisition is defined as a business combination involving entities under common control, since the combining entities are ultimately controlled by the same party or parties both before and after the aforementioned business combination. Arçelik has decided to apply an accounting policy in line with the "pooling of interest" method in accounting the transaction under common control considering that it would reflect the economic substance of the related transaction reliably and fairly after considering generally accepted accounting principles around the world, since no guidance concerning the accounting of business combinations under common control is included in either IFRS 3 or other standards under the IFRS framework. Assets and liabilities subject to business combination are accounted for with the carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of adopting such an accounting policy, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted for in shareholders' equity as "effect of transactions under common control".

NOTE 33 - SEGMENT REPORTING

The Group's geographical segments are Turkey and Europe. Turkey, where the domestic activities are performed, is the home country of the parent company, Arçelik, which is also the main operating company.

	1 January - 30 June 2007	1 January- 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Segment sales				
Turkey	1.876.902	1.786.557	973.286	1.035.349
Europe	1.221.223	1.298.278	635.702	694.351
Other	314.476	180.321	167.938	96.427
	3.412.601	**3.265.156**	**1.776.926**	**1.826.127**

Segment assets	**30 June 2007**	**31 December 2006**
Turkey	5.344.084	5.271.405
Europe	1.085.157	889.354
Other	263.246	217.286
	6.692.487	**6.378.045**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 33 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Segment capital expenditure				
Turkey	108.562	58.538	81.882	43.638
Europe	14.753	14.220	14.241	4.897
Other (*)	11.548	84.290	7.303	52.091
	134.863	**157.048**	**103.426**	**100.626**

(*) Consists of capital expenditure in Russia.

Segment revenue from external customers by geographical area is reported based on the geographical location of its customers. The total carrying amount of segment assets is reported based on the location of assets.

NOTE 34 - SUBSEQUENT EVENTS

In the Board of Directors meeting held on 27 July 2007, it was decided to purchase 100% of shares of "Changzhou Casa-Shinco Electrical Appliances Co. Ltd" through Ardutch, a Subsidiary of the Group which is located in the Netherlands, regarding the growth strategy and plans related to the investment in China. In addition, it has also been decided to increase the share capital of Ardutch amounting to EUR12.500.000 in order to cover the purchase and the transaction costs, and the working capital of the purchased company. With the agreement signed on 28 July 2007, 100% shares of the washing machine manufacturer Casa-Shinco have been purchased for 60 million Chinese yuan.

NOTE 35 - DISCONTINUED OPERATIONS

None.

NOTE 36 - OPERATING INCOME

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Domestic sales	2.013.374	1.843.187	872.960	1.052.479
Foreign sales	1.689.168	1.658.773	1.052.707	923.440
Gross sales	**3.702.542**	**3.501.960**	**1.925.667**	**1.975.919**
Less: Discounts	(289.941)	(236.804)	(148.741)	(149.792)
Net sales	**3.412.601**	**3.265.156**	**1.776.926**	**1.826.127**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 37– OPERATING EXPENSES

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Research and development expenses	(15.005)	(33.783)	(4.407)	(17.867)
Selling and marketing expenses	(464.100)	(459.951)	(254.122)	(273.399)
General administrative expenses	(152.347)	(155.546)	(79.850)	(83.864)
Operating expenses	**(631.452)**	**(649.280)**	**(338.379)**	**(375.130)**

NOTE 38– OTHER INCOME/EXPENSES

The other income and expenses for the periods ended 30 June are as follows:

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Other income				
Income from indemnities and incentives	10.930	3.566	9.846	2.236
Reversal of provisions	6.347	14.089	1.012	12.571
Licence income	1.054	2.366	455	382
Other	5.962	5.403	1.387	3.835
Other income	**24.293**	**25.424**	**12.700**	**19.024**
Other expenses				
Provision for inventories	(9.239)	(6.668)	(6.564)	(3.092)
Loss from sale of property and equipment	(5.269)	(956)	(4.060)	(956)
Restructuring expenses	(2.730)	-	(2.730)	-
Provision for doubtful receivables	(2.151)	(6.644)	(920)	(5.458)
Loss from sale of investment	(1.234)	-	(1.234)	-
Other	(3.263)	(3.471)	(2.482)	(902)
Other expenses	**(23.886)**	**(17.739)**	**(17.990)**	**(10.408)**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 39 - FINANCIAL INCOME/EXPENSES

The financial income and expenses for the periods ended 30 June are as follows:

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Credit finance income	91.510	67.956	45.126	32.511
Foreign exchange gains	75.353	227.884	46.961	205.996
Interest income	10.591	7.642	5.439	5.023
Foreign currency forward income	4.388	24.177	424	22.651
Other	2.321	1.148	1.807	552
Financial income	**184.163**	**328.807**	**99.757**	**266.733**
Interest on borrowings	(163.428)	(63.281)	(84.208)	(37.201)
Foreign exchange losses	(81.743)	(273.946)	(52.274)	(254.268)
Credit finance charges	(74.816)	(38.007)	(9.878)	(17.968)
Foreign currency forward expense	(11.336)	(2.639)	(7.041)	(2.639)
Cash discounts expenses	(9.545)	(7.772)	(5.038)	(3.962)
Other	(1.697)	(3.703)	(910)	(809)
Financial expenses	**(342.565)**	**(389.348)**	**(159.349)**	**(316.847)**
Financial expenses (net)	**(158.402)**	**(60.541)**	**(59.592)**	**(50.114)**

NOTE 40 - NET MONETARY POSITION GAIN/LOSSES

On 17 March 2005, the CMB announced that the application of inflation accounting is no longer required for companies operating in Turkey effective from 1 January 2005 (Note 2).

Consequently, inflation accounting was not applied for the period beginning on or after 1 January 2005, therefore there is no gain/loss on net monetary position for the years in 2007 and 2006.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 41 - TAXES ON INCOME

	30 June 2007	31 December 2006
Corporation and income taxes	37.818	122.543
Less: prepaid tax	(27.460)	(120.277)
Taxes payable (net)	10.358	2.266
Deferred tax assets (net)	(28.143)	(23.771)
	(17.785)	**(21.505)**

Turkish tax legislation does not permit a parent company, its subsidiaries, joint ventures and associates to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporate Income Tax Law numbered 5520 was published in the official gazette numbered 26205 dated 21 June 2006 and came into effect immediately. Herewith, Corporate Income Tax Law numbered 5422 has been abolished.

The corporation tax rate of the fiscal year 2007 is 20% (2006: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances. The annual corporate income tax return is required to be filed in the period between the 1st and 25th days of the fourth month following the close of the related fiscal year. Payments can be made up until the end of the month in which the tax return is to be filed. Provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends that are paid to non-resident corporations or corporations exempt from taxation in accordance with Income Tax Law article 75 paragraph 2 lines (1),(2),(3) 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 and thus does not incur withholding tax.

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 41 - TAXES ON INCOME (Continued)

In accordance with the tax laws and regulations of each country as of 30 June 2007, tax rates used for the calculation of taxes on income are as follows:

Germany	39,62%	Spain	35,00%
Austria	25,00%	Italy	37,25%
Czech Republic	24,00%	Hungary	16,00%
China	25,00%	Poland	19,00%
France	33,33%	Romania	16,00%
Netherlands	25,50%	Russia	20,00%
United Kingdom	30,00%	Slovakia	19,00%

The taxes on income for the periods ended 30 June are summarised as follows:

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Taxes on income				
- current	(38.890)	(60.983)	(17.478)	(29.472)
- deferred	7.747	39.613	1.845	30.297
Taxes on income (net)	**(31.143)**	**(21.370)**	**(15.633)**	**825**

NOTE 42 - EARNINGS PER SHARE

The earnings per share for each period are as follows:

	1 January - 30 June 2007	1 January - 30 June 2006	1 April - 30 June 2007	1 April - 30 June 2006
Net income	107.502	172.755	27.536	96.871
Weighted average number of ordinary shares with nominal value of TRY1 each	399.960.000	399.960.000	399.960.000	399.960.000
Earnings per share (TRY)	**0,269**	**0,432**	**0,069**	**0,242**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 43 - SUPPLEMENTARY CASH FLOW INFORMATION

Consolidated interim statements of cash flows are presented within the consolidated interim financial statements (page 5).

"Changes in accruals and provisions" and "changes in operating assets and liabilities" shown in the consolidated interim statements of cash flows are as follows:

	30 June 2007	30 June 2006
Changes in reserves and provisions		
Warranty provision	(24.725)	68.649
Assembly and transportation provision	17.178	27.946
Accrual for customer premium	57.954	69.922
Accrual for sales and marketing expenses	24.633	35.541
Accrual for bonuses and premiums	8.130	7.378
Provision for employment termination benefits	1.892	10.358
Provision for impairment on inventories	(11.008)	7.882
Provision for doubtful receivable	(2.169)	4.951
	71.885	**232.627**
Changes in operating assets and liabilities		
Trade receivables and due from related parties	(215.269)	(437.176)
Inventories	(87.415)	(262.950)
Other current assets and liabilities	(16.842)	(193.812)
Other non-current assets and liabilities	(6.990)	(130)
Trade payables and due to related parties	(70.813)	177.654
	(397.329)	**(716.414)**

(Amounts expressed in thousands of New Turkish lira (TRY) unless otherwise indicated)

NOTE 44 – DISCLOSURE OF OTHER MATTERS

Amounts related to Joint Ventures

Aggregate amounts of assets, liabilities and net income before the consolidation adjustments of Joint Ventures on a combined basis which are proportionately consolidated, as described in Note 2.c to these consolidated interim financial statements, are as follows:

	30 June 2007	**31 December 2006**
Current assets	109.086	179.519
Non-current assets	21.001	26.522
Total assets	**130.087**	**206.041**
Current liabilities	97.372	150.354
Non-current liabilities	72.981	78.088
Shareholders' equity	(40.266)	(22.401)
Total liabilities and shareholders' equity	**130.087**	**206.041**

	1 January - 30 June 2007	**1 January - 30 June 2006**	**1 April - 30 June 2007**	**1 April - 30 June 2006**
Net sales	112.830	155.703	52.726	79.514
Gross operating profit	17.889	20.742	10.520	8.794
Net operating loss	(17.359)	(14.900)	(4.955)	(10.270)
Net loss	(19.334)	(14.212)	(7.163)	(9.331)

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