ARÇELİK ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2007

(ORIGINALLY ISSUED IN TURKISH)

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2007

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2007 AND AT 31 DECEMBER 2006

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

	Notes	31 March 2007	31 December 2006
ASSETS			
Current assets			
Cash and cash equivalents	4	493.558	288.796
Marketable securities (net)	5	-	-
Trade receivables (net)	7	2.194.278	2.287.127
Lease receivables (net)	8	-	-
Due from related parties (net)	9	169.698	242.850
Other receivables (net)	10	-	-
Biological assets (net)	11	-	-
Inventories (net)	12	1.355.359	1.275.026
Construction contract receivables (net)	13	-	-
Deferred tax assets	14	-	-
Other current assets	15	73.999	113.264
Total current assets		**4.286.892**	**4.207.063**
Non-current assets			
Trade receivables (net)	7	52.501	13.693
Lease receivables (net)	8	-	-
Due from related parties (net)	9	39.154	36.144
Other receivables (net)	10	-	-
Financial assets (net)	16	818.632	816.084
Goodwill/negative goodwill (net)	17	1.788	1.788
Investment properties (net)	18	2.752	2.786
Property, plant and equipment (net)	19	1.104.652	1.115.169
Intangible assets (net)	20	126.054	126.881
Deferred tax assets	14	56.832	58.437
Other non-current assets	15	-	-
Total non-current assets		**2.202.365**	**2.170.982**
Total assets		**6.489.257**	**6.378.045**

The consolidated financial statements as at and for the interim period ended 31 March 2007 have been approved for issue by the Board of Directors on 7 May 2007 and signed on its behalf by Fatih Kemal Ebliçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2007 AND AT 31 DECEMBER 2006

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

	Notes	31 March 2007	31 December 2006
LIABILITIES			
Current liabilities			
Short-term bank borrowings	6	479.020	962.858
Current maturities of long-term bank borrowings (net)	6	372.819	306.269
Lease payables (net)	8	169	161
Other financial liabilities (net)	10	68.307	83.647
Trade payables (net)	7	707.372	812.300
Due to related parties (net)	9	333.359	432.152
Advances received	21	316	54.722
Construction contracts progress billing (net)	13	-	-
Provisions	23	19.663	2.266
Deferred tax liabilities	14	-	-
Other current liabilities (net)	15	321.852	301.048
Total current liabilities		**2.302.877**	**2.955.423**
Non-current liabilities			
Long term bank borrowings (net)	6	1.750.471	1.047.735
Lease payables (net)	8	132	91
Other financial liabilities (net)	10	10.706	10.867
Trade payables (net)	7	35.904	36.144
Due to related parties (net)	9	-	-
Advances received	21	-	-
Provisions	23	52.904	52.852
Deferred tax liabilities	14	26.036	34.666
Other non-current liabilities (net)	15	103.336	103.730
Total non-current liabilities		**1.979.489**	**1.286.085**
Total liabilities		**4.282.366**	**4.241.508**
MINORITY INTEREST	**24**	**30.910**	**32.890**
SHAREHOLDERS' EQUITY			
Share capital	**25**	**399.960**	**399.960**
Treasury shares	**25**	**-**	**-**
Capital reserves	**26**	**1.079.829**	**1.079.829**
Share premium	26	-	-
Share cancellation gains		-	-
Revaluation fund		-	-
Financial assets fair value reserve		330.845	330.845
Inflation adjustment to shareholders' equity		748.984	748.984
Profit reserves	**27**	**75.491**	**77.180**
Legal reserves		61.759	61.759
Statutory reserves		-	-
Extraordinary reserves		-	-
Special reserves		-	-
Investment and property sales income to be added to the capital		-	-
Translation reserve		13.732	15.421
Net income for the period		**74.023**	**324.147**
Prior years' income	**28**	**546.678**	**222.531**
Total shareholders' equity		**2.175.981**	**2.103.647**
Total shareholders' equity and liabilities		**6.489.257**	**6.378.045**
Commitments and contingent liabilities	**31**		

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

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

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

	Notes	31 March 2007	*Restated* 31 March 2006
Operating revenue			
Net sales	36	1.635.675	1.439.029
Cost of sales (-)		(1.160.139)	(1.059.781)
Gross operating profit		**475.536**	**379.248**
Operating expenses (-)	37	(300.502)	(274.150)
Net operating profit		**175.034**	**105.098**
Other income and profit	38	11.594	6.400
Other expenses and losses (-)	38	(5.896)	(7.331)
Financial income/ (expenses), net	39	(98.811)	(10.427)
(Loss)/income from associates, net	16	4.405	4.663
Operating Profit		**86.326**	**98.403**
Monetary loss	40	-	-
Income before tax and minority interest		**86.326**	**98.403**
Minority interest	24	1.721	(324)
Income before tax		**88.047**	**98.079**
Taxes on income	41	(14.024)	(22.195)
Net income		**74.023**	**75.884**
Earnings per share (TRY)	42	0,185	0,190

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH

(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 reserve	Extraordinary reserves	Translation reserve	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)	-	-
Cumulative translation differences	-	-	-	-	-	-	8.125	-	-	-	8.125
Net income for the period	-	-	-	-	-	-	-	-	75.884	75.884	75.884
Balance at 31 March 2006	**399.960**	**-**	**748.984**	**257.486**	**31.359**	**-**	**(18.716)**	**642.943**	**75.884**	**718.827**	**2.137.900**
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	-	-	-	-	-	-	-	324.147	(324.147)	-	-
Cumulative translation differences	-	-	-	-	-	-	(1.689)	-	-	-	(1.689)
Net income for the period	-	-	-	-	-	-	-	-	74.023	74.023	74.023
Balance at 31 March 2007	**399.960**	**-**	**748.984**	**330.845**	**61.759**	**-**	**13.732**	**546.678**	**74.023**	**620.701**	**2.175.981**

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH

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

	Notes	31 March 2007	*Restated* 31 March 2006
Operating activities:			
Income before tax		**88.047**	**98.079**
Minority interest		(1.721)	324
Adjustments to reconcile net cash provided from operating activities to income before tax:			
Increases in accruals and provisions	43	53.194	54.287
Depreciation and amortisation	18, 19, 20	39.285	48.081
Interest income	39	(5.152)	(2.619)
Interest expense	39	79.220	26.080
Income from associates (net)	16	(4.405)	(4.663)
Loss/ income from sales of tangible and intangible assets (net)	38	417	(36)
Net loss from sales of financial assets	38	-	859
Net cash provided by operating activities before changes in operating assets and liabilities		**248.885**	**220.392**
Changes in operating assets and liabilities, net	43	(223.436)	(257.622)
Income and corporate taxes paid	41	(4.518)	(5.771)
Net cash provided from/ used in operating activities		**20.931**	**(43.001)**
Investing activities:			
Cash provided from sale of tangible and intangible assets		506	1.961
Acquisition of tangible and intangible assets		(31.437)	(60.195)
Translation differences (net)		1.341	2.097
Net cash used in investing activities		**(29.590)**	**(56.137)**
Financing activities:			
Interest received		3.364	1.766
Interest paid		(74.182)	(22.483)
Increase in held to maturity investments, net		2.041	-
Increase in bank borrowings, net		282.198	41.827
Net cash provided from financing activities		**213.421**	**21.110**
Net increase/ decrease in cash and cash equivalents		**204.762**	**(78.028)**
Cash and cash equivalents as of 1 January		**288.796**	**293.520**
Cash and cash equivalents as of 31 March		**493.558**	**215.492**

(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 Sütlüce, 34445 Istanbul, 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 31 March 2007, the shares quoted on the Istanbul Stock Exchange are approximately 21,29% of the total shares. At 31 March 2007, the principal shareholders and their respective shareholdings in the Company are as follows (Note 25):

	%
Koç Holding A.Ş.	39,14
Teknosan 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 17.761. (31 December 2006: 16.701).

The Company's subsidiaries ("Subsidiaries"), joint ventures ("Joint Ventures") and investments in associated undertakings ("Associates") are explained 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”)	the Netherlands	Investment	Holding
Bekodutch B.V. (“Bekodutch”)	the 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 Electronik Llc (“Beko Electronic 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 Magyarország K.F.T. (“Beko Magyarorszag”)	Hungary	Sales	Consumer durables/Electronics
Beko Plc. (“Beko UK”)	the 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 (“Elektra Bregenz”)	Austria	Sales	Consumer durables/Electronics
Fusion Digital Technology Ltd. (“Fusion Digital”) (*)	the U.K.	Technology	Electronics
Izocam Llc (“Izocam Russia”)	Russia	Production	Consumer durables
Izodutch B.V. (“Izodutch”)	the 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”)	the Netherlands	Investment	Holding
Grundig Australia Pty. Ltd (“Grundig Australia”)	Australia	Sales	Electronics
Grundig Benelux B.V. (“Grundig Benelux”)	the 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. (“Grundig 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 K.H.A.Ş. (“Koç Tüketici Finans”)	Turkey	Finance	Consumer finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign trade
Ram Pacific Ltd. (“Ram Pacific”)	Hong Kong, China	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 policies

The interim consolidated financial statements of Arçelik have been prepared in accordance with the accounting and reporting principles published by the Capital Market 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 IASB, has not been applied in consolidated financial statements for the accounting periods commencing from 1 January 2005. The consolidated financial statements presented for comparison purposes are expressed in the purchasing power of TRY at 31 December 2004. These consolidated 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 interim 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 interim consolidated 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 31 March 2007 and 31 December 2006:

	31 March 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 Electronic 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 have 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 31 March 2007 and 31 December 2006:

	31 March 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 have 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 31 March 2007 and 31 December 2006:

	31 March 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	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 for the period of Subsidiaries are separately classified as minority interest in the consolidated balance sheets and statements of income.

2.4 Comparatives and restatement of prior periods' financial statements

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

The interim consolidated financial statements and the accompanying explanatory notes for the three months period ending 31 March 2006 are restated in accordance with the accounting policies (Note 3.10) applied in the preparation of the interim consolidated financial statements at 31 March 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 that occurred in three-month period ended 31 March 2006 are similarly eliminated for consistency with the current period financial statements and as a result of the mentioned elimination, consolidated export sales and the related cost of sales for the period ending 31 March 2006 have decreased by TRY 88.908.

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

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.

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 and presentation of primary financial statements and the notes to them. Accordingly, the accompanying consolidated 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 financial statements are summarised below:

3.1 Related parties

For the purpose of these consolidated 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).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

3.4 Loans and provisions for loan impairment

When the loan is originated by the Group by providing money directly to a bank, the loan is secured with marketable securities, Turkish government bonds and treasury bills, acquired under reverse repurchase agreements with banks with a predetermined sale price at fixed future dates and is stated at amortised cost. The accrued interest represents the apportionment to the current period of the difference between future sale prices and the amount provided by the Group. Such originated loans where original maturity at the time the money is directly transferred to the bank is less than three months, are considered and classified as cash equivalents for the purposes of the statement of the cash flows (Note 5).

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated loan 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 the current period's income statement.

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.

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 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).

3.7 Property, plant, equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation (Note 19). 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 tangible fixed assets, 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

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.

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. 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.

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 and service organisation 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).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 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. 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.

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 combination involving entities under common control, assets and liabilities subject to business combination are recognised at their carrying amounts in consolidated financial statements. In addition, statements of income are consolidated from the beginning of financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As 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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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 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.

Deferred tax assets and liabilities related to income taxes levied by the same taxation authority are offset accordingly.

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. 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

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Revenue recognition

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, at the invoiced values. Net sales represent the invoiced value of goods shipped less sales returns and commission 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 as interest income in the period on an accrual basis as financial income.

3.18 Interest income

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

3.19 Repair and maintenance expenditure, research and development costs and borrowing costs

Repair and maintenance expenditure, research and development costs and borrowing costs are charged to the consolidated statement of income as they are incurred.

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 Investment, research and development incentives

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

3.23 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..

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 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 These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments for hedging purposes.

Funding risk

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

Credit risk

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. The majority of the receivables are from authorised dealers and related parties. The Group has in place effective credit evaluation, disbursement and monitoring procedures and those control procedures are supported by senior management. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases. Another method in managing credit risk is the adequate collateral received from authorised dealers.

Foreign currency risk

The Group is exposed to foreign currency risk through the impact of rate changes on the translation of TRY pertaining to foreign currency denominated assets and liabilities. These risks are hedged by continuous analysis of the foreign currency position and by using future derivative transactions like forward exchange contracts and swaps as an instrument of foreign currency risk management if deemed 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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3.25 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.

3.26 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).

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.27 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.

3.28 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 statements of cash flows for the interim periods ended at 31 March is as follows:

	31 March 2007	31 March 2006
Cash and cash equivalents – maturities of less than 3 months (Note 4)	493.558	215.492
	493.558	**215.492**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2007	31 December 2006
Cash in hand	416	160
Cash at banks		
- demand deposits	79.503	80.703
- time deposits	355.569	132.073
Cheques and notes	57.356	72.675
Other	714	3.185
	493.558	**288.796**

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

Up to 30 days	491.284	286.864
30 – 90 days	2.274	1.932
	493.558	**288.796**

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

EUR	3,56	3,24
USD	5,11	4,87
Other foreign currency time deposits	4,96	4,49

NOTE 5 - MARKETABLE SECURITIES

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

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

NOTE 6 - BORROWINGS

(a) Short-term bank borrowings

	31 March 2007	31 December 2006
TRY loans	407.141	834.654
Foreign currency loans	53.227	107.453
Eximbank loans	18.652	20.751
	479.020	**962.858**

As of 31 March 2007, interest rates for short-term TRY loans is 17,85% (31 December 2006: 19,00%). As of 31 March 2007, the interest rate for short-term foreign currency loans is 6,10% (31 December 2006: 5,93%).

(b) Long-term bank borrowings

As of 31 March 2007, long term bank borrowings are as follows:

Currency	Effetive interest rate (%)	Original currency	TRY amount
EUR	%5,31	629.638.270	1.157.463
YTL	%19,01	543.186.665	543.187
USD	%7,39	180.572.018	249.370
GBP	%6,12	45.961.324	124.174
RUB	%7,02	523.055.670	27.559
RON	%7,10	393.048.640	21.537
			2.123.290
Less: Current maturities			(372.819)
			1.750.471

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

NOTE 6 - BORROWINGS (Continued)

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
YTL	%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

The Group has syndication loans from the International Finance Corporation ("IFC") in the amount of EUR188.197.049 and from the Netherlands Development Finance Company ("FMO") in the amount of EUR13.333.333 as of 31 March 2007. Loans obtained for general usage purposes consist of the purchase of equipment and other fixed assets for production and modernisation purposes, research and development and new product development, as well as acquisitions and increased working capital requirements.

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

	31 March 2007	31 December 2006
2008	761.252	658.215
2009	458.991	203.348
2010	252.807	84.666
2011	190.119	60.086
2012 and over	87.302	41.420
	1.750.471	**1.047.735**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**31 March 2007**	**31 December 2006**
Trade receivables	1.050.395	940.818
Notes receivables	1.189.969	1.305.421
Cheques receivables	100.049	159.793
Doubtful receivables	74.791	76.469
	2.415.204	**2.482.501**
Less: Provision for doubtful receivables	(67.420)	(69.122)
Less: Unearned credit income	(153.506)	(126.252)
	2.194.278	**2.287.127**

Movements in the provision for doubtful receivables as of 31 March are as follows:

	31 March 2007	**31 March 2006**
Balance at the beginning of the period	**69.122**	**32.445**
Current period additions (Note 38)	300	1.186
Recoveries of doubtful receivables	(2.002)	(978)
Balance at the end of the period	**67.420**	**32.653**

Long term trade receivables	**31 March 2007**	**31 December 2006**
Trade receivables	51.344	12.463
Deposits and guarantees given	1.157	1.230
	52.501	**13.693**

Short-term trade payables		
Trade payables	715.028	820.126
Deposits and Guarantees received	1.590	1.615
Unearned credit finance charges	(9.246)	(9.441)
	707.372	**812.300**

Long-term trade payables		
Trade payables	35.904	36.144
	35.904	**36.144**

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

NOTE 8 – LEASE RECEIVABLES AND PAYABLES

(a) Financial lease receivables

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

(b) Financial lease payables

Finance lease payables amount to TRY301 at balance sheet date (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

	31 March 2007	**31 December 2006**
Short-term		
Ram Dış Ticaret A.Ş.	82.634	183.416
Akpa Dayanıklı Tüketim Mal. San. Tic. Ltd. Şti.	34.277	26.138
Grundig Multimedia B.V.	23.727	2.021
Türk Demir Döküm Fabrikaları A.Ş.	15.662	16.683
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	2.144	5.418
Other	10.143	8.541
	168.587	**242.217**
Due from personnel	1.111	633
	169.698	**242.850**

	31 March 2007	**31 December 2006**
Long-term		
Ram Dış Ticaret A.Ş.	35.885	36.144
Other	3.269	-
	39.154	**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

	31 March 2007	**31 December 2006**
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	105.815	74.102
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	84.186	105.380
Ram Dış Ticaret A.Ş.	80.121	120.843
Ram Pacific Ltd.	34.090	86.370
Türk Demir Döküm Fabrikaları A.Ş.	16.937	7.764
Koç Faktoring Hizmetleri A.Ş.	2.428	21.035
Other	13.471	17.395
	337.048	**432.889**
Due to Personnel	13.192	22.461
Less: Unearned credit finance income from related parties	(16.881)	(23.198)
	333.359	**432.152**

(*) Beko Ticaret A.Ş.'s commercial name has been changed as Zer Merkezi Hizmetler ve Ticaret A.Ş.

(c) Deposits	**31 March 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş.		
- time deposits	140.304	25.703
- demand deposits	15.685	5.999
	155.989	**31.702**

d) Loans	**31 March 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency loans	90.515	1.852
	90.515	**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

31 March 2007

None

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

(ii) Transactions with related parties

(a) Sales

	31 March 2007	31 March 2006
Ram Dış Ticaret A.Ş.	34.449	54.583
Akpa Dayanıklı Tüketim	28.649	16.013
Grundig Multimedia B.V.	26.855	13.225
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	3.677	2.023
Kofisa S.A. (*)	-	6.195
Other	9.195	5.394
	102.825	**97.433**

(*) 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 31 March 2007.

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

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

(b) Purchases

	31 March 2007	31 March 2006
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	76.094	38.214
Ram Dış Ticaret A.Ş.	67.341	29.028
Ram Pacific Ltd.	39.371	11.669
Zer Merkezi Hizmetler ve Ticaret A.Ş.	17.210	14.226
Ram Sigorta Aracılık Hizmetleri A.Ş.	13.833	11.446
Türk Demir Döküm Fabrikaları A.Ş.	11.962	11.530
Palmira Turizm Ticaret A.Ş.	3.359	2.631
Setur Servis Turistik A.Ş.	1.287	2.310
Kofisa S.A. (*)	-	68.333
Döktaş A.Ş. (*)	-	15.709
İzocam Ticaret ve Sanayi A.Ş. (*)	-	6.153
Other	12.046	13.131
	242.503	**224.380**
Less: Credit finance charges by related parties (Note 39)	(4.951)	(1.914)
	237.552	**222.466**

(*) 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 31 March 2007.

(c) Other Transactions

	31 March 2007	31 March 2006
Interest income	846	787
Technical service assistance income	1.092	804
Other revenue	-	582

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

Other short-term financial liabilities

	31 March 2007	31 December 2006
Taxes and duties payable	56.016	71.310
Rescheduled taxes payable	12.291	12.337
	68.307	**83.647**

Other long-term financial liabilities

Rescheduled taxes payable	10.706	10.867
	10.706	**10.867**

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

NOTE 11 - BIOLOGICAL ASSETS

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

NOTE 12 - INVENTORIES

	31 March 2007	31 December 2006
Raw materials and supplies	668.694	687.937
Semi-finished goods	46.384	44.080
Finished goods	330.009	247.932
Commercial goods	343.186	337.328
	1.388.273	**1.317.277**
Less: Provision for slow-moving and obsolete inventories	(32.914)	(42.251)
	1.355.359	**1.275.026**

The provision for slow-moving and obsolete inventories in terms of inventory type is as follows:

	31 March 2007	31 December 2006
Raw materials and supplies	12.592	19.233
Finished goods	9.635	11.406
Commercial goods	10.687	11.612
	32.914	**42.251**

Movements in the provision for slow-moving and obsolete inventories are as follows:

	31 March 2007	31 March 2006
Balance at the beginning of the period	**42.251**	**33.940**
Current period additions (Note 38)	2.675	3.576
Realised due to sale of inventory	(12.012)	(9.837)
Balance at the end of the period	**32.914**	**27.679**

NOTE 13 - CONSTRUCTION CONTRACT RECEIVABLES AND PROGRESS BILLINGS

The Group has no construction contract receivables or progress billings.

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

	31 March 2007	31 December 2006
Deferred tax assets	56.832	58.437
Deferred tax liabilities	(26.036)	(34.666)
Deferred tax assets/ (liabilities) net	**30.796**	**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.

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

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	31 March 2007	**31 December 2006**	**31 March 2007**	**31 December 2006**
Property, plant and equipment and intangible assets	355.112	376.469	(69.910)	(74.290)
Available-for-sale investments	348.256	348.256	(17.411)	(17.411)
Provision for warranties and assembly	(229.663)	(235.279)	46.138	47.038
Unused tax credits	(165.062)	(180.904)	34.545	36.466
Provision for employment termination benefits	(51.560)	(51.398)	10.287	10.258
Provision for doubtful receivables	(42.090)	(43.255)	8.418	8.651
Portion of allowance for unearned credit finance income and expense that is currently non-tax deductible/taxable)	(29.729)	853	5.946	(437)
Provision for slow-moving and obsolete inventories	(18.147)	(27.610)	3.629	5.522
Accrual for export sales expenses	(7.047)	(5.439)	1.409	1.088
Other	(37.114)	(27.806)	7.745	6.886
Deferred tax assets/(liabilities)-net			**30.796**	**23.771**

	31 March 2007	31 March 2006
Balance at the beginning of the period	**23.771**	**(8.139)**
Charged to income statement	7.388	9.316
Translation differences	(363)	501
Balance at the end of the period	**30.796**	**1.678**

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

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

Other current assets	31 March 2007	31 December 2006
Taxes and funds deductible	36.923	24.728
Prepaid expenses	25.116	6.448
VAT* and PCT* receivables	8.356	75.499
Assets held for sale	1.317	1.317
Other	2.287	5.272
	73.999	**113.264**

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

Other current liabilities

	31 March 2007	31 December 2006
Warranty provision	141.916	145.070
Assembly provision	43.721	41.976
Accrual for customer premiums	31.254	6.813
Accrual for export sales expenses	24.807	26.424
Accrual for sales and marketing expenses	22.002	18.284
Accrual for transportation expenses	14.371	13.858
Accrual for bonuses and premiums	4.822	3.244
Other	38.959	45.379
	321.852	**301.048**

Other non-current liabilities

	31 March 2007	31 December 2006
Warranty provision	101.007	101.122
Other	2.329	2.608
	103.336	**103.730**

NOTE 16 – FINANCIAL ASSETS

	31 March 2007	31 December 2006
Available-for-sale investments	595.724	595.724
Held-to-maturity investments	110.408	112.449
Investments in associated companies	107.461	102.872
Financial assets excluded from the scope of consolidation	5.039	5.039
	818.632	**816.084**

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

NOTE 16 – FINANCIAL ASSETS (Continued)

a)Available-for-sale investments:

	31 March 2007		31 December 2006	
	%	**TRY**	**%**	**TRY**
Koç Finansal Hizmetler A.Ş.	7,66	581.341	7,66	581.341
Entek Elektrik 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	78	0,34	78
Other		64		64
		595.724		**595.724**

The unrealised gains (net) arising from changes in the fair value of investments in Koç Finansal Hizmetler A.Ş., Entek Elektrik A.Ş. and Tat Konserve Sanayi A.Ş. amounting to TRY348.256 net off deferred tax effect amounting to TRY 17.411 are recognised in consolidated shareholders' equity under the "financial assets fair value reserve" at 31 March 2007 (31 December 2006: TRY348.256).

b) Held-to-maturity investments:

	31 March 2007	31 December 2006
Time deposits (USD)	110.408	112.449
	110.408	**112.449**

Effective interest rate of time deposits at 31 March 2007 is 7,56% (31 December 2006: 7,56%).

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

c) Investments in associated companies

	31 March 2007		31 March 2006	
	%	**TRY**	**%**	**TRY**
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	47,00	50.674	47,00	48.801
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	45,00	46.545	45,00	44.653
Ram Dış Ticaret A.Ş.	33,50	4.528	33,50	3.996
Ram Pacific Ltd.	25,00	3.747	25,00	3.256
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	32,00	1.967	32,002.166	
		107.461		**102.872**

	31 March 2007	31 March 2006
Balance at the beginning of the period	**102.872**	**84.998**
Income / (loss) from investments in associated companies (net)	4.405	4.663
Translation differences	184	441
Balance at the end of the period	**107.461**	**90.102**

	31 March 2007	31 March 2006
Income/ Loss from investments in associated companies		
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	1.670	1.487
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	1.892	2.980
Ram Dış Ticaret A.Ş.	491	(305)
Ram Pacific Ltd.	551	569
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	(199)	(68)
	4.405	**4.663**

d) Financial assets excluded from the scope of consolidation

	31 March 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	31 March 2007
Goodwill	2.044	-	-	-	2.044
Accumulated amortisation	(256)	-	-	-	(256)
Net carrying value	**1.788**				**1.788**

	1 January 2006	Additions	Disposals	Translation differences	31 March 2006
Goodwill	4.229	-	-	21	4.250
Accumulated amortisation	(965)	-	-	(7)	(972)
Net carrying value	**3.264**				**3.278**

NOTE 18 – INVESTMENT PROPERTY

	1 January 2007	Additions	Disposals	Translation differences	31 March 2007
Cost	4.052	-	-	(31)	4.021
Accumulated depreciation	(1.266)	(13)	-	10	(1.269)
Net carrying value	**2.786**				**2.752**

	1 January 2006	Additions	Disposals	Translation differences	31 March 2006
Cost	3.460	-	-	73	3.533
Accumulated depreciation	(1.042)	(12)	-	(21)	(1.075)
Net carrying value	**2.418**				**2.458**

(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	31 March 2007
Cost						
Land	15.319	1.100	-	-	2	16.421
Land improvement adjustment	32.614	79	-	-	(3)	32.690
Buildings	456.850	1.890	(35)	18	(1.378)	457.345
Machinery and equipment	2.305.001	12.014	(19.758)	5.592	(1.211)	2.301.638
Motor vehicles, furniture and fixtures	204.385	1.714	(758)	506	(226)	205.621
Leashold improvements	33.831	10	-	-	(36)	33.805
Construction in progress	10.035	10.428	-	(6.116)	5	14.352
Advances Given	6.354	3.392	-	-	-	9.746
Net value	**3.064.389**	**30.627**	**(20.551)**	**-**	**(2.847)**	**3.071.618**
Accumulated Depreciation						
Land improvement	(12.705)	(295)	-	-	-	(13.000)
Buildings	(137.036)	(2.757)	34	-	(4)	(139.763)
Machinery and equipment	(1.626.703)	(30.284)	18.914	-	448	(1.637.625)
Motor vehicles, furniture and fixtures	(157.010)	(2.937)	682	-	140	(159.125)
Leasehold improvements	(15.766)	(1.702)	-	-	15	(17.453)
	(1.949.220)	**(37.975)**	**19.630**	**-**	**599**	**(1.966.966)**
Net carrying value	**1.115.169**					**1.104.652**

At 31 March 2007, there are mortgages amounting to TRY93.182 on property, plant and equipment (31 December 2006: TRY93.851)

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

NOTE 20 - INTANGIBLE ASSETS

	1 January 2007	Additions	Disposals	Transfers	Translation differences	31 March 2007
Cost						
Rights	156.861	693	(4)	-	(432)	157.118
Other intangible assets	21.197	117	(50)	-	(15)	21.249
Net value	**178.058**	**810**	**(54)**	**-**	**(447)**	**178.367**
Accumulated Amortisation						
Rights	(36.470)	(687)	4	-	95	(37.058)
Other intangible assets	(14.707)	(610)	48	-	14	(15.255)
	(51.177)	**(1.297)**	**52**	**-**	**109**	**(52.313)**
Net carrying value	**126.881**					**126.054**

NOTE 21 - ADVANCES RECEIVED

	31 March 2007	31 December 2006
Order advances received	-	54.378
Other advances received	316	344
	316	**54.722**

NOTE 22 - RETIREMENT PLANS

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

NOTE 23 - PROVISIONS

a) Short-term provisions

	31 March 2007	31 December 2006
Tax provision (Note 41)	19.663	2.266

b) Long-term provisions

	31 March 2007	31 December 2006
Provision for employment termination benefits	52.904	52.852

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

NOTE 23 – PROVISIONS (Continued)

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). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

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

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.

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:

	31 March 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 TRY1,96069 (1 January 2006: TRY1,77062) which is effective from 1 January 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:

	31 March 2007	**31 March 2006**
Balance at the beginning of the period	**52.852**	**47.947**
Increase during the period	4.065	3.140
Payments during the period	(3.905)	(2.254)
Exchange differences	(108)	8
Beginning at the end of the period	**52.904**	**48.841**

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

NOTE 24 - MINORITY INTEREST

Changes in minority interest during the period are as follows:

	31 March 2007	31 March 2006
Balance at the beginning of the period	**32.890**	**81.746**
Effect of change in economic interests	-	769
Translation differences	(259)	447
Net income / (loss) for the period (net)	(1.721)	324
Balance at the end of the period	**30.910**	**83.286**

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 31 March 2007 and 31 December 2006 are as follows:

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

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

	31 March 2007		31 December 2006	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Koç Holding	39,14	156.546	39,14	156.546
Teknosan 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 TRY 156.546 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 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 31 March 2007 and 31 December 2006 the shareholders' equity schedule is as follows:

	31 March 2007	31 December 2006
Share capital	399.960	399.960
Inflation adjustment to shareholders' equity	748.984	748.984
Legal reserves	61.759	61.759
Financial assets fair value reserve	330.845	330.845
Translation reserves	13.732	15.421
Net income	74.023	324.147
Retained earnings	546.678	222.531
Total shareholders' equity	**2.175.981**	**2.103.647**

Details of the inflation adjustment to shareholders' equity as of 31 March 2007 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 31 March 2007 and 31 December 2006 are as follows:

	31 March 2007	31 December 2006
Assets	1.784.889	1.826.950
Liabilities	(2.338.255)	(2.028.754)
Off-balance sheet commitments	463.518	98.053
Net foreign currency position	**(89.848)**	**(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 31 March 2007 are as follows:

	EUR	USD	GBP	Other	Total
Current assets:					
Cash and cash equivalents	326.675	73.678	11.947	21.956	434.256
Trade receivables (net)	414.513	80.172	113.998	87.524	696.207
Due from related parties (net	74.782	17.544	7.240	1.197	100.763
Other receivables (net)	-	-	-	-	-
Inventories (net)	122.577	44.724	93.625	120.101	381.027
Other current assets	10.958	27	1.210	7.580	19.775
Non-current assets:					
Due from related parties (net)	39.154	-	-	-	39.154
Financial assets (net)	-	110.408	-	-	110.408
Deferred tax assets	-	-	303	2.996	3.299
Other non-current assets	-	-	-	-	-
Total assets	**988.659**	**326.553**	**228.323**	**241.354**	**1.784.889**
Current liabilities:					
Short-term bank borrowings	10.111	43.118	-	-	53.229
Current maturities of long-term bank borrowings	178.381	43.290	29.614	3.646	254.931
Lease payables (net)	-	-	105	56	161
Other financial liabilities (net)	1.843	-	5.524	4.577	11.944
Trade payables (net)	178.860	112.227	7.318	19.100	317.505
Due to related parties (net)	76.636	17.998	-	4.076	98.710
Advances received	17	-	-	1	18
Provisions	1.047	-	1.244	-	2.291
Other current liabilities (net)	74.051	85.898	44.422	9.365	213.736
Non-current liabilities:					
Long-term bank borrowings (net)	979.083	206.045	94.572	45.485	1.325.185
Lease payables (net)	-	-	-	-	-
Trade payables (net)	35.897	-	-	7	35.904
Provision	-	-	83	608	691
Deferred tax liabilities	1.443	-	-	3.580	5.023
Other non-current liabilities (net)	4.759	-	7	14.161	18.927
Total liabilities	**1.542.128**	**508.576**	**182.889**	**104.662**	**2.338.255**
Net balance sheet position	**(553.469)**	**(182.023)**	**45.434**	**136.692**	**(553.366)**
Off-balance sheet derivative instruments	**380.712**	**82.806**	**-**	**-**	**463.518**
Net foreign currency position	**(172.757)**	**(99.217)**	**45.434**	**136.692**	**(89.848)**

The net foreign currency position of the Group as of TRY89.848 equivalent to EUR48.875.630.

(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	Other	Total
Current assets:					
Cash and cash equivalents	133.254	19.736	30.852	28.266	212.108
Trade receivables (net)	567.209	100.764	103.807	111.158	882.938
Due from related parties (net)	9.344	71.991	30.123	384	111.842
Other receivables (net)	-	-	-	-	-
Inventories (net)	170.775	62.670	76.728	111.640	421.813
Other current assets	12.948	6	735	32.339	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	3.017	3.629
Other non-current assets	-	-	-	-	-
Total assets	**929.977**	**367.615**	**242.554**	**286.804**	**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	250	256.485
Lease payables (net)	-	-	141	20	161
Other financial liabilities (net)	1.843	-	9.798	4.644	16.285
Trade payables (net)	222.346	113.032	1.302	25.117	361.797
Due to related parties (net)	108.167	166.789	28.374	4.206	307.536
Advances received	17	-	-	1	18
Provisions	-	-	1.753	513	2.266
Other current liabilities (net)	96.769	6.852	42.780	15.044	161.445
Non-current liabilities:					
Long-term bank borrowings (net)	365.861	237.078	102.005	49.076	754.020
Lease payables (net)	-	-	41	7	48
Other financial liabilities (net)	36.144	-	-	-	36.144
Provisions	1.342	-	112	544	1.998
Deferred tax liabilities	1.361	-	-	3.375	4.736
Other non-current liabilities (net)	6.228	-	22	12.112	18.362
Total liabilities	**1.045.909**	**647.557**	**220.379**	**114.909**	**2.028.754**
Net balance sheet position	**(115.932)**	**(279.942)**	**22.175**	**171.895**	**(201.804)**
Off-balance sheet derivative instruments	**27.773**	**70.280**	**-**	**-**	**98.053**
Net foreign currency position	**(88.159)**	**(209.662)**	**22.175**	**171.895**	**(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

There are investment incentive certificates entitled to the Group by 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) 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 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)
31 March 2007			
Forward foreign exchange contracts	157.810	-	(2.985)
Foreign currency and interest rate swap transactions	322.000	-	-
	479.810	**-**	**(2.985)**
31 December 2006			
Forward foreign exchange 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 31 March 2007 and 31 December 2006 :

	31 March 2007	31 December 2006
Collateral obtained	1.506.310	1.454.855
Mortgages on property, plant and equipment regarding IFC loans	93.182	93.851
Other guarantees given	60.846	60.846
Standby letters of credit	53.957	56.360
Guarantee letters given to customs for imports	40.335	31.424
Assigned receivables given related to IFC loans	27.588	27.850
Guarantee letters given	11.400	11.378
Operational lease commitments	6.053	6.498
Guarantee letters given to Eximbank for import loans	5.250	5.250
Forward commitments	3.884	7.505
Pledges given	1.675	1.742
Other guarantees	279	2.173

c) In connection with the Inward Processing Permission Certificates, the Group has committed to realise export sales amounting to USD1.115.482.560 in 2007 (31 December 2006: USD1.286.690.953).

NOTE 32 - BUSINESS COMBINATIONS

No business combinations took place in 2007.

The information as to the 2006 acquisition of the Company is given below:

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 "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 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 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, Europe and Other. Turkey, where the domestic activities are performed, is the home country of the parent company, Arçelik, which is also the main operating company.

Segment sales	**31 March 2007**	**31 March 2006**
Turkey	903.616	751.208
Europe	585.521	603.927
Other	146.538	83.894
	1.635.675	**1.439.029**

Segment assets	**31 March 2007**	**31 December 2006**
Turkey	5.333.481	5.271.405
Europe	926.849	889.354
Other	228.927	217.286
	6.489.257	**6.378.045**

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

NOTE 33– SEGMENT REPORTING (Continued)

Segment capital expenditure	31 March 2007	31 March 2006
Turkey	26.680	18.616
Europe	512	9.380
Other (*)	4.245	32.199
	31.437	**60.195**

(*) 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

The Company decided to make a dividend payment of TRY 199.980 to its shareholders on the General Meeting of Shareholders dated April 3, 2007. The payment of dividends was decided to commence on May 14, 2007, Monday.

NOTE 35 - DISCONTINUED OPERATIONS

The Group has no discontinued operations as at balance sheet dates.

NOTE 36 - OPERATING INCOME

	31 March 2007	31 March 2006
Domestic sales	1.140.414	790.708
Foreign sales	636.461	735.333
Gross sales	**1.776.875**	**1.526.041**
Less: Discounts	(141.200)	(87.012)
Net sales	**1.635.675**	**1.439.029**

NOTE 37– OPERATING EXPENSES

	31 March 2007	31 March 2006
Research and development expenses	(18.027)	(15.916)
Selling and marketing expenses	(209.978)	(186.552)
General administrative expenses	(72.497)	(71.682)
Operating expenses	**(300.502)**	**(274.150)**

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

NOTE 38– OTHER INCOME/EXPENSES

The other income and expenses for the periods ended 31 March are as follows:

	31 March 2007	31 March 2006
Other income		
Reversal of provisions	5.335	1.518
Income from indemnities and incentives	1.084	1.330
Licence income	599	1.984
Service income	132	183
Other	4.444	1.385
Other income and profit	**11.594**	**6.400**
Other expenses		
Provision for slow moving and obsolete inventories	(2.675)	(3.576)
Provision for doubtful receivables	(300)	(1.186)
Other	(2.921)	(2.569)
Other expenses and losses	**(5.896)**	**(7.331)**

NOTE 39 - FINANCIAL INCOME/EXPENSES

The financial income and expenses for the periods ended 31 March are as follows:

	31 March 2007	31 March 2006
Credit finance income	40.591	35.445
Foreign exchange gains	28.392	21.888
Interest income from bank deposits and loan to banks secured with government bonds and treasury bills	5.152	2.619
Foreign currency forward income	3.964	1.526
Other	514	596
Financial income	**78.613**	**62.074**
Interest on borrowings	(79.220)	(26.080)
Credit finance charges	(59.145)	(20.039)
Foreign exchange losses	(29.469)	(19.678)
Cash discounts expenses	(4.507)	(3.810)
Foreign currency forward expense	(4.295)	-
Other	(788)	(2.894)
Financial expenses	**(177.424)**	**(72.501)**
Financial income/(expenses), net	**(98.811)**	**(10.427)**

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

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 three-months interim periods ended 31 March 2007 and 31 March 2006.

NOTE 41 - TAXES ON INCOME

	31 March 2007	**31 December 2006**
Corporation and income taxes	21.915	122.543
Less: prepaid tax	(2.252)	(120.277)
Taxes payable (net)	19.663	2.266
Deferred tax (assets) / liabilities (net)	(30.796)	(23.771)
	(11.133)	**(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 is 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 tax laws and regulations of each country as of 31 March 2007, tax rates used for 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	33,00%	Poland	19,00%
France	33,33%	Romania	16,00%
The Netherlands	25,50%	Russia	20,00%
The United Kingdom	30,00%	Slovakia	19,00%

The taxes on income for the periods ended 31 March are summarised as follows:

	31 March 2007	**31 March 2006**
Taxes on income		
- Current	(21.412)	(31.511)
- Deferred	7.388	9.316
Taxes on income	**(14.024)**	**(22.195)**

NOTE 42 - EARNINGS PER SHARE

The earnings per share for each period are as follows:

	31 March 2007	**31 March 2006**
Net income	74.023	75.884
Weighted average number of ordinary shares with nominal value of TRY1 each	399.960.000	399.960.000
Earnings per share (TRY)	**0,185**	**0,190**

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

NOTE 43 – SUPPLEMENTARY CASH FLOW INFORMATION

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

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

	31 March 2007	31 March 2006
Changes in reserves and provisions		
Assembly and transportation provision	6.887	3.378
Warranty provision	(7.784)	10.214
Provision for employment termination benefits	52	660
Accrual for bonuses and premiums	1.578	3.097
Accrual for customer premium	24.441	28.955
Accrual for sales and marketing expenses	28.020	7.983
	53.194	**54.287**

Changes in operating assets and liabilities		
Trade receivables and due from related parties	119.990	256.921
Inventories	(80.333)	(189.012)
Financial assets	-	(20.500)
Other current assets and liabilities	(62.811)	(197.100)
Other non-current assets and liabilities	(514)	(10.846)
Trade payables and due to related parties	(199.768)	(97.085)
	(223.436)	**(257.622)**

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

NOTE 44 – DISCLOSURE OF OTHER EVENTS

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 financial statements, are as follows:

	31 March 2007	31 December 2006
Current assets	111.594	179.519
Non-current assets	25.981	26.522
Total assets	**137.575**	**206.041**
Current liabilities	94.204	150.354
Non-current liabilities	77.959	78.088
Shareholders' equity	(34.588)	(22.401)
Total liabilities and shareholders' equity	**137.575**	**206.041**

	31 March 2007	31 March 2006
Net sales	60.104	76.189
Gross operating profit	7.369	11.949
Net operating profit	(12.404)	(4.629)
Net loss	(12.171)	(4.881)

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