“This is my code: I live and prosper with my country.”

Vehbi KOÇ

BOARD OF DIRECTORS

RAHMİ M. KOÇ
CHAIRMAN

DR. BÜLENT BULGURLU
VICE CHAIRMAN

DR. NUSRET ARSEL
BOARD MEMBER

AYDIN İ. ÇUBUKÇU
BOARD MEMBER

TEMEL K. ATAY
BOARD MEMBER

MANAGEMENT

ALİ H. SÜMERVAL
PRESIDENT

MUSTAFA TEKDEMİR
VICE PRESIDENT
(FINANCE)

ŞEFİK ŞENYÜREK
VICE PRESIDENT
(PRODUCTION)

EREM DEMİRCAN
VICE PRESIDENT
(MARKETING-SALES)

MUSTAFA DOST
VICE PRESIDENT
(PURCHASING)

ÖZMEN GENÇ
DIRECTOR, ICT PRODUCT

AUDITORS

ALİ YAVUZ
AUDITOR

FATİH EBİÇLİOĞLU
AUDITOR

BOARD REPORT

BOARD REPORT

MESSAGE FROM THE CHAIRMAN

Dear Shareholders;

I would like to welcome you to the 38th Annual General Assembly Meeting of Beko Elektronik.

Last year has been a year during which our leap forward for growth became much stronger and discernible.

We have set to be an internationally growing company as one of our most important targets. Last year, our investments were intensified in technology, capacity and R&D activities. Beko Elektronik became the second biggest TV manufacturer in Europe as a result of 7 million units TV manufactured in 2004. Our production was not only confined to our brands we own , but we have increasingly received orders to manufacture for other brands (OEM , Original Equipment Manufacturer). Taking one step further, we began to render services as an ODM (Original Design Manufacturer) for our international clients, to which not only production but also design and R&D services were offered. To be able to increase our market share in Europe by means of proliferating of our brands and products, we acquired the well known European brand, Grundig.These well planned endeavors in a chain reaction lead to an ever increasing value creation for our company, By further strengthening our capacity, technology and infrastructure, our aim is to be one of the leading consumer electronics companies.

Our growth and branding activities are not only realized in display products. Our endeavors are also strong in non TV and ICT (Information and Communication Technologies) areas through launching more diversified products in an increasing number of models to be able to keep up with our competitive edge.

Having executed and export-oriented growth strategy, Beko eloktronik is poised to be one of the forerunners in the Digital era with the newly introduced and developed digital products

Beko Elektronik's consolidated revenues reached Euro 1.232 million, up 76% on YoY basis. In terms of number of TVs sold in 2004, our sales clinched to 6,9 million unit TV's rising 35% in YoY terms. Export sales totaled Euro 753 million in 2004 with 5,9 million unit TVs sold. The latter represents 31% increase over 2003 figure. Our European zone market share increased up to 20% from 14.7% level of last year.

Beko Elektronik's domestic leadership remained also strong in 2004 with 42% market share. This figure is a result of strong domestic sales figure of 1.1 million unit TVs sold in 2004. The domestic revenues topped Euro 355 million, corresponding to 71% YoY increase. Strong domestic performance was also boosted by declining interest rates, increasing consumer confidence and some big Sports Events occurred in 2004 i.e. European Football Championship and Olympics.

In 2004, we acquired well-known Grundig brand together with UK based Alba Plc. The brand is also famous in Europe since World War II. The initial results prove that the new marketing and distribution strategies put into effect following the acquisition have been fruitful much earlier than we had anticipated. The Grundig's German market share, which had retreated down to 4%s, climbed up to 9.6% by the end of 2004.

Year 2004 became a period whereby Beko Elektronik's investments intensified so as to attain previously mentioned targets. Amongst Euro 61.5 million worth of investments, major ones are construction of our new Electronics Factory, moving the plastic units to its new premises, capacity increases, new product and design studies, R&D, modernization and maintenance. With the aforementioned investments, our total closed area reached 150.000 sqm, with additional 70.000 sqm in 2004. Our total production capacity was elevated to 9 million unit TVs.

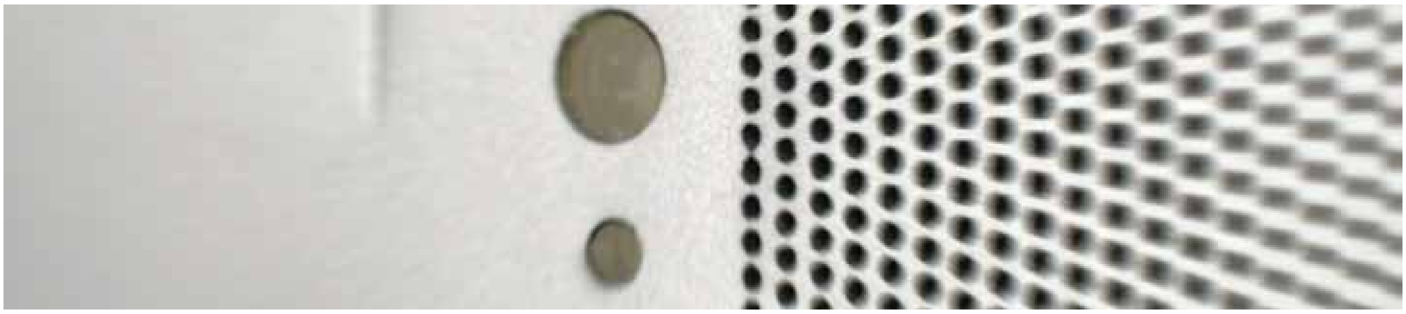
Dear Shareholders

Upon review of the Audit Report prepared by Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.S. (Member of PriceWaterhouseCoopers);

Pursuant to the Capital Markets Board of Turkey's decree no:7/242 dated Feb 25th, 2005, should either the financial tables or company's legal records carry a loss, no dividends will be distributed. While Beko Elektronik posted YTL 8.683 thousands consolidated net profit (IFRS) in 2004, our company's records display a loss of YTL 13.135 thousand, which leads us not to distribute any dividend. We request your permission to offset the loss amount of YTL13.180 thousand with the Equity Inflation Adjustment Differences and transfer the IFRS net profit,YTL 8.693 thousands, to the IFRS Extraordinary Reserves.

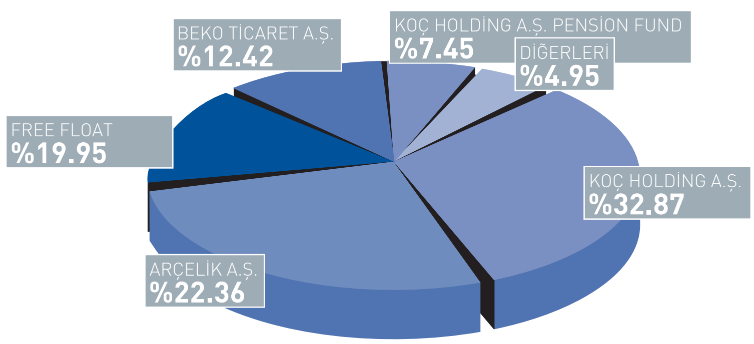
We hereby would like to thank our dealers for their continued support in 2004, our suppliers who have always met our demands, and especially Turkish people who believed in our quality and purchased our products, and salute our shareholders with respect wishing that 2005 would be even more productive for our company.

RAHMİ M. KOÇ
Chairman of the Board



SHAREHOLDERS' STRUCTURE

With 20% free float rate, Beko Elektronik is a listed company at the Istanbul Stock Exchange and the main shareholders are Koç Holding, Arçelik A.Ş. and Beko Ticaret A.Ş.



Beko Elektronik raised its paid-in capital to YTL 174 million from YTL60 million through 45% bonus issue and 100% Rights Issue in 2004.

SHAREHOLDERS' (2004)

	PARTICIPATION AMOUNT (YTL)	PARTICIPATION RATE
Koç Holding A.Ş.	57.200.043	32.87
Arçelik A.Ş.	38.909.722	22.36
Beko Ticaret A.Ş.	21.613.881	12.42
Koç Holding Pension fund	12.968.220	7.45
Free Float	34.714.430	19.95
Others	8.593.704	4.94
Total	174.000.000	100

RISING PRODUCTION-SALES FIGURES AND PRODUCTIVITY

Total production reached 7.006.255 unit TVs in 2004 corresponding to a 36% YoY increase. The export production totaled 5.895.143 unit TVs while domestic TV production soared up to 1.081.319 unit TVs. The production figures based on product groups are depicted in the table below.

PRODUCTION

UNIT	2004	2003	CHANGE %
TV	7.006.257	5.167.226	% 36
Cash Register	110.298	38.900	% 184
PC	61.654	35.340	% 74
Total	7.178.209	5.214.196	% 38

The total TV sales amounted to 6.967.595 unit TVs in 2004. Export sales accounted for 85% of the total TV sales in unit terms. Below are the last three years' figures for unit sales quantities of different product groups.

SALES UNITS

	2004	2003	2002
TV-Domestic	1.059.156	693.729	458.796
TV-Export	5.908.487	4.473.383	3.716.702
Audio	180.961	69.904	215.163
Cash Register	108.845	44.661	33.588
PC	59.732	32.609	9.872
Monitor	102.517	48.771	17.747

Productivity in production is one of the main pillars of our growth strategy. The number of workers' hours spent for a TV production slid to 0,87 man hour/TV in 2004 down form 1 hour levels in 2002. Two projects aimed at increasing the productivity in production are currently being carried on in an effort to reach "zero defect" rates and even better productivity rates

CHANGING WORLD AND GROWING BEKO

Implementing export-oriented growth strategies, Beko Elektronik now stands as one of the biggest TV manufacturers in Europe. Through flexible manufacturing technologies, robust sales&marketing network and strong R&D in software and design, Beko serves a wide variety of clients' portfolio with increasing range of product portfolio. Serving our clients as an OEM/ODM at the world standards, we are strived to successfully manage our brands , thus bolstering the growth-oriented business model. This strategy clearly paid off if one is to look at our market share in Europe which jumped to 20% at the end of 2004 from 3%s in 2000.

The market share figures point out that Beko Elektronik has been swiftly clinching towards upper levels in the European CTV market. Likewise, non-TV group has added up more percentages in terms of market shares over the past three years. Beko Elektronik's stance in terms of market share evolution on CTV and non-TV product groups are presented below

MARKET SHARES

Despite soaring competition at home, Beko Elektronik maintained its strong leadership in domestic market with %42 market share.

As we maintain our leadership in domestic market, our presence in export markets, which has been a propeller for our growth, is on a rising trend. Export sales to Europe makes up 98% of our total export turnover. Our market share increased to 20% in 2004 form 14.7% at the end of 2003.

MARKET SHARES

	2004	2003	2002
TV-Domestic	%41.6	%42.0	%47.7
Export TV-Europe	%20.0	%14.7	%11.0
Cash Register	%41.2	%55.4	%45.7
Monitor	%12.5	%9.0	%6.0

PRODUCTS

Digital Product and Models on the rise

Consumer Electronics Sector is characterized by rapid changes in technology and is driven by the reflection of these fast transitions in products and consumer preferences. Having reached 9 million TV/year production capacity ,Beko Elektronik benefits from economies of scale , thus serves different products and models for its wide customer base.

Beko Elektronik has also begun to offer more variety in its digitally-compatible products, as the sector swiftly undergoes from analog technology to digital era. We began to introduce different models in LCD TVs, PDPs, IDTV, STB and PVRs in 2004 , most of which had been launched prior to 2004.The number of designs developed in 2004 augmented by 72% in 2004. The number of models offered in conventional TVs and LCD TVs elevated to 157 and 43 respectively. Likewise, we increased the number of models in Non TV products to 56. Also, we successfully included so called Combo Products into our product range i.e. CRT-DVD and LCD-DVD.

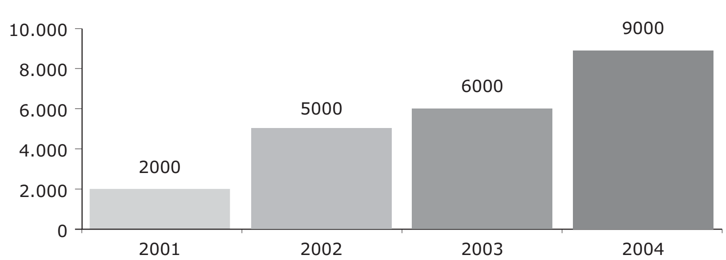
The number of products offered also remarkably soared in our ICT business division. Gas Pump Cash Registers, cellular phones are the new segments we are set to explore with our newly introduced products

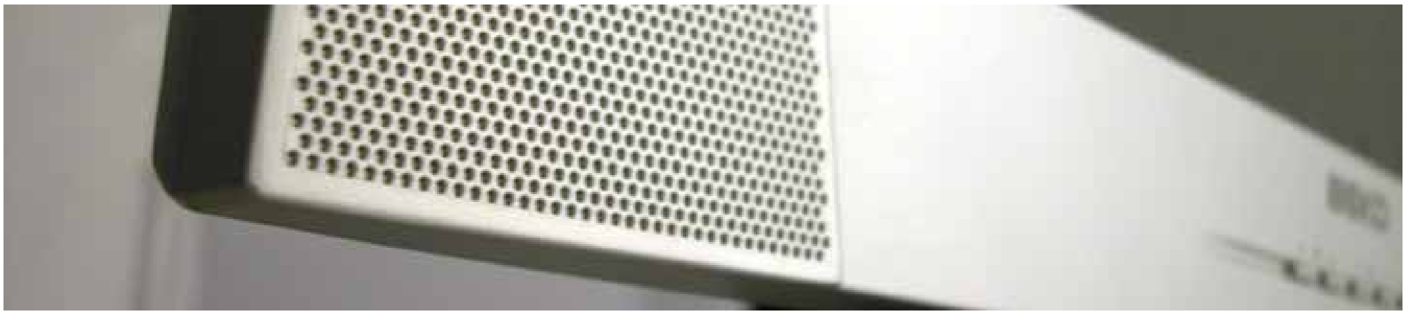
INVESTMENTS

Capacity Investments

Investments in capacity totaled Euro 25 million out of Euro 61,5 million investments in 2004. That resulted in 50% capacity increase over 2003 figures to 9 million TV units. New premises comprising New Plastics and Electronics Factories were built on our 52 acres land that had been purchased at the end of 2003, adding 70.000 sqm closed area to the existing one. Major part of the capacity increase stemmed from moving out the Plastics Units to its new premises. Having added new production lines, the capacity in LCDs and PDPs soared to 350.000 and 25.000 units respectively.

We aim to increase our total capacity to 10.5 million unit TVs from 9,5 million units level attained at the end of 2004.





ROBUST R&D

The main trend envisaging the Display Sector is the transition from analog to digital products. Beko Elektronik owns a full fledged R&D power to introduce its own products as hardware and software, while it also reached the capacity to generate its own software in digital products.

Our young and talented research group is dedicated to create and develop tailor-made, strategic and comparatively cheap products with their software competencies

R&D INVESTMENTS

R&D activities are carried out four different centers based on different functions and specializations. The number of engineers working in our R&D houses augmented to 259 in 2004 from 129 in 2003. Dynamic working environment in our R&D centers was ensured thanks to a young team whose average age is 34.

Our R&D Offices;

1) Beylikdüzü, İstanbul
2) İzmir
3) Yorkshire, İngiltere
4) Nürnberg, Almanya

The R&D unit operates in our headquarters at Beylikdüzü in two main areas, namely in analog and mechanical design with 169 engineers dedicated to upscale the product and production productivity.

R&D office in Izmir with 20 engineers began its operations in 2003. At the end of 2004, Izmir R&D office employed 52 engineers. It is set to solely endeavor on digital product design and development area.

The R&D office housed within Fusion Digital, our UK subsidiary, works on digital product design like STBs, IDTV and PVRs. 22 engineers were employed at the end of 2004.

Our Grundig-based R&D house located in Nurnberg, Germany concentrates on analog and digital design with 16 engineers.

LOGISTICS INVESTMENTS

The new multipurpose and fully automated warehouse, built in 2004, brought an additional 165.000 TV storage capacity coupled with 300.000 Euro monthly savings. The warehouse stands as the biggest automated warehouse in Turkey .The total cost of the investment was 8,2 million Euro.

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OUR QUALITY JOURNEY
PRODUCTION QUALITY – PRODUCT QUALITY - PRODUCTIVITY

With the main theme of quality in product and production coupled with productivity and increasing customer satisfaction, Beko Elektronik's endeavors towards making the concept of quality as a way of life vastly intensified in 2004.

Per production line productivity augmented by 20% in 2004, induced by the efforts of the project teams. The teams were set to implement Kaizen applications. These applications accompanied by Japan experts were directed to diffuse the whole process and the customer feedbacks into the production systems in an effort to upscale the quality.

Our efforts to upgrade the quality are not solely confined to the production process. At the end of 2004, our MIS systems received BS7799 Certificate from SGS Yarsley. Likewise, SGS Yarsley granted Belo Elektronik SA8000 Social Responsibility Competitiveness Certificate in 2004.

OUR SUBSIDIARIES

COMPANY NAME	SECTOR	PARTICIPATION AMOUNT (YTL)	RATE
Ram Dış Ticaret A.Ş.	Foreign Trade	762.000	6.8
Koç Tüketici Finansmanı A.Ş.	Consumer Finance	5.224.000	7.5
Koç Finansal Hizmetler A.Ş.	Financial Services	10.395.000	0.7
Entek A.Ş.	Energy	4.384.000	1.5
Ultra Kablolu T.V. A.Ş.	Broadcasting	2.996.000	7.5
Ram Pacific	Trade	940.000	25
IN CONSOLIDATION			
Fusion Digital	Digital Products		65.0
Grundig Multimedia B. V	Display & Audio Products		50.0

In 2004 Grundig AG was acquired in joint venture with Alba Plc. Also, Beko Elektronik participated in Ram Pacific in 25%.

Our invetsments in 2004 intensified in capacity expansion, product development, and R&D. We are set to grow not only as an OEM-ODM producer, but with our established brands as well.

DIGITAL PRODUCTS

FUSION DIGITAL TECHNOLOGIES LTD

The company was established in the UK in 2003 and owned by Beko Elektronik in 65%. Fusion primarily targets the UK market, which has comparatively better potential in the Digital Era product groups, it also engages in the sales and marketing of the products such as STB, IDTV and PVR, which are the examples of the digital broadcasting technology products. Fusion continues its activities in the UK with its DigiFusion brand name

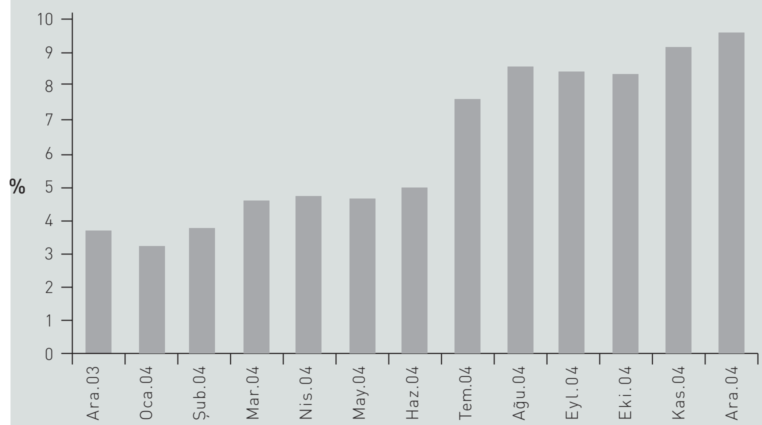
Our target is to place the Grundig Brand in the top notches of the markets it operates in.

GRUNDIG

Having and managing a brand is one of the most effective tools that Beko Elektronik is equipped with to attain the goal of becoming a globally known consumer electronics company. One of the pillars that our growth strategy was built on is to reposition of Grundig brand so as to get her more penetrated within Europe and the World. One should remember that along with the brand we also acquired Grundig's sales and after-sales network, R&D office and German inventories in 2004.

Since we officially took over Grundig in May 2004, Grundig's market share in Germany elevated to 9.6% (Dec 2004) from 4,7% (May 2004) thanks to new marketing, brand repositioning and distribution strategies immediately put into effect. With this stellar performance, Grundig emerged as the second biggest TV brand in Germany at the end of 2004.

New sales strategies immediately kicked in following May 2004. German sales organization was reorganized, NSOs (National Sales Organizations) located in different countries in Europe were restructured at the end of 2004 summer. Parallel to those activities, efforts towards rehabilitating logistics were initiated with the academic contribution of several universities. New communication strategies also contributed to the brand repositioning and marketing activities.



GRUNDIG GERMAN MARKET SHARE (Units)

GRUNDIG BRAND REPOSITIONING

1) Reliable and high quality
2) Dynamic
3) Innovative
4) Easy access
5) Convenient price for the conscious consumers

Based on dynamic strategies initiated after the acquisition, product portfolio was swiftly enriched with new models and versions in both analog and display product ranges so that Grundig brand began to be offered with more varieties to the end users.

INTERNATIONAL SALES ORGANIZATIONS

GRUNDIG HEADQUARTERS
GERMANY-NURNBERG

Grundig's market share in Germany and Europe is on a rising trend thanks to newly implemented marketing and distribution policies and a new structure whereby recent trends in technologies are closely monitored and more rapidly reflected into the products. In addition to the existing display and audio product range, Grundig will soon introduce ICT products and small home appliances to its customers in Germany and Europe

Beko Elektronik initially strives to achieve a sustainable place in medium to upper segments in consumer electronics trough utilizing the Grundig brands. Later on, the activities will be expanded into the World with a wide spectrum of products. We look forward to an ever-increasing -value creation from Grundig in the future in terms of both turnover and profitability.

OTHER PRODUCTS

ICT

(INFORMATION AND COMMUNICATION TECHNOLOGIES)

Beko ICT Division was set to begin its activities under Beko Elektronik umbrella in September 2002. The division is poised to follow up the innovations in the information & communication technologies and render the products to end-users in most effective and reliable fashion. One of the aims of the ICT Division is to ensure Beko Elektronik to be the production and distribution center in the EMEA (Europe, Middle East, and Africa) region.

Along with its own Keysmart brand and with Koc Group's brand names like Beko and Arcelik, under which PCs, Laptops, Monitors are assembled and distributed, the ICT Division assumed the distribution of some of the world's major brands like Albatron, Biostar, Seagate, Trust, Lite On and Leadtek. ICT Group generated USD 100 million in 2004 and targets to increase its turnover in a growing market, which currently accounts for USD 1.5 billion total size.

The distribution channel structure of ICT consists of Keysmart authorized dealers that formed by its own brand, non exclusive dealers that are active in the sector, retail chains and hypermarkets (including OEM PC production). In 2004, ICT products sales channel consisted of 105 Keysmart exclusive dealers, 450 non-exclusive dealers, electronic market chain and institutional channels.

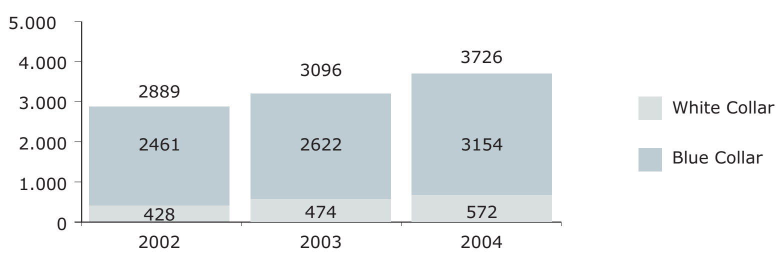
In line with the Beko Elektronik's growth vision, ICT Group aims to develop strategies and projects to structure the production, distribution and sales networks across not only in the domestic market but also in a wide geography primarily covering neighboring EMEA countries. The strategic alliances with the World players are being formed so as to attain the mentioned objects. Triggered by those alliances, ICT Group is set to generate a world-scale business volume going forward.

AFTER-SALE SERVICES

After-sale services makes up one of the most significant part of the customer satisfaction process. Beko Elektronik stands as the most widely spread TV manufacturer, rendering after-sale services in Turkey with its 9 regional centers and 370 authorized after-sale service dealers. Our foreign after sale services almost equally grew in the same pace as it did in domestic market in scope and quantity. Today, Beko Elektronik provides after-sale services in every point in Europe that its products are being sold.

EMPLOYMENT, SOCIAL ISSUES AND ENVIRONMENT

As of December 2004, the average number of employment is 3,726, consisting of 614 white-collar and 3,236 blue-collar employees.



	2002	2003	2004
PER EMPLOYEE REVENUE (000 €)	211	226	302

The Collective Bargaining Agreement between Beko Elektronik and MESS and Türk Metal İş covering the period of 09.2004-08.2006 is in effect.

Beko Elektronik created a modern, comfortable social plateau for the employees in 2004 in an effort to enhance the employee satisfaction and motivation in the workplace. The centre houses a pub and a cafeteria, operated by Koc Group company, Divan, an infirmary and a health unit, Koçbank branch, parlor , hairdresser, dry cleaner, florist and bookstore

Beko Elektronik is the first company in its sector, getting the OHSAS 18001 Health and Safety Management System Certificate from TSE and SGS Yarsley. Also in 2004, Beko Elektronik was certificated by two Independent Auditing Companies for employee health and work security policies that has long been in place to reach zero accident targets.

Beko Elektronik donated USD 150.000 to Rahmi M. KOÇ Culture and Museum Foundation in 2004.

CHANGES IN THE ARTICLES OF ASSOCIATION

NEW ARTICLE

ARTICLE 7 – Registered Capital: The Company has adopted the registered capital system pursuant to provisions of the Capital Markets Law no 2499 and has commenced to enforce this system under the relevant permit of the Capital Markets Board, dated 04/03/1993 and No 146.

The registered capital of the company is YTL 400,000,000 (Four hundred million), which is divided into 40,000,000,000 shares each with a face value of Ykr 1 (One).

The issued capital of the company amounts to YTL 87,000,000 (eighty seven million) which is fully paid-up and divided into 87,000,000,000 shares each with a face value of Ykr 1 (One).

The Board of Directors may increase the capital by issuing registered and bearer shares in scripts of Ykr 1 (One) or its folds to represent the shares each with a face value of Ykr 1 (One) up to the registered capital amount stated above. The value of the share certificates sold shall be collected in cash and in advance. No new shares shall be issued until and unless the issued shares are sold and paid for.

The Board of Directors may issue shares exceeding the face value and restrict the rights of the existing partner to acquire new shares.

NEW ARTICLE

ARTICLE 35 – Distribution Of Profit: The net profit of the company represents the sum which remains after the subtraction, from the year-end proceeds of the company, of any and all expenditures already paid or to be accrued, depreciations and provisions to be allocated.

Following the allocation from this profit, in line with the decisions of the Capital Markets Board, of provisions for any taxes, funds and other financial liabilities in that nature accruing on the legal entity of the company, the remaining net profit, if any, as indicated in the annual balance sheet shall be distributed, after the subtraction of the losses from the previous years, as follows:

- 5 % statutory reserve fund in accordance with the Turkish Commercial Code,
- First dividend at a rate and amount fixed by the Capital Markets Board.

The General Assembly shall be authorized to decide as to whether the remainder is allocated to the extraordinary reserve fund in whole or in part. One tenth of the amount found after deducting a dividend of 5 % of the paid-up capital decided to be distributed to the shareholders and other persons participated in the profit sharing shall be allocated as the second statutory reserve fund as per item 3, paragraph 2 of article 466 of the Turkish Commercial Code.

No second reserve fund shall be allocated, in line with the decisions of the Capital Markets Board, in the event that the dividend is used as share certificate by capital increase or the undistributed profits in the balance sheet are used in the capital increase, in return to which share certificates are issued.

The date and form of profit distribution including the fist dividend shall be decided by the General Assembly upon a proposal by the Board of Directors, in accordance with the communiqués of the Capital Markets Board.

The Company might distribute dividend adv ance under the legal framework set by the Capital Market Law.

No decision shall be made as to allocation of other reserve funds and carry forward of profits to the next year unless the reserve funds required to be allocated by law and the first dividend specified for the shareholders in the Articles of Association are allocated, and as to distribution of profit to the members of the Board, employees, foundations established for any reasons and persons and/or entities having a similar nature unless the first dividend is paid in cash and/or in the form of share certificates.

NEW ARTICLE

ARTICLE 39 – Notices: The corporate notices shall be published in Turkish Commercial Gazette and in the Company's Website without prejudice to the provisions of the article 37 of the Turkish Commercial Code and in accordance with the communiqués issued by the Capital Markets Board. The provisions of the present Articles of Association relating to the meetings of the General Assembly shall be reserved.

NEW ARTICLE

Provisional Article :
Pursuant to the Turkish Commercial Code, the face value of shares was swapped to 1 YKR from TL 5.000. Due to this swap, the total number of shares will decrease and one share with the face value of 1 YKR will be given for 2 shares with the face value of TL5.000. As for the shares being short of 1 YKR, a fraction receipt will be given to the shareholders. Shareholders' rights pertaining to the share change will remain intact.

As a result of share swap, the existing 12, 13, 14 and 16 type shares will be combined under 17 type. Shareholders' rights borne by the share and type combination process will remain intact.

Share swap process will begin under the regulations set forth by the inception of the full immobilization of the capital market products with the initiatives of the Board of Directors.

OLD ARTICLE

ARTICLE 7 – Registered Capital:

The Company has adopted the registered capital system pursuant to provisions of the Capital Markets Law no 2499 and has commenced to enforce this system under the relevant permit of the Capital Markets Board, dated 04/03/1993 and No 146.

The registered capital of the company is TL 400,000,000,000,000 (Four hundred trillion), which is divided into 80,000,000,000 shares each with a face value of TL 5,000 (five thousand).

The issued capital of the company amounts to TL 60,000,000,000,000 (sixty trillion) which is fully paid-up and divided into 12,000,000,000 shares each with a face value of TL 5,000.

The Board of Directors may increase the capital by issuing registered and bearer shares in scripts of TL 5,000 (Five thousand) or its folds to represent the shares each with a face value of TL 5,000 (Five thousand) up to the registered capital amount stated above. The value of the share certificates sold shall be collected in cash and in advance. No new shares shall be issued until and unless the issued shares are sold and paid for.

The Board of Directors may issue shares exceeding the face value and restrict the rights of the existing partner to acquire new shares.

OLD ARTICLE

ARTICLE 35 – Distribution Of Profit:

The net profit of the company represents the sum which remains after the subtraction, from the year-end proceeds of the company, of any and all expenditures already paid or to be accrued, depreciations and provisions to be allocated.

Following the allocation from this profit, in line with the decisions of the Capital Markets Board, of provisions for any taxes, funds and other financial liabilities in that nature accruing on the legal entity of the company, the remaining net profit, if any, as indicated in the annual balance sheet shall be distributed, after the subtraction of the losses from the previous years, as follows:

- 5 % statutory reserve fund in accordance with the Turkish Commercial Code,
- First dividend at a rate and amount fixed by the Capital Markets Board.

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No second reserve fund shall be allocated, in line with the decisions of the Capital Markets Board, in the event that the dividend is used as share certificate by capital increase or the undistributed profits in the balance sheet are used in the capital increase, in return to which share certificates are issued.

The date and form of profit distribution including the fist dividend shall be decided by the General Assembly upon a proposal by the Board of Directors, in accordance with the communiqués of the Capital Markets Board.

No decision shall be made as to allocation of other reserve funds and carry forward of profits to the next year unless the reserve funds required to be allocated by law and the first dividend specified for the shareholders in the Articles of Association are allocated, and as to distribution of profit to the members of the Board, employees, foundations established for any reasons and persons and/or entities having a similar nature unless the first dividend is paid in cash and/or in the form of share certificates.

OLD ARTICLE

ARTICLE 39 – Notices:

The corporate notices shall be published through at least one daily newspaper being circulated in the place of company headquarters, without prejudice to the provisions of the article 37 of the Turkish Commercial Code and in accordance with the communiqués issued by the Capital Markets Board. The provisions of the present Articles of Association relating to the meetings of the General Assembly shall be reserved.

CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION 1- SHAREHOLDERS

2. Investor Relations Unit

An Investor Relations Desk was formed within Finance Department. Investor Relations activities are carried out through Investor Relations Desk at Finance Department, which ,in turn, reports to the Vice President responsible for Finance.

Below, we present the persons responsible for Investor Relations at Beko Elektronik

Mustafa TEKDEMİR	Murat ARGUN
Vice President (Finance)	Finance Manager
0212 872 20 00 – 4000	0212 872 20 00 – 4300
mustafat@beko.com.tr	muratargun@beko.com.tr

So many information requests and transactions of the shareholders were replied and completed throughout the two capital increases in 2004 and other times. Our Investor Relations team met with so many domestic and foreign shareholders/potential shareholders and informed them about Beko Elektronik. Analyst Meeting staged in 2004 attracted about 40 representatives from Brokerage houses and Funds, whereby Investor Community had the opportunity to listen the upper management at the first hand and exchange ideas.

3. Shareholders' Access to Information

Apart from the transactions conducted at the company's headquarters, the number of brokerage houses, funds, and individual investors for information hovered around 100. Our Internet Site covers all necessary information about our company. Our new Investor Relations Page covers more extensive information from company specific data to the announcements made to the Regulators. No special request as to assigning special auditor was forwarded to our company in 2004.

4. Information about the General Assembly Meeting

Our 2003 General Assembly meeting, where Beko Elektronik's 2003 results were approved was held on April 13th, 2004 at Divan Oteli, Elmadag/Istanbul. The gathering was realized with majority. There were individual shareholders and press representatives among the participants. The announcements regarding the date, place and agenda of the meeting had been published in two daily national newspapers, Trade Register Gazette coupled with the announcements made to the Regulators. Also, 2003 Annual Report had been ready at the company's headquarters 15 days prior to the meeting date. The questions regarding the company's activities and prospects were replied by the upper management during the meeting. No suggestion was forwarded by the shareholders throughout the meeting.

5. Voting and Minority Rights

No preferred shares are available. Our major shareholder, Koc Holding, has stakes in Arcelik A.S and Beko Ticaret A.S which are other major shareholders of Beko Elektronik A.S . Minority shares can be represented in the General Assembly Meetings either directly or through proxies. No cumulative voting practices are available. Major Shareholders (Koc Group) has close to 80% stake in the company.

6. Dividend Distribution Policy and Ex-dates
As of the end of 2004, no dividend policy was publicly announced . Given that, however, Beko Elektronik foresees sustainable dividend distribution to its shareholders in the long term. Profits realized in the recent years were either retained or distributed to the shareholders as bonus shares.

7. Share Transfer
No restrictions regarding to the share transfer exists in the Articles of Association.

SECTION II - INFROMATION DISCLOSURE AND TRANSPARANCY

8. Information Disclosure Policies
Information disclosure is conducted within the context of laws, regulations and decrees of the Turkish Capital Market Board.

9. Announcements to the ISE and the CMB
The number of announcements to the Istanbul Stock Exchange (ISE) totaled 27. ISE required additional information for the three announcements we made. Also, ISE warned our company once for an announcement that was not made on due time.

10. Company's Internet Site and its contents
Our Internet site is Investor Relations page in our site includes information prescribed in the Corporate Governance Rules put forward by the Capital Markets Board of Turkey.

11. Disclosing the Real Person Main Shareholders
The information regarding the shares (direct and indirect)of Koc Family members were publicly disclosed. Those information took place in several Prospectuses ,as an requirement of the CMB,prepared for the Rights Issues in recent years. One can access those documents in our web site and company headquarters.

12. Disclosure of the Key Personnel
The Board Members, President, Executive Vice Presidents and other authorized managers are registered in the Trade Registrar. The related Board's decisions were publicly disclosed. Moreover, people responsible for the Investor Relations were informed to the ISE and the CMB.

SECTION III - PARTIES HAVING INTEREST WITH THE COMPANY

13. Informing the Parties having Interest with the Company
Majority of the blue collars are the members of the Labor Union. The Labor Union has an office and a representative in our premises. This system enables a more rapid and healthier employer-employee relationships. We are also in close relations with our suppliers, whereby suppliers' feedbacks are swiftly incorporated in to the production process. Our Investor Relations Desk is responsible for replying shareholders' questions and carrying out stock-related issues. Public announcements are conducted swiftly and properly pursuant to the CMB Regulations.

14. Joining in to the decision making process
All parties who have interests can access to our communication channels and convey their feedbacks via those channels.

15. Human Resource Policies
Our human resources policies are carried out parallel to the Koc Group Practices. Our mission is to create an efficient working environment through efficient human resources applications to induce a self-satisfied and proud working force.

Our main strategies to achieve this mission;

Employment to increase company's competitive edge, Creating a plateau where continuous learning and personnel development can flourish, forming career opportunities based on performance and competencies, bringing change and progress culture in to the organization.

16. Information Regarding Customers and Suppliers
Marketing, sales and after-sale services are conducted in a complementary quality concept to maximize customer satisfaction. The responsiveness of our after-sale network at home and abroad is quite swift. Project teams formed by the participants of different departments study on how to bring solutions to the customer complaints in the production process

17. Social Responsibility
Our company is committed to use technologies and processes that have no negative impact to the environment. Our employee and working environment security program can be accessed in our web site. Conducting socially responsible activities and projects within our neighborhood, joining in environment protection programmes are among our social environmental endeavors. There has been no files or complaints filed against our company about environment and social issues.

SECTION IV - BOARD OF DIRECTORS

The Structure of the Board of Directors and the Independent Members
Beko Elektronik's Board of Directors consists of 5 persons, one Chairman, one vice-chairman and three members. Our View Chairman in the Board also heads the Consumer Durables and Construction Group of Koc Holding. There is no independent member in our Board of Directors. The Chairman of the Board of Directors, Mr. Rahmi M. KOÇ is also one of the major shareholders of Koç Group. Other members have either worked or been a shareholder in Koc Group Companies. The members may also be the member of the Board of Directors of other Koc Group Companies

19. Features attributable to the Board of Directors
As stated in the Articles of Association, the members of the Board of Directors have extensive experience either in state or private sector, have management and sectoral expertise and hold at least b.s degrees (two have doctoral degrees).

20. Company’s Mission/Visions and Strategic Targets
Company’s mission/visions are mostly announced to the Public through Press and other vehicles. Those missions/visions are formed by the upper management, yet the feedbacks obtained in the strategy meetings periodically held within the company contributed to the decision making process. Throughout the mission/vision forming process, the members of Board of Directors are frequently informed. The missions and related targets are periodically monitored and measured. Different measuring tools are used to scale the performance on periodic basis (monthly to annually).

21. Risk Management and Internal Control Mechanism
An internal auditing department was formed within the Company. This Department conducts auditing of all processes based on risk and productivity. The reports generated following those audits are presented to the upper management. Moreover, the Company is audited by the Holding Auditor on quarterly basis. Those auditors’ reports are presented to the Board of Directors.

22. Responsibilities of the Board of Directors
The responsibities of the Board of Directors and the upper management are clearly identified in the Articles of Association.

23. Working Procedures of the Board of Directors
In the meetings of the Board of Directors, the agenda is ascertained based on the company’s needs. The secretarial mechanisms for calling up such meetings are available. Each opposite views could be voiced in the meetings and are documented. The meeting minutes are dispatched to the related persons and departments. The adverse idea and views are reflected in those minutes.

24. Restrictions regarding with doing business with the Company
The members of Board of Directors have no business relationship with the company and have no competitive interest against company whatsoever.

25. Ethics
Ethical rules are implemented within the context of human recourse applications and Koc Holding Ethical Procedures. Those rules were not previously disclosed to the Public.

26. The Committees with the Board of Directors
An auding Committee formed by two members of the Board of Directors is available pursuant to the CMB regulations. This Committee gathers on quarterly basis and prepares report on the company’s quarterly financial results for the Board of Directors. There is no other committee formed within the Board of Directors.

27. Financial Benefits to the Board of Directors
The financial remuneration of the Board of Directors is determined at the General Assembly Meetings of the company gathered on annual basis. Our shareholders’ approved the monthly salaries of the Board of Directors at the last General Assembly Meeting held on April 13th, 2004.

AUDITOR'S REPORT

BEKO ELEKTRONİK A.Ş.
AUDITORS'S REPORT PRESENTED TO THE GENERAL ASSEMBLY HELD ON APRIL 8th, 2005

Beko Elektronik A.Ş.
To the General Assembly;

We hereby present the results of our audits pertaining to the financial year of 2004.

1. The company underwent through a successful period within the context of the Capital Market Law and the related regulations.

2. The company maintained the necessary books and records pursuant to the Turkish Commercial Code and the related regulation and the documents depicting the truthfulness of those records have been kept in an orderly manner.

3. In our opinion, the inflation adjusted consolidated financial statements in accordance with the Capital Market Law (Communique; SeriesXI,Issue 25) along with the inflation adjusted financial statements prepared in accordance with the Turkish Tax Code, present fairly; in all material respects, the financial position of Beko Elektronik A.Ş. and its operating results at 31 December 2004.

4. The decisions regarding the Company are properly recorded in the Company's Resolution Book.

We, therefore, present the inflation adjusted consolidated financial statements in accordance with the Capital Market Law along with the inflation adjusted financial statements prepared in accordance with the Turkish Tax Code, the Board of Director's proposal regarding the dividend distribution and the acquittance of the Board of Directors to the higher consideration of the General Assembly for approval.

Sincerely ,

ALİ YAVUZ
AUDITOR

FATİH EBİÇLİOĞLU
AUDITOR

BEKO ELEKTRONİK A.Ş.
AUDITORS'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS BETWEEN JANUARY 01-DECEMBER 31, 2004

PRICEWATERHOUSECOOPERS

Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of PricewaterhouseCoopers
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Beşiktaş 34357 İstanbul-Turkey
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Telephone +90 (212) 326 6060
Facsimile +90 (212) 326 6050

To the Board of Directors of
Beko Elektronik A.Ş.

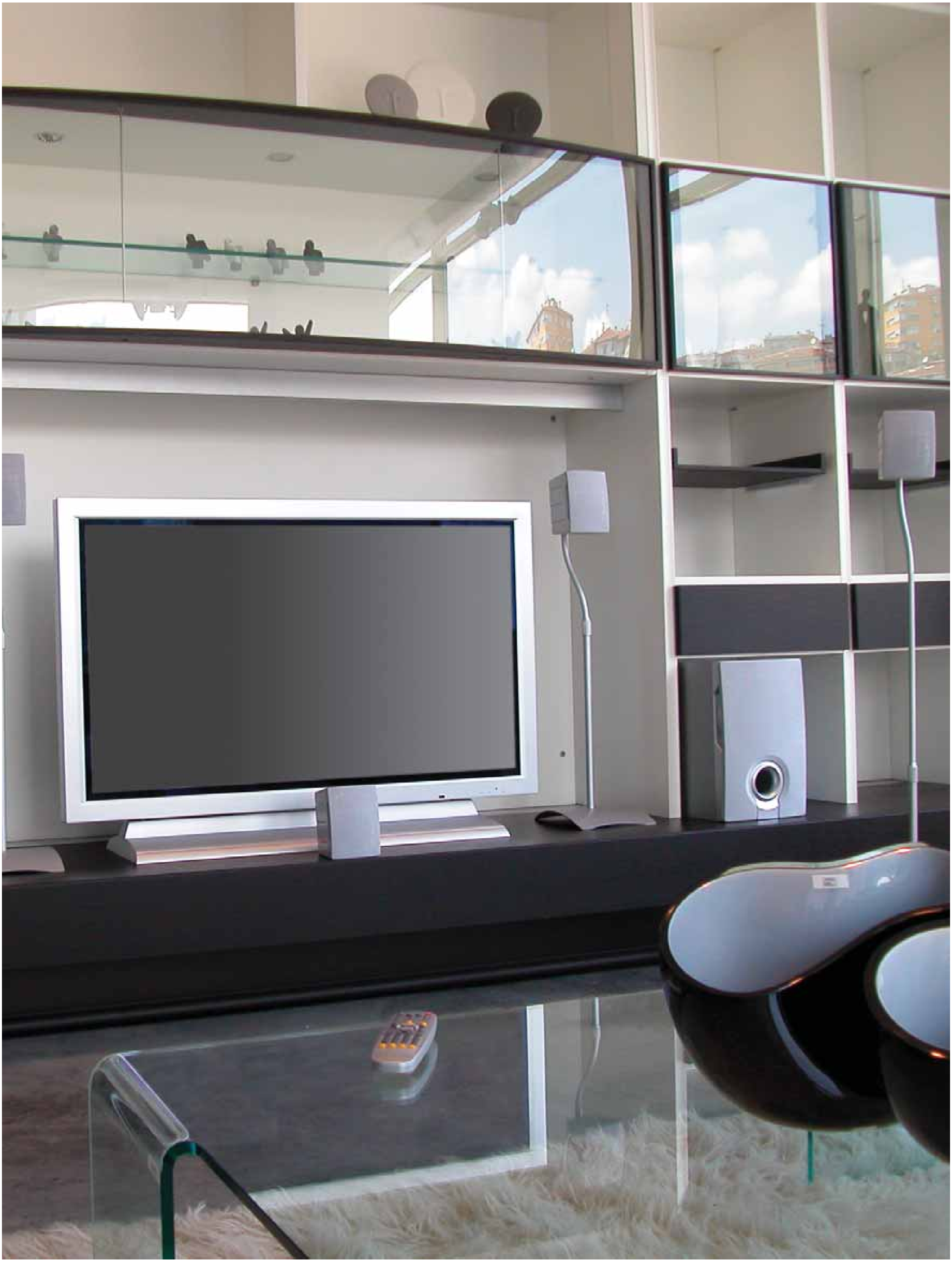
1. We have audited the accompanying consolidated balance sheet of Beko Elektronik A.Ş. ("the Company"- a Turkish corporation) at 31 December 2004 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in New Turkish Lira in the equivalent purchasing power of the Turkish lira as at 31 December 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We have conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Beko Elektronik A.Ş. at 31 December 2004 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

ZEYNEP URAS, SMMM
PARTNER
Istanbul, 04 April 2005



FINANCIAL STATEMENTS

BEKO ELEKTRONİK A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2004

(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

	Notes	2004	2003
ASSETS			
Current assets:			
Cash and cash equivalents	5	29.969	3.328
Trade receivables	6	230.606	114.669
Due from related parties	7	460.107	327.304
Inventories	8	280.651	142.626
Other current assets	9	38.026	30.690
Total current assets		**1.039.359**	**618.617**
Non-current assets:			
Available-for-sale investments	10	23.775	22.387
Investments in associated companies	11	940	-
Property, plant and equipment	13	244.788	160.298
Investment property	14	2.865	-
Intangible assets	15	24.653	4.661
Other non-current assets		1.005	18
Total non-current assets		**298.026**	**187.364**
Total assets		**1.337.385**	**805.981**

The consolidated financial statements prepared as at and for the year ended 31 December 2004 were approved for issue by the Board of Directors on 4 April 2005 and signed on its behalf.

MUSTAFA TEKDEMİR
VICE PRESIDENT-FINANCE

MURAT ARGUN
FINANCE MANAGER

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

BEKO ELEKTRONİK A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2004

(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

	Notes	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Borrowings	16	314.851	180.518
Trade payables	17	212.542	173.253
Due to related parties	7	107.336	51.902
Taxes on income	19	310	13.975
Other current liabilities	18	66.552	27.316
Total current liabilities		701.591	446.964
Non-current liabilities::			
Borrowings	16	290.685	107.850
Provision for employment termination benefits	20	5.114	4.805
Deferred tax liability	19	4.928	7.668
Other non-current liabilities		2.187	73
Total non-current liabilities		302.914	120.396
Total liabilities		1.004.505	567.360
Minority interest		(2.560)	(617)
Shareholders' equity:			
Share capital	21	174.000	60.000
Unpaid capital	21	(166)	-
Adjustment to share capital	21	165.362	214.765
Total paid-in share capital		**339.196**	**274.765**
Share premium		-	692
Translation reserve		731	56
Accumulated deficit	22	(4.487)	(36.275)
Total shareholders' equity		**335.440**	**239.238**
Total liabilities and shareholders' equity		**1.337.385**	**805.981**
Commitments and contingent liabilities	23		

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

BEKO ELEKTRONİK A.Ş.
CONSOLIDATED STATEMENTS OF INCOME
AT 31 DECEMBER 2004

(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

	Notes	2004	2003
Net sales	7	2.250.313	1.389.312
Cost of sales	7	(2.006.506)	(1.198.158)
Gross profit		**243.807**	**191.154**
General and administrative expenses		(58.068)	(50.473)
Sales and marketing expenses		(152.755)	(75.067)
Research and development expenses		(16.320)	(9.651)
Other operating income/(expenses)-net	25	6.680	(9.030)
Operating profit		**23.344**	**46.933**
Financial expenses-net	24	(38.548)	(13.028)
Income from investments in associated companies	11	11	-
Fair value loss on available-for-sale investments-net	10	(969)	(4.921)
Dividend income	7	221	-
Gain on net monetary position		19.050	11.607
Income before taxation on income and minority interest		**3.109**	**40.591**
Taxation on income	19	3.470	(5.067)
Income before minority interest		**6.579**	**35.524**
Minority interest		2.114	1.614
Net income		**8.693**	**37.138**
Weighted average number (000's) of shares with TL5.000 face value each	4	18.782.466	18.782.466
Basic and diluted gains per share (TL)	4	463	1.977

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

BEKO ELEKTRONİK A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
AT 31 DECEMBER 2004

(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

	Notes	2004	2003
Cash flows from operating activities:			
Net income for the year		8.693	37.138
Adjustments for:			
Depreciation and amortisation	13,14,15	31.336	25.170
Taxation	19	(3.470)	5.067
Minority interest		(2.114)	(1.614)
Provision for employment termination benefits	20	309	(234)
Impairment in the value of available-for-sale investment-net	10	969	4.921
Interest income	24	(10.199)	(9.114)
Interest expense	24	56.037	19.489
Gain/(loss) on sale of property- plant and equipment	25	(42)	3.857
Income from investments in associates		(11)	-
Provision for doubtful receivables	25	-	5.672
Other accrued expense		28.396	10.411
Currency translation differences		675	56
Change in working capital:			
Trade receivables and due from related parties		(252.798)	(133.984)
Inventories		(138.025)	(16.467)
Trade payables and due to related parties		94.721	69.522
Other current assets and liabilities-net		3.504	1.204
Other non-current assets and liabilities-net		1.128	233
Cash (used in)/provided by operations		(180.891)	21.327
Taxes paid		(12.935)	(3.536)
Net cash (used in)/provided by operating activities		(193.826)	17.791
Cash flows from investing activities:			
Proceeds from the sale of property- plant and equipment		900	936
Purchase of property- plant and equipment	13	(115.572)	(56.321)
Purchase of investment property	14	(3.980)	-
Purchase of intangible assets	15	(19.992)	(3.978)
Increase in available- for- sale investments	10	(2.357)	(830)
Increase in investments in associates	11	(929)	-
Paid by minority		171	997
Net cash used in investing activities		(141.759)	(59.196)
Cash flows from financing activities:			
Interest received		14.261	9.544
Interest paid		(59.586)	(17.644)
Cash capital increase		86.834	-
Proceeds from borrowings		1.663.435	151.064
Payment of borrowings		(1.342.718)	(156.921)
Net cash provided by/(used in) financing activities		362.226	(13.957)
Net increase/(decrease) in cash and cash equivalents		26.641	(55.362)
Cash and cash equivalents at the beginning of the year	5	3.328	58.690
Cash and cash equivalents at the end of the year	5	29.969	3.328

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

BEKO ELEKTRONİK A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2004

(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

	Share capital	Adjustments to share capital	Total paid-in capital	Share premium	Total translation reserve
Balance at 1 January 2003	**60.000**	**214.765**	**274.765**	**692**	**-**
Transfers	-	-	-	-	-
Currency translation differences	-	-	-	-	56
Net income for the year	-	-	-	-	-
Balance at December 2003	**60.000**	**214.765**	**274.765**	**692**	**56**
Capital increase	87.000	-	87.000	-	-
Unpaid capital	(166)	-	(166)	-	-
Transfers	27.000	(13.820)	13.180	-	-
Elimination of accumulated osses (Note 22)	-	(35.583)	(35.583)	(692)	-
Currency translation differences	-	-	-	-	675
Net income for the year	-	-	-	-	-
Balance at December 2003	**173.834**	**165.362**	**339.196**	**-**	**731**

	Accumulated deficit			
	General and legal reserves	Unappropriaed profit/(loss)	Total	General Shareholder's equity
Balance at 1 January 2003	**(34.753)**	**(38.660)**	**(73.413)**	**202.044**
Transfers	(38.660)	38.660	-	-
Currency translation differences	-	-	-	56
Net income for the year	-	37.138	37.138	37.138
Balance at December 2003	**(73.413)**	**37.138**	**(36.275)**	**239.238**
Capital increase	-	-	-	87.000
Unpaid capital	-	-	-	(166)
Transfers	23.958	(37.138)	(13.180)	-
Elimination of accumulated osses (Note 22)	36.275	-	36.275	-
Currency translation differences	-	-	-	675
Net income for the year		8.693	8.693	8.693
Balance at December 2003	**(13.180)**	**8.693**	**(4.487)**	**335.440**

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

BEKO ELEKTRONİK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004

(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

NOTE 1 -ORGANISATION AND PRINCIPAL ACTIVITIES

Beko Elektronik A.Ş. (a Turkish corporation - the "Company") was established in 1966 to manufacture and sell TV sets, video, PC, audio equipment, electronic cash registers and other various household electronic appliances, and related after sale services. The Company is a member of the Koç Group of companies, controlled by Koç Holding A.Ş. ("Koç Holding") and members of the Koç family. The Company's head office is located at Beylikdüzü Mevki, 34901, Büyükçekmece, İstanbul, Turkey.

The Company conducts a portion of its business with corporations that are members of the Koç Group of companies. The Company's affiliates act as major distributors of the Company's products in Turkey (Note 7). The Company's export activities are conducted either by the Company itself or by Ram Dış Ticaret A.Ş.. The Company is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been quoted on the Istanbul Stock Exchange since 1992. At 31 December 2004, approximately 19.95% of the total shares are quoted on the Istanbul Stock Exchange.

On 7 May 2004, the Company purchased the patent, brand, research and development activities and related machinery, German stocks, European sales companies and service organisation of Grundig AG by establishing a 50% and 50% partnership with a UK based consumer electronics company, Alba Plc and invested into Grundig Multimedia B.V..

NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Turkish lira financial statements:

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). The Company maintains its books of account and prepares its statutory financial statements in Turkish lira based on the Turkish Commercial Code, tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The restatement for the changes in the general purchasing power of the Turkish lira at 31 December 2004 is based on IAS 29 "Financial Reporting in Hyperinflationary Economies", which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous years be restated in the same terms. The main reasonsrequired for implementation of IAS 29 are; the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency and amounts of local currency held are immediately invested to maintain purchasing power; the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency and prices may be quoted in that currency; sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short; interest rates, wages and prices are linked to a price index; and the cumulative inflation rate over three years is approaching, or exceeds, 100%. The restatement was calculated by means of conversion factor derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). The indices and conversion factors used to restate these financial statements at 31 December 2004 are as follows:

BEKO ELEKTRONİK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004
(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

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

Date	Index	Conversion factors	Cumulative three-year inflation rate
31 December **2004**	**8.403,8**	**1.000**	**% 69,7**
31 December 2003	7.382,1	1.138	% 181,1
31 December 2002	6.478,8	1.297	% 227,3

The main procedures for the above mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.

- Monetary assets and liabilities which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date, and components of shareholders' equity, are restated by applying the relevant (monthly, year average, year-end) conversion factors.

- Comparative financial statements are restated using general inflation indices at the currency purchasing power at the latest balance sheet date.

- All items in the statement of income are restated by applying the relevant monthly conversion factors.

- The effect of inflation on the Company's net monetary position is included in the statements of income as gain on net monetary position.

b) New Turkish lira

Through the enactment of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" in the Official Gazette dated 30 January 2004, New Turkish lira ("YTL") and the New Kuruş ("YKr") have been introduced as the new currency of the Republic of Turkey, effective from1 January 2005. The hundredth part of the YTL is the YKr. (1 YTL=100YKr) When the prior currency, Turkish lira ("TL"), values are converted into the YTL, one million TL (1,000,000 TL) is equivalent to one YTL (1 YTL). Accordingly, currency of the Republic of Turkey is simplified by removing 6 zeroes from the TL.

All references made to Turkish lira or lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to YTL at the conversion rate indicated as above. Consequently, effective from 1 January 2005, the YTL replaces the TL as a unit of account in keeping and presenting of the books, accounts and financial statements.

As stated in the announcement of Capital Markets Board dated 30 November 2004, financial statements of the period ending 31 December 2004, including the prior period financial data that will be used for comparison purposes, are demonstrated in YTL, and prior period financial statements are presented in YTL currency for comparative purposes only.

BEKO ELEKTRONİK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004
(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

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

c) Translation of foreign subsidiary financial statements

The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries in which they are registered and necessary adjustments and reclassifications made for the fair presentation in accordance with IFRS. The assets and liabilities of the Group's foreign subsidiaries are translated into Turkish lira at the closing rate for the year and stated as New Turkish lira. The items of income statement of the Group's foreign subsidiaries are translated to Turkish lira by using average exchange rate for the year and are expressed in YTL in terms of the purchasing power of the Turkish lira as of the balance sheet date by means of the relevant conversion factors. Exchange differences arising on retranslation of the opening net assets of foreign subsidiaries and differences between the average and year-end rates are included in the translation reserve under the shareholders' equity.

NOTE 3 - GROUP ACCOUNTING

a) The consolidated financial statements include the accounts of the parent company, Beko, and its Subsidiary, Joint Venture and Associate ("Group") on the basis set out in sections from (b) to (e) below. The financial statements of the Subsidiary, Joint Venture and Associate included in the consolidation have been prepared as of the date of the consolidated financial statements and in accordance with the laws and regulations in force in the countries in which they are registered and adjusted to IFRS to reflect the proper presentation and content. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

b) Subsidiaries are companies over which Beko has power to control the financial and operating policies for the benefit of Beko, 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 voting rights, otherwise by having the power to exercise control over the financial and operating policies.

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

Subsidiary is consolidated from the date on which control is transferred to the Company and is no longer consolidated from the date that control ceases. Where necessary, accounting policies for the Subsidiary have been changed to ensure consistency with the policies adopted by the Group.

The table below sets out the Subsidiary included in the scope of consolidation and shows its shareholding structure at 31 December:

	Direct and indirect control by Beko (%)	
	2004	2003
Name: FUSION DIGITAL TECHNOLOGY LTD. ("FUSION")	65	65

Fusion, incorporated in the United Kingdom, undertakes the sales, marketing and research development activities of digital set top box products.

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NOTE 3 - GROUP ACCOUNTING (Continued)

c) Joint Ventures are companies in respect of which there are contractual arrangements through which Beko Elektronik undertakes an economic activity subject to joint control with 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 the Joint Ventures and shows their shareholding structure at 31 December:

	Direct and indirect control by Beko (%)	
	2004	2003
Name: GRUNDIG MULTIMEDIA B.V.	**50**	-

The principal activity of Grundig Multimedia B.V., registered in the Netherlands, is to develop, procure, sales and marketing of electronics products. The list of the subsidiaries which are consolidated in the Grundig Multimedia B.V.'s financial statements is as follows:

Grundig Benelux B.V., Netherlands
Grundig Australia Pty. Limited
Grundig Danmark A/S, Denmark
Grundig Espana S.A., Spain
Grundig Magyarország Kft., Hungary
Grundig Intermedia GmbH, Germany
Grundig Italiana SpA, Italy
Grundig (Schweiz) AG, Switzerland
Grundig Norge AS, Norway
Grundig OY, Finland
Grundig Portuguesa, Lda, Portugal
Grundig Polska Sp. z o.o., Poland
ISG Intermedia Service GmbH, Germany
Grundig Svenska AB, Sweden

d) Associates are companies in which the Company and its Subsidiaries have an attributable interest of 20% or more of the ordinary share capital held for the long-term and over which they exercise a significant influence. Associates are accounted for using the equity method based on their financial statements restated to the equivalent purchasing power at 31 December 2004. Equity accounting involves recognising in the income statement the Group's share of the associates' profit or loss for the year. The Group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates. Provisions are recorded for long-term impairment in value (Note 11).

The table below sets out the Associates and shows their shareholding structure at 31 December:

	Direct and indirect control by Beko (%)	
	2004	2003
Name: RAM PACIFIC LTD. ("RAM PACIFIC")	**25**	-

Ram Pacific, incorporated in China, is an export trading company.

NOTE 3 - GROUP ACCOUNTING (Continued)

e) Available-for-sale investments, in which the Group has controlling interests below 20%, or over which the Group does not exercise a significant influence, are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less any provision for impairment and plus any value increases (Note 10).

f) The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries in which they are registered and necessary adjustments and reclassifications made for the fair presentation in accordance with IFRS. The assets and liabilities of the Group's foreign subsidiaries are translated into Turkish lira at the closing rate for the year and stated as New Turkish lira. The items of income statement of the Group's foreign subsidiaries are translated to Turkish lira by using average exchange rate for the year and expressed in YTL in terms of the purchasing power of the balance sheet date by means of the relevant conversion factors. Exchange differences arising on retranslation of the opening net assets of foreign subsidiaries and differences between the average and year-end rates are included in the translation reserve under the shareholders' equity.

g) The Subsidiary's and the Associate's results of operations are consolidated from the date on which control is transferred to the Company.

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

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Related parties

For the purpose of these consolidated financial statements, the 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 companies. A number of transactions are entered into with related parties in the normal course of business. These transactions with related parties are priced predominantly at market rates (Note 7).

Inventories

Inventories are valued at the lower of acquisition cost or net realisable value restated to equivalent purchasing power at 31 December 2004. Cost elements included in inventories are materials, labour and appropriate amount of factory overheads. The cost of finished goods, raw materials and supplies and work-in-progress is determined on the weighted average basis (Note 8).

Investments

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 and included in non-current assets unless management has the intention of holding the investment for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating 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 designation on a regular basis.

The financial assets classified as available-for-sale investments are carried at fair value. The Company has applied discounted cash flows and comparable transactions/companies methods in assessing the fair values. Gains and losses arising from changes in the fair value of available-for-sale investments are recognised in the income statement (Note 10).

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit finance income/(charges)

Credit finance income/(charges) represent imputed finance income/(charges) on credit sales and purchases. Such income/(charges) are recognised as financial income or expenses over the year of credit sale and purchases using the effective yield method, and included under financial income and expenses (Note 24).

Investment property

Land and buildings that are held in the production or supply of goods or services or for administrative purposes or for long-term rental yields or for capital appreciation or both rather than for the 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 restated to the equivalent purchasing power at 31 December 2004. Investment properties (except for land) are depreciated with the straight-line depreciation method over their useful lives (Note 14).

Investment properties are reviewed for impairment losses. 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 asset net selling price or value in use.

Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation, in each case restated to equivalent purchasing power at 31 December 2004 (Note 13). 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. The range of depreciation rates is as follows:

	%
Buildings and land improvements	4
Machinery and equipment	10-25
Motor vehicles	25
Furniture and fixtures	16.7-25
Office equipment and computers	16.7-25

Intangible assets

Intangible assets comprise of the Grundig brand, patent and acquired software certificates. They are recorded at acquisition cost restated to equivalent purchasing power at 31 December 2004 and acquired software certificates are amortised on a straight-line basis over their estimated useful lives for a year not exceeding 5 years from the date of acquisition. Infinite useful life is chosen for the brand and patent (Note 15).

Trade receivables and payables

Trade receivables and payables are stated at face values less allowance for the unearned portion of imputed finance income and charges included in their face values (Notes 6, 7 and 17).

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of 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.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Deferred income taxes

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

The principal temporary differences arise from the restatement of property, plant and equipment over their historical cost, provision for employment termination benefits, unused investment incentive allowance, the portion of allowance for unearned credit finance income and income accruals.

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 (Note 19).

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority, they may be set-off against one another.

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of loss over the year of the borrowings (Note 16).

Employment termination benefits

Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Company calculated in accordance with the Turkish Labour Law arising from the retirement of the employees who have completed one year of service and whose employment is terminated without due cause, are called up for military service or who die (Note 20).

Foreign currency transactions and translation

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates announced by Central Bank of Turkey prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the related income and expense accounts, as appropriate (Note 26).

Revenue recognition

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, at the invoiced values of consideration received or is receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission. 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 year on an accrual basis.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Warranties

The Company extends up to three years warranty on products that are sold in the domestic market, covering defective parts and manufacturing faults. Warranty costs are recognised on an accrual basis, at amounts estimated on the basis of related past experience.

Dividends

Ordinary shares are classified in equity. Dividends payable are recognised as an appropriation of profit in the year in which they are declared. Dividends receivable are recognised as income in the year when they are declared (Note 7).

Leases

Finance Leases

Assets that are obtained by financial lease are capitalised by the lesser of market price after deducting tax advantages and incentives or the discounted value of minimum lease payments. Capital lease payments are stated as liabilities and are reduced when payments are made. Interest payments are expensed in the consolidated income statement throughout the financial lease period. Property,plant and equipment that are leased are amortised through the economic life of asset.

Operational leases

Leases in which important part of risks and rewards of ownership are retained by the lessor are classifed as operational leases. Payments made under operational leases are charged to the income statement on a straight-line basis over the period of the operational leases.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash and amounts due from banks (Note 5).

	2004	2003
Cash- cheques payable- bank deposits and other liquid assets	29.969	3.328
	29.969	**3.328**

Financial instruments and financial risk management

Interest rate risk

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

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.

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NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit risk

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements.

Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, 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 Company could realise in a current market exchange

The following methods and assumptions were used to estimate 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 year-end exchange rates, are considered to approximate carrying value.
The fair values of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature.
The carrying value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair value.

Monetary liabilities

The fair value of trade payables are considered to approximate their respective carrying value.
The fair value of short term borrowings and other monetary liabilities are considered to approximate their carrying value due to their short-term nature.
Long-term borrowings which are mainly denominated in foreign currencies are translated at year end exchange rates and accordingly their fair values approximate their carrying values.

Earnings per share

Earnings per share disclosed in these statement of income is determined by dividing net profit by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them a retroactive effect for the year in which they were issued and each previous year. Bonus shares issued during the year are as follows:

	Weighted average number of shares issued attributable to transfers to share capital from		
Yıl	**Retained Year**	**Revalution earningssurplus**	**Total**
December 31st, 2004	**2.804.800.000**	**2.595.200.000**	**5.400.000.000**
December 31st, 2003	-	-	-

There was no difference between basic and diluted earnings per share for any class of shares for any of these years.

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NOTE 4 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year so that the reclassification will result in a more appropriate presentation of events or transactions.

NOTE 5 – CASH AND CASH EQUIVALENTS

	2004	2003
Cash in hand	3.789	1
Banks		
- Demand deposit	15.653	3.287
- Time deposit	9.749	40
Other	778	-
	29.969	**3.328**

At 31 December 2004, the interest rate for local currency time deposit is 24% (2003: 26%). At 31 December 2004, the interest rates for foreign currency time deposits amounting to YTL 824 thousand, the equivalent of EUR 451 thousand and range from 1.5% to 4%. There are no foreign currency time deposits at 31 December 2003.

NOTE 6 - TRADE RECEIVABLES

	2004	2003
Trade receivables	226.822	120.203
Notes receivables	8.655	13
Less: Provision for doubtful receivables	(4.871)	(5.547)
	230.606	**114.669**

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NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

i) Balances with related parties

a)Due from related parties:	2004	2003
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	227.401	161.188
Arçelik A.Ş. ("Arçelik")	216.289	117.328
SC Arctic SA ("Arctic")	9.345	-
Beko Plc	3.421	-
Beko Deutschland GmbH ("Beko Deutschland")	3.268	31.921
Koç Sistem A.Ş. ("Koç Sistem")	3.051	1.451
Beko France S.A. ("Beko France")	2.547	4.490
Beko Electronics Espana, S.L. (Beko Espana")	1.841	13.175
Other	321	12
	467.484	**329.565**
Less: Unearned credit finance income from related parties		
	460.107	**327.304**

b) Due to related parties	2004	2003
Kofisa Trading Company S.A. ("Kofisa")	58.361	43.792
Ram Pasific	32.308	-
Ark İnşaat San. Ve Tic. A.Ş. ("Ark İnşaat")	7.351	597
İzocam Ticaret ve Sanayi A.Ş. ("İzocam")	2.812	2.435
Beko Plc	2.480	244
Beko Ticaret A.Ş.	731	-
Setur Servis Turistik A.Ş. ("Setur")	699	203
Entek Elektrik Üretimi Otoprodüktör A.Ş. ("Entek")	600	-
Beko Deutschland	451	1.428
Ram Sigorta Aracılık Hizmetleri A.Ş.	265	304
Koç Holding A.Ş. ("Koç Holding")	253	170
Beko France S.A.	184	433
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş. ("Koçnet")	171	146
Koç Sistem A.Ş.	-	1.286
Bursa Gaz ve Ticaret A.Ş. ("Bursa Gaz")	-	409
Migros Türk T.A.Ş. ("Migros")	-	178
Other	670	277
	107.336	**51.902**

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NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

c) Other:

The Company has bank deposits at Koçbank A.Ş. amounting to YTL 9.104 thousand (2003: YTL 397 thousand), and bank loans obtained from Koçbank A.Ş. amounting to YTL 13.774 thousand at 31 December 2004 (2003: YTL 2.663 thousand).

ii) Transactions with related parties

a) Sales to related parties:

Ram Dış Ticaret	899.562	430.676
Arçelik	553.652	366.041
Beko France	36.090	30.455
Beko Deutschland	12.716	68.604
Arctic	12.485	-
Beko Plc	12.032	11.429
Beko Espana	9.828	35.751
Koç Sistem	6.842	-
Beko Polska S.A.	-	5.380
Other	-	581
	1.543.207	**948.917**

b) Purchases of raw materials

Kofisa	174.987	182.686
Ram Pasific	34.940	-
İzocam	15.873	11.023
Entek	4.590	3.635
	230.390	**197.344**

c) Purchases of property-plant and equipment:

Ark İnşaat	13.194	-
Koç Sistem	1.322	812
Arçelik	22	2
Koç Net	-	35
	14.538	**849**

d) Sale of property-plant and equipment :

Koç Net	**-**	**205**

e) Services received :

Koç Holding	**1.127**	**1.149**

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NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

f) Dividends received:	2004	2003
Entek	**221**	**-**
g) Financial expenses:		
Koçbank	2.657	442
Koç Faktoring A.Ş. ("Koç Faktoring")	581	16
	3.238	**458**
h) Financial income:		
Ram Dış Ticaret – foreign exchange gains	21.376	10.836
Arçelik – due date charges on credit sales	15.289	13.541
	36.665	**24.377**
i) Loss on sale of property- plant and equipment:		
Koç Net	**-**	**196**
k) Donations		
Beko Ticaret	111	90
Temel Ticaret A.Ş.	73	138
Arçelik	31	22
	215	**250**
j) Rent expenses:		
Rahmi M. Koç Müzecilik ve Kültür Vakfı	232	-
Vehbi Koç Vakfı	-	1.048
	232	**1.048**

NOTE 8 - INVENTORIES

	2004	2003
Raw materials	149.457	87.935
Semi-finished goods	5.507	3.287
Finished goods	45.163	32.196
Trade goods	34.621	1.868
Goods in transit	18.397	1.375
Order advances given	27.506	15.965
	280.651	**142.626**

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NOTE 9 - OTHER CURRENT ASSETS

	2004	2003
Taxes and funds receivable	19.784	15.771
Accrued supplier rebates	9.222	6.131
Income accruals	4.005	7.994
Prepaid expenses	1.866	768
Fixed assets to be disposed (*)	1.048	-
Other	2.101	26
	38.026	**30.690**

(*) The fixed assets which are planned to be sold by Grunding Multimedia B.V.

NOTE 10 - AVAILABLE-FOR-SALE INVESTMENTS

	2004		2003	
	%	(000 YTL)	%	(000 YTL)
Koç Finansal Hizmetler A.Ş.	0.70	10.395	0.70	10.071
Koç Finans	7.50	5.224	7.50	4.089
Ultra Kablolu TV A.Ş.	7.50	2.996	7.50	2.996
Entek A.Ş.	1.50	4.384	1.50	4.469
Ram Dış Ticaret A.Ş.	6.75	762	6.75	762
Nacionalis- Importaçao, Exportaçao e Serviços, Lda	30.00	14	-	-
		23.775		**22.387**

The Company does not exert control over the financial and operating policy decisions of the available-for-sale investments.

Impairment loss provision recognised for available-for-sale investments amounts to YTL 35.822 thousand at 31 December 2004 (31 December 2003: YTL 34.526 thousand). Fair value gain on available for-sale investments amounts to YTL 3.378 thousand at 31 December 2004 (31 December 2003: YTL 3.051 thousand).

NOTE 11 - INVESTMENTS IN ASSOCIATED COMPANIES

The investments in associated companies at 31 December were as follows:

	2004		2003	
	%	Thousand YTL	%	Thousand YTL
Ram Pacific LTD.	25	940	-	-
		940		**-**

The Company does not exert control over the financial and operating policy decisions of Ram Pasific.

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NOTE 12 - JOINT VENTURES

Before consolidation adjustments, the assets, liabilities and net income of the joint venture, which is accounted for by the way of proportionate consolidation as explained in Note 3.c are as follows:

Alance sheet	31 December 2004
Current assets	183.689
Non-current assets	24.924
Total assets	**208.613**
Current liabilities	189.882
Non-current liabilities	2.752
Shareholder's equity	15.979
Total liabilities and shareholder's equity	**208.613**

Income statement	
Gross profit	41.550
Operating expenses	(44.625)
Other income-net	7.470
Operating profit	**4.395**
Financial expenses-net	(1.751)
Income before tax	**2.644**
Taxation on income	(401)
Net income	**2.243**

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and the related depreciation for the year ended 31 December 2004 are as follows:

	1 January 2004	Additions	Disposals	Transfers(*)	31 December2004
Cost:					
Land improvements	6.333	36	-	6.072	12.441
Buildings	47.049	1.701	-	31.620	80.370
Machinery and equipment	342.695	9.361	(308)	56.666	408.414
Motor vehicles	1.202	270	(564)	101	1.009
Furniture and fixtures	34.329	2.395	(1.018)	1.066	36.772
Leasehold improvements	613	452	-	-	1.065
Construction in progress	19.664	96.414	-	(92.898)	23.180
Advances given	-	4.943	-	(4.297)	646
	451.885	**115.572**	**(1.890)**	**(1.670)**	**563.897**
Accumulated depreciation:					
Land improvements	(3.321)	(236)	-	-	(3.557)
Buildings	(21.268)	(1.656)	-	-	(22.924)
Machinery and equipment	(237.006)	(24.568)	200	-	(261.374)
Motor vehicles	(689)	(242)	421	-	(510)
Furniture and fixtures	(29.166)	(2.100)	843	-	(30.423)
Leasehold improvements	(137)	(184)	-	-	(321)
	(291.587)	**(28.986)**	**1.464**	**-**	**(319.109)**
Net book value	**160.298**				**244.788**

(*) The remaining amount of transfers has been made to intangible assets (Note 15).

NOTE 14 – INVESTMENT PROPERTY

Movements of investment property and related amortisation for the year ended 31 December 2004 were as follows:

	1 January 2004	Additions	Disposals	31 December 2004
Cost	-	3.980	-	3.980
Accumulated amortisation	-	(1.115)	-	(1.115)
Net book valuer				**2.865**

The investment property which is owned by Grundig Multimedi B.V., the Joint Venture of the Company, amounting to YTL 2.865 thousand is rented to third parties under rent contracts.

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NOTE 15 - INTANGIBLE ASSETS

Movements of intangible assets during the year ending 31 December 2004 are as follows:

	1 January 2004	Additions	Disposals	Transfers	31 December 2004
Brand (*)	-	17.859	-	-	17.859
Other	14.025	2.133	(435)	1.670	17.393
Accumulated amortisation	(9.364)	(1.235)	-	-	(10.599)
Net book value	**4.661**				**24.653**

(*)The brand was purchased from Grundig AG in the amount of EUR 9.776 thousand being the portion of Beko Elektronik A.Ş. and transferred to Grundig Multimedia B.V.

NOTE 16 - BORROWINGS

Borrowings at 31 December 2004 and 31 December 2003 were as follows:

a) Short-term borrowings

	31 December 2004			31 December 2003		
	Effective interest rate per annum (%)	Original foreign currency	Balance outstanding YTL thousand	Effective interest rate per annum (%)	Original foreign currency	Balance outstanding YTL thousand
Foreign currency borrowings:						
EURO	EuroLibor+1.25 to EuroLibor+1.75	32.672.674	59.686	EuroLibor+0.75 to EuroLibor+1.95	58.796.906	116.806
USD	Libor+1.33 to Libor+1.65	28.681.252	38.493	-	-	-
GBP	Libor+2.50	1.300.000	3.349	-	-	-
TL borrowings	17-18	-	18.070	19.5-20	-	45.511
Letters of credit (*)						
EURO		30.756.646	56.186	-	-	-
US$		65.153.100	87.442	-	-	-
JPY		91.676.220	1.183	-	-	-
			264.409			**162.317**
Current maturities of long term borrowing			(50.422)			18.201
TOPLAM			**314.8519**			**314.8519**

(*)Letters of credit are used in the payment of the Company's trade payables.

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NOTE 16 - BORROWINGS (Continued)

a) Long-term borrowings

	31 Aralık 2004			31 Aralık 2003		
	Effective interest rate per annum (%)	**Original foreign currency**	**Balance outstanding YTL thousand**	**Effective interest rate per annum (%)**	**Original foreign currency**	**Balance outstanding YTL thousand**
Foreign currency borrowings:						
EURO	EuroLibor+0.80 to EuroLibor+3.00	89.970.916	164.359	EuroLibor+1.85 to EuroLibor+2.25	7.141.532	14.187
EURO	Libor+3.4 to Libor+3.65	47.380.424	86.555	Libor+3.4 to Libor+3.65	51.055.094	101.426
USD	Libor+3.00 to Libor+3.75	66.122.146	88.743	Libor+1.5	4.049.123	6.434
JPY	Tibor+1.85 to Tibor+2	113.863.980	1.470	Tibor+1.85 to Tibor+2	269.987.387	4.004
			341.127			**126.051**
Less: Current maturities of long term borrowings	(50.442)		(18.201)			
TOTAL			**290.685**			**107.850**

The Company has loans from the International Finance Corporation ("IFC") in the amount of EUR 47.380.424. These loans are being used for financing of capital investments and working capital requirements.

The Company has used loans from HSBC and Citibank in the amount of EUR 20.143.836 in the current period and these loans were used in order to buy the patent, brand, research and development activities and after sales service organisations of Grundig AG.

The Company has used loans in the amount of US$ 66.122.146 and EUR 63.385.629 from banks in the current period. These loans are being used for investments and working capital requirements.

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

	2004	2003
2005	-	32.758
2006	82.162	20.427
2007	91.844	22.441
2008	83.840	16.112
2009-2011	32.839	16.112
	290.685	**107.850**

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NOTE 17 - TRADE PAYABLES

	2004	2003
Trade payables-import	115.218	95.830
Trade payables-local	98.378	77.981
Less: Unearned credit finance charges	(1.054)	(558)

NOTE 18 - OTHER CURRENT LIABILITIES

	2004	2003
Accrued expenses	39.342	11.872
Taxes and funds payable	14.278	8.132
Payables to personnel	7.654	4.604
Social security premiums payable	2.529	2.058
Advances and deposits received	284	-
Other	2.465	650
	66.552	**27.316**

NOTE 19 - TAXATION

	2004	2003
Corporation and income taxes	310	13.975
Deferred tax liability-net	4.928	7.668
	5.238	**21.643**

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NOTE 19 - TAXATION (Continued)

Turkish tax legislation does not permit a parent company and its subsidiaries 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.

Corporation tax is payable at a rate of 33% on the total income of the Company and its Subsidiaries registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed. Corporation tax rate on the total income for the following years is 30%.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. Corporate taxpayers are obliged to prepare the opening balance sheets restated for inflation at 31 December 2003. Corporate taxpayers are required to submit their opening balance sheets restated for inflation at 31 December 2003 in accordance with the General Communiqué on Tax Procedure Law No: 328 ("Communiqué") dated 28 February 2004 and declare the advance corporation tax for the third quarter of 2004 in accordance with the Tax Law No: 5024 and the General Communiqué on Tax Procedure Law No: 338 dated 13 August 2004. The Company prepared its opening balance sheet at 1 January 2004 and its balance sheet at 31 December 2004 in accordance with Tax Law No:5024 and Communiqué No: 328 and 338.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 33% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or offset against other liabilities to the government.

Capital gains derived from the sale of equity investments in subsidiaries and immovable held for not less than two years are tax exempt until 31 December 2004, if such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures, with some exceptions, over YTL6 thousand (2005: YTL10 thousand) are eligible for investment incentive allowance of 40%, which is deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment incentive allowances calculated are deferred to the following years in cases where corporate income is insufficient. Investment allowances utilised within the scope of investment incentive certificates granted prior to 24 April 2003 are subject to withholding tax at the rate of 19,8%, irrespective of profit distribution.

In accordance with the Tax Law 5228 item 28.9 dated 16 July 2004, 40% of the research and development expenditures on technology and knowledge research made by the Company itself with effect from 31 July 2004 are exempted from corporate tax. Expenditures made before 31 July 2004 will be subject to previous application. Such exemptions are not subject to withholding taxes.

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NOTE 19 - TAXATIONİ (Continued)

For the properties that are depreciated more than normal because of forcedly usage, "Extraordinary Economical and Technical Depreciation Ratios" are used. For the properties that are subject to extraordinary depreciation, which are used for between 3001 hours and 4800 hours in a year, addition to the ratio of declining balances method is the 25% for normal depreciation. For the assets used for more than 4800 hours, the addition to the ratio of declining balances method is the 30% for normal depreciation.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The taxation on income for the years ended 31 December 2004 and 2003, expressed in terms of the purchasing power of the Turkish lira at 31 December 2004, is summarised as follows:

	2004	2003
- Current	(411)	(14.129)
- Deferred	2.843	9.062
- Released prior year tax provision (*)	1.038	-
Total tax income/(expense)	3.470	(5.067)

(*) The income tax provision calculated as at 31 December 2003, has been paid YTL 1.038 thousand less in 2004 due to a tax advantage. This amount has been recognised as income in the consolidated statement of income for the year ended 31 December 2004.

Current taxation for the year as per the consolidated financial statements reconciles to the current year statutory tax charge as follows

	2004	2003
(Loss)/income before tax	(13.135)	2.065
Disallowable expenses	13.308	8.483
Dividend income	(221)	-
Research and development expenditures exemption	(2.337)	-
Investment incentive allowances	-	(70.548)
(Tax loss)/taxable income as per Turkish tax legislation	(2.385)	-
Corporate tax	-	-
Investment incentive allowances	-	70.548
Less: Investment incentive fund exemption	-	(533)
Withholding tax base	-	70.015
Withholding tax 19.8% (2003: 19.8%)	-	13.863
Income and withholding tax of the Subsidiary	411	112
Income and withholding taxes per statutory financial statement		
Inflation adjustment	-	154
Taxation on current year income	411	14.129

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NOTE 19 - TAXATION (Continued)

Deferred taxes

The Company recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for IFRS purposes and their statutory tax financial statements. In substance, temporary differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income in coming years under the liability method is 30% for the Company.

In accordance with law regarding the amendments to be made to Tax Procedural Law, Income Law and Corporation Tax Law, as published in the Official Gazette dated 30 December 2003 ("Law No. 5024"), income and corporation tax payers that determine their income on the basis of the balance sheet are required to apply inflation adjustment to their statutory financial statements with effect from 1 January 2004. Taxpayers are required to apply inflation adjustment to the opening balance sheet at 31 December 2003.

In the preparation of the opening balance sheet at 1January 2004 and the balance sheet at 31 December 2004 the Company applied adjustment procedures as set out in Law No.5024 and 5228 with Tax Procedural Law circulars No.8, 9, 10 and 11 and Tax Procedural Law General Communiqué No. 337, 338 and 339.

Accordingly, taxable and deductible temporary differences as at 31 December 2003 arising from the inflation adjustments in the prior periods have been partially eliminated. With respect to such temporary differences, deferred tax liability is reversed through the income statement.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 31 December using the enacted future tax rates are as follows:

	31 Aralık 2004		31 Aralık 2003	
	Cumulative temporary differences	**Deferred tax assets** (Liabilities)	**Cumulative temporary differences**	**Deferred tax assets** (Liabilities)
Net difference between the tax base and carrying amount of property, plant and equipment	74.206	(22.262)	36.645	(10.994)
Unearned income/charges in receivables and payables-net	(6.323)	1.897	(1.702)	561
Provision for employment termination benefits	(4.441)	1.332	(4.805)	1.441
Income accruals	3.400	(1.020)	7.995	(2.638)
Unused investment incentive allowance (*)	(68.678)	11.799	(17.067)	2.253
Other	(11.678)	3.326	(5.692)	1.709
erred tax liabilities-net		**(4.928)**		**(7.668)**
1 January 2004				(7.668)
Current year deferred tax income				2.843
Increase due to acquisitions				(103)
31 December 2004				**(4.928)**

(*) The Company has earned an investment incentive allowance in the amounting YTL 85.848 thousand in 2004, however the Company has deferred the allowance to the next year due to the current year tax loss. The Company has not recognised the deferred tax asset for the portion of this allowance in the amount of YTL 17.170 thousand (Note 4).

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NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Labour Law, 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 (20 years for women) 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 YTL1.574,74 (2003: YTL1.389,95) for each year of service at 31 December 2004.
The liability is not funded, as there is no funding requirement.The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.
International Financial Reporting Standards require 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:

	2004	2003
Discount rate	%5.45	%6
Turnover rate to estimate the probability of retirement	%87	%89

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 YTL1.648,90 (1 January 2004: YTL1.485,43) which is effective from 1 January 2005 has been taken into consideration in calculating the provision for employment termination benefit of the Company.
Movements in the provision for employment termination benefits during the year are as follows:

	2004	2003
Balance at 1 January	4.805	5.039
Charge for the year	903	392
Monetary gain	(594)	(626)
Balance at 31 December	**5.114**	**4.805**

The number of employees of the Company is 4.119 as of 31 December 2004 (2003: 3.229).

NOTE 21 - SHARE CAPITAL

The Company's shareholders and their shares at 31 December are as follows:

	2004		2003	
	%	Thousand YTL	%	Thousand YTL
Koç Holding A.Ş.	32,87	57.200	32,87	19.724
Arçelik A.Ş.	22,36	38.910	22,36	13.417
Beko Ticaret A.Ş.	12,42	21.614	12,42	7.453
Other	12,40	21.562	12,40	7.435
Traded at Istanbul Stock Exchange	19,95	34.714	19,95	11.971
	100.00	174.000	100.00	60.000
Unpaid capital (*)		(166)		-
Adjustment to share capital (**)		165.362		214.765
Total paid in-share capital		**339.196**		**274.765**

(*) At 31 December 2004, the unpaid capital amounting to YTL 166 thousand is the nominal value of the stocks for which the priority rights have not been used by its shareholders in the share capital increase at 2 December 2004 (Note 27 (b)).

(**)Adjustment to share capital represents the restatement effect of cash contributions to share capital at year-end equivalent purchasing power.

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NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only 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:

In accordance with the Communiqué No: XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with the CMB's profit distribution regulations, are considered to be deductive when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and shareholders' equity restatement differences.

Applicable from 1 January 2004, the IFRS net income computed in accordance with Communiqué No: XI-25 must be distributed in the ratio of a minimum of 30% of total distributable profit. This distribution, subject to the decision of General Assembly, may be made either as cash, as pro-rata shares or as a combination of both.

Although, it is mandatory to make dividend distributions based on the net distributable profit found in accordance with CMB regulations, based on the CMB Decree 7/242 dated 25 February 2005, in accordance with Turkish Commercial Code regulations, it is stated that dividend distributions should not be made if there is a current year loss in either the financial statements prepared based on CMB regulations or in the statutory financial statements subject to reserves appropriated from statutory records. The Company will not make profit distributions from its net income in its IFRS financial statements since it has incurred a loss in its statutory financial statements for the year ended 31 December 2004.

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 shareholders' equity as shareholders' equity restatement differences.

Shareholders' equity restatement differences can only be netted-off against prior years' losses and used as an internal source of capital increase where extraordinary reserves can be netted-off against prior years' losses, used in the distribution of bonus shares and in the distributions of dividends to shareholders.

In accordance with the Communiquè No: XI-25, at 31 December 2004 and 31 December 2003 the shareholders' equity schedule based on which the dividend distribution will be based is as follows (amounts expressed in terms of the purchasing power of TL at 31 December 2004):

	31 December 2004	31 December 2003
Share capital	174.000	60.000
Unpaid capital	(166)	-
Legal reserves	-	2.143
Extraordinary reserves	-	12.808
Special reserves	-	1
Share premium	-	150
Translation reserve	731	56
Shareholder's equity restatement differences	165.362	376.900
Net income for the year	8.693	37.138
Prior years' losses	(13.180)	(249.958)
Total shareholder's equity	**335.440**	**239.238**

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NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

In accordance with the Board of Directors decision dated 31 December 2004 based on the authorisation through the Ordinary General Assembly decision dated 13 April 2004, the Company resolved to off-set YTL 219.569 thousand of prior years' losses restated in the financial statements to the equivalent purchasing power of the TL at 31 December 2003, is as follows:

	Thousand YTL
Prior years' losses	(219.569)
IFRS net income for 2003	32.623
Extraordinary reserves	1.257
Legal reserves	2.143
Share premium	150
Special reserves	1
Shareholder's equity restatement differences	183.395

The restated amounts and the shareholders' equity restatement differences of the aforementioned nominal values are as follows (restated to the equivalent purchasing power at 31 December 2004):

31 December 2004

	Nominal value	Restated amounts	Shareholder's equity restatement differences
Share capital	174.000	374.945	200.945
Unpaid capital	(166)	(166)	-
Elimination of accumulated losses	-	(35.583)	(35.583)
	173.834	**339.196**	**165.362**

31 December 2003

	Nominal value	Restated amounts	Shareholder's equity restatement differences
Share capital	60.000	274.765	214.765
Legal reserves	2.143	61.551	59.408
Share premium	150	692	542
Special reserves	1	1.101	1.100
Extraordinary reserves	12.808	113.893	101.085
	75.102	**452.002**	**376.900**

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NOTE 23 – COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees and commitments given are as follows at 31 December:

	31 December 2004		31 December 2004	
	Original currency	Thousand YTL	Original currency	Thousand YTL
Mortgages given on property-plant and equipment regarding the IFC loan	EURO 50.689.376	92.599	EURO 50.689.376	100.700
Assigned receivables regarding the IFC loan	EURO 12.584.658 GBP 3.570.162	22.990 9.199	EURO 10.349.129 GBP 3.660.231	20.560 10.320
Assigned receivables (*)	EURO 4.358.000	7.961		-
Outstanding bank letters of guarantee- local currency given to customs for importation		847		4.057
Operational lease obligations (**)	EURO 3.645.000	6.658		-
Outstanding bank letters of guarantee- foreign currency given to customs for importation	EURO 2.000.000	3.654	EURO 2.000.000	3.973
Export credits for Eximbank	18.506		17.302	
Other	5.942		1.506	
	168.356		**158.418**	

(*)Grundig Multimedia B.V. did not take over such a liability/commitment during the acquisition. The drawee to this liability is the German Bankrupcy Court. However, since Bank Austria has made its claim to Grundig Multimedia B.V., the Company reports this liability for information purposes only.

(**) Lease obligations of offices, warehouses and car rentals.

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NOTE 24 - FINANCIAL EXPENSES-NET

The financial income and expenses for the years ended 31 December are as follows:

	2004	2003
Financial income		
Foreign exchange gains- net	10.673	-
Credit finance income- net	9.398	7.905
Interest income	801	1.209
	20.872	**9.114**
Financial expense		
Interest expense	(56.037)	(19.489)
Foreign exchange losses	-	(2.072)
Other	(3.383)	(581)
	(59.420)	**(22.142)**
Financial expenses-net	(38.548)	(13.028)

NOTE 25 - OTHER OPERATING INCOME/(EXPENSES)-NET

	2004	2003
Income from receivables taken over (*)	1.711	-
Commission income	1.166	-
License income	840	-
Debt write-off	533	-
Income from claims and grants	194	-
Gain on sale of property-plant and equipment	42	-
Other	**3.037**	**1.068**
Other operating income	7.523	1.068
Loss on sale of property-plant and equipment- net	**-**	**(3.857)**
Bad debt expenses	-	(5.672)
Loss from investment sales	-	(469)
Other	**(843)**	**(100)**
Other operating expenses	(843)	(10.098)
Other operating income/(expenses)-net	**6.680**	**(9.030)**

(*)Based on an agreement between Grundig Multimedia B.V. and Grundig Car Intermedia System ("GCIS"), Grundig Multimedia B.V. has taken over the receivables of GCIS with a nominal value of EUR 1.300 thousand for an amount of EUR 380 thousand.

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NOTE 26 - FOREIGN CURRENCY POSITION

		31 December 2004		31 December 2004	
Assets	Foreign currency type	Original amount	Thousand YTL	Original amount	Thousand YTL
Cash and cash equivalent					
	USD	506.101	679	530.954	844
	EURO	7.522.878	13.743	887.294	1.762
	GBP	295.728	762	7.527	22
	AUD	682.500	709	-	-
	CHF	1.571.500	1.855	-	-
	DKK	1.019.500	250	-	-
	NOK	7.156.000	1.582	-	-
	SEK	3.752.000	757	-	-
Trade receivables					
	EURO	89.743.814	163.943	91.866.873	182.502
	GBP	4.559.848	11.748	8.324.472	23.469
	USD	25.634.421	34.404	5.483.191	24.603
	AUD	1.221.500	1.268	-	-
	CHF	2.247.500	2.653	-	-
	DKK	5.392.000	1.324	-	-
	NOK	6.556.500	1.450	-	-
	SEK	8.527.000	1.721	-	-
Due from related parties					
	EURO	105.315.919	192.391	25.003.723	49.672
	USD	36.071.810	48.412	5.181.844	8.234
	GBP	5.348.768	13.781	10.825.582	30.522
Other assets					
	EURO	6.530.746	11.930	427.205	849
	USD	3.982.479	5.345	2.729.762	4.337
	GBP	61.733	159	-	-
	AUD	198.500	206	-	-
	CHF	143.000	169	-	-
	DKK	494.000	121	-	-
	NOK	44.500	10	-	-
	SEK	2.481.500	501	-	-
	JPY	-	-	2.000.000	30
			511.873		**326.846**

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(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

NOTE 26 - FOREIGN CURRENCY POSITION

		31 December 2004		31 December 2004	
Liabilities	**Foreign currency type**	**Original amount**	**Thousand YTL**	**Original amount**	**Thousand YTL**
Borrowings					
	EURO	200.780.660	366.786	115.770.583	229.989
	USD	159.956.498	214.678	4.000.000	6.356
	JPY	205.540.200	2.653	269.734.278	4.000
	GBP	1.300.000	3.349		
Trade payables					
	EURO	41.938.729	76.614	28.501.453	56.621
	JPY	297.104.090	3.836	162.798.285	2.415
	USD	28.496.830	38.246	22.119.638	35.148
	GBP	3.651.684	9.419	-	-
	AUD	165.500	172	-	-
	CHF	826.000	975	-	-
	NOK	409.000	90	-	-
	SEK	2.448.500	494	-	-
Due to related parties					
	EURO	31.048.472	56.719	23.061.026	45.813
	USD	24.703.943	33.155	49.150	79
	GBP	476.236	1.228	82.309	232
Other liabilities					
	EURO	16.142.030	29.488	1.618.338	3.215
	GBP	662.966	1.710	-	-
	AUD	262.000	272	-	-
	CHF	644.500	761	-	-
	DKK	2.953.000	725	-	-
	NOK	7.011.500	1.550	-	-
	SEK	2.358.000	476	-	-
	USD	-	-	1.177.471	1.872
			843.396		385.740
Net foreign currency position			**(331.523)**		**(58.894)**

BEKO ELEKTRONİK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2004
(Amounts expressed in thousands of New Turkish lira(YTL) in teams of purchasing power of Turkish lira(TL) at 31 December 2004 unless otherwise indicated)

NOTE 27 - SEGMENT INFORMATION

Primary reporting format - Business segment

The Group is engaged in the production and sale of TV and computer. Since the products that the Group produces are not subject to different risks and returns, no distinguishable business segment is identified.

Secondary reporting format - Geographical segment

The Group's geographical segments are organised into Turkey and Europe. Turkey, where the domestic activities are performed, is the home country of the parent company (Beko Elektronik A.Ş.), which is also the main operating company.

	2004	2003
Segment sales		
Europe	1.602.636	977.403
Turkey	647.677	411.909
	2.250.313	**1.389.312**
Segment assets		
Turkey	1.111.654	803.164
Europe	225.731	2.817
	1.337.385	**805.981**
Capital expenditure		
Turkey	112.514	59.612
Europe	3.058	118
	115.572	**59.730**

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 28 - SUBSEQUENT EVENTS

a) At 24 January 2005, the Company's shipping warehouse outside the factory plant was destroyed by fire. Based on the Expert Report, the cause of the fire was an electrical short circuit. YTL14.280 thousand has been recovered from the insurance company out of the total damage of YTL15.506.

b) At 31 December 2004, the unpaid capital amounting to YTL 166 thousand was the nominal value of the stocks for which the priority rights had not been used by its shareholders in the share capital increase at 31 December 2004. These common stocks have been sold on the Istanbul Stock Exchange primary market for an amount of YTL 510 thousand in the period between 6 January 2005 and 10 January 2005. Share premium amounting to YTL 344 thousand has arisen as a result of the sale of these common stocks.