ANNUAL REPORT 08

Arçelik A.Ş.

Our most important asset is our people.

The quality of our products and services is based on the quality of our people. For the continuity of the Koç Group, we follow a policy of recruiting the best people, and providing opportunities for development and advancement. To fully utilize the talents, strength, and creativity of our people, we create a work environment which nourishes increased productivity, cooperation, and solidarity.

Vehbi Koç

Contents

Milestones

1955/1999

1955 Arçelik A.Ş. established in Sütlüce.

1959 Arçelik A.Ş. produces the first washing machine in Turkey.

1960 Arçelik A.Ş. produces the first refrigerator in Turkey.

1968 Arçelik A.Ş. moves its production plant to Çayırova.

1975 The Eskişehir Refrigerator Plant begins production.

1977 Ardem Cooking & Heating Appliances established in partnership with Türk Demir Döküm A.Ş.

The Eskişehir Compressor Plant begins production.

1979 The Izmir Vacuum Cleaner Plant begins production.

1991 Arçelik A.Ş. establishes an R&D center and launches its Customer Information Service.

1993 The Ankara Dishwasher Plant begins production.

1996 The Çayırova Air Conditioner Plant begins production.

1998 The Company launches its three-year warranty initiative and implements Six Sigma Methodology.

1999 Arçelik A.Ş. acquires Ardem Cooking &Heating Appliances.

Arçelik A.Ş., Türk Elektrik Endüstrisi A.Ş., Atılım A.Ş. and Gelişim A.Ş. merge to become a single legal entity.

2000/2005

2000 Arçelik-LG Air Conditioning Industry & Trade A.Ş. begins production.

2001 Arçelik A.Ş. acquires the domestic marketing and sales operations of Beko branded products from Beko Ticaret A.Ş.

Arçelik A.Ş. moves the Izmir Vacuum Cleaner and Topkapı Motor Pump Plants to a new plant in Çerkezköy to improve efficiency.

2002 Beko becomes the leader of the UK refrigerator market.

The Company introduces the Digital Life Project at Berlin's Hometech Fair.

Arçelik purchases German household appliances manufacturer Blomberg, Austrian household appliances manufacturer Elektra Bregenz and Tirolia brands. Arçelik also acquires British household appliances brands Leisure and Flavel and the Romanian household appliances company Arctic.

Arçelik brand unveils its new logo reflecting its innovative and dynamic nature.

2003 Arçelik A.Ş. starts selling smart products.

Arçelik A.Ş. entered the Six Sigma trainers' manual.

2004 Decision to make investments in Russia is taken.

2005 Arçelik A.Ş. celebrates its 50th anniversary.

The Company lays the foundation of its Russia plant.

Arçelik A.Ş. launches the Arctic Chest Freezer line at its Gaesti plant in Romania.

The Company continues to expand its product range with major investments in technology and R&D, and it breaks new ground by producing the first domestic tumble dryer in Turkey.

The Company completes Blomberg's product range, a brand which combines advanced technology with German design and which has received several awards in the environment, design, efficiency and technology categories.

2006

Arçelik A.Ş. breaks new ground by exporting washing machines and dishwashers from Turkey to China.

In accordance with its strategy to grow in international markets via its branded products, the Company continues to introduce its Exclusive Beko Shop System to foreign markets.

193 inventors who designed innovative products for the Company receive awards at the 8th Annual Invention Day.

Arçelik A.Ş. breaks new ground at its Eskişehir Plant by producing Turkey's first side-by-side refrigerator.

The Company launches production of its Express 58 minute 65°C, the quickest-programmed dishwasher, which saves time and provides state-of-the-art washing performance.

The Company produces the world's quickest washing machine, which is able to wash loads of up to seven kilos of lightly-soiled laundry in only 30 minutes.

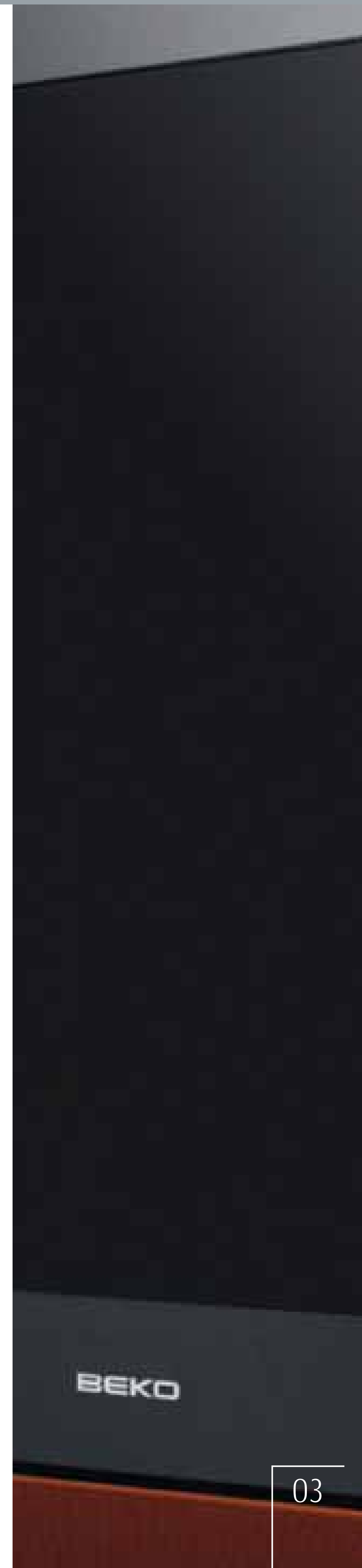
Along with its global brand Beko, Arçelik A.Ş. becomes the main sponsor of the Turkish Men's Basketball League.

By increasing its stake from 22.36% to 72.46%, Arçelik becomes the largest shareholder in Beko Elektronik A.Ş.

After laying the foundations in June 2005, the Company begins operations at its refrigerator and washing machine production facility in Russia.

Arçelik A.Ş. sponsors the world-renowned The Genius of Leonardo exhibition at the Rahmi M. Koç Museum in Istanbul.

Following in the steps of its popular Turkish Coffee Machine, Telve, which received the iF Design Award, Arçelik A.Ş. launches the innovative Mini Telve, the home version of the same product.



2007

SGS approved compatibility of Quality Management System of Beko LLC that covers the design, production and after-sales service processes for washers and refrigerators with ISO 9001:2000 Standard.

A side-by-side refrigerator with Active Fresh Blue Light technology developed at the Eskişehir Plant, the largest side-by-side refrigerator production facility of Europe, is launched.

Arçelik A.Ş. adds more stores to its "Beko Exclusive Shop" chain, including a store opened in Bosnia-Herzegovina.

Pioneering yet another innovation, Arçelik launches the first built-in induction oven produced in Turkey.

The Tall Tub dishwasher strengthens Arçelik A.Ş.'s position in the US market by offering dimensions designed for that market and different to those offered in Europe.

Arçelik A.Ş., which has been operating in China since 2000 and has accelerated its investments in this market, increases the number of its points of sale to 89 and opens a Beko Exclusive Shop in Guangzhou, the capital of Canton province.

Arçelik A.Ş. launches its Tek-Tuş (single-button) dishwasher and starts a new era in the durables sector. This dishwasher can select the optimum program to consume the minimum amount of detergent and water based on the degree of dirtiness of the dishes, thereby providing maximum water and energy savings.

In line with its strategy to grow its brands in the international market, Arçelik A.Ş., the leading durables sector company of Koç Group, starts production in the Chinese market, where it has been operating since 2000.


Beko
side by side refrigerator.
Now you've got more space for shopping.
BEKO
Home Appliances

Almanac 2008

January

Arçelik A.Ş. starts production at the first tumble dryer production plant in Turkey
Arçelik A.Ş., Koç Group's leading company in the consumer durables sector, increases its tumble dryer production capacity four-fold and opens Turkey's first tumble dryer production plant with investment of Euro 26 million.

Beko produces its first fully compatible interactive hotel television
Beko, a pioneer of innovation and a leading consumer electronics sector brand in the world and Turkey, launches Turkey's first hotel television that is fully compatible with interactive systems, at the Anfaş Hotel Equipment Exhibition held in Antalya, 17-20 January 2008.

February

Beko branded refrigerators are among the most efficient products in Europe
Topten (www.topten.info), a search engine founded by Europe's leading environmentalist and consumer organizations with the aim of comparing the energy efficiency of products, lists Beko's double-door cooler and freezer as among the most efficient such products.

Arçelik gathers its 1,500 authorized dealers and 600-plus authorized services in Istanbul
Over 1,500 authorized dealers and over 600 authorized services come together in Istanbul, 11-17 February.

March

Arçelik starts a new era with Divide & Cool
With Arçelik Divide & Cool (DAC), one drawer in the kitchen opens to the freezer while a refrigerator door opens to the cooler. With its DAC: Dividable Cooling Technology, a global innovation that allows four cabinets to link to a single external cooling unit, Arçelik starts a new era in the kitchen.

Beko All-Star is a great event combining sports and entertainment
Beko All-Star, the greatest event in the world of basketball, brings together the best basketball players and the fans with exciting performances at Istanbul Abdi İpekçi Sports Hall.

A global innovation: a television consuming zero energy in stand-by mode
A television with Zero Standby technology brings savings to consumers and the economy by using zero energy in stand-by mode, taking its place among environmentally friendly products with its feature.

April

Arçelik A.Ş. joins the World Sustainable Energy Days conference and provides information about its products' energy performance

Arçelik A.Ş. participates in the World Sustainable Energy Days (WSED) and shares details of the contribution its own technological developments are making to the superb energy efficiency of its products. Organized since 1992, the WSED is the largest European conference on sustainable energy, hosting over 1000 participants from 54 countries.

The decision to change the legal title of Beko Elektronik A.Ş. to Grundig Elektronik A.Ş. approved at the General Assembly

In December 2007, Beko Elektronik A.Ş. buys the remaining 50% shares of Grundig Multimedia B.V. from Alba to become the sole owner of the Grundig brand. It then changes the legal title of the company from Beko Elektronik A.Ş. to Grundig Elektronik A.Ş.

Arçelik, becomes the thesis subject for executives studying at Georgetown University

The managers enrolled in the Georgetown International Executive MBA Program, known to be one of the top 10 executive MBA program in the world, select as their thesis subject 'Arçelik's Market Entry Strategy for the US Market'.

May

Arçelik's Iraq dealers gather in Istanbul

Arçelik A.Ş.'s 42 dealers in Iraq, one of the first foreign markets where the company sold its products under Arçelik brand, gather in Istanbul. The group, comprised of dealers from various regions of Iraq such as Zaho, Dohuk, Erbil, Mosul, Baghdad and Basra, visit the Istanbul Çayırova Plant and the Eskişehir Refrigerator Plant.

Arçelik, the first Turkish company to enter the International Patent League, awards its engineers on Invention Day

The unrivaled champion of the contest organized by the Turkish Patent Institute since 2005, Arçelik A.Ş. rewards its engineers who developed important new technologies. On the 10th annual Invention Day, 185 inventors who created innovative products for Arçelik A.Ş. are recognized by the awards.

Arçelik is also the leader in the commercial air-conditioner sector

Arçelik reinforced its leadership in the market with a new line of air conditioners that came into production in 2007. They utilize the innovative Inverter-Multi technology to provide maximum savings and heating-cooling performance with minimum energy.

Arçelik A.Ş.'s Beko and Blomberg brands to be covered by Turquality program

Arçelik A.Ş.'s strong international brands Beko and Blomberg, which it acquired in 2002, are now covered by the TURQUALITY® Support Program.

June

Art of Sound from Beko: Sound Art
Beko launches its new LCD television with Sound Art, a sound projection feature.

Arçelik A.Ş. ranks second in TÜBİTAK project thanks to its number of scientific publications
Arçelik A.Ş. is ranked second among private companies under TÜBİTAK's National Academic Network and Information Center project entitled the Scientific Publication Map of Turkey for the emphasis the company places on R&D.

July

Technology and art to go hand in hand in Arçelik Artcool Frame air conditioners
Arçelik launches its Artcool Frame Air conditioner in the energy class A. The air conditioners are welcomed by customers for, not only their cooling and heating functions, but their decorative features.

August

Arçelik joins Energy-efficient Engine Initiative
Arçelik A.Ş., one of Turkey's leading industrial engine manufacturers, takes part in the Energy-efficient Engine Initiative, which aims to increase energy efficiency in the industrial sector.

September

Arçelik produces the world's first A++ no-frost refrigerator: "The Black Orbital"
Arçelik A.Ş. breaks new ground by manufacturing the first A++ no-frost refrigerator, the Black Orbital, which has the lowest energy consumption in its class in the world.

Arçelik A.Ş. releases its Sustainability Report
Arçelik A.Ş. releases its 2007 Sustainability Report, which describes the company's economic, social and environmental activities.

October

Chinese diplomats visit Arçelik
A group of Chinese diplomats headed by the Secretary of the Wujin Party tour Arçelik A.Ş.'s Çayırova Washing Machine Manufacturing Plant and meet with Arçelik's senior managers.

November

Beko washes Shanghai

To promote the Beko brand in the Chinese market and increase brand awareness, Arçelik A.Ş. organizes the "Beko Washes Shanghai" event where participants have their clothes washed for free.

Arctic promotes the "Arctic. For You" platform for additional services to consumers

Arctic, the leader of the Romanian consumer durables market, promotes the 'Arctic. For You' platform, which provides additional services for consumers and business partners. With this program, Arctic becomes the first consumer durables company to offer a unique before and after-sales service line, the 'Arctic Expert Line' to customers.

Colors and words competed and nature won

As part of "The Standing United for Education" social responsibility program Arcelik A.Ş. together with the Turkish Ministry of Education and General Directorate of Primary Education organized an essay, potery and painting contest entitled "Let's Protect Our Environment and Natural Resources". The awards were presented to the succesful students during the ceremony held at Arçelik Sütlüce Campus.

Beko produced its one millionth product at its facilities in Russia

Beko LLC, Arçelik A.Ş.'s washer and refrigerator production plant in Russia, holds a ceremony in celebration of its one millionth product.

December

Chinese team visits Arçelik Eskişehir Refrigerator Production Plant

A Chinese diplomatic team visits Eskişehir as part of the ceremony to sign a protocol declaring Changzhou city of China and Eskişehir twinned cities. The team tours the Arçelik Eskişehir Refrigerator Production Plant.

Beko Center opening ceremony in Bosnia Herzegovina

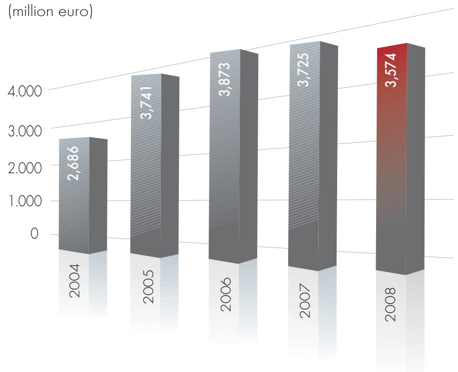
Via its Bosnia Herzegovina distributor, Omega, Arçelik A.Ş. opens its first Beko Center-a Beko sales, service and logistics service-in Saraybosnia.

Arçelik A.Ş. in the Moroccan market with its Blomberg brand

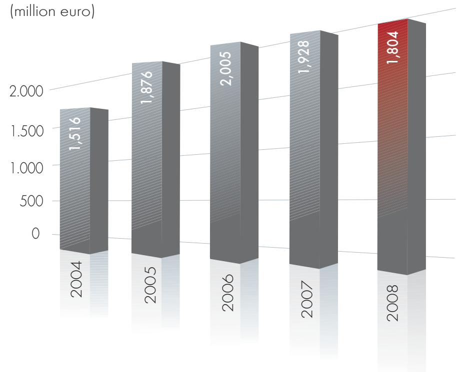
Arçelik A.Ş.'s Blomberg brand started its Moroccan operations in 2008, thereby increasing its number of foreign markets to 50, aims to become one of the top segment brands of the Moroccan market.

Financial Ratios

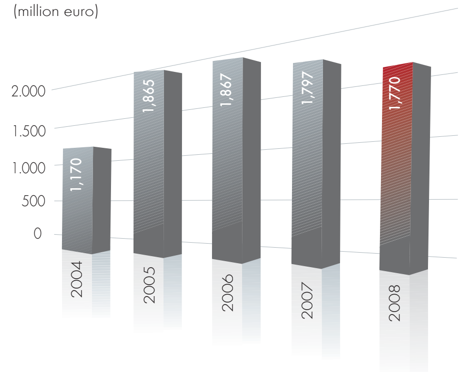
Net Sales
(million euro)



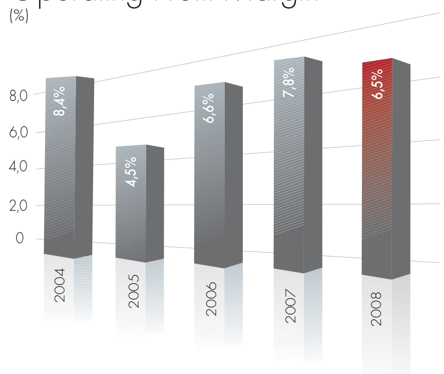
Net Domestic Sales
(million euro)



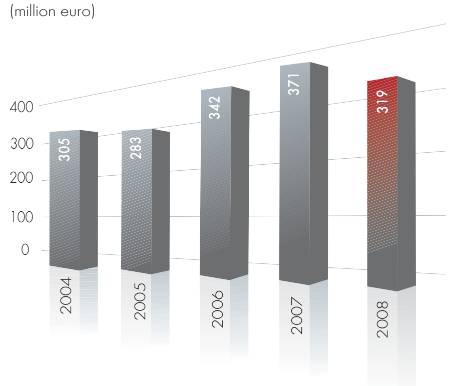
Net International Sales
(million euro)



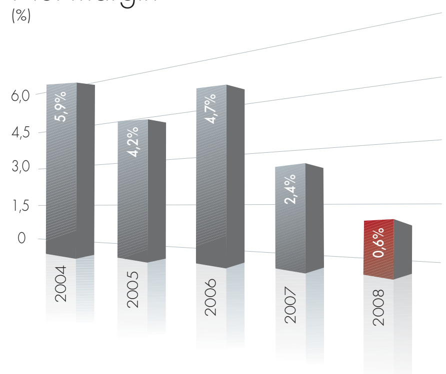
Operating Profit Margin
(%)



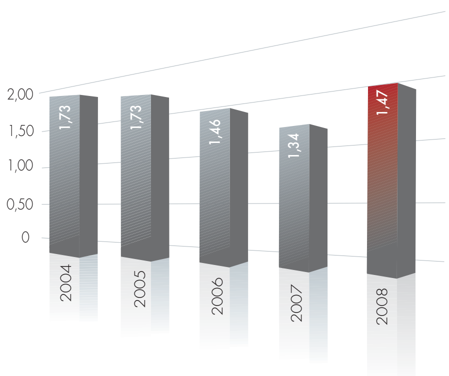
Ebitda
(million euro)



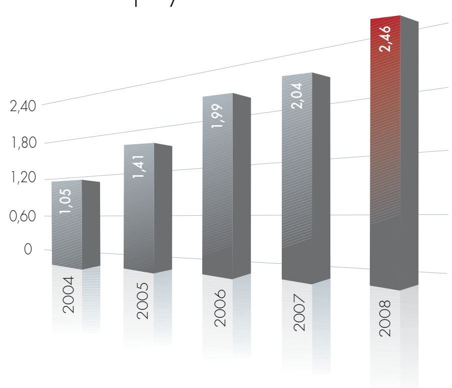
Net margin
(%)



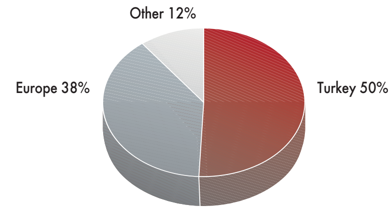
Current ratio



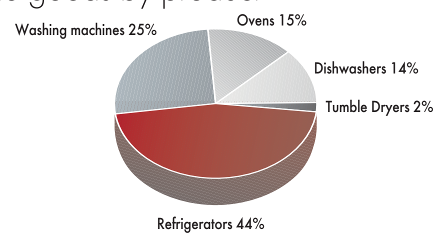
Debt-to-equity ratio



Total consolidated net sales by region



Total consolidated net sales of white goods by product



Global Operational Network

Head Office

Turkey/Istanbul	Headquarters

International sales and marketing

Germany	Beko Deutschland GmbH
Austria	Elektra Bregenz AG
Czech Republic	Beko Cesko S.R.O.
China (Shanghai)	Beko Shanghai Trading Co.
France	Beko France S.A.
England	Beko Plc.
Spain	Beko Electronics Espana S.L.
Italy	Beko Italy S.r.l
Hungary	Beko Magyarorszag K.F.T.
Slovakia	Beko Slovakia S.R.O.
Poland	Beko S.A.
The Netherlands	Grundig Multimedia B.V.*

International production and marketing

Romania	Arctic S.A.
Russia	Beko L.L.C.
China	Beko Electrical Appliances Co. Ltd.

Production Plants in Turkey

Eskişehir	Refrigerator Plant
Istanbul, Tuzla	Washing Machine Plant
Bolu	Cooking Appliances Plant
Ankara	Dishwasher Plant
Tekirdağ, Çerkezköy	Electric Motors Plant
Eskişehir	Compressor Plant
Tekirdağ, Çerkezköy	Tumble Dryer Plant
Istanbul, Beylikdüzü	Grundig Elektronik A.Ş.İstanbul, BeylikdüzüGrundig Elektronik A.Ş.

* Operates in 17 countries in Europe.

Five Year Consolidated Financial Review

(Million Euros)

	2008	2007	2006	2005	2004
1. Net Sales - Total	3,574	3,725	3,873	3,741	2,686
2. Consolidated Net Sales - International	1,770	1,797	1,867	1,865	1,170
3. Gross Profit	987	996	1,026	896	672
4. Income from Operations	232	292	255	169	224
5. Income before Taxes and Minority Interest	15	112	202	179	228
6. Net Income	21	89	180	156	159
7. EBITDA	319	371	342	283	305
8. Total Current Assets	2,099	2,479	2,272	2,181	1,372
9. Total Current Liabilities	1,430	1,846	1,555	1,261	791
10. Working Capital	669	633	718	919	581
11. Property, Plant and Equipment - Net	594	705	602	586	352
12. Total Assets	3,237	3,816	3,445	3,236	1,908
13. Total Liabilities	2,302	2,562	2,291	1,891	976
14. Minority Interest	30	17	18	51	12
15. Shareholders' Equity	935	1,255	1,154	1,345	931
16. Net Cash Provided by Operating Activities	237	68	(85)	194	108
17. Net Cash Used in Investment Activities	(171)	(176)	(260)	233	(120)
18. Cash Inflow before Financial Expenses	66	(108)	(345)	427	(12)
19. Dividends Paid	54	114	113	146	1
20. Cash and Cash Equivalents at the End of the Year	194	235	156	185	155
21. Capital Expenditures	187	191	181	153	105
22. Depreciation and Amortization	88	79	87	113	80
23. Year-end Number of Employees	17,472	17,053	16,201	14,986	10,841
Blue-collar	13,817	13,718	12,941	12,154	8,437
White-collar	3,655	3,335	3,260	2,832	2,404
24. Year-end Market Capitalization- ISE	385	1,897	1,788	2,364	1,803

The above figures for 2004 have been adjusted in accordance with the purchasing power of the Turkish Lira on December 31, 2004 and converted to euro at the 2004 year-end exchange rate. In 2008, 2007, 2006 and 2005, the income statement items were converted to euro at the average euro rate, and the balance sheet items at the year-end euro rate.
(Item 24 excluded).

2008, 2007, 2006 and 2005 figures are based on full consolidation with Grundig Elektronik A.Ş. Group. 2004 data do not include Grundig Elektronik A.Ş.'s data.

Shareholders and dividends paid

Shareholders	Paid-in capital (TRY Thousand)	Share (%)
Koç Holding A.Ş.	156,546	39.1
Koç Group Other	68,912	17.2
Koç Group Total	**225,458**	**56.3**
Teknosan Büro Makina ve Levazımı Tic. ve San. A.Ş.	58,709	14.7
Burla Ticaret ve Yatırım A.Ş.	30,649	7.7
Other Shareholders	85,144	21.3
TOTAL	**399,960**	**100.0**

Dividends paid

Dividends distributed out of the 2003, 2004, 2005, 2006 and 2007 profits and their ratio to paid-in capital of the related years are as follows:

Year of The dividend	Dividend Distributed (TRY Thousand)	Paid-in Capital (TRY Thousand)	Dividend Ratio (%)
2003	0	399,960	0
2004	229,177	399,960	57.3
2005	199,980	399,960	50.0
2006	199,980	399,960	50.0
2007	99,990	399,960	25.0

Report of the Board of Directors and Message from the Chairman

Distinguished members of the Arçelik family,
Dear shareholders,

2008 was a challenging year of great economic changes. The crisis that originated from high-risk US mortgages in mid-2007 spread worldwide in 2008. The economic fluctuations, termed as the crisis of the century by the United Nations, were not limited to the US. The resulting global liquidity scarcity pushed the crisis on to Europe and it spread from the financial markets to the real sector. Giant US banks, which had ridden out the greatest economic recession in history, went bankrupt and various solutions were proposed, including billion-dollar rescue packages. Commodity and oil price fluctuations around the world, decreasing demand, exchange rate fluctuations and near-term uncertainties stymied new business connections and investments.

Central banks, constrained to take precautions in the face of this devastating economic crisis, made record high interest rate reductions: the US central bank, the Federal Reserve, decreased its interest rates to an interval of 0-0.25%, the European Central Bank decreased its indicator interest to 2%, while the UK's Bank of England decreased its rate to 1%. For the first time since 2005, the euro lost 3.45% of its value against the US dollar. Of the world's three largest economies, the euro zone grew by only 0.9% and the US economy by 1.3%, while the Japanese economy shrank by 0.7%. On the other hand, economic growth in China and Russia held steady at 9.0% and 5.6%, respectively.

In addition to the global economic crisis, 2008 was a year of natural disasters, terrorist attacks and political developments. The Nargis Typhoon in Myanmar, the magnitude eight earthquake in China, the crisis in Caucasia, terrorist attacks in the Middle East, the tension that brought India and Pakistan to the edge of war after the Mumbai attack, and Israel's air raids on Gaza were among the top agenda items of the last year. Barack Obama's political victory and his election as president of the United States was a groundbreaking development.

Turkey, by virtue of its location, was understandably affected by all of these economic and political developments. Turkey's economy began to feel the effects of the crisis, particularly during the last months of the year and grew by 0.5% during the third quarter of 2008, bringing growth in the first nine months of the year to 3%. As a result, Turkey's growth rate slid during the third quarter of 2008 to hit its lowest level for the for the previous 27 quarters. Turkey continued to battle the grey economy, high current account deficit, and unemployment. Towards the end of the year, inflation returned to double digits, reaching 10.06% for consumer prices and 8.11% for producer prices. On the positive side, the fact that Turkey's exports increased by 20.32% against the previous year to reach $127,499 billion was a promising development.

From a political perspective, 2008 was a tense year for Turkey. Various political issues ranging from the Supreme Court decision to close the ruling Justice & Development Party to the Ergenekon case dominated the national agenda. Local elections are now imminent. Continuation of the remarkable democratic reforms in the face of the global crises and the local elections, the reassertion of the importance of the EU membership process, and stable relations with the IMF are essential.

On balance, 2009 was not a positive year. However, it has passed and time will heal the crisis. The economy has to be kept running. If we falter in this, it will be difficult to recover. Our only option is world integration and to make preparations for the requisite internal and external challenges. Thus, we must be very cautious about economic and political developments in 2009, follow developments closely and take timely precautions that enable to change direction at anytime.

Arçelik made important domestic and international moves towards to its strategic goals in 2008.

We intend to continue along the path of growth and stability and to move Turkey forward from its current position in the international league. In this regard, it is crucial that we preserve economic balances and political stability. The government must robustly maintain financial discipline and should not let political tension harm economic stability.

In 2008, Arçelik made important domestic and international moves towards to its strategic goals, despite the economic and political fluctuations. The company maintained its leadership in the consumer durables sector with a domestic market share of 54% despite a decrease in demand in that sector. In the face of intense competition, net sales increased by 2.3% in 2008 and total consolidated revenue reached TL 6.8 billion; international sales increased by 5% to reach TL 3.4 billion. Operating profit in 2008 was TL 440 million while net profit was TL 40 million.

In addition to its leadership of the domestic market, Arçelik maintained its number three position in the European consumer durables market and the company continues to sell its products and provide its services to over 100 countries together with its international brand, Beko. Following similar moves in Romania and Russia, Arçelik started consumer durables production in China in the last month of 2007, thereby moving significantly closer to its goal of becoming one of the sector's leading companies internationally.

We are justly proud of the success of Arçelik, which serves as a locomotive for Koç Group as well as for Turkish industry.

Arçelik's successes during the year were confirmed by the various awards it received for its products, companies and corporate achievements at national and international levels. With the 143 international patent applications it made in 2007, the company moved up 35 places in the World Intellectual Property Organization's list of the top 500 companies making such applications to reach the 101 spot. Arçelik is the only Turkish company to enter this list.

Arçelik is a locomotive of Turkish industry. Advanced technologies, domestic and international investments, customer satisfaction, a sustainable development policy, environmental awareness and an innovation-oriented philosophy power the company's pursuit of its goals. Today, exploiting global developments and minimizing risks are among our main priorities. Finding growth opportunities in times of turmoil and turning problems into opportunities require that we act calmly, sensibly and wisely.

I would like to express my gratitude to our managers, dealers, service companies, suppliers and employees for their tireless efforts and to our shareholders for their support as well as to our business partners and customers.

Best Regards,

RAHMİ M. KOÇ
CHAIRMAN
ARÇELİK A.Ş.

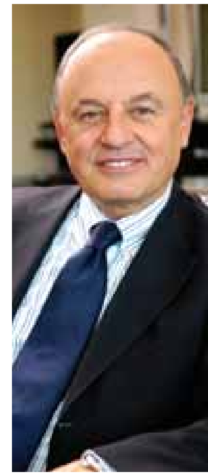
Board of Directors 2008











Rahmi M. Koç	Chairman
Dr. Bülent Bulgurlu	Vice Chairman
Robert Sonman*	Member
Mustafa V. Koç	Member
Semahat S. Arsel	Member
Temel K. Atay*	Member
M. Ömer Koç	Member
Hasan S. Subaşı	Member
A. Gündüz Özdemir	Member

* Temel K. Atay and Robert Sonman were also members of the Audit Assembly.

Audit Assembly members

Ahmet Sönmez
Serkan Özyurt

Board Members and the members of the audit assembly were elected based on the Ordinary General Assembly decision dated 3 April 2008.

Report Period: Accounting Year of 2008
Legal Title of the Partnership: Arçelik A.Ş.
Authorization limits:
a) Board Members: The authorizations and responsibilities of the Board Members are clearly outlined in the Articles of Association. The authorizations are given in more detail in the list of authorized signatures.
b) Members of the Audit Assembly: In line with the Turkish Code of Commerce, the authorizations and responsibilities of the Board Members are clearly outlined in the Articles of Association.
c) Members of the Audit Committee: These members serve in accordance with the Capital Markets Law and its related notifications.

All members are elected for a period of one year to serve in the Ordinary General Assembly that will gather with the purpose of reviewing the results of 2008.

Message from the General Manager

Esteemed shareholders, business partners and employees,

2008 exceeded expectations as a year of negative developments and serious economic and political volatility. The problems that emerged in the financial markets of developed countries in 2007 intensified in 2008 and turned into possibly the worst economic crisis in history.

This crisis, which emerged as one of confidence in the financial sector, turned into a sudden decrease in demand in the real sector as customer confidence hit all time low levels in all developed countries, making the problem deeper and more intractable.

The consumer durables and consumer electronic sectors were inevitably affected by these negative developments. There has been a serious decline in consumer demand in the North American and West European markets, which constitute almost half of the global consumer durables market and has an estimated value of $138 billion. A decline of 3-5% in West European markets was exceeded by a 10% drop in the North American market. Even though growth rates were 2 to 8% in Eastern European, Middle Eastern and African markets, a sudden decline in demand was felt towards the end of the year in these regions also, particularly in Eastern Europe.

The Turkish consumer durables market closed the year with a decline of 3.5%. The Turkish market, therefore, shrank for two years in a row, the 2008 decline following on from a 1.8% decline in 2007.

Under these challenging market conditions, we managed to increase our revenue on a TRY basis. While maintaining our leadership of the domestic market, we continued to grow in foreign markets. We compensated for the decline in the West European market, which is our main export market, by focusing more on emerging markets that have low penetration levels for consumer durables and that are close to our production plants. The share of these regions in our total revenue, which was 18% in 2007, reached 22% in 2008.

With around 4.500 authorized dealers and 600 authorized service companies, our company has the largest service network in the Turkish consumer durables market and, in 2008, our company maintained its superior position in this market with a 54% market share. In the LCD television market, our company reached a market share of 45% and reinforced its leadership of the overall television market with a share of 45.2%.

With 11 factories in four countries -Turkey, Romania, Russia and China - 32 international companies, 366 authorized international dealers and 18,000 employees, we provide goods and services to customers in more than 100 countries.

We closed 2008 with consolidated revenue of TL 6.8 billion. We obtained 50% of our total consolidated revenue from international sales and, of that, about 80% from our branded sales. We have made investments worth Euro 187 million in modernization, new model development, R&D, and company acquisitions in the past year. In January 2008, we opened the first and only tumble dryer facility of Turkey. Our business partnership with Sony, which started in 2004, took a further step forward this year with an agreement to manufacture LCD televisions for Sony at our plants. This is important indicator of the quality of our technology and production processes.

Our Beko LLC company, which produced its one millionth product in November 2008, received a Company of the Year award in Russia for being the “most rapidly developing and most dynamic company”. Beko LLC is the first Turkish company to have received such recognition in Russia. Our highly efficient production plants in Turkey, Romania, Russia and China and our high production capacity brings us cost advantages. These are reinforced by our proximity to growing markets.

With 11 factories in four countries -Turkey, Romania, Russia and China - 32 international companies, 366 authorized international dealers and 18,000 employees, we provide goods and services to customers in more than 100 countries.

Through investing in technology and R&D, our company has continuously developed its product range. In 2008, it continued to bring many unique features to its customers. Our products received important awards from many respected institutions in Turkey and abroad.

We broke new ground in developing superior products using superior technology and contributing to energy efficiency. Of particular note are our Divide&Cool: Dividable Cooling Technology (a product unique in the world for enabling four cooling units to connect to a single external unit), the New Black Orbital (the first A++ no-frost refrigerator - the lowest energy consumption in its class), and our LCD television that consumes zero energy in stand-by mode.

According to a brand survey conducted by Nielsen, Arçelik was the first brand to come to mind, the first brand to be remembered, and the brand that the consumer feels closest to for the last 10 years. In 2008, Arçelik continued its leadership in these categories. According to the results of the survey, which encompassed all sectors, two of the three most brands with the highest recall in Turkey belong to our company.

Our goal is to come out of this difficult period even stronger and to utilize the opportunities ahead.

We are determined to manage this challenging period in a cautious manner without compromising our power in the markets we operate in. Our goal is to come out of this difficult period even stronger and to utilize the opportunities ahead.

I express my most sincere gratitude to our shareholders, business partners, dealers, service companies, suppliers, customers and employers for their contribution in the success of our company in 2008 and in the future.

Best Regards,

LEVENT ÇAKIROĞLU
GENERAL MANAGER
ARÇELİK A.Ş.

Management 2008

Levent Çakıroğlu
Arçelik A.Ş. General Manager

(since August 2008)

Atilla İlbaş
Assistant General Manager - Production and Technology

(since 2005)

Dr. Fatih Kemal Ebiçlioğlu
Assistant General Manager - Finance and Accounting

(since 2005)

Şirzat Subaşı
Assistant General Manager - Turkey Marketing and Sales

(since 2003)

Management 2008

Levent Çakıroğlu	Arçelik A.Ş. General Manager
Atilla İlbaş	Assistant General Manager - Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager - Finance and Accounting
Fredrik Ulf Janson*	Assistant General Manager - International Marketing and Sales
Şirzat Subaşı	Assistant General Manager - Turkey Marketing and Sales
Ahmet İhsan Ceylan	Information Technologies Director
Ahmet Sakızlı	Product Planning and Coordination Director
Ali Tayyar	Accounting Director - Headquarters/Plants
Cemal Can Dinçer	International Sales Director - Non-European Markets
Dr. Cemil Inan	Research and Development Director
Ercüment Gülşen	Beko Sales Director
Ferhat Erçetin	Purchasing Director
Hakan Turan	Custamer Services Director
Hilmi Cem Akant	International Sales Director - Europe and Business Development
İhsan Somay	Accounting Director - Sales and Marketing
İsmail Hakkı Sağır	Product Director - Refrigerators
Koral Boro	Arçelik Sales Director
Mehmet Savaş	Product Director - Tumble Dryers and Electric Motors
Murad Şahin	Marketing Director
Mustafa Türkay Tatar	Finance Director
Nihat Bayız	Product Director-Diswashers
Salih Arslantaş	Product Director - Washing Machines
Serdar Sözeri	Logistics Director
Sibel Kesler	Budget, Reporting and Analysis Director
Şerife Füsun Ömür	Human Resources and Strategic Planning Director
Tevfik Adnan Tüfekçi	Product Director - Cooking Appliances

Companies Abroad and Affiliates

Ahmet Ercan Şenolur	Grundig Elektronik A.Ş. Assistant General Manager- Production
Brigitte Petit	Country Manager - France/Beko France S.A. General Manager
Clayton Witter	Country Manager - UK/Beko Plc General Manager
Cemal Şeref Oğuzhan Öztürk	Grundig Elektronik A.Ş. General Manager
Erkan Duysal	Grundig Elektronik A.Ş. R&D Director
Federico Mangiacotti	Country Manager - Italy/Beko Italy S.R.L. General Manager
İsmail Kürşat Coşkun	Country Manager - China/Beko Electrical Appliances Co. Ltd. General Manager
Maciej Mienik	Country Manager - Poland, Hungary, Czech Republic, Slovakia-Beko Polska General Manager Beko S.A., Beko Cesko S.R.O., Beko Magyarorszag K.F.T., Beko Slovakia S.R.O. General Manager
Monica Iavorschi	Country Manager - Romania/S.C. Arctic S.A. General Manager
Orhan Sayman	Country Manager - Spain/Beko Electronics Espana S.L. General Manager
Polat Şen	Grundig Elektronik A.Ş./Grundig Intermedia GmbH Finance and Accounting Group Director
Serdar Sözenoğlu	Country Manager - Austria/Elektra Bregenz A.G. General Manager
Şemsettin Eksert	Country Manager - Grundig/Grundig Intermedia GmbH General Manager
Rauf Candan Oğuzkan Şatıroğlu	Country Manager - Russia/Beko LLC General Manager
Zafer Üstüner	Country Manager - Germany/Beko Deutschland GmbH General Manager

*Resigned as of 13 January 2009.

REVIEW OF OPERATIONS IN 2008

Arçelik A.Ş.

Financial Results

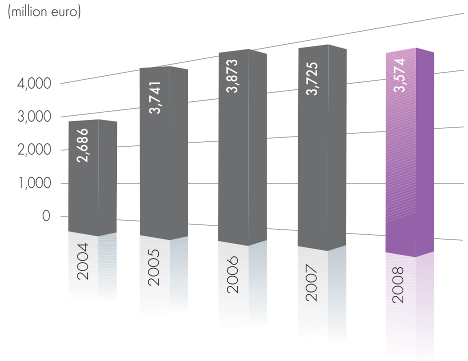
Leadership in Turkey

Arçelik A.Ş. strengthened its domestic leadership in 2008 with over 4.500 authorized dealers and over 600 authorized service agents, it closed the year with consolidated revenue of TRY6.8 billion. Under the year's challenging conditions, Arçelik A.Ş. maintained its leadership with a 54% of a market that shrunk by 3.5%. Despite the shrinking consumer durables market, the company made a profit of TRY440 million in 2008, as a result of the improvements it made. The gross profit margin was 27.6% with earnings before interest, tax, depreciation and amortization at TRY606 million. The company's net profit was TRY40 million.

Nearly one third of the company balance sheet, which reached TRY6.9 billion, consists of equity. Now totaling TRY2 billion, this equity is made up of the capital obtained from the partners and the funds created by the operations. It gives a clear indication of the company's power and the value of the shareholders behind it. By the end of 2008, Arçelik A.Ş.'s market capitalization reached Euro 385 million. As of the end of 2008, the company's total capital investment spending reached Euro187 million.

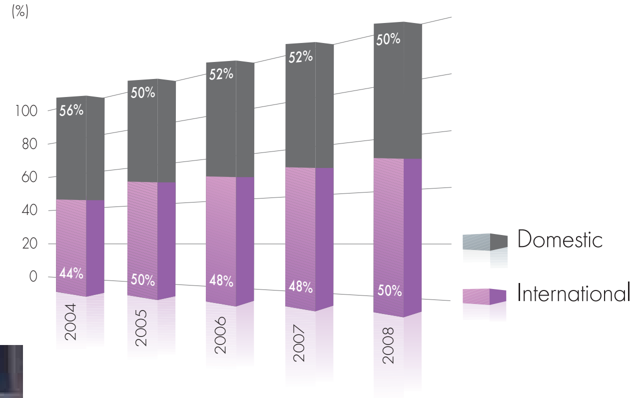
Consolidated sales revenue

(million euro)



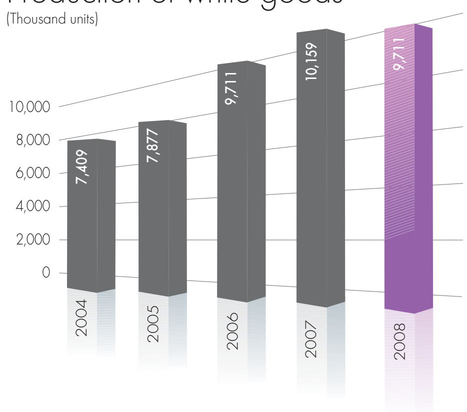
Breakdown of consolidated sales revenue

(%)

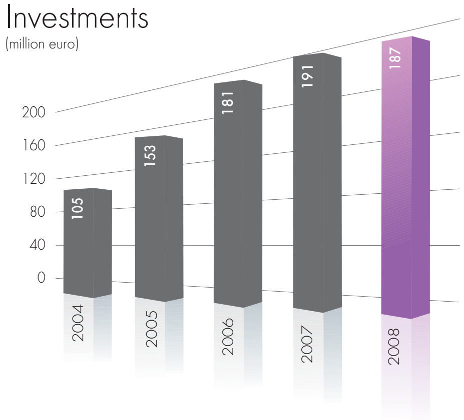


International sales have increased by an average of 12% per year for the last 5 years.

Production of white goods
(Thousand units)



Investments
(million euro)



Sustainable Growth in International Markets

Thanks to the company's rapid growth in international markets, where it competes with global giants, and in line with its strategic goals, Arçelik A.Ş. increased its growing international revenue's share in consolidated revenue to 50%, or TRY3.4 billion, thereby reaching one of its main business goals earlier than planned.

In 2008, around 78% of Arçelik A.Ş.'s international white goods sales revenue came from branded sales and the company plans to increase this share to 79% in 2009.

Strong R&D, Superior Technology

Arçelik A.Ş.'s research and development operations, which it conducts with the main business goal of developing technologies that bring added value to the consumer and differentiate the company from its competition, ensured the company's international competitiveness in 2008.

With 143 international patent applications made in 2007, Arçelik A.Ş. rose 35 places to the 101st position in the World Intellectual Property Organization's (WIPO) list of the top 500 companies for patent applications. In this regard, Arçelik left behind many of its international rivals and carried its successes in Turkey to an international level by being the first Turkish company to enter the league of patent champions. According to a European Commission report, Arçelik has reinforced Koç Holding's position as the only Turkish company among the top 1.000 global companies for R&D funding.

Thanks to R&D investments and the innovative technologies employed, around 10% of the patents created in Turkey over the last three years have been realized by Arçelik A.Ş. During this period, 45% of the international patent applications to WIPO from Turkey were made by Arçelik A.Ş. Currently, our company has 300 patented inventions and around 70 international awards.

Washing Machines

In 2008, the production of a 9kg washing machine with A+A energy and washing performance and 64 liters of tumble capacity started for the first time in Turkey. The washing machine's XL door and tumble mouth diameter of 34 cm ensures easy loading and emptying. The C2L product range which is a project for producing on a single platform, all high capacity washers was a step up to A+A category and energy and washing performance notification risk was decreased below 1%. In another project, washing machines that operate on two-phase 220 Volts/60Hz power supply and have 6 and 7 kg capacity were produced for the US market. The Shelf project, part of an effort to decrease energy consumption, achieved an energy consumption performance 30% below the A class energy consumption level. The first product of Arçelik and Bloomberg brands' New Face series was launched in 2008.

Dishwashers

Arçelik A.Ş. Dishwasher Plant's 2008 project, the 39dbA Noise Level Dishwasher project, created a world first by producing not only the quietest dishwasher ever, but also the fastest and most efficient for water consumption. The Tall-Tub Dishwasher project developed a larger capacity machine to strengthen the company's position in the US market and, in 2008, this dishwasher was redesigned for the European market. Another project in 2008 involved redesigning of the Beko One Touch Dishwasher, which is an innovative product equipped with sensor technologies developed in 2007. This dishwasher was launched in 2008 with a new look.

Cooking Appliances

Arçelik A.Ş. initiated a project entitled Barbaros Platform Built-in Ovens to bring a new look and technology to built-in ovens, to decrease their costs, and to improve production efficiency. With this project, the company's goal is to gain a foothold in the built-in oven market, which has been developing rapidly in Eastern Europe, Turkey, and Western Europe, and to manufacture compact ovens, which are currently imported.

As part of the Barbaros Platform project, all ovens are now in the A energy class. For certain models, ovens with a low noise level of 43dbA will be developed. The SURF (Surround Flow) cooking technology to be employed in 2009 will provide better cooking results compared with traditional turbo ovens, thanks to the newly developed homogenous heat diffusion concept. Cooking tests reveal that this new technology results more homogenous cooking compared with ovens using three trays.

The Knightsbridge - 90cm Rangecooker project is a new oven range with three cooking volumes and a width of 90cm. The Induction Hob project has developed the first locally designed induction hob, which is also energy efficient, with shorter cooking times, cooking pan sensing ability and lower glass surface temperatures.

Refrigerators

In these days when energy saving is more important than ever before, Arçelik A.Ş. , broke new ground in the white goods sector by producing the New Black Orbital, the first A++ no-frost refrigerator - the lowest level of energy consumption in its class. Another important project carried out by the Refrigerator Plant was "Divide & Cool", which is a novel cooling idea that has revolutionized existing cooling technology worldwide. As part of the project, the company obtained 16 new patents. The design and development of the project was carried out at the Eskişehir Refrigerator Plant. With this unique system, multiple cabinets can be cooled by a single compressor unit, which is placed outside the kitchen.

Tumble Dryers

In 2008, the company expanded its product range to meet different consumer and market demands by following market trends closely. In the tumble dryer market, high capacity, textile specific programs and shorter program times are the main features consumers are currently demanding. In line with these trends, the current model with 6kg capacity has been modified to take 7kg and it has been introduced in four models. Production of the new models started during the first half of the year. The new features include special textile programs, a mini program with a very short drying time and an easy-ironing program. During the last quarter of the year, the 7kg LCD tumble dryer project was initiated. Under this project, the customer interface was developed and the 7kg-capacity product line was aligned with the washing machine line in terms of design. Air vented and condenser dryers that meet Australion and New Zeland Standarts went into production during the first quarter of the year and tumble dryer export to the Pacific market was started. For the North American market, a dryer with 6kg capacity operating on two-phase 220 Volt/60 Hz has been developed. The project was started by the third quarter of the year in cooperation with the Washing Machine Manufacturing Plant. With this UL approved product, we have made our first tumble dryer export to the North American market, which is the largest tumble dryer market in the world.

Consumer Electronics

As part of the Energy Efficiency Initiative in Turkey, products that consume 50% less energy and featuring zero energy in stand-by mode have been developed and these products have recently been launched and promoted in Turkey. While saving energy is the most important aspect of environmental awareness, supporting product features have also been emphasized with the introduction of new line of energy efficient products. We have recently adopted a new manufacturing system that uses a single platform to manufacture multiple models by utilizing flexible molds that can be added to and removed from the main assembly line as desired. This new system brings down manufacturing and investment costs.

Our company achieved two important world firsts in the television sector in 2008 as part of its drive to differentiate its product line from that of the competition and to improve its global competitive power through its R&D efforts. One of these firsts is the Zero-Standby Power television, which consumes zero energy in stand-by mode, and the other is a television with a sound projector. These products drew great appreciation from consumers at the IFA exhibition in 2008. Also, the Zero-Standby Power television won the Innovative Product Award in the Large Corporation category at the TESİD 2008 Innovation and Creativity Awards.

Throughout 2008, our company continued its R&D projects conducted in partnership with universities. Scientists from the Middle East Technical University, Bosporus University, and Twente University, in the Netherlands, were involved in our projects either directly or as consultants. In addition to Turkish academic institutions, our company conducted R&D projects in cooperation with similar institutions abroad. In these projects, our company worked in partnership with local and international companies. As part of these R&D efforts, our company collaborates with various companies developing software, systems and products, or undertaking product certification and approvals in Turkey, Europe, America or Asia.

Global Brands

Arçelik A.Ş. continued its steady international markets growth with its international brand, Beko. Despite shrinking world markets, Beko reinforced its position in West European markets while its market share in East European markets increased by 17% in six main white goods segments, with refrigerators, freezers, washing machines, tumble dryers, dishwashers and ovens being the main ones. In 2008, in the UK, Europe's leading white goods market, Beko achieved a 12.5% market share in refrigerators and an 8% market share in the washing machine and oven segments. Overall, the brand reinforced its position among the leading brands in this market and, thanks to the high sales volume it achieved in all main product segments, it is among the top three white goods brands.

Beko's European achievements are not limited to the UK:

- With a market share of over 8% in the Belgian refrigerator segment, Beko is among the top three brands in that country.
- In France, Beko was the most rapidly growing brand and increased its market share by over 20% compared with its share in 2007.
- In Poland, the company's market share in the front-loaded washing machine segment reached 10% and, thanks to steady brand investment and brand communication efforts, Beko's brand awareness almost tripled over that of the previous two years.
- In Russia, Beko reached a market share of over 6% in the washing machine segment and its market share in the refrigerators segment in that country almost doubled compared with last year's share, to exceeded 5%. In terms of the total white goods category, consisting of six main segments, Beko is among the top five brands.
- In Ukraine, Beko is among the top five brands in the dishwasher and oven segments, with market shares of 8% and 7%, respectively.
- Beko is the market leader in Lithuania with a 16% market share in the white goods segment. In the same country, thanks to intensive marketing efforts, brand awareness has reached 90% and Beko is the first brand to come to consumers' minds when reminded of the white goods segment.
- Beko is among the top five brands in Croatia, with over 6% of the market.
- In Romania, Beko is among the top five brands with a 7% market share in refrigerators and a 5% share in the ovens segment. It ranks among the top five brands in the total main product segments.
- Beko has been growing in the Middle East, Africa and the CIS markets. It is the first brand to be remembered in the durables category in Azerbaijan, where brand awareness has reached 95%.
- With a 7% market share in the Israeli white goods category, which consists of six main product segments, Beko is among the top five brands.
- In Algeria, with a market share of over 14% in the refrigerators segment, Beko is among the top three brands and Beko brand awareness in Algeria has reached 95%.

Arctic, Romania's only refrigerator producer, is the strongest brand in that country with a brand awareness of 99% and, with a market share of over 31%, it is the market leader. Today, 80% of Romanian households have at least one Arctic brand product and on average one Arctic product is sold every minute.

As regards Grundig branded products, LCD television sales in Germany, which is the main market, increased by 48% in terms of number of units sold in 2008 and, thanks to the small household appliances and personal care products segments, sales and profitability have almost doubled. Grundig brand has started to enter the African, Middle Eastern and CIS markets, where the brand had no activity previously.

In 2006, Arçelik A.Ş.'s Blomberg brand was selected as the Super Brand in Denmark and the current level of awareness of this brand in this country is around 93%. In Israel, Blomberg controls 15% of the dishwasher market. It is also among the top three brands in the USA in combi refrigerator market. In Morocco and Iran, the brand launch of Blomberg was carried out in 2008 and in Russia, the smarTouch dishwasher was launched.

Arçelik's world wide invention

DIVIDE &COOL


UNDER BENCH REFRIGERATOR


UNDERBENCH FREEZER


ONE-DOOR REFRIGERATOR


WINE RACK

Fissile coolant technology

Under bench refrigerator, under bench freezer, one-door refrigerator and wine rack. That is to say, it is either a drawer refrigerator or a freezer cabinet, as you wish. Because Arçelik is innovation, innovation is Arçelik.

arçelik

444 0 888 www.divideandcool.com

Koç

2008 Innovative Products and Firsts

Arctic provides additional services to its customers and launched the "Arctic. For You" platform

Arctic, the Romanian white goods market leader, introduced the "Arctic. For You" platform, which provides additional services to its customers and business partners. This program made Arctic the first company to provide an expert line for customers, namely the "Arctic Expert Line". The "Arctic Expert Line" provides before and after-sales support to customers in the domestic market. The "Arctic. For you" program covers the "Arctic Expert Line", promotional brochures and interactive materials for special stores, educational material to assist the customers in using products, and a special website aimed at business partners.

Beko LLC is selected as the company of the year in Russia.

Beko LLC, Arçelik A.Ş.'s affiliate in Russia, won the top award in the category of the Most Rapidly Developing and Most Dynamic Company in the annual Company of the Year contest organized by RosBusinessConsulting (RBC), the organizer and representative of the Effie awards given by one of Russia's leading newspapers and that sets the direction of the advertising sector in that country. Five years after its Russian operations started, Beko LLC produced its one millionth product and became the first Turkish company to receive the Company of the Year award in Russia.

Beko Washed Shanghai

Beko products are sold in over 100 countries all over the world and China is one of its main markets. To promote Beko in the Chinese market and increase brand awareness, Arçelik A.Ş. organized Beko Washes Shanghai, which allowed participants to have their clothes washed for free. The people of Shanghai showed great interest in the event, held in Zhong Shan Park in November 2008. The campaign was not limited to Zhong Shan Park and reached 300.000 participants, including those coming from 12 different districts of Shanghai. With a giant Beko washing machine placed in the event area, the goal was to reinforce the concept "Beko = washing clothes" in the minds of consumers. The event gained great interest from the press as well and during the whole campaign, brand awareness of Beko increased by 93%.

Arçelik started a new era with Divide & Cool

Arçelik started a new era in the kitchen with its Divide&Cool (DAC): Dividable Cooling Technology, a first in the world for its feature of connecting four cooling cabinets to a single external unit. DAC consists of independent cooling cabinets of various sizes that are all fed by a single compressor. The cooling units can be mounted at any location in the kitchen, independent of each other. As a result, a drawer can serve as a deep freezer while a closet can serve as a refrigerator. The wine cooler, one of the DAC cooling cabinets that has a zero-vibration feature, is a world-class innovation. The VCC compressor in the DAC produces much less noise compared with three similar compressors and it consumes 30% less energy compared with regular compressors. Because each cooling unit operates separately, DAC minimizes the heat loss that occurs when a lid or door is opened and, because the heat and noise produced by the compressor is outside the house, the climate and quiet of the kitchen is maintained.

The New Black Orbital: the world's first A++ no-frost refrigerator

Arçelik A.Ş. broke new ground in the white goods sector with the New Black Orbital, the world's first A++ no-frost refrigerator which also has the lowest energy consumption in its class. The New Black Orbital No-Frost Refrigerator brings a new dimension to the white goods segment and it is notable for its extraordinary design and superior technological features. The New Black Orbital, the world's first A++ no-frost refrigerator in the Tropical category, consumes half the energy of other products in the same class, allowing it to consume in two years what other refrigerators consume in one. Among the superior technological features offered by the New Black Orbital is the 'silence' feature. The New Black Orbital reduces the noise level of existing refrigerators from about 43dBA to 40dBA. The use of R600a, an environmental friendly cooling gas with superior features, is also noteworthy.

Technology and art goes hand in hand in Arçelik Artcool frame air conditions

Arçelik A.Ş. added the Artcool Frame line of air conditioners to the existing neo-plasma air cleaning system and A energy class products with improved heating performance. As the leader of Turkish air-conditioner sector, Arçelik A.Ş. continues to make a difference. Just as with mainline white goods products, Arçelik is the first in Turkey to launch A energy class products and, with the Artcool Frame line of air conditioners, the company brings energy savings to consumer and enables them to personalize their air-conditioners with any pictures they choose for the front panel of the device.

Beko washing machine handles a 9kg wash in 45 minutes.

In September 2008, Arçelik A.Ş. offered its customers the highest capacity possible in standard-sized machines with its 9kg capacity washing machine. This Beko machine also saves time by washing a 9kg slightly soiled load in 45 minutes. With a drawer in its base, this machine also saves space and, with an A+ energy rating, it saves energy. In addition to these, its XL 34cm door, standard on Beko's 8 and 9kg washing machines, makes it much easier to load large items such as quilts or blankets.

A TV that consumes zero energy in standby mode

Televisions with Zero-Standby technology, developed by Grundig Elektronik A.Ş., consume zero energy in stand-by mode, saving money for the customer and energy for the country, and adding to its status as an environmentally-friendly product manufactured with sensitive use of natural resources.

This line of LCD televisions is the first in the world to utilize this feature, which was developed by Grundig Elektronik's experienced R&D team, and it ensures these appliances are the most energy frugal on the market. A standard LCD television consumes two watts an hour in stand-by mode. Energy conservation was enhanced by reducing the standby energy consumption of standard LCD televisions for two watts to zero.

Exclusive Shops

Arçelik A.Ş.'s authorized dealer network is one of its main building blocks of success which the company replicates in markets abroad. The Exclusive Shops system through which Beko branded products are sold is growing steadily in markets abroad. Thanks to its extensive network of sales offices and distributors abroad, Arçelik A.Ş. has been growing consistently in markets abroad, with Eastern Europe, the Baltic countries and the CIS being the main regions. Arçelik A.Ş. has opened over 350 stores abroad up to the present. The goal is to increase the number of these special stores to 500 by 2010 over territory that ranges from Bosnia to Mongolia and from China to Algeria.

A Beko-Blomberg-Grundig Grand Store Opening in Azerbaijan

Arçelik A.Ş. has been operating in Azerbaijan with its Beko brand since 2002 and, in October 2008, the company opened two large stores selling Beko, Blomberg, and Grundig products.

In December 2008, Arçelik A.Ş. opened the first Beko Center (Beko sales, service and logistics center) in partnership with Omega, its distributor in Bosnia Herzegovina. With the Beko Center, Arçelik A.Ş. added a new store to its chain of Exclusive Shops, strengthening the company's service and logistics platform. This center allows Arçelik A.Ş. to bring its Beko, Blomberg and Grundig products to Bosnia Herzegovinian consumers.

Furniture, Kitchens and Built-in Product Range

Furniture

Since the day it was founded, Arçelik A.Ş.'s goal has been to offer its customers products that enrich and ease their lives. With the goal of developing products and services that enhance household comfort, the company also focuses on complementary business areas as part of its growth strategy. In this regard, the company offers a wide range of products from furniture to computers, from bedroom furniture to small home appliances.

In 2008, to support white good sales more Arstil Furniture stores were opened in various parts of Turkey. In 2009, the company plans to expand its network of stores, which has grown from 65 at the end of 2008 to 90 in 2009. One hundred Arstil corners will also be created in Arçelik and Beko stores.

Kitchens

Arçelik Kitchen made agreements with the German kitchen furniture manufacturer Nolte Küchen in 2001 and with the Italian Spagnol Cucine Company in 2003 and started operations in the modular kitchen sector. Arçelik Kitchen has 16 showrooms in Turkey and the Turkish Republic of Northern Cyprus. Arçelik Kitchen carries out retail and wholesale activities and the product range includes 10,000 modulations and 45 door types manufactured from lacquer, PVC or wood for each brand and around 30 color options. The fitting and after-sales service are carried out by Arçelik Consumer Services. The rapid growth of the Turkish construction sector in recent years has caused the demand for modular kitchen products to increase. Thanks to prestigious projects completed during the last two years, kitchen sales have reached 8,000 units per year. The main goal of the company is to make use of Arçelik built-in products' power and to create a synergy in terms of sales.

Built-in products market

Arçelik A.Ş. is Turkey's first built-in kitchen appliances producer and it is also the leader of the built-in kitchen appliances market. The company continues to make a difference in the sector thanks to its built-in appliance lines with striking designs employing superior technology.
The company had previously manufactured the Inox built-in dishwasher, large side-by-side refrigerator, 70 and 84cm-wide refrigerators. Recently, the company developed a feature called Inox that prevents finger marks on the extractor hood, which is a first in the built-in appliances sector in Turkey. Also in 2008, the company added Divide&Cool (DAC): Dividable Cooling Technology to its product range.

With intelligent products and over 180 models, Arçelik A.Ş. makes a difference to the built-in appliances segment thanks to superior technology and the convenience the products grant the consumer. Induction hobs with extra safety features manufactured for the first time by Arçelik A.Ş. in Turkey, self-cleaning pyroliytic ovens that offer 36 ready-food menus, the most silent extractor hoods in their class, and built-in ovens that can be used as regular ovens or microwave ovens, offer consumers very special solutions thanks to the technologies employed.

In 2008, Arçelik A.Ş. sold 427.000 units in the domestic market and, thanks to the superior quality of its products and the most effective and widespread after-sales and fitting service in Turkey, the company daily reinforces its leadership of the built-in appliances market. Increasing corporate sales also reinforces the company's position in the built-in appliances market as a whole.

The company aims to meet newly emerging demand in foreign markets, in addition to responding to the domestic market. In this regard, it has completed major investments in built-in products and developed innovative products to meet customer needs abroad. With this huge built-in appliances investment, Arçelik A.Ş. has proven that it is a big player in the built-in products category, just as it is in the free-standing products category. In the short term, the goal is to increase built-in appliances sales in the West and East European markets and in other markets where the construction sector is developing rapidly. In order to meet customer needs evolving with developments in the kitchen sector, Arçelik A.Ş. has also started cooperating with international and local kitchen producers.

Brands

Strong global brands

arçelik

Leading brand in the Turkish household appliances market

Innovative and advanced technology
The first brand that comes to mind in Turkey*

Extensive product range including household appliances, built-in products, electronic products, air-conditioners, ready-made kitchens, and small appliances

The strongest sales and after-sales service network in Turkey

*Nielsen Research, 2007

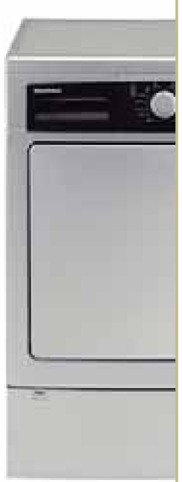
BEKO

A brand that provides smart solutions to the needs of a wide range of consumers in international markets with freestanding and built-in household appliances, small household appliances, air conditioners and electronic products and improves the quaility of life.

A strong position in the Turkish market with an extensive range of high-tech CE and IT products.

Turkey's second largest brand in the household appliances and electronics market.

"A World Brand" slogan highly recognized by the Turkish consumers



Blomberg

Free-standing and built-in household appliances combining advanced technology with German design

Product range designed by the celebrated Frog Design office

Branded products sold in 50 countries in 2008, ranging from the US to China

arctic

Largest local brand and market leader in Romania with a market share of 31% and with a constant domination on the refrigerators' segment, exceeding 40% market share

Strongest brand in Romania with a 99% brand-recognition rate

The only cooling appliances producer in Romania

Extensive product range including cooling appliances, washing machines, ovens, hoods, vacuum cleaners and TV sets

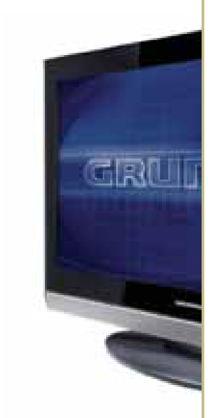
1.2 million units manufactured in 2008 at the Gaesti plant near Bucharest

ALTUS

A budget brand.

Product range composed of static and frost-free refrigerators, washing machines, dishwashers, ovens, vacuum cleaners, air-conditioners, TV sets and small appliances

Capable of reaching consumers through diverse channels including supermarkets, hypermarkets, retailers selling various brands and wholesalers



GRUNDIG

The electronic brand with high awareness in Turkey and Western Europe

Product line consisting of consumer electronics and personal care products

FLAVEL

A household appliance brand in the UK and Irish markets

Free-standing and built-in models offering economical solutions to consumers

elektrabregenz

114-year-old Austrian brand

One of the best known household appliances brands in Austria, with an 89% brand-recognition rate in 2005

Complete product range including freestanding, built-in household appliances and water heaters

Presence in all sales channels in Austria

Wide perception among consumers as a creative and technologically superior brand, confirmed by numerous awards

LEISURE

A traditional brand in the British free-standing cooker market

Providing traditional or contemporary design range cookers in gas, electric or dual-fuel models, hobs and integrated appliances.

arstil mobilya

The furniture brand with a 35% growth rate in the panel, living room furniture and bed frame categories in 2008

After three years experience in the Turkish Republic of Northern Cyprus, three new stores in Azerbaijan in 2008

A wide variety of panel furniture, bed frames and home textile produced with materials sensitive to human health at the world-wide standards

Follows the latest trends in furniture and applies them in the most appropriate style to the local Turkish market; positions products according to Arçelik's consumer profiles, and is a brand that carries Arçelik's after service guarantee to the furniture sector. A leader in developing a distinctive style through its "Increase the quality of life in Turkish homes" slogan

Awards and Achievements

Arçelik awarded for its commitment to quality

1997 TÜSİAD - KalDer National Quality Grand Prize

1998 TÜSİAD, TÜBİTAK and T.T.G.V. First Technology Grand Prize
Quality Grand Prize in the EFQM KOBİ category (Beko)
National Quality Grand Prize (Beko)

1999 Second Technology Grand Prize

2000 EFQM Prize Winner Award

2002 Washing Machine Plant - TPM Excellence Award

2003 The Most Successful Cogeneration Establishment award for Washing Machine and Refrigerator Plants - Turkish CogenerationSociety
The Banker, a magazine of financial Times, selects Arçelik A.Ş. "The Best Turkish Company"

2004 Blomberg refrigerator - the Most Energy Saving Refrigerator award by the European Commission
Blomberg washing machine - Design Award in the Plus X competition
Washing Machine Plant - TPM Continuous Excellence Award
Eskişehir Plant -TPM Excellence Award
Arçelik Telve/Beko Keyf - iF Design Award
The Beko dishwasher was recommended by the British state organization, Energy Saving Trust, for exhibiting superior performance in the field of efficient energy utilization.
The Beko dishwasher was selected as one of the best models in the German market, by "Stiftung Warentest", the most prestigious consumer magazine in Germany.

2005 Blomberg dishwasher - Red Dot Design Award
Blomberg heat pump dryer - Eco Top Ten Energy Award
Blomberg and Elektrabregenz dishwasher and dryer - six awards in two categories in the 2005 Plus X competition
Electric Motors Plant - TPM Excellence Award
Dishwasher Plant - TPM Excellence Award

2006 First prize in the first-ever TPI-Patent League Awards organized by the Turkish Patent Institute
Elektra Bregenz refrigerators and built-in ovens won five awards in the 2006 Plus X competition
Blomberg combi refrigerators and built-in pyrolytic ovens won four awards in the 2006 Plus X competition
The Eskişehir Refrigerator Plant received a TPM Continuous Excellence Award
The Romania Arctic Cooling Appliances Plant received a TPM Excellence Award
The tumble dryer with heat pump developed by Blomberg, an affiliate of Arçelik A.Ş., was selected as the "most recommended product" in the June edition of Test Achats/Test-Aankoop, a periodical published by the Belgian Consumers' Association.

2007

Beko's WMD 57162, the "World's Quickest Washing Machine", captured first place in the Ecology category at the annual Plus X awards, the most prestigious technology competition in Europe.

Leaving leading European brands trailing, Beko's DFN 2520S dishwasher was chosen by Test Achats/Test-Aankoop, published by the Belgian Consumers Association as the most recommended product.

Elektrabregenz's model SBS 4000 side-by-side refrigerator won an award in the Ecology category at the 2007 Plus X competition. Elektrabregenz products were also awarded various prizes in the 2005 and 2006 Plus X competitions.

Arçelik was awarded first prize in the research among 'Innovation Leaders of Turkey' study, sponsored by Capital Business Magazine in partnership with IBM.

Arçelik Call Center won first prize in Best Technology Usage category in the 2nd Istanbul Call Center Awards Ceremony at the 3rd Istanbul Call Center Conference & Fair held by IMI Conferences.

Blomberg WAF 7340 washing machine was selected as the "most recommended product" by the trusted German consumer magazine Stiftung Warentest, in an evaluation including washing machines marketed by 11 leading international white goods brands. The machine received a "good" score particularly for its electricity and water consumption, its performance and quality.

The November issue of the renowned French consumer magazine Que Choisir, in tests involving 11 leading international brands, selected Beko's DFN 6831 S dishwasher for its "Best Product award" due to its excellent price-performance ratio.

2007

Koç Holding recognized Arçelik A.Ş. with its Most Successful Activity award for its participation in the annual For My Country project, sponsored by the Turkish Maritime Environment Protection Agency (Turmepa), in which all Koç Group companies participate every May to highlight the need for environmental awareness.

Arçelik A.Ş. was selected "Exporter of the Year" in the annual Best Performers in the Business World competition sponsored by CNBC-e, in recognition of the company's entrepreneurship, innovation and success.

Arçelik A.Ş. and Beko Elektronik A.Ş. won awards for being among the top ten companies in Turkey in the annual ceremony organized by Capital magazine to announce the results of The Accountability Rating, a study conducted around the world since 2004 and for the first time in Turkey in 2007.

Blomberg's Q line washing machines and logitronic dishwashers were approved by the internationally respected German VDE Institution for their superior performance. In doing so, Blomberg became the first brand to receive VDE approval for both dishwashers and washing machines.

With its 192 patent applications in 2007, Arçelik was honored as the company with the highest number of patent applications last year at the second annual TPE-Patent League Awards, sponsored by the Turkish Patent Institute.

At the International CES, the world's largest annual trade show for consumer technology, Arçelik won the 2008 Design and Innovation award in the Video Display Products category with its Beko Piano Series 100 Hz LCD television, designed and produced in 2007.

42" Piano Series 100 Hz LCD television designed and produced in 2007 was honored by capturing the Best Design Award in the iF Design 2008 competition, one of the world's largest and most prestigious events of its kind.

As a result of audits conducted in certain parts of the world by a committee of the United Nations Industrial Development Organization and made up of China and foreign representatives, Koç Group's leading company in the consumer durables sector, Arçelik A.Ş. garnered China's Most Competitive Company award.

2008

Beko WMD 66100 and WMD 77105 model washing machines were awarded the 6A certificate, one of the most important certificates given by the China Electrical Appliances Research Institute, which is important given that China is the fastest developing market in the world.

Topten (www.topten.info), a search engine established by the leading environment and consumer organizations of Europe that compares the energy efficiency of various products, chose the Beko CSE 34040 and Beko FSE 27330 models as the most energy efficient products in the double-door refrigerator and freezers categories.

Arçelik A.Ş.'s Blomberg brand was selected as the "most recommended product" in a comparative review of built-in dishwashers made by 13 leading international brands and conducted by the leading Canadian consumer magazine, Protegez-vous. Blomberg was selected in particular for its ease of use.

With 143 patent applications, Arçelik A.Ş., is the patent champion of Turkey. It moved up 35 places in the list to 101st place in the World Intellectual Property Organization's list of the top 500 companies for patent applications. Arçelik is the only Turkish company in the list.

Arçelik was given the Science Special Award in the category of Companies Contributing to Science organized by Popüler Bilim magazine.

A Nielsen Brand Survey in 2007 found Arçelik to be the "first brand to come to mind", "first brand to be remembered" and "brand that the consumer feels closest to".

A review by an independent jury of the most select designers in the world using criteria such as aesthetics, innovation, functionality, ergonomics, product quality, and environmental sensitivity awarded the Beko BKS 2520 Kanguru vacuum cleaner the Red Dot design award for 2008 in the category of product design for its combination of unique design and technology.

Arçelik A.Ş. was selected as the "company that set customer satisfaction as a company goal" in the "Traditional Customer Awards" contest organized in seven categories by the Ministry of Industry and Commerce since 1997. Arçelik A.Ş.'s success was based on its practices and implementations in 2007.

2008

Blomberg GVN 1380 built-in dishwasher was given a "good" score in the April issue of the leading German consumer magazine, Stiftung Warentest, in a review based on a series of tests carried out on eight international white good brands. Pricing and performance were the deciding factors.

The Technology Development Foundation of Turkey gave awards to one graduate level and one PhD level thesis project, prepared as part of the cooperation effort between universities and industry under Arçelik A.Ş. R&D department's management. The awards were made through the Foundation's contest, the Dr. Akın Çakmakçı: Success Stories of Thesis Projects Implemented by Industry, which aims to improve cooperation between universities and industry and encourage commercialization of R&D projects.

A television commercial for a Beko refrigerator garnered Beko S.A., Arçelik A.Ş.'s sales and marketing company in Poland, the Golden Idea for being the best television commercial in the Service category of the Idea Awards Advertising Contest, organized this year for the 17th time.

In the world famous Plus X contest, Beko garnered an award in the Ergonomics category for its BUDL 700 HCA model cooler. The company was given two other awards in the Design and Ease of Use categories for its DNE 65500 DPX model refrigerator.

Arçelik A.Ş.'s Beko brand was given the General Directorate of Youth and Sports award in the Sport Events Sponsorship category in a review of sponsorship projects carried out in 2007.

Elektrabregenz won the Ease of Use and Design awards with its GSF 7100 C Single Button washing machine and two separate ecology awards with its Solo-Kombi KFS 1443 C and WAF 7260 washing machine in the 5th Plus X contest.

Thanks to its innovative structure and R&D investments, Arçelik A.Ş. was ranked second among the private institutions that contribute to the Scientific Publications Map of Turkey, as prepared by TÜBİTAK National Academic Network and Information Center.

2008

Arçelik A.Ş. received awards in seven categories for its 2007 export performance and became the company with the highest number of awards at the 2007 Stars of Our Exports ceremony organized by the General Secretariat of the Istanbul Mineral and Metal Exporter's Association. Arçelik A.Ş. was ranked third among the Association's member companies with the highest level of exports.

Arçelik A.Ş. won the Golden Award with its 2007 Annual Report in a contest organized by the USA-based League of American Communication Professionals, which reviews the communication performances of international companies.

Leaving behind many of their white good competitors, Beko's under-counter freezer ZA630 and chest freezer CF392 models were selected as "the most recommended" products by Which?, the famous British consumer magazine, for their performance in terms of cost, freezing capacity, insulation, ease of use, loading flexibility, and reliability.

Arçelik Call Center won two awards in the Best Call Center and Best Call Center Environment categories in the 2008 Istanbul Call Center Awards, organized by IMI Conferences, which brings together organizations from the call center sector.

Arçelik A.Ş. won the Turquality Design Award for its Divide and Cool Cooling System and the Superior Design Award for the Side by Side Refrigerator and Kanguru Vacuum Cleaner in the Design Turkey Industrial Awards.

Beko LLC, Arçelik A.Ş's affiliate in Russia, was awarded for being the "most rapidly developing and most dynamic company" in the annual Company of the Year awards organized by RosBusinessConsulting in Russia. Beko LLC became the first company to receive a Company of the Year Award in Russia.

Arçelik's New Black Orbital 5088 NF refrigerator won the "Most Efficient Product" category award in the Energy Efficiency in Industry contest organized in 2008 for the ninth time by the General Directorate of Electrical Power Resources Survey and the Development Administration of the Ministry of Energy and Natural Resources.

product
design
award

Production Plants

High capacity production facilities

Refrigerator Plant - Eskişehir

With an annual production quantity close to 2.5 million units, the Refrigerator Plant maintained its position as the highest capacity, single-campus plant in Europe in 2008. The world's largest refrigerator plant under a single roof, it exports 69% of its output to more than seventy-five countries.

The Plant demonstrated its technological superiority through the design and production of Europe's most energy-efficient refrigerator in 2004.

As a result of energy-saving projects, the first no-frost refrigerator in the A++ energy class was designed and manufactured at this plant. The New Black Orbital, which consumes the smallest amount of energy in its class, utilizes six patents belonging to Arçelik. This product won the award in the Most Efficient Product category of the Energy Efficiency in Industry contest organized by the General Directorate of Electrical Power Resources Survey and Development Administration of the Ministry of Energy and Natural Resources. Ninety-three percent of this plant's product range is in energy classes A and above and 27% in the A+ or A++ range.

The plant received a TPM Continuous Excellence Award in 2006, confirming the TPM Excellence Award it received in 2004.

With Divide & Cool (DAC): Dividable Cooling Technology launched in 2007, the company developed a new cooling system that revolutionized the existing refrigerator cooling system and the innovative applications of this new technology have been secured by 16 patents. With Dividable Cooling Technology, a cooling system that is vastly different from conventional systems has been developed. The users have multiple cooling cabinets working off of a single external cooling unit. This system provides various advantages to consumers, such as modularity, silence and energy efficiency. The DAC concept offers the consumer 8 different built-in cabinets, up to 4 of which can be combined together.

For its Beko 84cm no-frost model, the plant received Ease of Use and Design awards and, for the Beko drawer-type refrigerator, it received the Ergonomics award in the 2008 Plus X contest. As a result of projects conducted to develop innovative and user-friendly solutions, the number of patent applications in hand rose by 28 from 216 to 244 in 2008.

Refrigerator Plant
Eskişehir

Washing Machine Plant - Tuzla, Istanbul

With 2,2 million washing machines produced in 2008, the plant has the highest capacity in Europe for front-loaded automatic washing machines. In 2008, 69% of total production was exported to over 95 countries.

The plant implements TPM and Six Sigma concepts to its technologies and has garnered TPM Excellence and TPM Continuous Excellence awards.

In 2008, with the C2L manufacturing platform, in addition to the washing machine with 5,6,7 and 8 kg capacity, the newest model with 64 liter drum volume and 34 cm diameter XL door is the first 9 kg model in Turkey with A+A energy rating and excellent ease of loading and unloading.

In the total product range of C2L platform washing machines, A+A energy rating declaration has been completed in 2008.

The Shelf project, which aims to decrease energy consumption, has achieved a reduction in energy consumption of 30% in the A class energy declaration.

Washing machines operating on a two-phase 220 Volt/60 Hz cycle that have 6 and 7 kg capacities have been produced for the US market. Additionally, In 2008, The first production of Arçelik and Blomberg new face project has been completed.

Washing Machine Plant
Tuzla, Istanbul

Cooking Appliances Plant - Bolu

During the previous year, this plant increased its production capacity to 2,5 million ovens per year, making it the highest capacity, single location plant for these products in Europe. In 2008, 79% of production was exported to various European companies with the UK, Russia and France being the main destinations.

The plant has reinforced its competitive power in foreign markets with various innovative products it has recently added to its product range in the rapidly growing built-in oven and hob categories. These products include the 90cm Range Cooker with three cavities that can cook four trays of food in one cavity and eight trays of food simultaneously, the induction hob, which is a first in Turkey, that can sense the cooking pan on the hob, and the Barbaros Built-in Oven, the quietest product in its category with a 43dbA noise level, that only consumes 720 Wh energy with 65lt internal volume.

The built-in oven it launched under the Beko brand landed the plant an iF Design award.

The 90cm Range Cooker design gained the British Good Housekeeping Institute's performance approval.

Dishwasher Plant - Ankara

The Dishwasher Plant in Ankara, which proved its effectiveness in 2005 by winning a TPM Excellence Award, continues operations with the goal of attaining "Continuous Excellence" and improving its competitiveness through a flexible production structure. Having approached full capacity in 2007, the plant benefited from investment in 2008 that allowed it to increase its capacity to 1.6 million dishwashers a year. Its efforts to produce Best Buy products for European countries have continued.

In 2005, this facility produced Arçelik's Ecologist model, the world's most water-efficient dishwasher with a Level-A performance. The following year, in 2006, the company added to this distinction by producing the fastest dishwasher in the world which washes in the shortest period of time. It continued inventing and producing, ultimately launching in 2007 what has become known as the 'world's most intelligent dishwasher' its One-Touch model.

In 2008, the 39dbA Noise Level Dishwasher project yielded the quietest dishwasher in the world. This product has unique features such as consuming the least amount of water possible. It is also the fastest dishwasher and thus is a global first. A dishwasher with a large internal volume developed for the US market, has been redesigned for the European market. The Single Button Controlled Dishwasher equipped with sensor technologies has been reengineered for Beko and launched with a new look.

Every year new features that bring additional ease of use to consumers are added to the products manufactured at the Dishwasher plant, and the aesthetic and technological development of products continues at full throttle. As a result of this effort, the German Stiwa-Test magazine and the Israeli Newspaper pronounced products manufactured at this facility as "test good" and "one of the best dishwashers" in 2008. The Single Button Controlled Dishwasher launched by the end of 2007, was given the design award by Plus X, Germany, in 2008.

Cooking Appliances Plant
Bolu

Dishwasher Plant
Ankara

Electric Motors Plant - Çerkezköy, Tekirdağ

In 2008, 7.9 million electric motors for white goods and 516,000 industrial electric motors were produced at this plant. The plant also produced 42,000 Turkish coffee makers in the same year.

Following on from the TPM Excellence Award it received in 2005, the plant also gained the TPM Continuity Award in 2008.

The Compressor Plant - Eskişehir

The compressor plant produced 2.2 million compressors in 2008 for the refrigerator plants in Eskişehir and Russia and for the cooling appliances plants in Romania. Since its establishment, it has produced over 38 million compressors for domestic and international markets.

The plant, utilizing superior production technology and international standards of quality, continues to develop its competitive advantage everyday thanks to its flexible production system and to its implementation of TPM and Six Sigma Methodologies to decrease costs and improve quality and production processes.

The MTS compressor line, which started operations in 2007, was expanded in 2008 in response to market requirements. No-frost and single door refrigerators with large internal volumes were also added to the product line. Product design and development and investment continue a pace to maintain the technological advantage already gained with the MTS models in the midi series and to carry this advantage to the mini compressor series as well.

Tumble Dryer and Electric Motors Plant.
Çerkezköy, Tekirdağ

Tumble Dryer Plant - Çerkezköy, Tekirdağ

Arçelik A.Ş.'s Tumble Dryer Plant, the only such plant in Turkey, is a large two-story facility situated on a 75,000 m2 plot in the Çerkezköy Organized Industrial Zone, has a total indoor production area of 28,000 m2 and an annual production capacity of 400,000 units. In 2008, the plant manufactured 318,000 tumble dryers, 53,000 of which were for the domestic market, and it achieved a 24% increase in output compared with 2007. The facility, which produces models with flues, condensers and heat pumps, is currently producing tumble dryers that are the most energy aware in Europe in the condensation segment.

With this product, the Tumble Dryer Plant has won Eco Top Ten and Plus X 2005 - Innovation awards. It has also been chosen as the Best Tumble Dryer by leading consumer magazines in Germany and Belgium. Responding to the increased market demand for high capacity products, the plant began to produce 7 kg capacity models in 2008. The plant also started manufacturing tumble dryers compatible with UL standards for the North American market and others compatible with AU/NZ standards for the Pacific market.

Arctic Cooling Appliances Plant - Gaesti, Romania

The position of Arctic in the market was consolidated with major investments following its acquisition by Arçelik in 2002. This enabled Arctic to increase exports to over 60% of its output, placing the company on a upward trend during the past years.

At the same time, Arctic consolidated its market leadership, owning at present a share of 31%. Arctic is now the largest household appliances player in Romania and the strongest local brand. Arctic Gaesti was the first Romanian plant to receive a TPM Excellence Award. Having completed its transition towards production of the same product line as the Eskişehir Refrigerator Plant, Arctic has added No Frost products to its innovative portfolio. Using TPM production technologies extensively and benefiting of technology transfers and new investments, Arctic has increased production to over 1.2 million units in 2008.

Beko LLC Refrigerator and Washing Machine Plant - Russia

Koç Group's first factory built abroad, the Beko LLC Production Plant in Russia produced 320,824 washing machines and 202,041 refrigerators in its second year of existence. In 2008, it exported 96,524 washing machines and refrigerators. In 2008, the plant, which produced its one millionth product in November, won the Company of the Year award in Russia and the 'plant with the highest quality production' in the Vladimir State where it is located.

By establishing sales networks in Moscow and eight other cities in Russia, the plant is able to reach into every corner of the Russian market. With Beko and Blomberg brands, the market share of the company increased in 2008. The company continues its production with ISO 9001 quality, and TÜV and VDE product certifications.

Beko Electrical Appliances Washing Machine Plant - China

In line with its strategy of growth in foreign markets, Arçelik A.Ş. has been following the Chinese market closely. In 2005, the company established a marketing and sales company in Shanghai and, in 2007, the company made a major investment in China. All the shares of the shares of Changzhou Casa - Shinco Electrical Appliances Co. Ltd, a company with a washing machine plant with an annual production capacity of 300.000 units, were purchased, the company's name was changed to Beko Electrical Appliances Co. Ltd., and its capital was increased by $10 million.

The plant, taken over on 3 December 2007, has a 20,000 m^2 indoor production facility on a total area of 47,000 m^2. The plant currently produces mechanical washing machines with 500 and 600 rpm as well as electronic OEM washing machines with 800 and 1000 rpm. Currently, investments totaling Euro 6.732 million, covering 2008 and 2009, are underway. Thanks to the Phase-1 and Phase-2 (C2L) projects that will be initiated with a Euro 6 million investment, Beko will add the new high-capacity 5 and 7 kg washing machines to its production line. The C2L project, planned for completion by the second half of 2009, will increase the annual production capacity of the plant to 600,000 units.

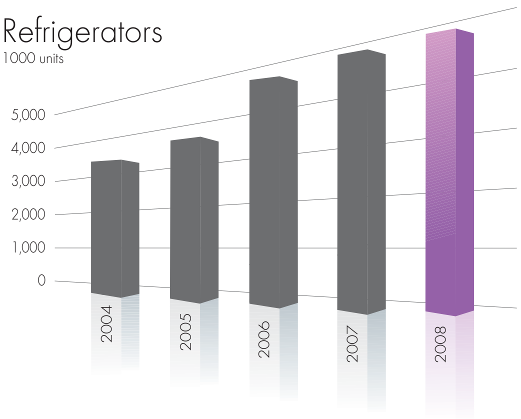
With its investment in China, Arçelik A.Ş. continues to grow in this market and accelerate its growth in the America and Asian-Pacific regions.

Arctic Cooling Appliances Plant Gaesti, Romania

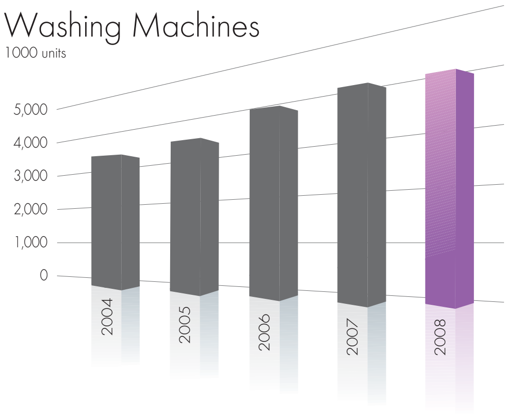
Beko Electrical Appliances Washing Machine Plant, China

Production capacity

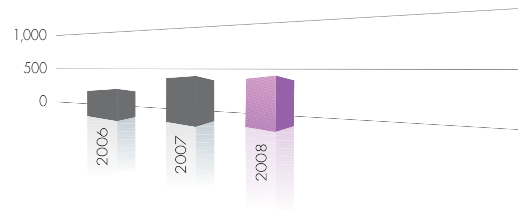
Refrigerators
1000 units



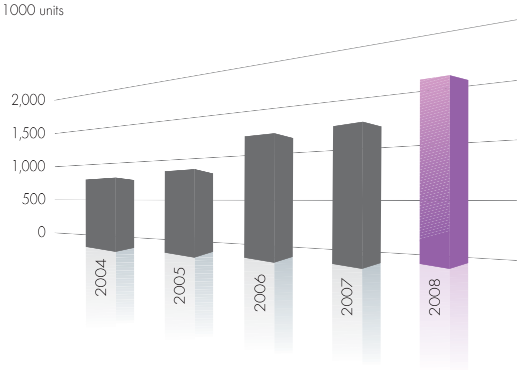
Washing Machines
1000 units



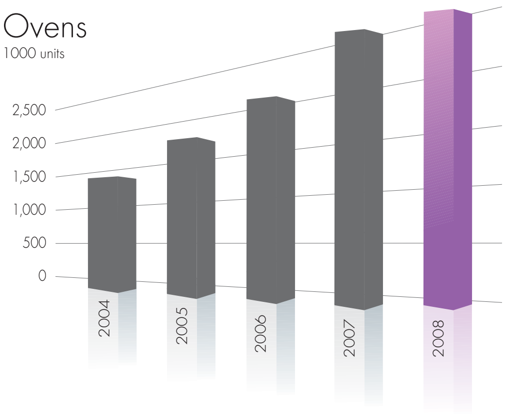
Tumble Dryers
1000 units



Dishwashers
1000 units



Ovens
1000 units



Beko LLC Refrigerator and Washing Machine Production Plant
Russia


A++
CLASS
ENERGY
PERFORMANCE
BLACK
SUITS YOU
Arçelik's new black
refrigerator, Orbital.
World's least energy
consuming A++
No-Frost in it's class.
Both beautiful and
economical.
444 0 888 www.arcelik.com.tr
Koç
For further info: www.yeniorbital.com
arçelik


10 min
20 min
40 min
60 min

CORPORATE SOCIAL RESPONSIBILITY REPORT

We continue our operations aware of our responsibility to bequeath a better world to future generations.

Our corporate culture and values guide us in fulfilling our duties.

Arçelik A.Ş.

Corporate Social Responsibility Report

Corporate Social Responsibility Concept

We are aware that, just as for individuals, the state and NGOs, corporations also have a solemn responsibility to carefully utilize, develop and conserve our limited global resources.

Our concept of Corporate Social Responsibility is shaped by the responsibilities we have assumed with regard to sustainable development, our sensitivity to environmental and social issues, and our commitment to legal, ethical and human rights in the process of doing business.

Drawing strength from our corporate values and our guiding principle defined in the statement "As long as my country exists, so do I", as framed by our founder, Vehbi Koç, we strive to fulfill our responsibilities in collaboration with our employees and all our business partners.

As a continuation of its economic, social and environmental activities, Arçelik A.Ş. released its "2007 Sustainability Report" in 2008. The report covers issues such as the sustainable profitability of Arçelik A.Ş., the Company's approach to innovative product development and production, improving social standards, effective corporate governance and the application of ethical work principles.

Corporate Governance Concept

We are guided by our corporate values and corporate culture, ethical principles, good governance philosophy and code of business conduct in meeting our responsibilities.

In accordance with international business standards, we have adopted four principles of corporate governance: accountability, responsibility, transparency, and fair treatment. These precepts are indispensable for the success and productivity of the Company in the long run.

We abide by the theorem that proper corporate governance is essential for maintaining the reliability and stability promised to stakeholders, especially to our investors. The Company's meetings with its corporate investors are a clear demonstration of its successful implementation of corporate governance principles. We not only capitalize on our business results and our sound financial structure to achieve our profitability targets, but we also manage our corporate reputation, which is an important asset created over many years.

Corporate governance principles compliance report

1. Corporate Governance Principles Compliance Statement

The reliability and creditworthiness of companies, especially of publicly-traded companies, depends solely on the proper implementation of the Corporate Governance Principles that were adopted by the Capital Markets Board (CMB) on July 4, 2003 with decision No. 35/835 and promulgated immediately thereafter. Arçelik has adopted these principles as a benchmark against which it measures its corporate governance quality. According to the CMB's decision No. 48/1588, adopted on December 10, 2004, companies listed on the Istanbul Stock Exchange (ISE) must disclose their compliance with corporate governance principles in their annual reports and on their websites, if any, starting from 2004. In accordance with this decision, Arçelik set up a task force to review its compliance with Corporate Governance Principles and, as a consequence of its studies new information has been disclosed since 2004 in both the Annual Report and on the Company's website. The task force is still reviewing issues on which the Company is not fully compliant. When the OECD Corporate Governance Principles, published in 1999, were revised in 2004, the CMB updated its principles in the same year to ensure consistency. Arçelik has developed its 2008 Corporate Governance Principles Compliance Report in line with these revised Corporate Governance Principles.

Section I: Shareholders

2. Investor Relations Department

The Company manages its relations with shareholders through the Assistant General Manager in charge of Finance and Accounting. The main goal of the Company concerning this issue is to ensure that shareholders can fairly and reliably exercise their right to access information. The Company ensures that shareholders can exercise their rights fully and that shareholder requests are responded to as expeditiously as possible. The main responsibilities of this department are as follows:

- Ensuring shareholder data is kept and updated in a safe and reliable manner
- Responding to shareholders' written or verbal inquiries for information concerning the Company, with the express exception of confidential information, either written or verbal, and trade secrets which are not disclosed to the public
- Ensuring that the General Shareholders Meeting is conducted in accordance with all applicable legislation, the Company's Articles of Association and other internal regulations
- Drafting all necessary documents for the General Shareholders Meeting
- Recording voting results and sending the results to shareholders upon request
- Observing and monitoring all issues regarding public disclosures, including applicable legislation and the Company's disclosure policy
- Attending meetings held at the Company Headquarters as well as other national and international meetings arranged by various organizations to inform investors
- Liaising with analysts assessing the Company
- Responding to inquiries for information from academics studying the Company and the industry
- Drafting Turkish and English versions of the Investors Relations page on the Company's website (www.arcelikas.com), updating the page whenever necessary, and ensuring simple on-line access to Company information for shareholders
- Filing material disclosures with the ISE and the CMB pursuant to the CMB's Communiqué Serial VIII, No. 39
- Following up on amendments to the Capital Markets Law and other applicable legislation and reporting these to the relevant Company departments
- Representing the Company at the CMB, the ISE and the Central Registry Agency

Staff members in charge of investor relations:

Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager - Finance and Accounting +90 212 314 31 00 fatih.ebiclioglu@arcelik.com
Türkay Tatar	Finance Director +90 212 314 31 84/85 turkay.tatar@arcelik.com
Doğan Korkmaz	Treasury and Capital Markets Manager +90 212 314 31 95 dogan.korkmaz@arcelik.com
Pınar Atakol	Investor Relations Specialist +90 212 314 31 17 pinar.atakol@arcelik.com
Turhan Sarı	Capital Markets Specialist +90 212 314 31 15 turhan.sari@arcelik.com Fax: +90 212 314 34 90

In 2008, in order to provide detailed information on the Company to existing and prospective shareholders, the following actions were taken:

- Four investor meetings were attended in Turkey and abroad
- Meetings were held with more than 250 investors in the company headquarters and their information requests were met
- Four teleconferences were held to announce the year-end 2007 and first half year 2008 financial results. The details of the special events were shared with analysts via the official website.

Seven press conferences were held in Turkey and abroad, and the public and investors were informed concerning recent developments.

3. The use of shareholders rights to obtain information

The Company treats its shareholders equally regarding their rights to access and review information.

To ensure that shareholders are informed in a reliable manner, the financial statements and up-to-date information on the Company are provided on the official website, in Turkish and in English.

During this accounting period, shareholders' information requests were met verbally or in writing in compliance with the capital markets legislation and without discrimination against any shareholder or shareholder group. In 2008, necessary formalities were completed for 61 shareholders who were not able to receive their dividends and who have not participated in capital increases in previous years.

In addition to the explanations concerning metarial events to be disclosed, financial reports and other essential information about the Company is sent out via electronic media with an electronic signature within the framework of the PAP (Public Announcement Project).

Since the Company has become a member of the Central Registry Agency established for dematerialization of securities, Company shares traded on the ISE have been dematerialized, eliminating the need to print share certificates. The Company entered into an agreement with Yapı Kredi Menkul Değerler A.Ş. for completion of shareholder formalities with the Central Registry Agency. This agreement enabled shareholders to collect their dividends, participate in capital increases and open accounts at any Yapı Kredi Bank branch. Company operations are regularly audited by an independent auditor (Başaran Nas Yeminli Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers) as well as by internal auditors elected at the General Shareholders Meeting. The Company's Articles of Association do not contain any provisions concerning the appointment of a special auditor. During the reporting period, no request was made to the Company for the appointment of a special auditor.

4. Information on Shareholders' Meeting

In 2008, the Company held only one Ordinary Meeting of Shareholders. The Company's 2007 operations were discussed at the General Shareholders Meeting held on April 3, 2008. Of the 39.996.000.000 outstanding shares, 33.950.369.622 (or 84.88%) were represented at the General Shareholders Meeting. The meeting was attended by shareholders (in person or by proxy), stakeholders and media members. Among participants were also representatives of various brokerage houses and banks. Shareholders' questions were answered.

- The General Shareholders Meeting is announced at least three weeks in advance, in accordance with applicable legislation. In an effort to reach the highest number of shareholders possible, the announcement is also published on the Company's website.
- All announcements comply with the Corporate Governance Principles.
- After the invitation to the General Shareholders Meeting is announced, financial statements and reports, including the Annual Report, the proposal for dividend distribution, an informative document on the Agenda of the General Shareholders Meeting, supplementary documents, the latest version of the Articles of Association and the text and justification of amendments to the Articles of Association, if any, are made available to shareholders at the Company's Headquarters and branches, as well as on the website.
- The Company drafts the Agenda of its General Shareholders Meeting in a clear manner to avoid any misunderstanding.
- The announcement of the General Shareholders Meeting includes forms for proxy statements to be used by shareholders who want to be represented by proxy at the General Shareholders Meeting. These forms are also posted on the Company's website.
- Voting procedures are announced to shareholders electronically before the General Shareholders Meeting.
- In 2008, the Company received no requests from shareholders pertaining to the addition of an item to the Agenda.

The legal title of Beko Elektronik A.Ş., one of our subsidiaries has been changed to Grundig Elektronik Anonim Şirketi and as a result of the capital increase, our share was increased to 83,03%.

The Company does not plan any significant change in its management and operational organization in the near future. Any such change will be disclosed to the public in accordance with the applicable legislation.

The Company holds its General Shareholders Meetings at a minimum cost to its shareholders. In this manner, the Company is also committed to implementing the simplest procedures so as not to create any inequality among shareholders. To facilitate the participation of shareholders living in Turkey and abroad in the General Shareholders Meeting, the one week timeframe stated in the announcements is sometimes shortened. Also, all necessary documents are translated into English to inform foreign shareholders on the General Shareholders Meeting and its Agenda. These documents are sent via the banks that conduct the custody and settlement transactions of such shareholders.

The Company holds its General Shareholders Meetings at a minimum cost to its shareholders. The number of participants over the years is tracked and the meeting location is determined based on the number of participants. General Shareholders Meetings for 2008 were held at Divan City, Büyükdere Cad. No. 84, Gayrettepe, Istanbul. The meeting venue is large enough to host all shareholders. The invitation to the General Shareholders Meeting is announced by the Board of Directors in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law and the Company's Articles of Association. The decision by the Board of Directors to convene the General Shareholders Meeting is announced to the public via disclosures filed with the ISE.

CMB regulations require disclosure of financial statements within 14 weeks of the close of the financial period. However, Arçelik discloses its financial statements well before this deadline. The 2007 year-end financial statements were disclosed at the end of the 8th week. Following the disclosure of financial results, the Company starts its preparations for the General Shareholders Meeting and, upon completion of the necessary legal procedure, the meeting is convened. The General Shareholders Meeting should be convene within three months following the end of the financial period. The Company will discuss its 2008 operations at the General Shareholders Meeting which is to be held on April 25, 2009.

At the General Shareholders Meeting, agenda items are communicated to shareholders in a manner that is detailed, objective, and comprehensible. These agenda items are discussed with shareholders, affording them equal opportunity to make any queries and share their views. Shareholders are also given the opportunity to make comments and recommendations regarding the remuneration of the Company's directors and officers.

Any shareholder who holds an access card to the General Shareholders Meeting is entitled to make comments on the Company's operations, request information from Company management, and receive answers to his/her questions. Shareholders' votes on agenda items are entered into the Minutes of the Meeting. Each agenda item is voted on individually. The General Shareholders Meeting is held under the supervision of a representative of the Ministry of Industry and Trade.

The General Shareholders Meeting has authorized the Board of Directors to purchase, sell and lease material assets, as well as to make donations and grants. The Company's Articles of Association include relevant provisions permitting such authorization.

The Minutes of the General Shareholders Meeting are posted on the Company's website and are also made available to shareholders at the Company Headquarters. Shareholders are provided with a copy of the Minutes upon request.

5. Voting Rights and Minority Rights

The Company announces voting procedures to shareholders at the beginning of all General Shareholders Meetings. It avoids implementing procedures that would make voting difficult and provides each shareholder, even those living abroad, with the opportunity to exercise his/her voting rights in the simplest and most convenient way.

The Company's Articles of Association do not provide any privileges for voting. Each share has a single vote. Shareholders do not include any legal entity that is a subsidiary of Arçelik. The Articles of Association do not contain any provisions preventing a non-shareholder from voting by proxy. Minority shareholders attend the General Shareholders Meetings and comprise the Company's management in the same manner as the holders of majority shares. The Articles of Association do not provide for cumulative voting.

6. Dividend Policy and Deadline for Dividend Distribution

Pursuant to the Corporate Governance Principles, the Company adopts a dividend policy, which seeks a balance between the interests of the shareholders and the interests of the Company.

The Company has determined its dividend policy as follows: "To the extent permitted by applicable legislation and our investment requirements, long-term average dividends proposed at the General Shareholders Meeting by the Board of Directors should not be less than 50% of the annual distributable profit of the Company." The Company's dividend policy is announced in the Annual Report and on the website.

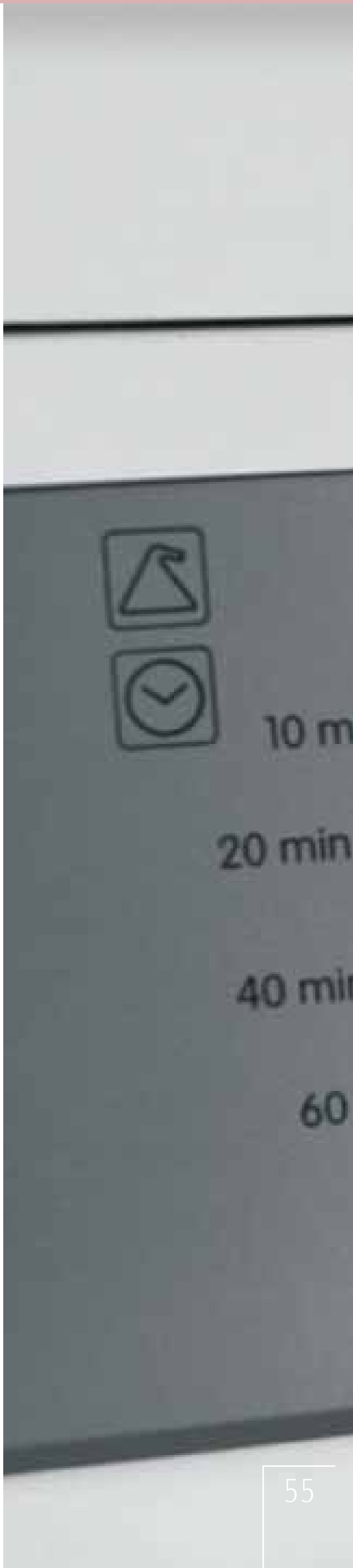
The Company distributes its profit in accordance with the Turkish Commercial Code and the Capital Market Law and within statutory time limits. At the General Shareholders Meeting held on April 3, 2008, it was decided to distribute a 25% gross (21.25% net) dividend in accordance with the operating results of 2007. Dividends were distributed after May 12, 2008.

The Articles of the Association do not grant any privileges in relation to the distribution of dividends.

According to the Company's Articles of Association, the Board of Directors may distribute dividends in advance, provided that such action has been authorized by the General Shareholders Meeting and fulfills the requirements of the Capital Market Law and the CMB's applicable regulations. The authority to distribute dividends in advance, granted to the Board of Directors by the General Shareholders Meeting, is limited one year in which such authorization was issued.

7. Transfer of Shares

The Company's Articles of Association do not include any provisions whereby the transfer of shares by shareholders is complicated or restricted.



Section II: Public Disclosure and Transparency

8. Company Information Disclosure Policy

Purpose:

As a leading global player of the durables sector in both domestically and globally, Arçelik A.Ş. has adopted the policy of informing all shareholders and stakeholders about all company activities in a fair, transparent, complete and comprehensible manner. The purpose of the information policy is to share the past performances, expectations, strategies and non-confidential company goals and company vision in a fair manner, with current and potential investors and shareholders and to announce in a timely and detailed manner all financial information related to Arçelik A.Ş. in line with generally accepted accounting principles and the provisions of the Capital Market Law.

While following an active and transparent information policy, Arçelik A.Ş. fully complies with the Capital Market Law and the relevant regulations of the Istanbul Stock Exchange and applies the most effective communication policy in accordance with the CMB Corporate Governance Principles.

Authorization and Responsibility:

The disclosure policy has been formed on the basis of the recommendations of the Board of Directors. Monitoring and development of public disclosure activities and the public disclosure policy is the responsibility of the Board of Directors. The Finance Directorate and Corporate Communications Directorate have been commissioned to coordinate the disclosure function. Both directorates are led by the Financial Affairs General Directorate. These units fulfill their responsibilities in close cooperation with the Board of Directors and the Audit Assembly.

Methods and Tools:

Within the framework of the Capital Market Law, the regulations of the Istanbul Stock Exchange and the provisions of the Turkish Code of Commerce, Arçelik A.Ş. has determined that the below mentioned tools and methods will be used for the implementation of its public disclosure policy.

1. Disclosure of material events made to the ISE (English translations of these disclosures are simultaneously shared with foreign investors in an electronic environment and they are released on the company web site in English and Turkish)
2. Financial Tables and their footnotes, independent auditor's report and declarations sent periodically to the ISE (These reports are also simultaneously released on the company web site, along with annual reports and financial presentations which are also available in hard-copy.
3. Annual reports (Available both on the official website and in hard-copy.)
4. Company website (www.arcelikas.com)
5. The announcements made via the Commercial Registry Newspaper and the daily newspapers
6. Ad-hoc and periodical press releases announced via written and visual media channels
7. Disclosures made to information sharing organizations such as Reuters, Foreks, and Bloomberg
8. Face to face or teleconference meetings made with investors or analysts
9. Other communication methods and tools including telephone, e-mail, telefax etc.

Material Event Disclosures:
Material Event disclosures are prepared by the Finance Directorate and the Legal Department and, before being sent to the ISE, they are signed by two of the following three: the General Manager, Assistant General Manager of Finance and Accounting, or the Finance Director. When one or more of these parties are absent, Assistant General Managers and other Finance Directors are authorized to sign. Material Event disclosures are sent to the ISE via fax. Material event disclosures are also sent in KAP format in the electronic environment.

Public Disclosure of Financial Tables:
The financial tables of Arçelik are prepared in line with the provisions set by the CMB and are subject to independent audit in line with the International Audit Standards before being disclosed to the public. Prior to public disclosure, the financial tables and the associated notes, will be presented to the Board of Directors for approval, after obtaining the approval of the Audit Board in line with the Capital Market Law. And after the financial tables, their notes and the independent auditor's report are approved by the General Manager, Assistant General Manager in charge of Finance and Accounting or Finance Director, they are sent to the ISE in line with ISE legislation. The Turkish and English versions of the current and previous financial tables and their notes can be accessed via the website of the Arçelik Investor Relations Department. Also, the Investor Relations Department prepares periodic presentations covering the information notes or the financial data and ratios to provide more detailed information to investors and releases them via the department's website.

Annual Report:
The content of the Annual Report is prepared in line with the Capital Market Law and CMB Corporate Governance Principles. After the annual report is prepared, it is approved by the Board of Directors and then disclosed to the public in Turkish and English via the company website. Also the hard-copy reports and those in CD format are made available for Arçelik Shareholders through the Investor Relations Unit Department.

Company Website:
Arçelik's website is a platform where all stakeholders can monitor detailed and up to date information utilizing tools such as charts and calculators that make it easy for shareholders to track share performance. A large portion of the information on the website is provided in Turkish and English and, in addition to daily information, analyses and reviews, retrospective information and background data are also provided. The main titles that can be reviewed at the company web site are as follows:

- Detailed information about corporate identity
- The Company's vision and main strategies
- Information about the Board of Directors and the Company's senior management
- The Company's organizational and partnership structure
- The Articles of Association
- Commercial Registry Information
- Financial information, indicators and analysis reports
- Press Releases
- CMB material event disclosures
- Information and charts about share performance and calculations
- Presentations made to investors
- Information related to the analysts reviewing the company, and analyst' reports
- Disclosure about the date, agenda and agenda items of the General Shareholder's Meeting
- Meeting minutes of the General Shareholder's Meeting and the list of participants
- A sample proxy
- Corporate Governance practices and compliance report
- Dividend Distribution Policy, its background and capital increases
- Disclosure Policy
- Frequently Asked Questions
- Detailed information about corporate social responsibility
- Ethical rules disclosed to the public as part of the disclosure policy

Announcements via the Commercial Registry Newspaper and Daily Newspapers:
As a requirement of the Capital Market Law, Turkish Code of Commerce and our Articles of Association; announcements related to capital increases and dividend payments have to be made via the Commercial Registry Newspaper and daily newspapers.

Ad-hoc and Periodic Press Releases Announced via Print and Broadcast Media Channels:
Arçelik Corporate Communications Department provides detailed information to the public about important developments of the year by providing press releases to the print and broadcast media. Depending on the content of the developments, Arçelik organizes information sessions throughout the year. During these meetings, Arçelik's General Manager or other senior managers make detailed presentations to journalists invited from the print and broadcast media. These presentations may be about the companies' performances or general developments related to Arçelik A.Ş. and answer questions posed by journalists.

In addition to that, other than regular press meetings, ad-hoc press releases about significant developments concerning the Company may be sent to media institutions. Depending on the nature of these developments, a press conference can be organized instead

Questions or information requests sent by the press about developments or general business issues are reviewed and replied to in every case.

Disclosures to Information Sharing Organizations such as Reuters, Foreks, and Bloomberg:

All written disclosures shared by the Arçelik Corporate Communications department, with print and broadcast media organizations are communicated to the above mentioned agencies and the representatives of these agencies are invited to press meetings as appropriate.

Face to Face or Teleconference Meetings with Investors or Analysts:
An Investor Relations Unit Department is headed by the Assistant General Manager of Finance and Accounting with the goal of managing relations with existing or potential shareholders, answering investors' inquiries in the best possible way, and increasing the Company's value. Relations with shareholders are managed by this department.

With the goal of sharing information with shareholders about the Company's operational and financial performance, its vision, strategies and goals, the Company's senior managers and the Investor Relations Unit come together with brokerage houses, analysts and investors frequently and prepare question/answer charts and summary information in order to promote the company in the best possible way. All meeting requests from shareholders are tried to be met and shareholders are given the opportunity to meet in person the highest level company manager depending on availability. With the informative notes delivered to shareholders via the regularly updated company website, the shareholders and analysts are given an opportunity to follow the Company's developments closely.

Disclosures of Prospective Statements:
From time to time, Arçelik A.Ş. can make prospective announcements related to anticipated events. Prospective disclosures are made in writing and are based on certain assumptions; the actual results can be quite different from what is foreseen by prospective announcements due to risks, uncertainties and other factors, at this point the investors are informed about the issue.

Follow up of News and Rumors about Partnership:
Via its contracted media follow-up agency, the Company monitors the print and broadcast media on a daily basis. Relevant news items are reported to senior management and the content of the news items are reviewed. Senior management also monitors local and international news about the Company via information agencies such as Reuters, Bloomberg, and IBS.

If the company wishes to make a disclosure about a news item or a rumor that has emerged in the media but does not carry an obligation to make a material disclosure, the issue will be introduced to the agenda by the Assistant General Manager of Finance and Accounting and a disclosure may be made.

Criteria Used For Determining Employees with Administrative Responsibilities
Company employees with administrative responsibilities providing access to internal information are determined on the basis of the information they have access to.

Accordingly, those managers and other personnel with detailed information about only a portion of the Company's business and with detailed information about the Company's business in general would not be categorized as company employees with access to internal information.

However, Board Members, the General Manager and the Assistant General Managers and certain other senior level managers working at the head office and who have detailed information about the current and future plans of the company, can be included in the category of personnel with access to internal information.

The list prepared in line with these criteria, will be shared with the public in accordance with the provisions of the relevant CMB notification.

Maintaining the Confidentiality of Information to be Disclosed:
As part of the effort of maintaining a balance between transparency and protecting the Company's interests, the Company places great emphasis on ensuring that all its employees obey the rules about insider information. All precautions are taken to prevent the illegitimate usage of insider information. The Business Ethics Principles, which are documented and delivered to all employees, clearly sets out appropriate business conduct for all Arçelik A.Ş. employees.

Any information that can be considered a commercial secret that needs to be withheld from third parties and is obtained by an employee through his or her career in the company is considered to be company information. All employees will protect company information during and after their employment in Arçelik A.Ş. and they will not use such information directly or indirectly. No Arçelik A.Ş. employee can engage in any business activity that would enable him/her to make gains from trading the shares of Arçelik or other Koç Group companies based on information he/she obtained from inside during the course of his/her employment.

Arçelik A.Ş. implements a 'Silent Period' whereby Company employees refrain from sharing with the public information about the periodical results before official disclosure of these results is made. The Silent Period starts three weeks before the date of announcement of the end-of-year results and two weeks before the announcement of quarterly results.

The directors and officers of the Company, the managers of subsidiaries abroad and appointments and resignations disclosed in 2008 in material disclosures were as follows:

Board of Directors

Rahmi M. Koç	Chairman
Dr. Bülent Bulgurlu	Vice Chairman
Robert Sonman*	Member
Mustafa V. Koç	Member
Semahat S. Arsel	Member
Temel K. Atay*	Member
M. Ömer Koç	Member
Hasan S. Subaşı	Member
A. Gündüz Özdemir	Member

*Temel K. Atay and Robert Sonman are also members of the Board of Auditors.

Board of Auditors
Ahmet Sönmez
Serkan Özyurt

Members of the Board of Directors and Board of Auditors have been elected based on Ordinary Shareholder's Meeting dated April 3, 2008.

Senior Management

Levent Çakıroğlu	Arçelik A.Ş. General Manager
Atilla İlbaş	Assistant General Manager - Production and Technology
Dr. Fatih Kemal Ebiçlioğlu	Assistant General Manager - Finance and Accounting
Fredrik Ulf Janson	Assistant General Manager - International Marketing and Sales
Şirzat Subaşı	Assistant General Manager - Turkey Marketing and Sales

Levent Çakıroğlu
Arçelik A.Ş. General Manager
Mr. Çakıroğlu started his career at the Ministry of Finance as an Assistant Financial Analyst before commencing as Director of Finance at Koç Holding in 1998. Between 2002 and 2007, he served as Koçtaş General Manager and between 2007 and 2008 he served as Migros General Manager. Since August 2008, he has served as Arçelik A.Ş.'s General Manager.

Atilla İlbaş
Assistant General Manager - Production and Technology
Mr. İlbaş started his professional career as a Project Engineer at Arçelik A.Ş. head office in 1979. He has been serving as Assistant General Manager in charge of Production and Technology since 2005.

Dr. Fatih Kemal Ebiçlioğlu
Assistant General Manager - Finance and Accounting
Dr. Ebiçlioğlu started his career at the Ministry of Finance as an Assistant Financial Analyst and has been working with Arçelik A.Ş. since 2005 as Assistant General Manager in charge of Finance and Accounting.

Fredrik Ulf Janson
Assistant General Manager - International Marketing and Sales
Mr. Janson started his career at Procter&Gamble as Assistant Brand Manager in charge of Scandinavia in 1987 and he has been serving as Assistant General Manager in charge of International Marketing and Sales at Arçelik A.Ş. since June 2007.

Şirzat Subaşı
Assistant General Manager - Turkey Marketing and Sales
Mr. Subaşı started his career as a sales representative at Beko Ticaret A.Ş. in 1986 and he has been serving as the Assistant General Manager in charge of Marketing and Sales in Turkey since 2003.

Appointments in 2008
General Manager - Levent Çakıroğlu
Mr. Çakıroğlu was appointed to this position on 25 August 2008.

Resignations in 2008
Koç Holding A.Ş. Durables Group President - Arçelik A.Ş. General Manager - Aka Gündüz Özdemir
(Mr. Özdemir resigned from his post of Arçelik A.Ş.'s General Manager on 25 August 2008 and he currently serves as Koç Holding A.Ş.'s Consumer Durables Group President.)

Assistant General Manager - International Marketing and Sales Fredrik Ulf Janson
(Mr. Janson resigned on 13 January 2009.)

All material event disclosures are released on the company website in Turkish and English.

All inquiries from outside of the Company are answered by the Company's senior management or by personnel in the Finance Department as authorized by senior management. After the disclosure of the financial results, summary presentations are prepared for analysts reviews and are disclosed to the public via the website.

Securities bought by members of the Board of Directors, officers and shareholders who directly or indirectly hold at least a 5% interest in the Company in the preceding year are announced to the public in compliance with Capital Market Law and this information is posted on the Company's website.

The Company prepares consolidated financial statements and notes in accordance with the CMB's Communiqué Series XI, No. 29. These financial statements and notes are disclosed to the public after being audited by an independent auditor.

Annual Reports are prepared in compliance with securities legislation, CMB regulations and Chapter 2, Article 3.2.2 of the CMB's Corporate Governance Principles.

9. Disclosure of Material Events

During the reporting period, the Company made 21 material disclosures. Neither the ISE nor the CMB requested additional explanations with respect to public disclosures made in 2008. Since the Company does not have any securities listed on foreign stock exchanges, it is not required to make any material disclosures other than those made to the ISE and the CMB. The Company made all its material disclosures in due time, was not subject to any sanctions.

10. The Company's Website and its Contents

As required by the CMB's principles, the Company uses its website (www.arcelikas.com) to ensure effective and rapid interaction with investors and continuous communication with shareholders. All information listed in Chapter 2, Article 1.11.5 of the CMB's Corporate Governance Principles is available on the website. The Company prepares its website in Turkish and English and in the form and with the content specified by the CMB's Principles. The Finance Director is responsible for developing the content of the investor relations section of the official website, updating information and making other additions. The Company is continuously working to provide the best service possible through its website.

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder/Shareholders

There are no special circumstances which might influence investors in the event that the names of the ultimate controlling shareholders of the Company are disclosed. Since the public already knows that members of the Koç family are the ultimate controlling shareholders, no separate calculation or disclosure has been made.

12. Disclosure on Insiders

To maintain the balance between transparency and the Company's interests, the Company ensures that all employees obey the rules regarding the use of insider information. The Company takes all necessary measures to prevent the use of insider information. The "Code of Business Conduct" distributed to the entire Company describes how all Arçelik employees are expected to behave in business life. "Proprietary information" is defined as any information which is accessed by employees while working for the Company, and as any information which should not be known by anyone other than on a "need-to-know" basis, as well as that which can be considered a trade secret.

All employees must protect proprietary information during and after their employment, and must refrain from using such information directly or indirectly. No Arçelik employee or another member of the Koç Group may profit by buying or selling shares of Arçelik using insider information.

Public announcements are made in case any administrator of the Company, who holds knowledge that can affect the value of capital market instruments, trades shares in the Company. Such information is also announced on our official website. A list of senior managers who have access to knowledge that may affect the value of the market capital of the Company is given in the Company Annual Report.

Section III: Stakeholders

13. Informing Stakeholders

The stakeholders of Arçelik include the third parties which have a direct relationship with the Company. Stakeholders are invited to meetings whenever necessary or are informed using telecommunication channels. The Company believes that cooperation with stakeholders is beneficial in the long run and respects and protects the rights of stakeholders as specified in applicable legislation, agreements and by mutual understanding. The Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions. The Company's most important stakeholder group consists of more than 4.500 dealers. The Company holds regular Dealer Meetings to inform its dealers of its policies, targets and economic developments, as well as to get their feedback and hear their concerns. The Company also has around 3.500 suppliers and with the meetings held with the suppliers, inspections held at suppliers' sites and via the suppliers' portal, the company shares with its suppliers the business results of the previous year as well as Arçelik's strategies, policies and goals.

Relationships with employees working under Collective Agreements are conducted with union representatives. As an employer, Arçelik is a member of MESS (Turkish Metal Industrialists' Union) while its blue-collar workers are registered with the Turkish Metal Union. In December of 2008, MESS and the Turkish Metal Union signed a collective agreement for the period covering September 1, 2008 to August 31, 2010.

14. Participation of Stakeholders in Management

Mechanisms and models supporting the participation of stakeholders, and especially of employees, in the Company's management have been developed without impeding the operations of the Company. Stakeholders are encouraged to participate in management through various channels such as proposals or surveys, which do not delay Company operations. Arçelik consults with and obtains the consent of the labor union with regard to changes in working conditions, the working environment and the rights of workers. Dealers are encouraged to participate in the Company's management through Dealer Meetings.

15. Human Resources Policy

While taking confident steps to achieve its vision, Arçelik is committed to continuing its successful performance through relying on its core value: “Our most important asset is our people”. In this regard, the Company is guided by its shared values and code of business ethics, as well as its firm conviction that human resources policies are compatible with strategies that guarantee a promising future. Arçelik defined its human resources (HR) policies in 2006 and communicated these to its employees in Turkey and abroad, along with its shared values and business ethics code published in several languages. The basic principles of these policies are as follows:

- The Company's local and global human resources systems and practices are balanced. As a company operating on a global basis, local legislations, practices and needs are respected. Should any HR policy and practices conflict with local legislation, local legislation will prevail
- All HR policies are aligned with Arçelik's business strategies
- All HR processes and applications should support and respect the protection of internationally proclaimed human rights. This principle brings non-discrimination and equal employment opportunities philosophy into the organization. Arçelik does not discriminate on the basis of ethnic origin, race, nationality, disability, political views, religious beliefs, age, gender or sexual orientation
- Fairness, consistency and reliability are the basis of all HR applications
- Aiming the continuous improvement of HR standards, the Company systematically and periodically reviews these standards and revises its HR processes regarding latest improvement and feedback provided.

Industrial relations with employees covered by a collective agreement are managed through workplace representatives. The objective is to ensure cooperation between the employer and employees, as well as to maintain a harmonious and peaceful working environment and help solve problems according to applicable legislation and the collective agreement.

Arçelik is committed to meeting all relevant national standards for health and safety in order to ensure a hygienic, ergonomic, and safe environment.

Arçelik's existing and future personnel requirements are met through a sound recruitment and selection process. The aim is to establish a mutually beneficial employment relationship between the employee and the Company. In the recruitment process, Arçelik provides equal opportunities for all candidates who have the appropriate training, knowledge, skills, competencies and experience required for the job.

The training and development approach aims to reinforce the improvement of the Company and individual performance through continuous development. All training and development activities should be consistent with the Company's strategies and objectives and also should cover work requirements, and current and future individual needs. Arçelik believes that personal success is a must for organizational success. Keeping this in mind, Arçelik uses various development management systems to continuously develop the performance of its employees.

The remuneration management approach is defined within the framework of a fair and competitive employment policy.

For the purpose of encouraging conduct and behavior that will facilitate the fulfillment of the Company's goals, foster a sense of loyalty, motivation and efficiency or lead to the adoption of better practices and applications, Arçelik assesses and recognizes any achievements, inventions and/or suggestions that will yield benefits and savings of a quantitative nature.

16. Information on Relations with Clients and Suppliers

Customer and supplier satisfaction is a high priority and an indispensable target at Arçelik. Customer satisfaction is carefully monitored and regularly reported on. The Company attaches great importance to maintaining the confidentiality of its customers and suppliers' information, which is classified as a trade secret.

Arçelik Call Center directly handles all kinds of customer inquiries, problems and proposals, seven days a week, 24 hours a day, and when necessary it informs the relevant departments. Capitalizing on the advantages of its latest technology, the Arçelik Call Center offers numerous communication channels to its customers. In addition to phone and email, it is also possible to access the Center via fax and regular mail. The Center responds to the majority of requests immediately. By handling customer requests promptly and conducting customer satisfaction surveys to collect feedback from the field, the Arçelik Call Center is enabling the Company to seize developmental opportunities. In so doing, it is continuously raising the bar in terms of service quality.

The following appears inappropriate for the Corporate Governance section> The Arçelik Call Center won first prize in the Best Technology Usage category of the Call Center Awards Ceremony held by IMI Conferences.

In 2008, our call center proved its service quality by receiving two awards in the Best Call Center with 50 to 249 Seats and the Best Call Center Environment categories at the Istanbul Call Center Awards 2008 contest.

During the Istanbul Call Center Awards 2008 contest, over 30 companies were evaluated and best companies for the 15 categories were selected.

In the Best Call Center category, the candidates were evaluated on the basis of various criteria, including leadership and planning, process management, human resources management, performance management, customer focus, and data security.

In the Best Call Center Environment category, candidate centers were evaluated on the basis of various factors, including location, building, security, emergency scenarios, office decoration, ergonomics, and equipment.

Arçelik Call Center, a customer-satisfaction oriented organization, has been successfully handling our communication with our domestic customers since 1991. In 2008, the Center initiated another big project and added a new market location to its service network. The Center started to provide before- and after-sales service in German to its customers in Austria. The Center handles all before- and after-sales inquiries related to Elektrabregenz, Beko and Altus branded products manufactured for the Austrian market.

In 2008, the Consumer Service Department, operating under Consumer Services Directorate, brought field services to consumers with 619 authorized services under 13 regional offices, a vehicle fleet of 5.600 and around 12.000 personnel, 6.000 of which are technical personnel. Technical personnel are trained and certified by the Technical Services and Training Unit under the Consumer Services Department.

Our authorized services made 11 million service visits. The Department also offers fitting and installation services for newly purchased products, which is an important aspect of our service.

The Company places great emphasis on meeting and guaranteeing certain quality standards for products and services. Products and services that fail to meet these standards are compensated for in line with the relevant consumer protection laws. If they desire, the consumers can purchase additional warranty periods for their products.

17. Social Responsibility

The Company considers corporate social responsibility an indispensable part of its core business. Within the framework of its corporate social responsibility philosophy, Arçelik assumes responsibility for protecting the environment and reducing the consumption of natural resources in its production and product development processes. Moreover, consistent with the principle of sustainable development, the Company pays careful attention to meeting social needs and fully complies with all applicable laws and ethical principles and observes human rights in all its operations. The Company discloses its corporate social responsibility policies and efforts in the relevant section of its Annual Report and also on its website.

Section IV: Board of Directors

18. Structure and Composition of Board of Directors and its Independent Members

The Board of Directors of Arçelik is composed of nine members. The Company's Articles of Association allow for the General Manager to serve on the Board of Directors. Mr. A. Gündüz Özdemir acts as an Executive Board Member until the 31th of July 2008. Mr Levent Çakıroğlu was appointed as the new General Manager effective as of this date although he was not a member of the Board of Directors during 2008. Following the election of the Board of Directors by the General Shareholders Meeting, the Chairman and Vice Chairman of the Board are elected. In the event of any vacancy on the Board, Article 315 of the Turkish Commercial Code applies. Pursuant to Articles 334 and 335 of the Turkish Commercial Code, the Chairman and members of the Board seek the consent of the General Shareholders Meeting in order to directly or indirectly engage or own shares in any business which is similar to the business of the Company.

The Company's Board of Directors does not have an independent member. All Directors have worked in various sectors for many years and are experienced in the business of the Company. The Company benefits much from the knowledge and experience of its Directors. The Directors are able to voice their opinions openly, free from any influence. The Company has affiliates and subsidiaries operating in various industries. Believing that Directors' participation in the management of related companies serves the interests of the Company, Directors are not subject to any rules or restrictions regarding the assuming of other tasks outside the Company.

19. Qualifications of Board Members

The structure of the Company's Board of Directors ensures maximum efficiency and effectiveness. Directors are qualified pursuant to Chapter 4, Articles 3.1.1, 3.1.2, 3.1.3 and 3.1.5 of the CMB Corporate Governance Principles. However, the Company's Articles of Association do not include any provisions in this regard.

20. The Mission, Vision and Strategic Goals of the Company

The Company's Mission

In line with values, goals and strategies of Koç Group are to develop, produce, present and service products which meet our customers' needs beyond their expectations, ease home life, are easily purchased and used, and are reliable and to grow and develop continuously in target markets with shareholders' satisfaction by providing customer loyalty and satisfaction while using resources effectively.

In line with the Articles of Association of our company, the strategic goals and the actual operations as well as past performance are assessed during regularly convened Board meetings. During these meetings, the current situation of the company is reviewed and new goals and strategies are developed as necessary.

21. Internal Control and Risk Management

The management of financial risks is the responsibility of the Treasury and Capital Markets Department and financial risks are screened and reported by the Risk Management Department formed within the structure of the Finance Directorate. To create a reliable internal control mechanism, an Internal Audit Department has been established and it reports to the Assistant General Manager of Finance and Accounting. Related departments are responsible for determining and reporting financial and operational risks. The Audit Committee continuously monitors the functioning and effectiveness of the system and, when necessary, informs the Board of Directors of any problems and proposed solutions with respect to the internal control mechanism.

22. Authority and Responsibilities of the Members of the Board of Directors and Executives

The powers and duties of the Company's Board of Directors are defined clearly in the Articles of Association. Powers are listed in detail with the list of authorized signatures. These documents are filed with the competent authorities and also posted on the Company's website.

23. Principles of Activity of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors meets as the Company's business requires. The Board must meet at least four times a year. The Board convenes upon the request of the Chairman or two members. Reasons for any dissenting opinion or vote are recorded in the Minutes of Board meetings. Detailed reasons for dissenting votes are disclosed to the public. However, no such disclosure was made in 2007, since no dissenting opinion was voiced during Board meetings.

A Board meeting agenda includes issues that are reported by the relevant departments to the Company officers and directors and require a Board decision according to the Articles of Association. A meeting agenda is also prepared when any Director informs the senior management of the Company of a material issue which requires a Board decision. Issues requested to be discussed at the Board Meeting are compiled and consolidated by the Assistant General Manager in charge of Finance and Accounting.

Arçelik has assigned the Assistant General Manager in charge of Finance and Accounting to determine the Agenda of the Company's Board Meetings, to prepare Board decisions made pursuant to Article 330/II of the Turkish Commercial Code, to inform the Directors and to provide communication.

Board Meetings are held at the Company Headquarters or at a place in the city conveniently located near Headquarters

24. Prohibitions on Transacting or Competing with the Company

Although there is no rule restricting any Director from dealing or competing with the Company, no Director is doing so at present.

25. Code of Ethics

Arçelik continually strives to be a symbol of reliability and respect to its partners, dealers, side-industry collaborators and customers and always respects the law. The Arçelik Group as a whole, including its employees, shareholders, dealers and other business partners, is fully aware of its responsibilities to society, the environment, its customers and business partners. These responsibilities constitute the fundamental principles of its business ethics.

Arçelik's business ethics are central to the daily work of the Company. Therefore, the Company has documented and communicated its code of business ethics to ensure that Arçelik employees, at all levels, understand, accept and comply with these business ethics during the performance of their duties. Arçelik's Code of Business Conduct includes the following principles:

- To avoid conflict of interest at Arçelik, the Code of Conduct describes the expected behavior of employees in relation to their commercial investments, business activities, gifts and invitations, business activities of relatives, employment by suppliers, etc.

- While collecting information about competitors to facilitate the goals and strategies of the Company, employees must be aware of Arçelik's values and business ethics

- Protecting commercial secrets is critical to ensuring the Company's future success and, ultimately, the job security of its employees

- Arçelik respects intellectual property rights and its employees comply with all legal requirements when using any article, invention, work, etc. owned by someone else. No books or other intellectual works owned by someone else are used by Arçelik without payment of appropriate royalties

- The Company is committed to comply with all laws and regulations pertaining to its products and operations

- Internal audits are conducted to ensure that operations are managed adequately, by comparing them with policies and stipulated procedures

- Arçelik business principles require respect for others, avoiding abstaining from the use of alcohol and illegal drugs in the workplace and during working hours, ensuring workplace safety and security, creating a peaceful working environment and treating everyone equally without discrimination.

If an employee is uncertain of any aspect of Arçelik's business ethics, the toolsand chain of authority to be consulted are clearly defined. In the event of any violation of these business ethics, following a proper and thorough investigation, Company disciplinary measures will be employed.

26. Number, Structure and Independence of Committees Established by the Board of Directors

The Company has set up an Audit Committee to ensure that the Board of Directors fulfills its duties and responsibilities in a reliable manner. The Audit Committee is composed of two members. In 2008, the Board elected Mr. Temel Kamil Atay and Mr. Robert Sonman to serve on the Audit Committee. The Audit Committee operates regularly in compliance with Capital Markets Legislation and the CMB's Corporate Governance Principles. The members of these committees are not independent members. The Company plans to set up a Corporate Governance Committee in the future and is committed to acting in line with applicable legislation and regulations issued by the CMB. The issue of creating the committee after making the necessary amendments to the Articles of Association will be voted on at the General Shareholders' Meeting to be held on March 25, 2009.

27. Remuneration of the Board of Directors

Pursuant to the Articles of Association, the rights to be granted to Directors are determined at the General Shareholders Meeting. At the General Shareholders Meeting of April 3, 2008, the shareholders decided to pay a salary to the Directors. According to this decision, the Chairman and Members of the Board will be paid a monthly gross salary of TRY1.335. Executive members also receive remuneration based on their performance. Directors and Officers are not allowed to borrow or receive loans other than advance payments granted in compliance with the Company's internal procedures. No surety is granted in favor of Directors and Officers.

BEKO CALL CENTER 444 1 404 DOESN'T LIKE TO SLEEP.

7/24 open "computer call center" is only in Beko. Buy a Beko computer and call us for any question about it. We'll just answer.

BEKO

Home Appliances

FOR SUSTAINABLE LIFE

Our priority is the production of goods in a manner that respects both human life and the environment.

Arçelik A.Ş.

Sustainable Development

Environmental approach

Humanity is faced with the threat of rapidly changing environmental conditions and diminishing natural resources. Arçelik and its employees believe that it is their duty to protect the environment for future generations and they have adopted a "Sustainable Development" approach. Based on the principles of Total Quality Philosophy, it is our intention in all our activities to do everything possible to protect the world's natural resources and increase social consciousness on this vital issue.

Increasingly, our natural resources are being depleted, posing a threat to the standard of life of all human beings. As a result of the emphasis we place on the issue of sustainable development, with the aim of preserving the environment and the ecological balance, this year (as in others) we initiated various projects to develop new, relevant technologies. Our sustainable development approach requires that we continuously aim to protect the nature and environment by high efficient, low energy and source consumed products and environment-friendly operations.

Environmental Policy

Arçelik and its employees comply with all applicable national and international environmental laws and regulations; manufacture environment-friendly products in line with an environmental management system based on continuous improvement. We perform our activities to:

- In herit a clean and healty environment to the new generations,
- Use energy and natural resources efficiently,
- Minimize the adverse environmental impact of production beginning from the design stage,
- Prevent pollution at the source,
- Raise the environmental awareness of our employees and the society accompanying the Quality and Health & Safety Management Systems and we strive to set a model in the consumer durable goods sector with regard to environmental efforts.

We perform our operations based on the Environmental Policy. Our Environmental Management System is documented and implemented based on our policy and ISO 14001 Standard requirements. Our Environmental Management System has been certified by an independent certification organization. We control the continuity of the system by the audits performed twice a year.

Arçelik guarantees to improve continuously, prevent environmental pollution and comply with all activities and product related regulations and standards within the framework of ISO 14001:2004 Environmental Management System Standard. The Company's environment-friendly approach, control of the environmental impact of all processes from design to product packaging and the technological superiority it has achieved, are the outcome of its management system and policies and are entirely integrated into the production and development processes.

Environmental training

Every year, Arçelik provides regular training to raise the environmental awareness of its employees. In 2008, various training programs were implemented to increase environmental awareness and support environmental management. These included training sessions on national and international regulations, environmental awareness, Arçelik Environmental Policy, ISO 14001:2004 Environmental Management System Standards Awareness and Internal Auditer trainings, additionally, job trainings related to environment, waste management, and environmental aspect and impact managements. In 2008, the Company provided 122,305 hours of employee and sub-contractor training, which included training on social responsibility issues as well.

Production in Compliance with National and International Environmental Directives, Regulations and Standards

With its operations based on notions of continuous development and environmental sensitivity, and with its environment-friendly products, Arçelik A.Ş. applies all relevant international product and management standards, of which ISO 9001 and ISO 14001 are the main ones. In this regard, our Environmental Management System has been documented to meet the requirements of the ISO 14001 Environment Management System. To ensure the effective implementation and sustainability of the management system, internal system audits are being performed, periodically.

Arçelik continually control compliance with the national and international regulations related to the environment and human health to ensure the compliance.

The Company closely monitors developments in the industry and meets the requirements of all current standards as required in Europe:

- WEEE - Waste of Electrical and Electronic Equipment for the control of waste of household appliances,
- Important changes planned to be made by the European Union in the directive of RoHS - the Restriction of the Use of Certain Hazardous Substances
- The draft legislation to be applied to the directives of EuP-Eco-Design Requirements for Energy Using Products were closely monitored by our companies in Europe and through our membership in CECED* and necessary preparations made in advance.

In line with EU directives on electrical and electronic household appliances, Arçelik began using energy labels indicating the energy consumption of the products long before these labels became mandatory in Turkey.

Arçelik was also the first Turkish household appliances producer to produce refrigerators without ozone-depleting CFC gases much earlier than the 2006, deadline set for Turkey in the Montreal Protocol.

Furthermore, REACH **, the European Community Regulation on chemicals and their safe use which went into force in 2007, is one of the most comprehensive legal directives issued to date and brings obligations at every stage of the production and distribution chain from producers of raw materials to retailers.

Arçelik believes that it is of paramount importance that all industrial chemicals used are registered and kept under proper controls. It also considers the REACH regulation to be one the most important legal processes for the protection of environment and human health because the bylaw ensures an information flow on all chemicals along their supply chain from the producer to industry and also because the bylaw makes this information available to consumers. As part of its efforts to fully comply with REACH, Arçelik A.Ş. has formed a team that has made all relevant preparations and, together with its suppliers, it has developed a process that complies with REACH regulations. Information on Arçelik's activities related to REACH can be requested via the following e-mail address: reachinfo@arcelik.com.

CFC12 ended	R134a started to use	R600a started to use	R134a and R600a continued to use
1995	1995	1997	2008

Important Notes:

(*): CECED was established in 1959 and represents manufacturers of electrical home appliances. The organization carries out projects related to all regulations and practices about all issues affecting the sector in Europe as well as projects related to cooperation among members. Arçelik has been a CECED member since 2003.

(**): EU directive number 1907/2006 and entitled REACH (Registration, Evaluation, Authorization and Restriction of Chemicals).

Energy-Efficient Technology

At Arçelik, controlling the environmental impact of a product throughout its lifecycle starts at the design stage. With this in mind, at Arçelik the units in charge of R&D activities and industrial design activities carry out work related to design, technology, product development and improvement.

Examples of this work are the highly energy-efficient product series with its environmental-friendly character.

According to EU standards, when Arçelik Class B performance products are replaced by Class A performance products, there are energy savings of almost 20%. If all consumer durable goods used in Turkey were Class A products, national energy savings would be as high as 3%, which equivalent into 5.2 billion kWh/year in permanent and sustainable energy savings.

Arçelik is committed to protecting the environment and making natural resources sustainable in line with its management approach based on the concept of total quality, a philosophy that calls for the continuous improvement of production processes that comply not only with today's standards, but also those of the future.

Technology with Efficient Resource Usage

The recycling rate for large electric and electronic domestic appliances is 80% pursuant to the relevant EU directive. Thanks to improvements in raw materials, Arçelik achieved a 90% recycling rate in all its products in 2006.

The company continues to develop products focused on energy savings, with the goal of fulfilling its responsibilities to contribute fully to solving issues such as global warming, diminishing natural resources, and drought, these being issues that affect our country as they do the world.

The "Ekolojist" dishwasher, has been produced since 2004, is the only dishwasher in the lowest energy category with a capacity of 12 dinner sets, is one of the best examples of the technology and environmental approach that Arçelik has developed to minimize natural resource usage.

Arçelik's 62101EI Ekolojist dishwasher saves an average of 26 tons of water per year compared with washing by hand, consuming only 9lt of water per wash. It enables consumers to obtain the best results for their dishes at the lowest possible cost while at the same time contributing to the preservation of natural resources.

Public Awareness and Communication Activities

In addition to developing efficient products, Arçelik's support of activities that raise the public awareness about environmental issues are proof of the Company's determination to produce and launch environment-friendly products in the future.

Arçelik believes that collaboration will result in sustainable and long-term solutions and, in this regard, the company is a staunch supporter of the TEMA Foundation's campaign entitled "Don't Waste Your Water" which, launched in 2007, is aimed at increasing public awareness about saving water, promoting water saving practices and demonstrating the significance of individual attempts to save water.

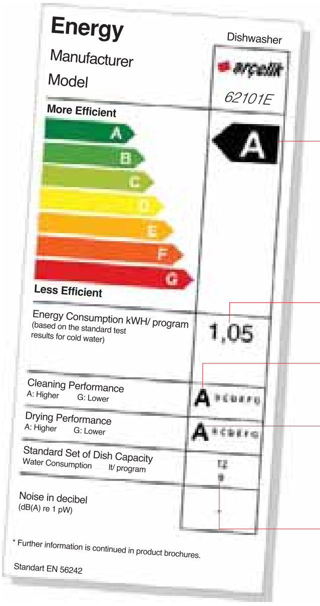
In 2008, the Company lent its support to the Foundation's Tema Oak Project. Under this campaign, Arçelik contributed nine oak seeds to the Tema Oak Project for every Arçelik and Beko branded dishwasher sold during June 2008. As the manufacturer of the world's most water-efficient dishwashers, Arçelik A.Ş. has through this support once again demonstrated to consumers the emphasis it places on environmental issues.

Arçelik believes in the importance of public awareness. In 2008, the company sponsored the NTV Green Screen Project which aimed to draw public attention to global warming and other environmental issues.

Additionally, Arçelik created a micro website, "www.cevremizicin.com", to inform consumers about the environmental approach of the Company. This website allows the Company to share information with consumers about environment-friendly products, environmental awards the Company has received in this area, common projects with NGOs, and training and communication activities conducted in relation to environmental issues.

Arçelik aims to develop environment-friendly products that are leaders in terms of energy and water savings. Since 2007, the company has been supporting the En-Ver project, a joint venture between the Turkey's Ministry of Energy and Natural Resources and Koç Holding, the perennial leaders in their sectors. The En-Ver project aims to change consumer behavior by raising public awareness of energy efficiency and promoting a more eco-friendly lifestyle, thereby saving energy.

Arçelik and the Ministry of Energy and Natural Resources have started a common project to emphasize the importance of energy savings. As part of this project, campaigns promoting high efficiency electrical engine usage and increasing awareness have been initiated. In meetings held in six cities, about 1.000 industrialists were informed about the benefits of using high efficiency electrical engines. As a result of these meetings, common projects with industrial establishments that are willing to use electrical engines have been started.



The letter written here shows the product's energy classification. The energy classification increases according to the ratio of operation to energy consumption of your machine. If this ratio changes in the opposite direction, the energy classification diminishes. "A" is the highest; "G" in the lowest value.

Energy consumption shows how many kilowatts of energy the dishwasher uses per wash cycle.

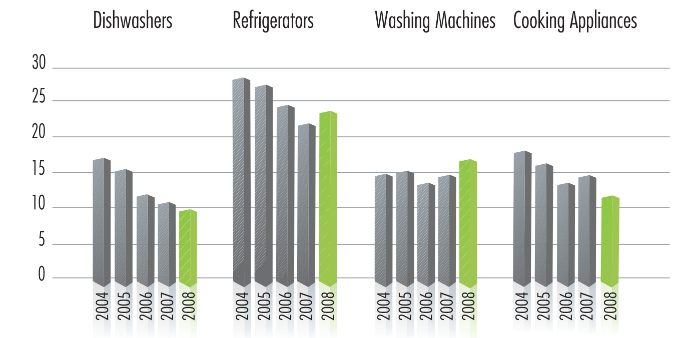
The wash performance shows the degree to which the dishes are cleaned. . "A" is the highest; "G" in the lowest value.

Drying performance shows the degree to which the dishes are dried . "A" is the highest; "G" in the lowest value.

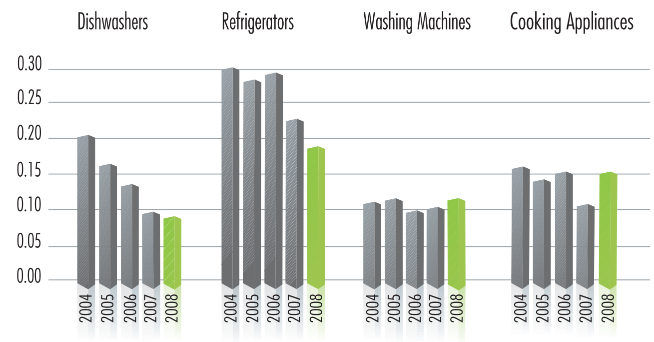
Water consumption shows how many liters of water the dishwasher uses for each wash cycle.

Environmental Impact

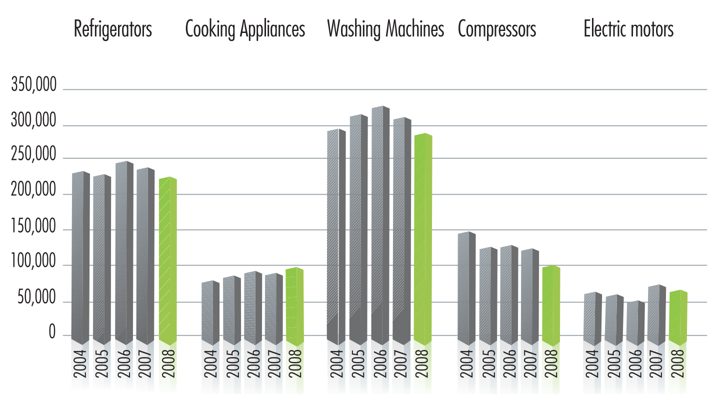
Energy Consumption (kwh/product)



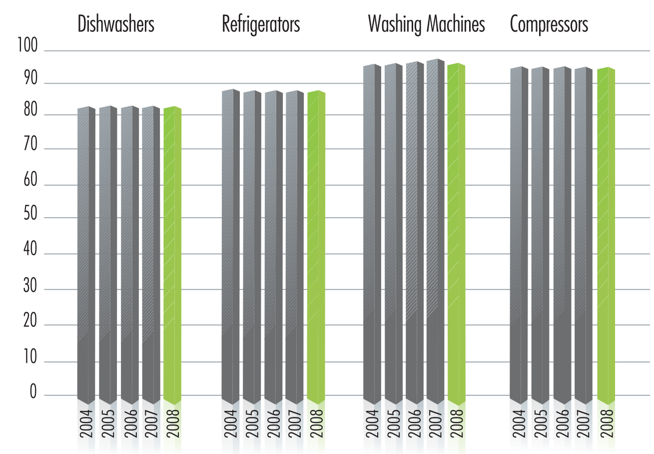
Water Consumption (m3/product)



Energy Consumption Trend (kWh/24 h)



Recycling Ratio (%)



Total Quality Concept

Quality Policy

In the line with Arçelik's vision for the future; we develop and manufacture affordable, easy-to-use, reliable consumer products and deliver after sales service by implementing state-of-the art technologies to satisfy our customer needs beyond their expectations.

We perform our activities to:

- Document, certificate and continuously improve our Quality Management System to comply with the ISO 9001 standard requirements,
- Attain organizational and departmental targets with team-work concept, taking Total Quality Philosophy into account,
- Review our work processes by conducting a self assessment program and define proactive activities to improve our overall performance,
- Enhance the productivity of all our processes to a level of international competition in direction of continuous improvement approach,
- Encourage innovative and creative approaches and conduct trainings to increase technical and behavioral competencies

accompanying the Environmental, Health and Safety Management Systems and we strive to set a model in durable goods sector with regard to quality efforts.

Quality Management System

Arçelik documents, certifies and continuously improves the Quality Management System to comply with ISO 9001 standard requirements. Under the continuous improvement approach, Arçelik works with data and uses the Six Sigma Methodology to reach excellence by increasing the productivity of its business processes to meet international competition.

Winner of the European Quality Prize in 2000, Arçelik pursues excellence in all processes leading to the final product, implementing an efficient Total Quality Management. Total Quality Management increases the productivity of all systems. As a result, consumers can choose from more authorized products and services at the most attractive terms. With each step toward creating quality, a common language has emerged among departments and individuals; team spirit and communication has continuously improved. The employees' awareness of their contributions to the Company's success has further reinforced the corporate culture.

We review our Quality, Environmental, and occupational Health & Safety Management Systems and business processes, starting with the suppliers and ending at the customers, by conducting a self-assessment program in guided with the EFQM (European Foundation for Quality Management) Excellence Model. This self-assessment program has enabled us to come up with preventive approaches that increase compatibility with ever changing internal and external conditions.

Based on the principles of the Total Quality Philosophy and motivated with team work concept, we work to attain institutional and departmental targets and maintain continuous progress and growth in the target markets. We plan and monitor Quality, Environmental and occupational Health & Safety activities under a strategic five-year quality plan.

Six Sigma

The main goal of Six Sigma applications is to achieve excellence in lean and simple products and processes. Arçelik started its first Six Sigma project in 1998 in its production and technology processes. From 2002, it started implementing Six Sigma in all other processes. Today, the Quality Systems and Six Sigma Department coordinates Six Sigma activities throughout the Company in production and non-production processes. Six Sigma projects are set and conducted by Six Sigma leaders. The Company organizes regular training courses for the expansion and continuity of Six Sigma. At the end of 2008, there were over 150 employees with Six Sigma certificates at Arçelik A.Ş.

Arçelik has adapted the Six Sigma in order :

- To improve processes
- To make the processes transparent manageable
- To create decision making mechanism based on the facts
- To develop a platform to continuous growth in profitability
- To harmonize its organizational targets and process objectives
- To built customer focus and a common language
- To improve creativity.

Total Productive Maintenance (TPM)

The Company implements the Total Productive Maintenance (TPM) system, which is based on teamwork at all levels, between all units and functions, from senior management to the shop floor. TPM ensures the effective use of resources by eliminating all factors that have a direct or indirect negative impact on efficiency.

Applied at Arçelik plants since 1996, the goal of TPM methodology is to improve efficiency, production levels, process effectiveness, and to minimize malfunctioning and error rates, customer complaints, energy, labor and maintenance costs, inventory and occupational accidents.

Self-assessment

Arçelik, winner of the EFQM Excellence Award and the Turkish Quality Association's (KalDer) Grand Award, has adopted a self-assessment method since 1993 to identify its strengths and improvement opportunities.

The Company's self-assessment methodology is based on the EFQMExcellence Model and the process starts with an annual on-line survey. Following this, the Company's top management team, including the managers of all departments, organizes workshops to assess the Company and its functions according to the nine criteria of the EFQM Excellence Model, namely leadership, policy and strategy, people, partnerships and resources, processes, people results, customer results, society results and key performance results. Results of the survey are used to develop department-specific improvement plans. The final step involves an overall evaluation of the results by the Quality Systems and Six Sigma Department and the preparation of a report, which is later utilized for the strategic planning cycle of the Company.

Laboratory Quality Management System

Arçelik Central Calibration Laboratory, which is part of Arçelik A.Ş. Quality Systems and Six Sigma Department, was accredited by TÜRKAK (Turkish Accreditation Agency) Board on November 26, 2008, following inspections by a team of experts in August 2008.

The Central Calibration Laboratory, which was accredited on 14 dimensional scope, continues its efforts at improvement so as to obtain accreditation in scope for electric-electronics, temperature, pressure, torque, force and balance. Information of Arçelik's accreditation scope can be obtained from the following web-site: http://www.turkak.org.tr/akredite/kalibrasyon.htm.

During the same period, in cooperation with the Quality Assurance Management Team and under the leadership of Quality Systems and the Six Sigma Department, a project was initiated to improve the competencies of the plant Calibration Laboratories by making use of the knowledge and experience of the Central Calibration Laboratory.

Employee-oriented Approach

Arçelik believes that its most important duty is to comply with international standards and regulations in its production activities and adopts an employee-oriented approach consistent with global norms.

As an indication of its commitment to its employees, the Company conducts fact-finding surveys to meet the requirements of the Global Compact principles and SA 8000 (Social Accountability) Standard. Efforts at improvement are implemented to meet the expectations of employees and to create more healthy and safe working environment.

In 2005, Arçelik was among the first signatories of the Code of Conduct issued by CECED. This treatise ensures that companies demonstrate sustainable performance in meeting the requirements of international conventions on working conditions (including minimum employment age, working hours, occupational health and safety, collective agreements, etc.), and those regarding environmental laws and standards. Companies that sign the Code of Conduct encourage their suppliers to comply with these principles as well.

Companies that sign the Code of Conduct encourage their suppliers to comply with these principles as well.

Within the framework of this ethical agreement, an annual progress report is published on the CECED website (http://www.ceced.org).

Aware of the value of people for economic sustainability in the entire scope of its activities, Arçelik A.Ş. performs national and international activities in the consumer durables industry, in accordance with its Quality, Environmental and Health & Safety Policies.

Occupational Health and Safety Policy

Arçelik and its employees comply with all applicable national and international occupational health and safety laws and regulations and create a safe and healthy working environment in line with occupational health and safety management system based on continuous improvement.
We perform our activities to:

- Analyze and decrease the occupational health and safety risks arising in the working environment,
- Conduct training activities in order to develop and increase the awareness in occupational health and safety issues,
- Take measures to achieve a zero work accident rate and a zero occupational disease rate and increase productivity

accompanying the Quality and Environmental Management Systems and we strive to set a model in durable goods sector with regard to occupational health and safety efforts.

Arçelik A.Ş. guides its employees regarding to Occupational Health and Safety issues and encourages them to have open communication with their colleagues and their managers. Employee trainings held by Arçelik A.Ş. demonstrates the Company's commitment to occupational Health and Safety. In 2008, the total training time amounted to 43.200 hours.

In 2008, "Occupational Health and Safety Process Improvement Project" was carried out by a team of doctors and professional experts on occupational safety. With this project, Occupational Health and Safety processes and procedures has been reviewed and revised in line with the relevant regulations and other related requirements. At Arçelik A.Ş., the indicators related to Occupational Health and Safety are monitored and analyzed in line with certain goals as part of the Performance Evaluation System.

Awards

For Arçelik there is no end to the continuous strive for excellence. There is always continuous improvement.

Arçelik's commitment to excellence via its Total Quality philosophy has increased the Company's sense of responsibility to the community in general and its customers in particular, who have simultaneously raised their expectations. Evidence of Arçelik's passion for excellence is seen in the numerous awards it has garnered over the years.

1995
- Non-CFC Refrigerator Production
- Ankara Chamber of Industry, Environment Badge and Plaque-Dishwasher Plant

1996
- Establishment of Cogeneration Facilities at Çayırova and Eskişehir Plants
- Istanbul Chamber of Industry, Environmental Incentive Award - Washing Machine Plant

1997
- Istanbul Chamber of Industry, Grand Environment Award - Washing Machine Plant

1998
- Electrical Research Administration Energy-Saving Project Award The First Prize - Refrigerator Plant
- Bolu Chamber of Industry and Commerce, Environment Competition-Cooking Appliances Plant
- Istanbul Chamber of Industry, Environmental Success Award - Cooking Appliances Plant
- American Society for Quality (ASQ), Environment-Friendly Industry Award - Compressor Plant
- Istanbul Chamber of Industry, Grand Environment Award - Compressor Plant
- Istanbul Chamber of Industry, Environmental Competition, First-Prize - Refrigerator Plant

1999
- "Golden Package" Award - Dishwasher Plant

2000
- Energy Saving in Industry Award from the Ministry of Energy - Refrigerator Plant

2001
- Production of refrigerators with VCC compressors and A+ energy labels
- Orbital Products

2002
- Turkish Cogeneration Association, Best Cogeneration Plant Award - Washing Machine Plant
- Turkish Cogeneration Association, Best Cogeneration Plant Award - Refrigerator Plant
- Direct Drive Technology
- Total Productive Maintenance, TPM Excellence Award - Washing Machine Plant

2003
- Products bearing energy labels compatible with EU standards

2004
- European Energy "Commission, Energy+ Award -" The Most Energy-efficient Refrigerator"
- The first and only Turkish company to be invited to the 10th United Nations Global Climate Change Conference
- Total Productive Maintenance, TPM Excellence Award - Refrigerator Plant
- Total Productive Maintenance, TPM Continuous Excellence Award - Washing Machine Plant
- Total Productive Maintenance, TPM Excellence Award - Component Plant

2005
- Total Productive Maintenance, TPM Excellence Award - Dishwasher Plant
- Total Productive Maintenance, TPM Excellence Award - Electric Motors Plant
- Eco Top Ten Energy Award, Germany - Blomberg Heat Pump Dryer

2006
- European Union Environmental Awards, first prize in Product category - Blomberg Refrigerator
- European Union Environmental Awards, second prize in Product category - Ecologist Dishwasher
- Total Productive Maintenance, TPM Continuous Excellence Award - Refrigerator Plant
- Total Productive Maintenance, TPM Excellence Award - Arctic Cooling Appliances Plant

2007
- Plus X Awards - first prize in the Ecology category for Beko's "World's Fastest Washing Machine"
- Plus X Awards - first prize in the Ecology category for the Elektrabregenz side-by-side refrigerator
- Electrical Research Administration - Most Successful Organization in Energy Saving Products Award - Compressor Plant

2008
- The Most Efficient Product award by the General Directorate of Electrical Power Resources Survey and Development Administration of the Ministry of Energy and Natural Resources - Arçelik 5088 No Frost A++ the New Black Orbital Refrigerator
- Plus X Awards - first prize in the Ecology category for Elektrabregenz Solo - Combi KFS 1443 C Refrigerator
- Plus X Awards - first prize in the Ecology category for Elektrabregenz WAF 7260 S Washing Machine
- Plus X Awards - first prize in the Ecology category for Blomberg 7462 S Washing Machine
- Total Productive Maintenance - TPM Continuous Excellence Award - Electric Motors Plant.

Environment Friendly Products

Refrigerator

The new Black Orbital Refrigerator by Arçelik A.Ş., which contributes to preserving the environment and the ecological balance as well as the sustainability of resources, offers many superior technological features. With A++ energy rating, it is the first in its class. The new Black Orbital, the first A++ no-frost refrigerator in the world, consuming the least energy in its class. For this achievement, Arçelik A.Ş. received "The Most Efficient Product" award in the Energy Efficiency in Industry contest organized by the General Directorate of Electrical Power Resources Survey and Development Administration of the Ministry of Energy and Natural Resources. The New Black Orbital was developed by the R&D team at the Eskişehir Refrigerator Plant and, through the utilization of six patents, energy performance above the current highest class of A+ has been achieved.

Product Design: With its innovative, chic black design, the New Black Orbital is an extraordinary product in the white goods category. Its glass door and aluminum covered handle gives the refrigerator a distinctive look. The other important features it offers include: fully automated touch screen; thin, leak-proof, wide glass shelves; spacious vegetable closets; 0°C sections; white light illumination in the freezer section and white light illumination on both sides in the cooling section. The product has additional features such as fast freezing and fast cooling functions, key lock, high temperature warning, malfunctioning warnings and open door alarm.

Energy Performance: With its energy consumption of 0.8 kWh/24hr, it is the most energy-efficient no-frost refrigerator in the world in the A++ class. It has the Eco-fuzzy (intelligent control) feature that saves energy by determining the periods when the refrigerator is not in use or used less frequently.

Environment friendly product: The New Black Orbital is produced in the A++ energy class. In this product category termed as Tropical, it is the first and only A++ no-frost refrigerator in the world. It consumes half the energy consumed by the current A class no-frost products with the same volume and can operate for two years while consuming the same energy amount as other refrigerators use in one year. This product with superior features utilizes R600 cooling gas, which is an environmentally friendly product.

Technology: With its 660 mm panel, the New Black Orbital can store more large volume products and, thanks to the no-frost cooling system and the multi-flow system that blows air to every corner of the refrigerator, as well as the special humidity and air distribution feature, the refrigerator keeps food fresh for a longer period of time.

Silence: Most contemporary refrigerators operate with a noise level of 42-43dBA. The New Black Orbital operates at 40dBA, providing additional comfort for the users.

Hygiene and Freshness Specifications:

Hygiene+: The anti-bacterial scent filtering system prevents unwanted odors in the refrigerator.

Silver+: The silver coating on the inner surface prevents bacteria formation.

Ionizer: It ionizes the air inside the refrigerator, removes air-induced bacteria and provides fresh air, making the food last longer.

Anti-bacterial lid gaskets: The anti-bacterial lid gaskets prevent bacteria formation and serves as a shield for the inner space of the refrigerator.

Washing Machine

The Beko 9122 XL9 model 9kg washing machine has the highest possible capacity in its class and was developed through intensive R&D efforts at Arçelik A.Ş. It enables consumers to choose fast washing programs for every temperature. The product has been developed in line with customer expectations and has washing programs such as a curtain program, Mix 40, quilt program and baby program. The product differentiates itself from its rivals by its ability to wash 9kg of clothes in 45 minutes.

This new product by Arçelik A.Ş. has an LCD screen that tells the user the selected program, the program length, its current status, and remaining time. It also allows the user to delay the start of the program for up to 24 hours, allowing the machine to start automatically at a preset time.

Energy Performance: It provides up to 10% of energy savings compared with A energy class products and consumes only 1,53 kWh energy for a full capacity load of 9 kg. Thus the product is accepted as an A+ energy class product.

Intelligent Control System: The system that makes it easier to program the machine, automatically adjusts the rinsing speed and temperature options. This feature protects synthetic or wool clothes against high temperatures or high rinsing speeds.

Express program: This program can be operated when the machine works at full capacity and it saves energy by washing the clothes in a shorter time. It washes the clothes in 45 minutes when 30°C is selected, in 65 minutes when 60°C is selected and in 92 minutes when 90°C is selected. It also enables the user to select other temperatures as well. Also, with the Speedy Function button, less dirty clothes are washed in less time, which also results in less energy consumption.

Ergonomics and usage: In this 9kg model, an XL door with a 34cm diameter is used. This large door design allows for easy loading and unloading of large items, provides the consumers with ergonomic advantages.

Quilt program: This program washes large pieces such as quilts, pillows, bed sheets and blankets thoroughly. The machine washes the quilt and bed sets thoroughly by keeping the temperature inside the drum at the same level at least for 30 minutes during the washing program.

Curtain program: The special curtain program developed in line with consumer trends and demands washes tulle curtains at the optimal temperature in the optimum time.

Mix 40°C Program: This new program enables users to wash their synthetic and cotton clothes at the same time.

Pedestal: This optional pedestal brings ergonomic advantages to users by making it easier to load and unload the machine, by using its 20 cm high position. The user can also place items such as detergents, softeners and similar items in the drawer.

Built-in oven

To meet the high demand in the rapidly growing built-in market, Arçelik A.Ş.'s Industrial Design Engineers have developed multi-functional, high-tech electronic ovens that are produced at the Bolu Cooking Appliances Plant. Arçelik built-in ovens feature a special Inox coating, which allows for easy cleaning with piece of dry material, making the removal of spots like stains and fingerprints a simple task.

Moreover, this high-tech cooker boasts a range of special features making it extremely easy to use. This 55-liter, multi-functional product comes equipped with a Cooking Guide offering the most suitable cooking settings for 36 meals, an electronic temperature control in 1°C increments, a step-cooking function, a multi-language programmer, automatic displays and a cooking progress monitor. The control panel allows the user to cook each meal at optimum temperatures and settings.

Class-A energy consumption: With its Class-A energy performance, this environmentally friendly product consumes only 0.79 kWh in the fan-cooking mode.

3D Cooking: This feature, unique to cookers, helps save both energy and time by cooking three different meals simultaneously, on three different trays or levels, without mixing their flavors.

Telescopic rail system: The Telescopic Rail System is designed for the safety of the consumer and for ease-of-use.

Gradual cooking feature: This feature, which is a first in the world, allows the user to use to different cooking methods and temperatures one after the other, following a single programming. It saves time for the user.

Ready-made food menu: The oven's "Cooking Guide" automatically adjusts the cooker to the proper setting for 36 different kinds of ready-made food programs. Furthermore, it provides useful suggestions about the usage of temperature, cooking time and the placing of dishes in the oven, thus enabling just about anybody to cook up perfect tastes.

Memory features: The cooker's memory system allows for the storage of four different cooking settings in the data bank, facilitating the cooking for popular items and frequently cooked meals.

Multi-functional

Step by step

Dishwasher

With its ergonomic and environmentally friendly features, the newly designed Beko 4001 EI model, is in full harmony with the flat surface kitchen closet doors thanks to its elited-simple look.

Environment friendly: Arçelik A.Ş., designer and manufacturer of environmentally sensitive products, again offers A energy class feature with this new product. It also has a AAA energy label.

Ergonomics and ease of use: The product is equipped with an easy programming feature and a control system that displays each washing stage on the panel. It provides the user with the shortest A class washing program (58 minutes) and also has a special 30 minute, extra short washing program. The goal is to wash the dishes in the most economic way in the shortest amount of time. It also allows users to operate the machine half full at optimum energy consumption level. The dishes can be placed to the lower or upper basket and washed in a shortertime by spending less water.

The adjustable upper basket and mug shelf height when the machine is full and foldable grids on the lower basket provides ease of use.

Silence: With a 47dBA noise level, it provides the users with a quiet kitchen environment.

Safety: The advanced water overflow safety system prevents unexpected overflows. Warning such as filter cleaning, open lid, insufficient salt and anti-staining agent, brings additional convenience to the user.

finger proof

AAA

Tumble Dryer

The Company aims to make tumble dryers as popular in Turkey as they are in Europe. In 2004, the Company broke new ground and produced the first domestic tumble dryer.

This unique dryer with electronic heat pump technology is one of the most energy-efficient dryers in the world and consumes less energy compared to products in the A energy class. By maintaining a relatively low temperature and with an advanced drum movement, the heat pump dryer offers a unique wool and silk programs. The dryer's unique sensor drying wool program allows consumers to dry up to 1,5kg of wool garments in one cycle. Even in the wool cycle, it continues drying up to the desired level, eliminating the need for a second drying action. The dryer has 14 programs and its digital display allows for the monitoring of the cycle time and the time left to completion.

Super A energy consumption: Thanks to heat pump technology that enables drying without a heater, this machine consumes 2.00 kWh of energy for 6 kilos of laundry and 2.25 kWh for 7 kilos and provides almost 30% energy savings compared with A class dryers. Such low energy consumption also means extra care for the environment.

This tumble dryer won "The Eco Top Ten" award at Germany's Eco Institute in 2005. Along with this honor, the Company's heat pump dryers were chosen as the least energy consuming machines in European markets. Also in 2005, this dryer won the "Plus X Award" in the Innovation category. Because of its unique features and energy efficiency, the heat pump dryer was also chosen as one of the Best Buys in Germany and Belgium by Stiftung Warentest and Test Achats, both in 2006.

The Blomberg TKF 1350 model dryer came first in a quality assessment test of eight leading tumble dryers and carried out by Emporio Test Magazine, one of the leading test magazines of Europe.

super A energy consumption

large capacity

heat pump

wool & silk drying

PLUS X AWARD ausgezeichnet für: Innovation

EcoTopTen

STIFTUNG WARENTEST GUT (2,0) test 10/2006


°C
75
125
175
225
1
2
Max
3
4
5
0
14
TIMER

FOR THE COMMUNITY

"For sustainable economic growth, we also work hard in social areas."

Arçelik A.Ş.

For the Community

The future will be shaped in the hands of the young generation.

Arçelik believes that developing and implementing projects to improve social standards and find solutions for sustainable development is part of its core responsibilities. Since its foundation, the Company has been committed to undertake these responsibilities in the light of its corporate values and culture, which constitute the basis of the Company's corporate social responsibility approach.

In economic matters and social matters alike, Arçelik has assumed a pioneering position with a view to creating added value for social development.

The Company believes that raising society's awareness concerning education is a prerequisite to the nation's proper development. Education is a tool that solves many social problems in a proactive manner and contributes to the rational utilization of national resources.

Standing United for Education with Arçelik
Knowing that self-development must be supported in the early stages of childhood, the Company started the Standing United for Education with Arçelik program in 2004. Conducted jointly with the Ministry of Education, this program targets primary school students.

Under this program, the Company aims to improve the education and development standards of children who come from disadvantaged families and study at regional primary boarding schools in Turkey as well as to ensure that these children become valuable members of society.

Focused on the personal development of students, the program consists of five projects: Our Rooms, They Were Once Children, Support and Education for Teachers, the Arçelik Education Scholarship, and the Volunteer Family Association. This educational development initiative aims to contribute towards helping to properly raise the 200.000 children studying at almost 300 regional primary boarding schools to become Turkey's modern and self confident next generation.

As such, the Company cooperates with NGOs to raise social awareness about the issues and reach wider audiences. The NGOs contributing to this program include:
- The Vehbi Koç Foundation (VKV)
- The Educational Volunteers Foundation of Turkey (TEGV)
- Mother Child Education Foundation (AÇEV)
- The Private Sector Volunteers Foundation (ÖSGD)

Standing United for Education with Arçelik Projects

Our Rooms
The main goal of this project is to provide a better environment for children studying away from their families. Equipped with educational materials, these rooms offer children the opportunity to spend their free time creatively, participate in cultural and artistic activities, and learn while having fun.

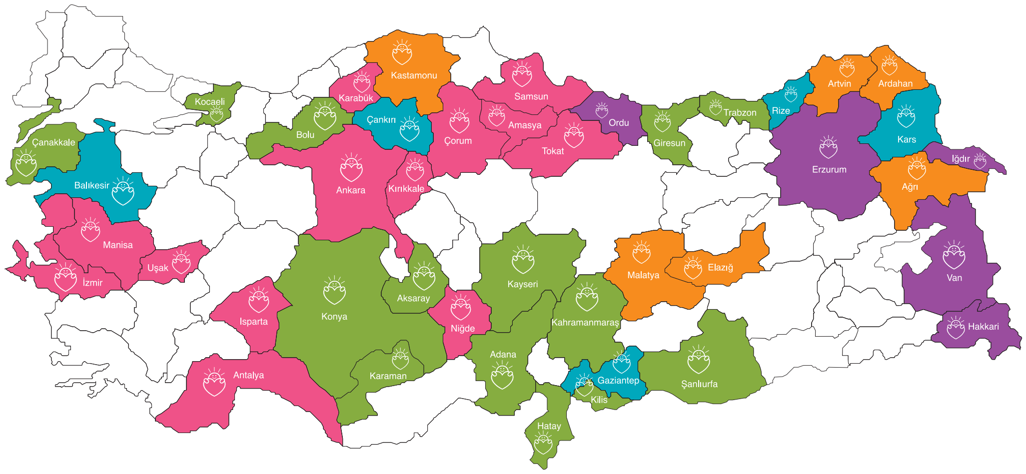
Education Scholarship
The Education Scholarship program provides financial support to top graduates of regional primary boarding schools who do not have the financial means to attend high school.

Support and Education for Teachers
A series of seminars and workshops are organized to support the personal and professional development of teachers and administrators of regional primary boarding schools.

They Were Once Children
As they grow up, children follow the example of the individuals around them. These role models influence children's personalities and future goals. With this project, children meet successful individuals and are given the message that each one of them is a precious individual and can be successful if they pursue their goals. This fosters a positive self-image and helps them to believe in themselves and become self-confident individuals.

Volunteer Family Association
One of the core values of Standing United for Education with Arçelik projects is the involvement in volunteer social work, which has become popular around the world and in Turkey as well. The contribution and local commitment of volunteers is critical for the sustainability of the program. The Volunteer Family Association is a group of volunteers who work as monitoring and aid units in regional primary boarding schools.

STANDING UNITED FOR EDUCATION
arçelik



Provinces covered by the program

- Pilot Provinces in the 2004 - 2005 Academic Year: Van, Hakkari, Iğdır
  Provinces added subsequently: Erzurum, Ordu
- The 2004 - 2005 Academic Year: Gaziantep, Kars, Rize, Çankırı, Balıkesir
- The 2005 - 2006 Academic Year: Çanakkale, Kocaeli, Bolu, Konya, Karaman, Aksaray, Kahramanmaraş, Kayseri, Adana, Trabzon, Şanlıurfa, Hatay, Giresun, Kilis
- The 2006 - 2007 Academic Year: Ağrı, Artvin, Ardahan, Kastamonu, Malatya, Elazığ
- The 2007 - 2008 Academic Year: Izmir, Manisa, Uşak, Antalya, Isparta, Amasya, Tokat, Ankara, Kırıkkale, Niğde, Çorum, Karabük, Samsun.

The 2007 - 2008 academic year:

Number of schools reached: 179 schools in 43 provinces
Number of students reached: 130.000 students

The goal for the 2008 - 2009 academic year:

The Standing United for Education with Arçelik program will add to its coverage the provinces of Sinop, Sivas, Bayburt, Erzincan, Gümüşhane, Mardin and Yozgat and will reach 38 regional primary boarding schools in seven provinces as well as 217 regional primary boarding schools in 50 provinces all over Turkey.

Standing United for Education with Arçelik

Activities in 2008
The project has been implemented in 179 schools in 43 cities that cover Izmir, Manisa, Uşak, Antalya, Isparta, Amasya, Tokat, Ankara, Kırıkkale, Niğde, Çorum, Karabük and Samsun.

- 9 April 2008: Announcements of the essay, poetry and painting contest with the theme Let's Protect Our Environment and Natural Resources, organized for 6th, 7th and 8th grade regional primary boarding school students is sent to the schools.
- 30 April 2008: "Our Rooms" project is completed at regional primary boarding schools in Ankara, Kırıkkale and Niğde provinces.
- 30 May 2008: "Our Rooms" project is completed at the regional primary boarding schools in Isparta and Antalya.
- 12 June 2008: Arçelik Volunteer Family review the work of students who participated in the essay, poetry and painting contest with the theme Let's Protect Our Environment and Natural Resources.
- 30 June 2008: "Our Rooms" project is completed at the regional primary boarding schools in Izmir, Uşak and Manisa.
- 7 July 2008: "Our Rooms" project is completed at the regional primary boarding schools in Çorum, Samsun, Tokat, Amasya and Karabük.
- 15 July 2008: Arçelik employees review for a second time on the intranet the work of the students who participated in the essay, poetry and painting contest with the theme Let's Protect Our Environment and Natural Resources.
- 5 November 2008: The award ceremony for the essay, poetry and painting contest with the theme Let's Protect Our Environment and Natural Resources is held at Istanbul, Sütlüce campus.
- 28 November 2008: Arçelik scholarships granted to students for 2008-2009 took effect.

Volunteer Engagement for Development

The Arçelik Family and Volunteerism

Arçelik believes that the key to solving social problems is people, and the voluntary efforts of sensitive people result in long-lasting solutions to difficult issues.

Together with its employees, authorized dealers, suppliers and business partners, Arçelik is a large family and its synergy enables the Company's volunteer efforts across the country to find capable solutions to complex social concerns.

Embracing its core values and principles, the Arçelik family uses its time, expertise and energy for activities that add value to the community.

Arçelik Volunteer Teams Working to Make a Difference in Children's Lives

Set up by Arçelik employees within the framework of social responsibility, Arçelik Volunteer Teams support various activities aimed at increasing the social and cultural awareness of students enrolled at the schools covered by the Standing United for Education with Arçelik program and aims to educate new generations that look at our country's future with confidence.

As part of its activities in 2008, Arçelik Volunteer Family organized a poetry and painting contest with the theme Let's Protect Our Environment and Natural Resources among the students of the regional primary boarding schools covered by the Standing United for Education with Arçelik program. For this contest, the students were encouraged to elaborate on issues like maintaining our rapidly diminishing environmental resources and less water and energy consumption.

Colors and Words Competed and Nature Won

Around 897 essays, poems and paintings sent by students from all over Turkey competed and the first evaluations were done by school administrators and the teachers. The first three successful pieces from each school in the essay, poetry and painting categories were sent to Arçelik A.Ş. to join the contest.

All works were evaluated twice by Arçelik employees. In the first phase, the works evaluated by a jury made up of Arçelik employees were evaluated and, in the second phase, by over 2.500 Arçelik employees in all local and foreign Arçelik offices via surveys on the web. The evaluation was done between June 15 and July 15, 2008 and the family of volunteers made up of company employees finally determined the most successful works.

The winners of the contest were: in the painting category, Abdülmuttalip Güzel from the Elazığ Arıcak regional primary boarding school; in the poetry category, Semra Kesgin from Kastamonu Seydiler regional primary boarding school; and in the essay category, Seher Küsbeci from Kilis Merkez regional primary boarding school.

The successful students and school administrators were hosted by Standing United for Education with Arçelik program's volunteer family in Istanbul and they participated in the award ceremony that was held November 4-6, 2008. These students and school administrators from six different cities of Anatolia first visited Arçelik's Washing Machine Plant. The students asked various questions about the environment friendly products and plants of Arçelik A.Ş., had a tour of the facilities and obtained detailed information. After the visit to Çayırova Washing Machine Plant, the students came to Sütlüce Campus and the students were welcome by the Arçelik volunteer family.

The awards of the successful students that participated in the essay, poetry and painting contest with the theme "Let's Protect Our Environment and Natural Resources" were given during a ceremony held at Arçelik A.Ş.'s Sütlüce Campus in front of an audience of employees and volunteer family members. After the ceremony, students had a tour of the Rahmi Koç Museum and looked over the museum's old cars and planes with excitement.

A Corporate Social Responsibility Program book about the Standing United for Education with Arçelik has been prepared. The book includes the essays, poems and paintings of the students as well as the projects completed by the program.

"For My Country" Project Support

Arçelik employees, together with authorized dealers, and suppliers, continue to support the social responsibility projects carried out by Koç Holding every year in May as part of the "For My Country" project.

Besides its participation in essential educational activities, Arçelik A.Ş. affirms that one of its fundamental responsibilities is to protect our national resources and the environment and to raise the public awareness of the importance of the issue. Towards this end, in 2007, the company organized an activity in partnership with Turkish Maritime Environmental Protection Agency (Turmepa) with the aim of raising public awareness on environmental protection and this activity was given "the most successful event" award by Koç Holding.

In 2008, as part of the "For My Country" project focused on the environment issue, the "For My Country Forest" was established with 700.000 saplings planted in seven regions of Turkey, with the support of the Ministry of Environment and Forestry and the Tema Foundation. In this project, a total of 212.509 saplings were planted with participation from Arçelik A.Ş. employees, authorized dealers and services.

FOR MY COUNTRY!

Saplings planted for the Beko Forest in Russia

Arçelik A.Ş aims to protect the environment and natural resources in every phase of the production process and, with the aim of forming a Beko Forest at the Refrigerator and Washing Machine Plant in Russia, a sapling planting event was organized.

Volunteer Vocational High School Coaches of Arçelik

Arçelik A.Ş. employees, authorized dealers and service agents support the social responsibility project entitled "Vocational Education, A Top Matter for the Nation" initiated by Koç Holding in 2006 with the purpose of transforming the young generation in Turkey into a qualified work force and contributing to developing trained and qualified personnel in the industrial and service sectors.

With the "Vocational Education, A Top Matter for the Nation" project, a team of volunteers made up of Arçelik employees, authorized dealers and service agents, started to serve as Vocational High School Coaches to guide students and monitor their development and they completed their first phase of training. The volunteer coaches share with the students, their knowledge and experience via occasional meetings.

In 2007, the Vocational High School Volunteer Coaches supported the development process of 273 students in 24 schools and 21 cities and in 2008, the number of supported schools reached 26 and the number of supported students reached 639. In 2008, under the Responsible Citizenship and Project Management module application, the coaches got together with students.

Between December 18 and 30, 2008, as a result of cooperation between the "For My Country" and "Vocational Education, A Top Matter for the Nation" projects, the students that joined the "Vocational Education, A Top Matter for the Nation" project were given environmental themed training in the seven provinces and ten cities where "For My Country" forests are located. Following the training sessions, the participants became members of Young Tema and planted saplings. The training contributed to the development of a new generation with a sufficient level of awareness to protect the saplings planted and forests created as part of the project, while at the same time the Responsible Citizenship training given to vocational high schools students who are scholarship recipients was re-emphasized.

Sports

In addition to its support for education, culture and the arts, Arçelik believes that supporting sports is also an important contribution to the development of Turkey and future generations. The Company has supported various sports activities for many years in Turkey to promote and make them more popular.

This commitment led Arçelik to decide in 2006 to undertake the sponsorship of the Turkish Basketball League for four years through its young, innovative and dynamic Beko brand. Arçelik believes that this long-term cooperation between the Basketball Federation and Beko will contribute greatly to the development of young athletes, as well as to the Basketball League itself, which is a good training ground for basketball stars representing Turkey abroad, especially in the NBA.

Arçelik A.Ş., in order to encourage the speedy training of sportsmen in Turkey and to introduce basketball to the younger generation, is hosting the All Star activities organized every year and also lends support to the Player of The Year, who is elected by basketball fans and coaches.

With its Beko Basketball League sponsorship, Arçelik was awarded in the "Sports Organization Sponsorship" category given by the Turkish Republic of Prime Ministry Youth and Sport General Directorate, for the sponsorship projects carried in 2007.

Agenda

Arçelik A.Ş. Ordinary Meeting of Shareholders March 25, 2009

Agenda

1. Opening and the Election of the Presidential Board

2. Presentation and negotiation of the Reports of the Board of Directors, the Auditor and Independent Audit Organization Basaran Nas Independent Audit Organization and Public Accountancy and Chartered Accountancy (a member of PricewaterhouseCoopers); due approval, approval after amendment or disapproval of the suggestion of the Board of Directors regarding the Balance Sheet and Income Statement for 2008

3. Discharging the Members of the Board of Directors and Auditors due to the accounts and activities of the Company for the 2008

4. Provide our shareholders with necessary information regarding our dividend policy in line with corporate governance policies

5. Due approval, approval after amendment or disapproval of the suggestion of the Board of Directors regarding the distribution of profits

6. Determining the number of the members of the Board of Directors who shall function until the Ordinary General Assembly in order to analyze the activities and accounts for 2009, and the electing new members.

7. Reappointment or replacement of the auditors to act until the Ordinary General Assembly to meet to analyze the activities and accounts for the year 2009, and electing the new members.

8. Determining the gross remuneration for the Chairman and the members of the Board of Directors and Auditors.

9. Informing the General Assembly about the donations and aid provided to associations and foundations in 2008 for social relief purposes.

10. Informing the General Assembly about the Company Disclosure Policy.

11. Making a decision as to amendment of the following articles of the Board of Directors section of the Articles of Association: Article 11, Foundation; Article 14, Administration and Representation; Article 16, Remuneration; as well as the following articles of the section entitled General Assembly: Article 22, Foundation; Article 25, Announcement and Declarations; Article 32, Presidential Board.

12. Granting authority to the members of the Board of Directors as per the Articles No. 334 and 335 under the Turkish Commercial Code to enable them to engage in work within the scope of the company business alone or acting for third parties, and to become shareholders to such companies, and to carry out others work and other formalities.

13. Authorization for the Presidential Board concerning the signing of the General Assembly Minutes by the Presidential Board and the sufficiency of such signature.

14. Requests.

Proposal for Profit Distribution

Esteemed Shareholders,

The financial statements of the Company are prepared according to the Financial Reporting Standards of the Capital Markets Board and UMS/IFRS Consolidated regulations.

The balance sheet and income statement for 2008 have been prepared according to UMS/IFRS and made available for your examination for the last twenty-one days.

Our Company's consolidated net profit in 2008 was TRY39.793.988,00.

After setting aside 5% statutory reserves pursuant to Article 466 of the Turkish Commercial, we obtain a distributable profit of TRY39.793.988,00 according to the Capital Market Law and related regulations. Adding TRY6.450.233,94 in grants to tax-exempt foundations and societies in 2008, we obtain the sum of TRY46.244.221,94 which is the basis of the first dividend. Our statutory records contain TRY562.469.592,06 in distributable profit, with TRY97.987.845,66 of this amount coming from the profit for the period.

We hereby propose the following allocation of the consolidated profits for the period, calculated pursuant to CMB legislation:

- TRY9.999.000,00 gross dividend to shareholders
- The balance as primary reserves

On the other hand, with its decision dated March 2, 2009 and numbered 662, our Board of Directors hereby presents for the approval of the General Assembly a proposal to add the dividend amount to be paid in line with Capital Markets Board and Communique Series IV No. 27 to the shareholder's equity via distributing this amount as bonus shares to share holders.

We wish that 2009 will be a prosperous year for Turkey and for our Company.

Yours sincerely,

RAHMİ M. KOÇ
CHAIRMAN
ARÇELİK A.Ş.

Amendments to the Articles of Association

The justification behind the amendment related to the Board of Directors

To realize a possible increase in the number of members of the Board of Directors, Article 11 of the section of our Articles of Association entitled Foundation has been aligned with Article 312 of Turkish Code of Commerce. Here, the goal is to include the principles related to allocation of representation authority as sited in Article 319 of Turkish Code of Commerce, in the Articles of Association. This would enable the Board of Directors to use its authorizations in line with the existing conditions or to transfer them to individuals which it deems appropriate.

At the same time, the amendments proposed for the Articles of Association article 14 of the section entitled Administration and Representation and Article 16 of the section entitled Remuneration aims to improve the Company's compliance with CMB's Corporate Governance Principles. In Section IV/5 of these principles, which is related to the Board of Directors, it is advised that the Board of Directors establish sufficient number of committees in line with the conditions and requirements of the Company in order to carry out its duties and fulfill its duties in a healthier manner. The principles also recommend that Board members be appointed to these committees and that, when necessary, relevant experts who are not Board members be appointed as committee members. Additionally, Article IV/2.14., which outlines the duties of the Board of Directors, states that it is among the duties and authorizations of the Board to set the working principles of these committees and to assist them to operate in the most effective and efficient manner. The amendment to be made to this article aims to lay the legal basis for the applicability of these recommendations.

The justification behind the amendment related to Shareholders' Meeting

CMB Corporate Governance Principles' Article I/3.2.1, related to Shareholders' Meetings, recommends that with the amendments the Articles of Association of Article 22 of the section entitled Foundation, Article 25 of the section entitled Announcement and Declaration and Article 32 of the section entitled Presidential Board, provisions related to the following are placed in the Articles of Association:
- announcement of the Shareholders' Meeting to be announced at least three weeks before the actual Meeting Date while with Article I/3.4.8 the following is recommended:
- Board members, company officials involved in the preparation of financial tables, auditors and company officials related to specific issues that are important agenda items are to be present at the meeting, and for those among these individuals who cannot be present at the meeting, the Chairman of the meeting is to inform the General Assembly about the reasons of their absence; and with Article 1/3.4.11, the following is recommended: Shareholders' Meetings to be held, if desired, as open to public in manner that would include the media and stakeholders on the condition that they would have no right to make any comment.

With the goal of evaluating the compatibility of these provisions with the existing circumstances, draft amendments related to above mentioned provisions have been prepared.

Former Text
Foundation

Article 11 - The business of the company will be run by a Board of Directors that will consist of at most nine members to be selected as a result of a General Assembly decision from among shareholders in line with the provisions of the Turkish Code of Commerce. The Company General Manager can be appointed as Board Member.

Former Text
Administration and Representation

Article 14 - Board of Directors is responsible for the administration and representation of the Company towards third parties. In order for all documents to be given by the Company and all agreements to be entered into by the Company to be effective, these will have to carry the Company seal and the signature of two individuals authorized by the Board.

Former Text
Remuneration

Article 16 - The salary of the Chairman and the Board Members is determined by the General Assembly.

Former Text
Foundation

Article 22 - Shareholders are to gather at least once a year via a General Assembly. The General Assembly (Shareholders' Meeting) is to be held in line with the relevant laws and the provisions of the Articles of Association and represents all shareholders. All decisions made during the General Assembly will be binding for both the opponents of the decisions and those absent from the meeting.

Former Text
Announcement and Declaration

Article 25 - Ordinary and Extraordinary General Assemblies are to be announced in line with the Article 368 of the Turkish Code of Commerce.

Also, the General Assemblies are to be notified to the Ministry of Industry and Commerce or its authorized unit and the Capital Markets Board along with the meeting agenda at least fifteen days before the actual meeting date.
A commissioner of the Ministry of Industry and Commerce should be present at the meetings; decisions made in the absence of a commissioner will not be effective.

Former Text
Presidential Board

Article 32 - Presidential Board of the General Assembly consists of a Chairman, two vote collectors and a clerk.

It is the Chairman of the Board who leads the General Assembly. In cases when the Chairman is absent, the chairman for the Assembly, as well as the vote collectors and the clerk are to be selected by the General Assembly from the participants of the meeting.

The Chairman's duty is to ensure that the meeting is held in line with the relevant procedures and that the meeting minutes are prepared in line with the relevant provisions of the law and the Articles of Association.

New Text
Foundation

Article 11-The business of the company will be run by a Board of Directors that will consist of at least three members to be selected as a result of a General Assembly decision, from among the shareholders in line with the provisions of the Turkish Code of Commerce. The Company General Manager can be appointed as Board Member.

New Text
Administration and Representation

Article 14 - The Board of Directors is responsible for the administration and representation of the Company towards third parties. In order for all documents to be given by the Company and all agreements to be entered into by the Company to be effective, these will have to carry the Company seal and the signature of two individuals authorized by the Board.

The Board of Directors may allocate Administration and Representation authority among its members or may transfer such authority to executive directors or managers who are not required to be shareholders, totally or partially. Article 319/1 of the Turkish Code of Commerce is reserved.

It is the Board of Directors that has the authority to allocate Administration and Representation authority as mentioned above.

The Board of Directors sets the authorization and responsibilities of the executive directors or managers and can transfer all kinds of authorization and responsibilities of the Board of Directors to relevant individuals in line with the conditions, provisions and limitations set by the Board of Directors, which can amend or withdraw in whole or part these authorizations when it considers necessary.

The Board of Directors can establish advisory, coordination committees or sub-committees of a similar nature from among its members and /or non-members.

The principles related to meeting organization, working and reporting carried out by such committees are set, arranged and amended by the Board of Directors.

New Text
Remuneration

Article 16 - The Chairman and the Board Members are paid a salary to be determined by the General Assembly.

In addition to participation fees, Board and Committee members may be paid salaries, bonuses and premiums in return for their services. The payment method and amount will be determined in line with the relevant legislation.

New Text
Foundation

Article 22 - Shareholders are to gather at least once a year via a General Assembly. The General Assembly (Shareholders' Meeting) is to be held in line with the relevant laws and the provisions of the Articles of Association and represent all shareholders. All decisions made during the General Assembly will be binding for both the opponents of the decisions and those absent from the meeting.

The General Assembly can be open to public in manner that would include the media and stakeholders on the condition that they have no right to make comments.

New Text
Announcement and Declaration

Article 25 - Ordinary and Extraordinary General Assemblies are to be announced in line with Article 368 of the Turkish Code of Commerce.

General Assembly is to be announced at least 3 weeks before the actual meeting date.

In addition, General Assemblies are to be notified to the Ministry of Industry and Commerce or its authorized unit and the Capital Markets Board along with the meeting agenda at least three weeks before the actual meeting date. Any amendments made to the current relevant legislation are to be applied to this clause immediately.

A commissioner of the Ministry of Industry and Commerce should be present at the meetings; decisions made in the absence of a commissioner will be non-effective.

New Text
Presidential Board
Presidential Board of the General Assembly consists of a Chairman, two vote collectors and a clerk.

It is the Chairman of the Board who leads the General Assembly. In cases where the Chairman is absent, the chairman for the Assembly is to be selected of the participants of the meeting who are present including the vote collectors and the clerk.

The Chairman’s duty is to ensure that the meeting is held in line with the relevant procedures and that the meeting minutes are prepared in line with the relevant provisions of the law and the Articles of Association.

At least one Board member, one Auditor and at least one of the Company officials involved in the preperation of financial tables, auditors and Company officials related to specific issues that are important agenda items are to be present at the meeting, the Chairman of the meeting is to inform the General Assembly about the reasons of their absence.

ARÇELİK ANONİM ŞİRKETİ

Convenience translation into English of consolidated financial statements for the period 1 January-31 December 2008

Arçelik A.Ş.

AUDITOR'S REPORT

To the General Assembly of Arçelik A.Ş.

Please find below the results of our audit of the 2008 accounting period of the Company.

1. We have observed that:
   a. The statutory books and records have been duly kept in compliance with the Turkish Commercial Code and other applicable legislation
   b. Documents supporting these accounting records have been properly maintained
   c. Decisions concerning the management of the company have been duly entered into a book of resolutions, which was properly kept.

2. We have concluded that the attached consolidated financial statements as of 31 December 2008 have been kept in accordance with the provisions of the CMB's Communiqué Serial XI, No. 29 entitled Notification Related to Principles Regarding Financial Reporting in the Capital Markets and that these statements accurately reflect the true financial condition and business results of the company at the above-mentioned date.

To conclude, we kindly ask the General Meeting to approve the Company activities summarized in the report of the Board of Directors, the consolidated financial statements prepared in accordance with capital markets legislation, and the Board of Directors' proposal for the distribution of dividends, and to release the Board of Directors from liability.

Istanbul, 2 March 2009

Sincerely yours,

Ahmet Sönmez

Serkan Özyurt

PRICEWATERHOUSECOOPERS

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
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Facsimile +90 (212) 326 6050

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Arçelik A.Ş.

1. We have audited the accompanying consolidated financial statements of Arçelik A.Ş. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2008 and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arçelik A.Ş. as of 31 December 2008, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Emphasis of matter

5. As discussed in detail in Note 36, Board of Directors of Arçelik A.Ş. has decided for the merger of Arçelik A.Ş. with Grundig Elektronik A.Ş. in accordance with the relevant clauses of Turkish Commercial Code and the Corporate Tax Law and Turkish Capital Markets Board ("CMB") legal framework over the balance sheets which have been prepared in accordance with the CMB regulations by the while transfer of all assets and liabilities of Grundig Elektronik A.Ş. as of 31 December 2008 to Arçelik A.Ş. and authorized management to execute the merger in the meeting held on 27 February 2009.

Additional paragraph for convenience translation into English

6. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

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

Haluk Yalçın, SMMM
Partner

Istanbul, 2 March 2009

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER

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

	Notes	2008	Restated 2007
ASSETS			
Current assets			
Cash and cash equivalents	6	415,586	401,492
Financial investments	7	26,039	-
Trade receivables	10	2,644,927	2,442,566
Inventories	12	1,303,931	1,296,726
Other current assets	22	103,172	98,941
Total current assets		**4,493,655**	**4,239,725**
Non-current assets			
Trade receivables	10	9,060	18,144
Financial investments	7	543,443	714,852
Associates	13	123,602	111,129
Investment property	14	8,788	3,463
Property, plant and equipment	15	1,272,333	1,206,050
Intangible assets	16	402,215	176,247
Goodwill	17	10,255	3,377
Deferred tax assets	30	65,878	53,812
Total non-current assets		**2,435,574**	**2,287,074**
Total assets		**6,929,229**	**6,526,799**

The consolidated financial statements as at and for the year ended 31 December 2008 have been approved for issue by the Board of Directors on 2 March 2009 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director. These consolidated financial statements are subject to the approval of General Assembly.

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER

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

	Notes	2008	Restated 2007
LIABILITIES			
Current liabilities			
Financial liabilities	8	1,914,505	2,076,459
Other financial liabilities	9	5,533	1,660
Trade payables	10	705,327	660,740
Other payables	11	83,835	95,447
Current income tax liabilities	30	4,063	4,741
Provisions	20	198,294	187,430
Other current liabilities	22	149,499	130,677
Total current liabilities		**3,061,056**	**3,157,154**
Non-current liabilities			
Financial liabilities	8	1,576,603	995,872
Trade payables	10	72,955	60,038
Provisions for employment termination benefits	21	60,217	56,155
Deferred tax liabilities	30	91,471	54,494
Provisions	20	53,197	52,258
Other non-current liabilities	22	12,401	5,098
Total non-current liabilities		**1,866,844**	**1,223,915**
Total liabilities		**4,927,900**	**4,381,069**
Equity			
Paid-in capital	23	399,960	399,960
Adjustment to share capital	23	468,811	468,811
Share premium		96	96
Revaluation fund	23	287,902	440,749
Translation reserve		40,800	(16,585)
Restricted reserves	23	157,784	142,973
Accumulated profits		542,917	523,684
Net income for the year		39,794	157,765
Attributable to			
Equity holders of the parent		1,938,064	2,117,453
Minority interest		63,265	28,277
Total equity		**2,001,329**	**2,145,730**
Total liabilities and equity		**6,929,229**	**6,526,799**
Commitments, contingent assets and liabilities	19		

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

CONSOLIDATED STATEMENTS OF INCOME AT 31 DECEMBER

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

	Notes	2008	Restated 2007
Net sales	24	6,775,538	6,622,544
Cost of sales	24	(4,905,292)	(4,851,025)
Gross profit		**1,870,246**	**1,771,519**
Selling and marketing expenses	25	(1,080,524)	(934,375)
General administrative expenses	25	(295,616)	(290,062)
Research and development expenses	25	(54,517)	(29,841)
Other income	27	44,934	50,750
Other expenses	27	(44,972)	(48,648)
Operating profit		**439,551**	**519,343**
Income from associates	13	12,473	14,235
Financial income	28	741,036	390,845
Financial expenses	29	(1,163,939)	(725,898)
Income before tax		**29,121**	**198,525**
Income tax expense			
- Taxes on income	30	(29,693)	(42,262)
- Deferred tax income	30	7,128	(19,056)
Net income		**6,556**	**137,207**
Attributable to:			
Minority interest		(33,238)	(20,558)
Equity holders of the parent		39,794	157,765
Earnings per share (YKr)	**31**	**0.0995**	**0.3945**

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'EQUITY FOR THE YEARS ENDED AT 31 DECEMBER

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

	Paid-in capital	Adjustment to share capital	Share premium	Revaluation fund	Translation reserves	Restricted reserves	Accumulated profit	Net income for the year	Minority interest	Total equity
Balances at 1 January 2007 (*)	**399,960**	**468,811**	**96**	**330,845**	**15,421**	**107,492**	**456,875**	**324,147**	**32,890**	**2,136,537**
Transfers	-	-	-	-	-	-	324,147	(324,147)	-	-
Dividends paid	-	-	-	-	-	35,481	(235,460)	-	(3,285)	(203,264)
Financial investment fair value gain	-	-	-	109,904	-	-	-	-	-	109,904
Translation differences	-	-	-	-	(32,006)	-	-	-	(2,648)	(34,654)
Transactions with minority interests	-	-	-	-	-	-	(21,878)	-	21,878	-
Net income for the year	-	-	-	-	-	-	-	157,765	(20,558)	137,207
Balances at 31 December 2007	**399,960**	**468,811**	**96**	**440,749**	**(16,585)**	**142,973**	**523,684**	**157,765**	**28,277**	**2,145,730**
Capital increase	-	-	-	-	-	-	-		33,185	33,185
Transfers	-	-	-	-	-	71	157,694	(157,765)	-	-
Dividends paid	-	-	-	-	-	14,740	(114,730)	-	(2,047)	(102,037)
Financial investment fair value loss	-	-	-	(199,243)	-	-	-	-	-	(199,243)
Non-current assets revaluation funds										
- Acquisition	-	-	-	44,352	-	-	-	-	9,065	53,417
- Amortisation effect	-	-	-	(953)	-	-	953	-	-	-
- Deferred tax effect	-	-	-	242	-	-	-	-	50	292
Translation differences		-	-	2,755	57,385	-	-	-	3,289	63,429
Transactions with minority interests	-	-	-	-	-	-	(24,684)	-	24,684	-
Net income for the year	-	-	-	-	-	-	-	39,794	(33,238)	6,556
Balances at 31 December 2008	**399,960**	**468,811**	**96**	**287,902**	**40,800**	**157,784**	**542,917**	**39,794**	**63,265**	**2,001,329**

(*) Restated.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER

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

	Notes	2008	2007
Operating activities:			
Income before tax		**29,121**	**198,525**
Adjustments to reconcile net cash provided from operating activities to income before taxes:			
Changes in provisions	35	37,886	(60,160)
Depreciation and amortisation	26	166,090	140,931
Interest income	28	(16,928)	(21,313)
Interest expenses	29	467,112	379,422
Income/ from associates (net)	13	(12,473)	(14,235)
Loss from sales of tangible and intangible assets (net)	27	3,421	601
Loss from sales of financial investments	27	-	1,234
		674,229	**625,005**
Changes in operating assets and liabilities (net)	35	(194,484)	(465,581)
Corporate taxes paid	30	(30,737)	(38,818)
Cash flows from operating activities		**449,008**	**120,606**
Investing activities:			
Cash provided from sales of tangible and intangible assets	-	4,958	9,575
Acquisition of tangible and intangible assets	-	(252,732)	(317,755)
Cash outflow due to acquisition of subsidiaries	3	(55,246)	(7,877)
Cash provided from sales of financial investments	-	-	1,598
Financial investments capital increase	-	(38,296)	-
Translation differences (net)	-	17,965	1,821
Cash flows from investing activities		**(323,351)**	**(312,638)**
Financing activities:			
Dividends paid	32	(102,037)	(203,265)
Dividends received	32	-	3,320
Interest paid	-	(464,382)	(353,045)
Interest received	-	16,928	21,313
Capital increase	-	33,185	-
Increase in bank borrowings (net)	-	404,743	724,658
Cash flows from financing activities		**(111,563)**	**192,981**
Net increase in cash and cash equivalents		**14,094**	**949**
Cash and cash equivalents at 1 January		**401,492**	**400,543**
Cash and cash equivalents at 31 December		**415,586**	**401,492**

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (a Turkish corporation - "Arçelik" or "the Company"), its subsidiaries and associates (collectively, "the Group") undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates 11 manufacturing plants in Turkey, Romania, Russia and China. The Company is a member of the Koç Group of companies, which holds a majority stake in the Company.

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

The Company is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1986. At 31 December 2008, the publicly quoted shares are 21,29% of the total shares. At 31 December 2008, the principal shareholders and their respective shareholdings in the Company are as follows (Note 23):

	%
Koç Holding A.Ş.	39.14
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	14.68
Koç Family	9.81
Burla Ticaret ve Yatırım A.Ş.	7.66
Koç Holding Emekli ve Yardım Sandığı Vakfı	4.50
Other	24.21
	100.00

The average number of employees of the Group as of 31 December 2008 is 18,605 (31 December 2007: 17,328).

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country of incorporation	Core Business	Nature of business
Archin Limited ("Archin")	Hong Kong, China	Sales	Consumer durables/Electronics
ArcticPro SRL ("ArcticPro")	Romania	Service	Consumer durables
Ardutch B.V. ("Ardutch")	Netherlands	Investment	Holding
Bekodutch B.V. ("Bekodutch")	Netherlands	Investment	Holding
Beko Cesko ("Beko Cesko")	Czech Republic	Sales	Consumer durables/Electronics
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Sales	Consumer durables/Electronics
Beko Electronics España S.L. ("Beko Espana")	Spain	Sales	Consumer durables/Electronics
Beko Elektronik Llc ("Beko Elektronik Russia") (1)	Russia	Production/Sales	Electronics
Beko France S.A. (Beko France")	France	Sales	Consumer durables/Electronics
Beko Italy SRL ("Beko Italy") (5)	Italy	Sales	Consumer durables/Electronics
Beko Llc. ("Beko Russia")	Russia	Production/Sales	Consumer durables/Electronics
Beko Magyarorszag K.F.T. ("Beko Magyarorszag")	Hungary	Sales	Consumer durables/Electronics
Beko Plc. ("Beko UK")	UK	Sales	Consumer durables/Electronics
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales	Consumer durables/Electronics
Beko S.A. ("Beko Polska")	Poland	Sales	Consumer durables/Electronics
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Sales	Consumer durables/Electronics
Beko S.A. Hungary ("Beko Hungary")	Hungary	Sales	Consumer durables/Electronics
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales	Consumer durables/Electronics
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb") (2)	Germany	Sales	Consumer durables/Electronics
Blomberg Werke GmbH ("Blomberg Werke") (2)	Germany	Production	Consumer durables/Electronics
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales	Consumer durables/Electronics
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Sales	Consumer durables/Electronics
Fusion Digital Techology Ltd. ("Fusion Digital") (2)	UK	Technology	Electronics

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Country of incorporation	Core Business	Nature of business
Grundig Elektronik A.Ş. ("Grundig Elektronik") (3)	Turkey	Production/Sales	Electronics
Grundig Multimedia B.V. ("Grundig Multimedia") (4)	Netherlands	Investment	Holding
Grundig AG ("Grundig Switzerland") (4)	Sweden	Sales	Electronics
Grundig Benelux B.V. ("Grundig Benelux") (4)	Netherlands	Sales	Electronics
Grundig Ceska Republika S.r.o ("Grundig Ceska") (4)	Czech Republic	Sales	Electronics
Grundig Danmark A/S ("Grundig Denmark") (4)	Denmark	Sales	Electronics
Grundig España S.A. ("Grundig Espana") (4)	Spain	Sales	Electronics
Grundig Intermedia Ges.m.b.H ("Grundig Austria") (4)	Austria	Sales	Electronics
Grundig Intermedia GmbH ("Grundig Intermedia") (4)	Germany	Sales	Electronics
Grundig Italiana S.p.A. ("Grundig Italy") (4)	Italy	Sales	Electronics
Grundig Magyarország Kft. ("Grundig Hungary") (4)	Hungary	Sales	Electronics
Grundig Norge AS ("Grundig Norway") (4)	Norway	Sales	Electronics
Grundig OY ("Grundig Finland ") (4)	Finland	Sales	Electronics
Grundig Polska Sp. Z o.o. ("Grundig Polska") (4)	Poland	Sales	Electronics
Grundig Portuguesa, Lda ("Grundig Portugal") (4)	Portugal	Sales	Electronics
Grundig Slovakia s.r.o ("Grunding Slovakia") (4)	Slovakia	Sales	Electronics
Grundig Svenska AB. ("Grundig Sweden") (4)	Sweden	Sales	Electronics
Grundig S.A.S. ("Grundig France") (4)	France	Sales	Electronics
Raupach Wollert GmbH ("Raupach")	Germany	Investment	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales	Consumer durables/Electronics

(1) The production of CRT televisions has been ceased.
(2) Liquidation in process.
(3) Business title of Beko Elektronik A.Ş. was changed as Grundig Elektronik A.Ş. by the decision of the General Assembly.
(4) As a result of the acquisition in 2008, the related companies became subsidiaries (Note 3).
(5) Business title of Arcelitalia SRL was changed as Beko Italy SRL in 2008.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles published by the CMB, namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué No. XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué No. XI-25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No. 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 14 April 2008, including the compulsory disclosures. Accordingly, necessary reclassifications have been made in the comparative financial statements.

Arçelik and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These consolidated financial statements have been prepared by taking into consideration the historical costs except for the financial investments which are accounted for at their fair values.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the group's accounting policies. The significant assumptions and estimates applied in the preparation of the consolidated financial statements, are disclosed in note 2.4.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

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

Changes in International Financial Reporting Standards (IFRS)

a) Standards, amendments and interpretations, effective in 2008 but not relevant to the Group's operations

- IFRIC 11, "IFRS 2 - Group and treasury share transactions"
- IFRIC 12, "Service concession arrangements"
- IFRIC 13, "Customer loyalty programmes"
- IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements
- and their interaction"

The Group has not applied the aforementioned changes in consolidated financial statements as of 31 December 2008 since they are not relevant to the Group's operations.

b) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the group

Effective from 1 January 2009

- IAS 1, "Presentation of financial statements" comprehensive changes related with the statement of comprehensive income in equity.
- IAS 23 (Revised), "Borrowing costs" comprehensive changes related with preventing the immediately expensing of the borrowing costs.
- IAS 32, "Financial instruments: Presentation" - Puttable financial instruments and obligations arising on liquidation
- IAS 39, "Financial instruments: Recognition and measurement" changes related with the items that could be subject to hedge accounting.
- IFRS 2, "Share-based payment"
- IFRS 8, "Operating segments"
- IFRIC 15, "Agreements for construction of real estates"
- IFRIC 16, "Hedges of a net investment in a foreign operation"

Effective for the accounting periods beginning on or after 1 July 2009

- IAS 27, "Consolidated and separate financial statements"
- IAS 28, "Investments in associates"
- IAS 31, "Interests in joint ventures" changes on the application
- IFRS 3, "Business combinations"

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from 1 January 2009. It is expected that the application of the standards and the interpretations above will not have a significant effect on the consolidated financial statements of the Group.

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

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in TRY, which is the functional currency of Arçelik and the presentation currency of the Group.

Financial statements of foreign subsidiaries

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

Consolidation Principles

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

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

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

The table below sets out all Subsidiaries included in the scope of consolidation and shows their direct and indirect ownership, which are identical to their economic interests, at years ended 31 December (%):

	2008		2007	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Arctic	96.68	96.68	96.68	96.68
Ardutch	100.00	100.00	100.00	100.00
Bekodutch	100.00	100.00	100.00	100.00
Beko Cesko	100.00	100.00	100.00	100.00
Beko China	100.00	100.00	100.00	100.00
Beko Czech	100.00	100.00	100.00	100.00
Beko Deutschland	100.00	100.00	100.00	100.00
Beko Elektronik Russia	100.00	100.00	100.00	100.00
Beko Espana	99.97	99.97	99.97	99.97
Beko France	99.96	99.96	99.96	99.96
Beko Hungary	100.00	100.00	100.00	100.00
Beko Italy	100.00	100.00	100.00	100.00
Beko Magyarorszag	100.00	100.00	100.00	100.00
Beko Polska	100.00	100.00	100.00	100.00
Beko Russia	100.00	100.00	100.00	100.00
Beko Slovakia	100.00	100.00	100.00	100.00
Beko UK	50.00	50.00	50.00	50.00
Blomberg Vertrieb	100.00	100.00	100.00	100.00
Blomberg Werke	100.00	100.00	100.00	100.00
Elektra Bregenz	100.00	100.00	100.00	100.00
Fusion Digital (1)	100.00	100.00	100.00	100.00
Grundig Elektronik (2)	83.03	83.03	72.46	72.46
Grundig Multimedia (2)	100.00	83.03	50.00	36.23
Grundig Austria (2)	100.00	83.03	50.00	36.23
Grundig Benelux (2)	100.00	83.03	50.00	36.23
Grundig Czech Republic (2)	100.00	83.03	50.00	36.23
Grundig Denmark (2)	100.00	83.03	50.00	36.23
Grundig Espana (2)	100.00	83.03	50.00	36.23
Grundig Finland (2)	100.00	83.03	50.00	36.23
Grundig France (2)	100.00	83.03	50.00	36.23
Grundig Intermedia (2)	100.00	83.03	50.00	36.23
Grundig Italy (2)	100.00	83.03	50.00	36.23
Grundig Hungary (2)	100.00	83.03	50.00	36.23
Grundig Norway (2)	100.00	83.03	50.00	36.23
Grundig Portugal (2)	100.00	83.03	50.00	36.23
Grundig Polska (2)	100.00	83.03	50.00	36.23
Grundig Slovakia (2)	100.00	83.03	50.00	36.23
Grundig Slovenia (3)	-	-	50.00	36.23
Grundig Sweden (2)	100.00	83.03	50.00	36.23
Grundig Switzerland (2)	100.00	83.03	50.00	36.23
Raupach	100.00	100.00	100.00	100.00

(1) Liquidation of Fusion Digital was decided at the board of directory meetings on 29 December 2005. Since the liquidation of Fusion Digital was in process as of 31 December 2008, Fusion Digital's financial statements which are prepared on a liquidation basis were consolidated.

(2) As a result of the acquisition of Grundig Multimedia (Note 3) in 2008, the joint-ventures became subsidiaries as at 31 March 2008. Moreover, the pre-emptive rights not used in relation with the capital increase of Grundig Elektronik on 22 January 2008 and on 31 December 2008, were purchased by Arçelik. As a consequence of the aforementioned acquisition and capital increases, the ownership interests and economic interests of the Group in the related subsidiaries have been changed as above.

(3) Liquidated in 2008.

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

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

Subsidiaries, in which the Group has ownership interests over 50% and which are immaterial, are carried at cost, less any provision for impairment. Subsidiaries are excluded from the scope of consolidation are disclosed in Note 7.

(d) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Arçelik and one or more other parties (Note 4). 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.

(e) Associates are companies in which the Group has attributable interest of more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Associates are accounted for using the equity method. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the caesura of the significant influence the investment is carried either at fair value when the fair values can be measures reliably or otherwise at cost when the fair values cannot be reliably measured.

The table below sets out all Associates and shows their direct and indirect ownership at 31 December (%):

	2008	2007
Arçelik - LG	45.00	45.00
Koç Tüketici Finans	47.00	47.00
Ram Dış Ticaret	33.50	33.50
Tanı Pazarlama	32.00	32.00

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

Available-for-sale investments, in which the Group has attributable interests below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured are carried at fair value.

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

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously

Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year consolidated financial statements and the significant changes are explained.

The prior years' financial statements have been restated in order to conform to the presentation of the current period consolidated financial statements prepared within the framework of Communiqué No. XI-29 and related promulgations to it as issued by CMB.

2.2 Restatement and errors in the accounting policies and estimates

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior year consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

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

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

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

2.4 Summary of significant accounting policies

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, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Koç Holding group are considered and referred to as related parties (Note 32).

The Group recognises sales and purchases related to its Subsidiaries made through Ram Dış Ticaret as intra-group transactions; thus these transactions are eliminated in the consolidated financial statements.

Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant (Note 10).

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 27).

Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses (Note 28, 29).

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 12).

Financial investments

Classification

The group classifies its financial assets in the following categories: loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The group's loans and receivables are classified as "trade and other receivables" in the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date.

(c) Derivative financial instruments

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

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

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

Forward foreign exchange contracts are valued at quoted market prices or discounted cash flow models as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative (Note 7).

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in the related accounting policies.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts

(Note 6).

Investment property

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives (Note 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. The recoverable amount of the investment property is the higher of future net cash flows from the recognised of this investment property or fair value less cost to sell.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

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

Property, plant, equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets, except for land since their indefinite useful life. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Land and land improvements	10 - 50 years
Buildings	30 - 50 years
Machinery and equipment	11 - 25 years
Moulds	4 - 7 years
Motor vehicles, furniture and fixtures	4 - 10 years
Leasehold improvements	3 - 10 years

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred (Note 15).

Non-current assets held for sale

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

Intangible assets

Intangible assets are comprised of acquired brands, trademarks, patents, developments costs and computer software (Note16).

a) Brands

Internally generated brand are not recognised as intangible assets as their costs cannot be distinguished from the cost of improvement of operations as a whole. Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the financial statements.

The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group.

A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

b) Trademark licenses and patents

Separately acquired trademark licenses and patents are carried at their acquisition costs. Trademark licenses and patents acquired in a business combination are accounted for at their fair values at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (five years).

c) Development costs

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

d) Computer software

Computer software is recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives of four to fifteen years and carried at cost less accumulated amortisation.

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

Business combinations and goodwill

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

The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation (Note 3, 17). Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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

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

Transactions with minority shareholders

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Regarding the purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also accounted for in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also accounted for in equity.

Financial Leases

(1) The Group as the lessee

Finance leases

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

Operational leases

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

(2) The Group as the lessor

Operational leases

Assets leased out under operating leases are classified under property, plant and equipment in the consolidated balance sheet and rental income is recognised on a straight-line basis over the lease term.

Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently 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 income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred (Note 8). Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

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

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 30).

The principal temporary differences arise from the carrying value of property, plant and equipment and available-for-sale-investments and their historical cost, presently non-deductible/taxable provisions and unused tax allowances and exemptions.

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

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service (Note 21). Provision which is allocated by using defined benefit pension's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in consolidated statements of income.

Foreign currency transactions

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

Revenue recognition

Revenues are recognised on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured and it is probable that the future economic benefits associated with the transaction will flow to the entity. Net sales represent the fair value of goods shipped less sales discounts and commissions and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised in the period on an accrual basis as financial income (Notes 28 and 29).

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

Investment, research and development incentives

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

Dividends

Dividends receivable are recognised as income in the period when they are declared. Dividends payable are recognised as an appropriation of profit in the period in which they are declared

Warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 20).

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

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

Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. No provision is recognised for operating losses expected in later periods.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated balance sheets and are disclosed as contingent assets or liabilities (Note 19).

Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

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

Segment reporting

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and if its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has chosen business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns (Note 5). The geographical segments have been determined as the secondary segment reporting format.

Reporting of cash flows

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

The analysis of cash and cash equivalents included in the consolidated statements of cash flows for the years ended 31 December are as follows:

	2008	2007
Cash and cash equivalents - maturities of less than 3 months (Note 6)	415,586	401,492
	415,586	**401,492**

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

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

2.5 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment test for intangible assets which have indefinite useful lives and goodwill:

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill stated in Note 2.4, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use and royalty relief. Certain estimates were used in these calculations (Notes 16 and 17). Impairment was not identified as a result of these tests.

The fair value of the available-for-sale financial assets:

The fair value of the available-for-sale financial instruments that are not traded in an active market have been calculated by using references to the uncollusive market transactions, the fair values of the similar instruments and the discounted cash flows analysis (Note 7).

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

NOTE 3 - BUSINESS COMBINATIONS

Business combinations in 2008

Grundig Elektronik, a Subsidiary of the Group, acquired 50% shares of Grundig Multimedia B.V., a Joint Venture of the Group, from Alba Europe Ltd, its joint venture partner on 31 March 2008. Thus, the shares of Grundig Elektronik in Grundig Multimedia B.V. increased to 100%.

The details of the net assets acquired and the goodwill are as follows:

Cash paid (1)	70,547
Costs directly attributable to the acquisition	302
Liabilities attributable to the acquisition (2)	13,595
Total purchase consideration	84,444
Fair value of net assets acquired	(73,891)
Goodwill at acquisition date	10,553
Effect of the change in contingent liabilities attributable to acquisition (3)	(4,332)
Goodwill (Note 17)	**6,221**

(1) The portion of the purchase consideration amounting to EUR35,000,000 paid in cash during the share transfer.

(2) The portion of the purchase consideration which was determined as certain percentages of revenues earned under Grundig brand in United Kingdom and Ireland between the years 2008 and 2012 and will be paid in five years instalments. The percentages are 4% for the years 2008-2010 (the consideration will not exceed EUR2,000,000 for the year 2008 and EUR3,000,000 per annum for the years 2009 and 2010) and 2% for the years 2011 and 2012.

(3) The royalty income forecasts from the sales in United Kingdom and Ireland under Grundig brand, which are used for determination of the contingent liability at the acquisition date were revised in accordance with the actual sales realised in 2008. Decrease in the contingent liability resulted from the change in royalty income forecasts are adjusted reciprocally with goodwill in compliance with IFRS 3.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of identifiable assets and liabilities (%50) arising from the acquisition are as follows:

	Carrying value	Fair value
Cash and cash equivalents	15,603	15,603
Trade receivables	91,869	91,869
Due from related parties	223	223
Inventories	60,509	60,509
Other current assets	4,208	4,208
Financial assets	36	36
Investment property (Note 14)	4,170	4,170
Property, plant and equipment (Note 15)	1,047	1,047
Intangible assets (Note 16)	22,600	94,301
Other non-current assets	432	432
Financial liabilities	(11,304)	(11,304)
Trade payables	(9,952)	(9,952)
Due to related parties	(103,794)	(103,794)
Deferred tax liabilities (Note 30)	(3,328)	(21,612)
Other liabilities	(51,845)	(51,845)
Net assets acquired (50%)	**20,474**	**73,891**

The details of cash outflow on acquisition are as follows:

Cash paid	70,547
Costs directly attributable to the acquisition	302
Cash and cash equivalents - acquired	(15,603)
Cash outflow on acquisition (net)	**55,246**

Business combinations in 2007

Regarding the growth strategy and plans related to the investment in China, the Group signed a share transfer agreement on 28 July 2007 regarding the purchase of all shares of Changzhou Casa-Shinco Electrical Appliances Co. Ltd. Following the agreement sign-off, legal procedures in China have been completed; Ardutch has taken over the shares and the company's business title has been changed and registered as Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China").

The details of the net assets acquired and the goodwill concerning Beko China are as follows:

Total acquisition cost (*)	12,576
Net assets acquired	(10,987)
Goodwill (Note 17)	1,589

(*) Costs directly attributable to the business combination were included.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The fair values of assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	4,699
Inventories	3,824
Property, plant and equipment	16,531
Intangible assets	1,575
Trade and other receivables	6,293
Financial liabilities	(4,294)
Trade and other payables	(17,641)
Net assets acquired (100%)	**10,987**
Total acquisition cost	12,576
Cash and cash equivalents - acquired	(4,699)
Cash outflow on acquisition (net)	**7,877**

NOTE 4 - JOINT VENTURES

The aggregate amounts of assets, liabilities and profit/loss of the Joint Ventures, which are proportionately consolidated in the consolidated financial statements, before consolidation adjustments are as follows:

	31 December 2007
Current assets	172,969
Non-current assets	23,968
Total assets	**196,937**
Current liabilities	171,347
Non-current liabilities	71,096
Total liabilities	**242,443**

	1 January - 31 March 2008	**1 January - 31 December 2007**
Net sales	73,515	282,559
Gross operating profit	16,039	52,438
Net operating loss	(2,058)	(22,394)
Net loss	(4,177)	(25,371)

Grundig Multimedia became a subsidiary as a result of the Group's acquisition of 50% shares of the Company on 31 March 2008.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 5 - SEGMENT REPORTING

Primary reporting format - industrial segment

The Group's industrial segments are white goods and consumer electronics.

a) Segment revenues (net)

	2008	2007
White goods	4,176,040	4,125,172
Consumer electronics	1,416,604	1,329,859
Other	1,182,894	1,167,513
	6,775,538	**6,622,544**

b) Gross profit

	2008	2007
White goods	1,433,116	1,374,420
Consumer electronics	258,581	200,723
Other	178,549	196,376
	1,870,246	**1,771,519**

c) Segment assets

	2008	2007
White goods	4,241,709	4,161,294
Consumer electronics	1,536,153	1,355,590
Other	669,903	554,611
	6,447,765	**6,071,495**
Unallocated:		
Cash and cash equivalents	415,586	401,492
Deferred tax assets	65,878	53,812
Consolidated total assets	**6,929,229**	**6,526,799**

d) Segment liabilities

	2008	2007
White goods	820,840	786,585
Consumer electronics	389,698	332,743
Other	72,410	61,049
	1,282,948	**1,180,377**
Unallocated:		
Financial liabilities	3,496,641	3,073,991
Deferred tax liabilities	91,471	54,494
Other	56,840	72,207
Consolidated total liabilities	**4,927,900**	**4,381,069**

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

NOTE 5 - SEGMENT REPORTING (Continued)

e) Segment capital expenditures, depreciation and amortisation

Capital expenditures

	2008	2007
White goods	207,761	271,081
Consumer electronics	142,389	53,745
Other	4,959	14,415
	355,109	**339,241**

Depreciation and amortisation

	2008	2007
White goods	120,517	102,099
Consumer electronics	40,745	35,342
Other	7,687	6,870
	168,949	**144,311**

Secondary reporting format - geographical segment

The Group's geographical segments are organised as Turkey, Europe and other. Turkey, in which the domestic operations are performed is the country where the parent company "Arçelik" exists.

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.

	2008	2007
Segment revenues		
Turkey	3,420,157	3,427,780
Europe	2,574,045	2,615,466
Other	781,336	579,298
	6,775,538	**6,622,544**

Segment assets	**2008**	**2007**
Turkey	5,065,003	4,940,571
Europe	1,040,511	821,689
Other	342,251	309,235
	6,447,765	**6,071,495**
Unallocated		
Cash and cash equivalents	415,586	401,492
Deferred tax assets	65,878	53,812
Consolidated total assets	**6,929,229**	**6,526,799**

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 5 - SEGMENT REPORTING (Continued)

Segment liabilities	2008	2007
Turkey	866,911	958,039
Europe	401,309	194,336
Other	14,728	28,002
	1,282,948	1,180,377
Unallocated:		
Financial liabilities	3,496,641	3,073,991
Deferred tax liabilities	91,471	54,494
Other	56,840	72,207
Consolidated total liabilities	**4,927,900**	**4,381,069**

Segment capital expenditures	2008	2007
Turkey	231,618	272,506
Europe	110,147	18,846
Other (*)	13,344	47,889
	355,109	339,241

(*) Consist of investments in Russia and China.

NOTE 6 - CASH AND CASH EQUIVALENTS

	2008	2007
Cash in hand	287	215
Cash at banks		
- Demand deposits	42,296	99,695
- Time deposits	329,067	245,410
Cheques and notes	42,490	51,871
Other	1,446	4,301
	415,586	401,492

The maturities of cash and cash equivalents are as follows:

Up to 30 days	328,016	290,617
30 - 90 days	87,570	110,875
	415,586	401,492

The effective interest rates (%) of time deposits are as follows:

USD	7.39	7.41
EUR	3.55	4.16
RON	11.06	5.64
GBP	1.29	-

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

NOTE 7 - FINANCIAL INVESTMENTS

Current financial investments

Derivative financial instruments

	31 December 2008			31 December 2007		
	Contrat value	Fair value Asset	(Liability)	Contrat value	Fair value Asset	(Liability)
Foreign currency forward contracts	351.286	26.039	-	-	-	-
		26.039	**-**		**-**	**-**

Non-current financial investments

	2008	2007
Available-for-sale investments	540,182	711,585
Financial assets excluded from the scope of consolidatio	3,261	3,267
	543,443	**714,852**

a) Available-for-sale investments:

	2008 %	2008 TRY	2007 %	2007 TRY
Koç Finansal Hizmetler A.Ş.	7.66	520,832	7.66	695,847
Entek Elektrik Üretimi A.Ş.	6.86	16,797	6.86	12,340
Ultra Kablolu TV ve Telekomünikasyon San. Tic. A.Ş.	7.50	1,901	7.50	1,901
Tat Konserve Sanayii A.Ş.	0.34	554	0.34	1,429
Other		98		68
		540,182		**711,585**

	2008	2007
Balance at the beginning of the year	**711,585**	**596,426**
Fair value (losses)/gains	(209,729)	115,155
Capital increase	38,296	-
Increase in shares due to business combination	23	-
Acquitions	7	4
Balance at the end of the year	**40,182**	**711,585**

The unrealised gains (net) arising from changes in the fair value of the investments amounting to TRY254,217, net of deferred tax effect amounting to TRY12,711, are recognised in consolidated shareholders' equity under the "financial assets fair value reserve" at 31 December 2008 (31 December 2007: TRY463,946).

Since the shares of Yapı ve Kredi Bankası are traded in İstanbul Stock Exchange, the fair value of Koç Finansal Hizmetler, the majority shareholder of Yapı ve Kredi Bankası (80%) and the unlisted available-for-sale investment of the Group, has been determined by using the existing market value of Yapı ve Kredi Bankası and the aforementioned calculation has been supported by the income method. Furthermore, the fair value of Entek Elektrik Üretimi A.Ş., another unlisted available-for-sale investment of the Group, has been determined by using the income method.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 7 - FINANCIAL INVESTMENTS (Continued)

b) Financial assets excluded from the scope of consolidation

	2008		2007	
	%	TRY	%	TRY
Beko Shanghai	100.00	3,259	100.00	3,259
ArticPro SRL	100.00	2	100.00	2
Grundig Slovenia	-	-	50.00	6
		3,261		**3,267**

NOTE 8 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

	2008	2007
Short-term bank borrowings	1,006,793	1,300,864
Short-term portion of long-term bank borrowings	907,389	775,510
Other	323	85
	1,914,505	**2,076,459**

Short-term bank borrowings

TRY loans	798,227	1,090,709
Foreign currency loans	152,727	150,553
Eximbank loans	55,839	59,602
	1,006,793	**1,300,864**

As of 31 December, the effective interest rates (%) of short-term bank borrowings are as follows:

	2008	2007
TRY loans	22.66	17.77
Foreign currency loans	6.76	6.22

Since short-term financial liabilities are current liabilities, carrying values are estimated to be insignificantly different from their fair values.

b) Long-term financial liabilities

	2008	2007
Long-term bank borrowings	1,576,303	995,816
Other	300	56
	1,576,603	**995,872**

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

NOTE 8 - FINANCIAL INVESTMENTS (Continued)

As of 31 December 2007, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate (%)	Original currency	TRY amount
TRY	19.56	1,346,093,255	1,346,093
EUR	6.01	420,894,563	901,051
USD	6.98	156,415,663	236,548
			2,483,692
Less: Current maturities			(907,389)
			1,576,303

The fair value of the short-term portion of the long-term borrowings and the long-term borrowings is equal to TRY2,478,861 (2007: TRY1,773,812). As of 31 December 2007, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate (%)	Original currency	TRY amount
TRY	16.34	996,339,605	996,340
EUR	5.46	272,788,953	466,577
USD	7.05	177,411,321	206,664
GBP	7.03	35,238,486	81,961
RUB	8.11	416,852,411	19,840
			1,771,382
Less: Current maturities			(775,510)
			995,872

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

	2008	2007
2009	-	456,813
2010	1,305,634	290,565
2011	198,195	176,123
2012	72,474	72,315
	1,576,303	**995,816**

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008
(Amounts expressed in thousands of New Turkish Lira ("TRY") unless otherwise indicated.)

NOT 8 - FINANCIAL INVESTMENTS (Continued)

As of 31 December, the analysis of borrowings in terms of periods remaining to contractual repricing dates is as follows:

	2008	2007
Up to 6 months	2,735,505	2,132,246
6 - 12 months	108,124	364,441
1 - 3 years	573,884	374,583
3 - 5 years	72,972	200,920
	3,490,485	**3,072,190**

NOTE 9 - OTHER FINANCIAL LIABILITIES

Derivative financial instruments

	31 December 2008			31 December 2007		
	Contract amount	Fair value Asset	Fair value (Liability)	Contract amount	Fair value Asset	Fair value (Liability)
Foreign currency forward contracts	123,970	-	(5,453)	80,153	-	(1,660)
Foreign currency swap contracts	129,293	-	(80)	-	-	-
			(5.533)		**-**	**(1.660)**

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**2008**	**2007**
Trade receivables	1,438,111	1,001,232
Notes receivables	1,179,681	1,364,577
Cheques receivables	116,086	85,705
Due from related parties (Note 32)	121,003	169,971
	2,854,881	**2,621,485**
Less: Provision for doubtful receivables	(94,625)	(66,520)
Less: Unearned credit finance income	(115,329)	(112,399)
Short-term trade receivables (net)	**2,644,927**	**2,442,566**

Movements in the provision for doubtful receivables are as follows:

	2008	2007
Balance at the beginning of the year	**66,520**	**69,122**
Current year additions (Note 27)	10,349	9,903
Acquisitions	8,025	-
Collection of doubtful receivables (Note 27)	(3,274)	(5,512)
Translation differences	13,005	(6,993)
Balance at the end of the year	**94,625**	**66,520**

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2008	2007
0-3 months	3,725	-
3-6 months	4,840	12,095
6 months and over	86,060	54,425
	94,625	**66,520**

Long-term trade receivables	**2008**	**2007**
Trade receivables	9,060	18,144
	9,060	**18,144**

Short-term trade payables	**2008**	**2007**
Trade payables	568,837	554,260
Due to related parties (Note 32)	143,155	113,189
Unearned credit finance charges	(6,665)	(6,709)
	705,327	**660,740**

Long-term trade payables	**2008**	**2007**
Due to related parties (Note 32)	72,955	60,038
	72,955	**60,038**

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

Other payables	**2008**	**2007**
Taxes and duties payables	49,264	57,765
Payables to personnel	27,775	28,871
Deposits and guarantees received	1,461	2,217
Other	5,335	6,594
	83,835	**95,447**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 12 - INVENTORIES

	2008	2007
Raw materials and supplies	623,993	710,223
Work in progress	38,924	45,321
Finished goods	247,113	248,068
Trade goods	442,007	338,885
	1,352,037	**1,342,497**
Less: Provision for impairment on inventories	(48,106)	(45,771)
	1,303,931	**1,296,726**

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

	2008	2007
Raw materials and supplies	16,815	15,393
Finished goods	9,863	14,504
Trade goods	21,428	15,874
	48,106	**45,771**

Movement of provision for impairment on inventories as of 31 December is as follows:

	2008	2007
Balance at the beginning of the year	**45,771**	**42,251**
Current year additions (Note 27)	10,719	28,663
Acquisitions	6,336	-
Realised due to sales of inventory	(11,948)	(15,927)
Provisions no longer required (Note 27)	(6,842)	(6,629)
Translation differences	4,070	(2,587)
Balance at the end of the year	**48,106**	**45,771**

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

NOTE 13 - ASSOCIATES

	2008		2007	
	%	TRY	%	TRY
Koç Tüketici Finansmanı A.Ş.	47.00	57,882	47.00	57,876
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	45.00	58,089	45.00	46,737
Ram Dış Ticaret A.Ş.	33.50	5,367	33.50	4,581
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	32.00	2,264	32.00	1,935
		123,602		111,129

	2008	2007
Balance at the beginning of the year	111,129	102,872
Income from associates (net)	12,473	14,235
Dividends received from associates	-	(3,320)
Disposals	-	(2,389)
Translation differences	-	(269)
Balance at the end of the year	123,602	111,129

Income from associates

	2008	2007
Koç Tüketici Finansmanı A.Ş.	7	9,074
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	11,352	3,898
Ram Dış Ticaret A.Ş.	785	586
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	329	(229)
Ram Pacific Ltd.	-	906
	12,473	14,235

The summary financial statements of associates

	2008	2007
Total assets	1,613,465	1,376,722
Total liabilities	1,341,046	1,129,296
Sales revenues	1,165,754	1,018,833
Net income for the year	24,859	29,229

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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NOTE 14 - INVESTMENT PROPERTY

	2008	2007
As of 1 January		
Cost	4,808	4,052
Accumulated depreciation	(1,345)	(1,266)
Net book value	**3,463**	**2,786**
Net book value at the beginning of the year	**3,463**	**2,786**
Acquisitions (Note 3)	4,170	-
Transfers	-	1,073
Translation differences	1,223	(396)
Current year depreciation	(68)	-
Net book value at the end of the year	**8,788**	**3,463**
As of 31 December		
Cost	12,123	4,808
Accumulated depreciation	(3,335)	(1,345)
Net book value	**8,788**	**3,463**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2008	(1) Acquisitions	Additions	Disposals	Transfers	Translation differences	31 December 2008
Cost							
Land	16,225	-	99	(450)	(690)	786	15,970
Land improvements	27,378	-	610	(9)	-	43	28,022
Buildings	489,767	31	4,698	(473)	17,097	14,723	525,843
Machinery and equipment	2,328,562	1,115	86,208	(45,718)	86,760	24,142	2,481,069
Motor vehicles, furniture and fixtures	196,136	1,205	14,267	(8,337)	1,454	3,882	208,607
Leasehold improvements	34,544	-	421	-	-	(112)	34,853
Construction in progress	25,843	96	87,521	(405)	(104,621)	1,403	9,837
	3,118,455	**2,447**	**193,824**	**(55,392)**	**-**	**44,867**	**3,304,201**
Accumulated Depreciation							
Land improvements	(13,120)	-	(1,062)	9	-	-	(14,173)
Buildings	(143,132)	(96)	(10,836)	1,086	(21)	(2,157)	(155,156)
Machinery and equipment	(1,587,864)	(466)	(121,547)	38,864	527	(9,295)	(1,679,781)
Motor vehicles, furniture and fixtures	(147,099)	(838)	(12,863)	7,107	(506)	(2,421)	(156,620)
Leasehold improvements	(21,190)	-	(4,996)	-	-	48	(26,138)
	(1,912,405)	**(1,400)**	**(151,304)**	**47,066**	**-**	**(13,825)**	**(2,031,868)**
Net book value	**1,206,050**						**1,272,333**

There is no mortgage on property, plant and equipment as of 31 December 2008.

(1) The property, plant and equipment with a net book value of TRY1,047 is related to the acquisition of Grundig Multimedia (Note 3).

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

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2007	(1) Acquisition	Additions	Disposals	(2) Transfers	Translation differences	31December 2007
Cost							
Land	15,319	-	1,302	(7)	-	(389)	16,225
Land improvements	32,614	-	1,644	(39)	(6,811)	(30)	27,378
Buildings	456,850	9,174	828	(1,608)	41,111	(16,588)	489,767
Machinery and equipment	2,305,001	6,608	58,505	(150,053)	133,677	(25,176)	2,328,562
Motor vehicles, furniture and fixtures	204,385	749	12,268	(16,321)	3,514	(8,459)	196,136
Leasehold improvements	33,831	-	991	-	-	(278)	34,544
Construction in progress	10,035	-	190,030	(94)	(173,500)	(628)	25,843
	3,058,035	16,531	265,568	(168,122)	(2,009)	(51,548)	3,118,455
Accumulated Depreciation							
Land improvements	(12,705)	-	(936)	9	512	-	(13,120)
Buildings	(137,036)	-	(9,680)	1,491	(336)	2,429	(143,132)
Machinery and equipment	(1,626,703)	-	(111,290)	138,954	-	11,175	(1,587,864)
Motor vehicles, furniture and fixtures	(157,010)	-	(11,281)	17,489	-	3,703	(147,099)
Leasehold improvements	(15,766)	-	(5,551)	7	-	120	(21,190)
	(1,949,220)	**-**	**(138,738)**	**157,950**	**176**	**17,427**	**(1,912,405)**
Net book value	**1,108,815**						**1,206,050**

(1) Property, plant and equipment with a net book value of TRY16,531 is related to the acquisition of Beko China (Note 3).

(2) Property plant and equipment classified as land and buildings with net book values of TRY1,073 and TRY760 have been transferred to investment property and intangible assets respectively.

There is no mortgage on property, plant and equipment as of 31 December 2007.

NOTE 16 - INTANGIBLE ASSETS

	2008	2007
As of 1 January		
Cost	231,150	178,058
Accumulated amortisation	(54,903)	(51,177)
Net book value	**176,247**	**126,881**
Net book value at the beginning of the year	**176,247**	**126,881**
Acquisitions (Note 3) (*)	94,301	1,575
Fair value differences (*)	71,701	-
Additions	61,767	55,567
Disposals	(53)	(4)
Translation differences	15,829	(2,959)
Transfers	-	760
Current period amortisation	(17,577)	(5,573)
Net book value at the end of the year	**402,215**	**176,247**

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NOTE 16 - INTANGIBLE ASSETS (Continued)

As of 31 December

	2008	2007
Cost	473,977	231,150
Accumulated amortisation	(71,762)	(54,903)
Net book value	**402,215**	**176,247**

	2008	2007
Brands and rights	299,456	118,817
Development costs	93,745	50,882
Other	9,014	6,548
Total	**402,215**	**176,247**

(*)As a result of the Grundig acquisition (50%) realised in 2004, the corresponding 50% of intangible assets had been accounted for. According to the Grundig acquisition realised in 2008 (the other 50%), all the intangible assets with the net book value amounting to TRY45,200 have been accounted for with their total fair value determined as TRY188,604 (Grundig brand: TRY173,446, trademark licences: TRY13,061, other: TRY2,095) in accordance with IFRS 3. Consequently, the portion related to the acquisition in 2008 (50%: TRY94,301) has been accounted for as the acquisition, and the difference between the portion related to the acquisition realised in 2004 (50%: TRY94,301) and the net book value (50%: TRY22,600) has been accounted for as fair value gain (TRY71,701).

Brand impairment test

Brands were tested for impairment using the royalty relief method as of 31 December 2008. Sales forecasts which are based on financial budgets approved by the board of directors covering a three to five-year period were considered in the determination of the brand value. Sales forecasts beyond the three and five-year period are extrapolated with expected growth rates. The estimated royalty income is calculated by applying the expected royalty rate and discount rates. No impairment was identified as a result of the impairment test.

NOTE 17 - GOODWILL

	2008	2007
Net book value at the beginning of the year	**3,377**	**1,788**
Acquisitions (Note 3)	6,221	1,589
Translation differences	657	-
Net book value at the end of the year	**10,255**	**3,377**

Goodwill impairment test

As of 31 December 2008, the carrying value of goodwill was tested for impairment by comparison with its recoverable amount. The recoverable amount was determined on the basis of value in use calculations. Pre-tax cash flow projections based on financial budgets approved by the board of directors covering a three-year period were used in. Pre-tax cash flow projections beyond three-year period are extrapolated by expected growth rates. The estimated cash flows are discounted to their present values. No impairment was identified as a result of the impairment test.

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

NOTE 18 - GOVERNMENT GRANTS

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The rights of the Company due to these incentives are as follows:

a) 100% exemption from customs duty on machinery and equipment to be imported,
b) Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
d) Inward processing permission certificates,
e) Cash refund from Tübitak - Teydeb for research and development expenses,
f) Exemption of taxes and funds,
g) Discounted corporate tax incentives.

NOTE 19 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingent liabilities are as follows:

	2008	2007
Operational financial lease commitments	14,832	2,988

Derivative financial instruments

As of 31 December 2008, the Group has forward exchange purchase commitment amounting to EUR107,987,000, USD89,500,000 and TRY10,748 and has forward exchange sales commitment amounting to GBP57,613,987, EUR5,000,000, USD3,529,000 and TRY122,300 (31 December 2007: USD62,325,000 forward exchange purchase commitment).

Contingent assets and liabilities are as follows:

	2008	2007
Collateral obtained	1,758,941	1,643,473
Guarantee letters given	19,402	11,544
Standby letters of credit	26,223	36,931
Guarantee letters given to Eximbank for import loans	22,170	70,070
Guarantee letters given to customs for imports	53,936	59,186
Other guarantees given	1,948	4,668
Mortgages given	1,362	1,453
Other collateral given	1,284	31,560

NOTE 20 - PROVISIONS

Short-term provisions	**2008**	**2007**
Warranty provision	94,218	110,704
Assembly provision	40,728	35,418
Provision for cost and expenses	9,442	5,030
Provision for transportation costs	7,415	9,962
Other	46,491	26,316
	198,294	**187,430**

Long-term provisions	**2008**	**2007**
Warranty provision	51,154	52,258
Other	2,043	-
	53,197	**52,258**

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NOTE 21 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2008	2007
Provision for employment termination benefits	60,217	56,155

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

The amount payable consists of one month's salary limited to a maximum of TRY2,173.19 (31 December 2007: TRY2,030.19) for each period of service at 31 December 2008.

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

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The group is obligated to pay employment termination benefit for the personnel who are called up to military service, passed away or retired. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the consolidated income statement.

IFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for company pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	2008	2007
Discount rate (%)	6.26	5.71
Rate used to estimate the probability of retirement (%)	97	96

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 TRY 2,260.05 (1 January 2008: TRY 2,087.92) which is effective from 1 January 2009 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

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

NOTE 21 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

Movements in the provisions for employment termination benefits for the years ended 31 December are as follows:

	2008	2007
Balance at the beginning of the year	**56,155**	**52,852**
Interest expense	3,515	3,017
Actuarial losses/(gains)	688	639
Increase during the year	22,323	16,470
Payments during the year	(22,731)	(16,672)
Translation differences	267	(151)
Balance at the end of the year	**60,217**	**56,155**

NOTE 22 - OTHER ASSETS AND LIABILITIES

Other current assets	**2008**	**2007**
Prepaid taxes and funds	34,660	22,566
Taxes and funds deductible	16,773	14,674
Prepaid expenses	16,590	7,811
VAT and PCT receivables (*)	15,236	36,722
Advances given for inventories	5,377	1,806
Other order advances given	4,973	1,832
Assets held for sale	2,909	1,813
Income accruals	1,183	6,128
Other	5,471	5,589
	103,172	**98,941**

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

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

NOTE 22 - OTHER ASSETS AND LIABILITIES (Continued)

Other current liabilities	**2008**	**2007**
Accruals for sales and marketing expenses	62,835	44,773
Advances received	44,732	67,559
Accruals for licence fee expenses	18,598	8,376
Accruals for customer premiums	14,684	4,101
Accruals for advertising expenses	2,587	2,704
Liabilities attributable to the acquisition (Note 3)	2,002	-
Accruals for bonuses and premiums	569	1,631
Other	3,492	1,533
	149,499	**130,677**

Other non-current liabilities	**2008**	**2007**
Liabilities attributable to the acquisition (Note 3)	8,106	-
Other	4,295	5,098
	12,401	**5,098**

NOTE 23 - EQUITY

Paid-in capital

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of YKr1. Registered and issued share capital of the Company is as follows:

	2008	**2007**
Limit on registered share capital	1,500,000	500,000
Issued share capital in nominal value	399,960	399,960

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

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

NOT 23 - EQUITY (Continued)

The shareholder structue is as follows :

	2008		2007	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Koç Holding A.Ş.	39.14	156,546	39.14	156,546
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	14.68	58,709	14.68	58,709
Koç Ailesi	9.81	39,252	9.81	39,252
Burla Ticaret ve Yatırım A.Ş.	7.66	30,649	7.66	30,649
Koç Holding Emekli ve Yardım Sandığı Vakfı	4.50	17,982	4.50	17,982
Other	24.21	96,822	24.21	96,822
Paid-in share capital	**100.00**	**399,960**	**100.00**	**399,960**
Adjustment to share capital (*)		468,811		468,811
Total share capital		**868,771**		**868,771**

(*) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

Revaluation Funds

Increases in carrying amounts as a result of revaluations recognised directly in the equity are followed in the headings below:

	2008	2007
Financial assets fair value reserve (net)	241,506	440,749
Non-current assets fair value reserve (net) (*)	46,396	-
Total revaluation funds (net)	**287,902**	**440,749**

(*) Consists of the differences (net-off minority interests and deferred tax) between the carrying value and the fair value of the intangible assets (e.g. brand) revalued in accordance with IFRS 3 as a result of the Grundig Multimedia acquisition.

The movements in the revaluation funds are presented in the consolidated statements of changes in shareholders' equity.

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NOTE 23 - EQUITY (Continued)

Restricted Reserves

The Turkish Commercial code ("TCC") stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In addition, according to exemption for sale of participation shares and property, a 75% portion of corporations' profits arising from such sales are not withdrawn within five years and are followed in special reserves.

The details of these restricted reserves are as follows:

	2008	2007
Legal reserves	157,660	142,920
Special reserves	124	53
Total	**157,784**	**142,973**

Accumulated profits

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

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

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount that has not been utilised in dividend distribution or capital increase yet, shall be classified under "Prior years' income".

Accordingly, "Prior years' income" is restated as follows:

As of 31 December 2007 - as previously reported	**175,147**
Extraordinary reserves	114,192
Inflation adjustment to shareholders' equity	234,345
As of 1 January 2008 - restated	**523,684**

NOTE 23 - EQUITY (Continued)

Dividend Distribution

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

In accordance with the CMB Decision dated 9 January 2009, concerning allocation basis of profit from operations of 2008, minimum profit distribution shall be applied as 20% (31 December 2007: 20%). According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from 2008 operations are required to distribute the initial amount in cash.

In addition, according to the aforementioned Board decision, the restrictions on the distributions of the profit derived from the subsidiaries, joint ventures and associates of entities who are required to prepare consolidated financial statements where no profit distribution decision is taken in the general assemblies of such subsidiaries joint ventures and associates is abolished. It is decided that as long as the entities can provide the necessary amount from their statutory reserves, the distributable profit can be calculated based on the net income declared at the publicly announced consolidated financial statements in the accordance with Communiqué XI No. 29.

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

The remaining current year income and the reserves of the Company that can be subject to the dividend distribution is TRY 562,470 as of 31 December 2008.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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NOTE 24 - SALES AND COST OF SALES

	2008	2007
Domestic sales	3,717,909	3,753,831
Foreign sales	3,694,949	3,517,057
Gross sales	**7,412,858**	**7,270,888**
Less: Discounts	(637,320)	(648,344)
Net sales	**6,775,538**	**6,622,544**
Cost of sales	(4,905,292)	(4,851,025)
Gross profit	**1,870,246**	**1,771,519**

NOTE 25 - RESEARCH AND DEVELOPMENT EXPENSES, SELLING, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	2008	2007
Selling, marketing and distribution expenses:		
Warranty and assembly expenses	304,290	252,968
Transportation, distribution and storage expenses	285,809	280,838
Advertising and promotion expenses	200,103	163,863
Personnel expenses	134,090	108,168
License expenses	14,149	4,766
Depreciation and amortisation expenses	8,106	9,231
Energy expenses	3,120	2,659
Other	130,857	111,882
	1,080,524	**934,375**
General administrative expenses:		
Personnel expenses	152,706	140,033
Depreciation and amortisation expenses	23,854	18,911
Repair and maintenance expense	10,237	12,665
Donations	6,463	10,415
Duties, taxes and levies	6,029	3,902
Communication expenses	5,354	4,825
Energy expenses	4,035	3,516
Other	86,938	95,795
	295,616	**290,062**
Research and development expenses:		
Personnel expenses	21,391	12,843
Depreciation and amortisation expenses	12,882	1,863
Energy expenses	1,615	1,038
Other	18,629	14,097
	54,517	**29,841**

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

NOTE 26 - EXPENSE BY NATURE

	2008	2007
Raw materials, supplies and trade goods	4,384,523	4,337,140
Changes in finished goods, work in process and trade goods	(95,770)	(2,934)
Personnel expenses	528,067	464,592
Warranty and assembly expenses	304,290	252,968
Transportation, distribution and storage expenses	302,284	298,672
Advertising and promotion expenses	200,186	163,898
Depreciation and amortisation expenses	166,090	140,931
Repair and maintenance expenses	93,089	93,724
Energy expenses	67,615	55,769
Royalty expenses	16,492	6,229
Other	369,083	294,314
	6,335,949	**6,105,303**

NOTE 27 - OTHER INCOME AND EXPENSES

	2008	2007
Other operating income		
Income from claims and grants	12,973	23,601
Reversals of provisions for doubtful receivables (Note 10)	3,274	5,512
Reversals of provision for impairment on inventories (Note 12)	6,842	6,629
Reversals of other provisions	1,683	1,098
License income	5,029	1,955
Rent income	2,510	1,475
Income from sales of property, plant and equipment	1,471	4,267
Other	11,152	6,213
Other operating income	**44,934**	**50,750**
Other operating expenses		
Provision expense for impairment on inventories (Note 12)	(10,719)	(24,578)
Provision expense for doubtful receivables (Not 10)	(10,349)	(9,903)
Restructuring expenses	(5,589)	(2,806)
Loss from sales of property, plant and equipment	(4,892)	(4,868)
Other provision expenses	(3,460)	(2,330)
Loss from sales of investment	-	(1,234)
Other	(9,963)	(2,929)
Other operating expenses	**(44,972)**	**(48,648)**

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NOTE 28 - FINANCIAL INCOME

	2008	2007
Foreign exchange gains	460,130	168,432
Credit finance income	226,350	195,928
Foreign currency forward income	32,316	3,932
Interest income	16,928	21,313
Other	5,312	1,240
Financial income	**741,036**	**390,845**

NOTE 29 - FINANCIAL EXPENSES

Foreign exchange losses	(542,151)	(209,093)
Interest expenses	(467,112)	(379,422)
Credit finance charges	(116,352)	(95,959)
Cash discounts expenses	(26,045)	(21,705)
Foreign currency forward expenses	(10,326)	(12,358)
Other	(1,953)	(7,361)
Financial expenses	**(1,163,939)**	**(725,898)**

NOTE 30 - TAX ASSETS AND LIABILITIES

	2008	2007
Corporate and income taxes	30,059	41,293
Less: Prepaid taxes	(25,996)	(36,552)
Taxes payable (net)	**4,063**	**4,741**
Deferred tax assets	65,878	53,812
Deferred tax liabilities (-)	(91,471)	(54,494)
Deferred tax liabilities	**(25,593)**	**(682)**

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

The corporate tax rate is 20%. Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances in accordance with tax legislation.

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

NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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

	2008	2007
Taxes on income		
- Current period tax expense	(29,693)	(42,262)
- Deferred tax income	7,128	(19,056)
Taxes on income (net)	**(22,565)**	**(61,318)**

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory tax financial statements. These temporary differences result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

In accordance with tax laws and regulations of each country as of 31 December 2008, tax rates used for the calculation of taxes on income are as follows:

Germany	31.5%	Spain	30.0%
Austria	25.0%	Italy	37.3%
Czech Republic	21.0%	Hungary	16.0%
China	25.0%	Poland	19.0%
France	33.3%	Romania	16.0%
Netherlands	25.5%	Russia	20.0%
England	28.0%	Slovakia	19.0%

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2008	2007	2008	2007
Property, plant and equipment and intangible assets	633,218	427,903	(132,183)	(81,962)
Available-for-sale investments	254,217	463,946	(12,711)	(23,197)
Derivative financial instruments	25,304	-	(5,061)	-
Unused tax credits	(276,633)	(198,643)	55,814	39,714
Provision for warranty, assembly and transportation	(150,793)	(160,747)	29,811	31,993
Provision for employment termination benefits	(59,044)	(55,118)	11,783	11,010
Provision for doubtful receivables	(50,433)	(39,704)	10,087	7,941
Unearned credit finance income (net)	(37,147)	(14,962)	7,299	3,020
Provision for impairment on inventories	(23,928)	(29,906)	4,786	5,981
Accrual for license expenses	(18,599)	(8,313)	3,720	1,663
Accrual for export sales expenses	(3,925)	(10,331)	785	2,066
Other	(577)	(3,100)	277	1,089
Deferred tax liabilities (net)			**(25,593)**	**(682)**

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NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

	2008	2007
Balance at the beginning of the year	**(682)**	**23,771**
Charged to the income statement	7,128	(19,056)
Charged to the shareholders' equity	(7,643)	(5,783)
Acquisitions	(21,612)	-
Translation differences	(2,784)	386
Balance at the end of the year	**(25,593)**	**(682)**

As a result of group management's evaluation, deferred tax asset amounting to TRY55,814 (2007: TRY39,714) out of tax discounts amounting to TRY276,633 (2007: TRY198,643) is presumed and accounted in accordance with tax law.

	2008	2007
Profit before tax	**29,121**	**198,525**
Local tax rate	%20	%20
Tax calculated at the local tax rate	(5,824)	(39,705)
Current year tax losses over which deferred tax asset was not recognised	(32,135)	(25,570)
Exemptions	17,610	5,965
Disallowable expenses	(5,093)	(2,957)
Impact of different tax rates in other countries	3,552	1,956
Adjustments made on statutory financial statements in accordance with CMB Accounting Standards over which deferred tax was not recognised	(1,253)	(1,530)
Non-cash capital increase (Koç Tüketici Finansmanı)	790	790
Other	(212)	(267)
Taxation expense	**(22,565)**	**(61,318)**

NOTE 31 - EARNINGS PER SHARE

Earning per share in terms of share groups is as follows:

	2008	2007
Net income attributable to the equity holders of the parent	39,794	157.765
Weighted average number of ordinary shares with nominal value YKr1 each	39,996,000,000	39,996,000,000
Earnings per share (YKr)	**0,0995**	**0,3945**

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

NOTE 32 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Related party balances

(a) Due from related parties	2008	2007
Group companies (*)	25,096	77,654
Joint ventures	95,907	92,317
	121,003	169,971

(b) Due to related parties	2008	2007
Short-term		
Group companies (*)	91,948	90,365
Associates	51,207	22,824
	143,155	113,189
Long-term		
Group companies (*)	72,955	60,038
	72,955	60,038

(c) Deposits	2008	2007
Group companies (*)	2,963	61,691
	2,963	61,691

(d) Bank borrowings	2008	2007
Group companies (*)	217,746	213,520
	217,746	213,520

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NOTE 32 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

e) Derivative financial instruments

2008	Contrat amount		Fair value assets/(liabilities)
Group companies (*)	142,526	-	(2,615)
	142,526	**-**	**(2,615)**

2007

None,

(ii) Transactions with related parties

(a) Sales of goods and services

	2008	2007
Group companies (*)	109,867	125,788
Associates	35,181	37,667
	145,048	**163,455**

(b) Purchases of goods and services

	2008	2007
Associates	428,839	396,538
Group companies (*)	232,834	283,429
Shareholders	9,558	9,220
	671,231	**689,187**

(c) Key management compensation

Total compensation provided to key management personnel by the Company during the year ended 31 December 2008 amounts to TRY15,036 (31 December 2007: TRY17,120).

(d) Other transactions

	2008	2007
Dividends paid	102,037	203,265
Dividends received	-	3,320
Interest expense	53,718	38,850
Interest income	1,985	1,633

(*) Group companies include Koç group companies.

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

The Group eliminates the risk of failure to settle its financial and commercial liabilities by managing the balance sheet according to expected cash flows.

In this context, the maturities of the financial liabilities are arranged according to the maturities of assets, and a mismatch between the maturities is eliminated. There is a level of "acid-test" ratio to manage the consolidated and stand alone balance sheets followed by the Group Companies' managements.

Additionally, the Group aims to maintain flexibility in funding by maintaining the availability of committed credit lines.

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2008 is as follows:

	Carrying value	Contractual cash-flows	Up to 3 months	3 months - 12 months	1 year - 5 years	More than 5 years
Current liabilities (non-derivative):						
Financial liabilities	1,914,505	2,129,010	1,358,777	770,233	-	-
Trade payables	705,327	710,968	689,219	21,749	-	-
Other payables	34,568	34,568	23,813	10,755	-	-
Provisions	198,294	198,294	48,096	150,198	-	-
Other current liabilities	149,499	149,499	142,125	7,374	-	-
	3,002,193	**3,222,339**	**2,262,030**	**960,309**	**-**	**-**
Non-current liabilities (non-derivative):						
Financial liabilities	1,576,603	1,720,359	-	-	1,720,359	-
Trade payables	72,955	99,824	-	-	39,181	60,643
Provisions	53,197	53,197	-	-	53,197	-
Other non-current liabilities	8,892	8,892	-	-	8,892	-
	1,711,647	**1,882,272**	**-**	**-**	**1,821,629**	**60,643**
	4,713,840	**5,104,611**	**2,262,030**	**960,309**	**1,821,629**	**60,643**

Derivative financial instruments (*)

	Carrying value	Contractual cash-flows	Up to 3 months	3 months - 12 months	1 year - 5 years
Derivative cash inflows	380,733	381,815	371,494	10,321	-
Derivative cash outflows	(360,227)	(361,269)	(365,327)	4,058	-
Derivative instruments, net cash inflows	**20,506**	**20,546**	**6,167**	**14,379**	**-**

(*) Amounts are undiscounted cash flows of contract values. Balances with maturities of less than three months are equal to their book value as their discount amounts are immaterial.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Group's maturity analysis of financial liabilities as of 31 December 2007 is as follows:

	Carrying value	Contractual cash-flows	Up to 3 months	3 months - 12 months	1 year - 5 years	More than 5 years
Current liabilities (non-derivative):						
Financial liabilities	2,076,459	2,247,130	1,100,970	1,146,160	-	-
Trade payables	660,740	673,751	572,576	101,175	-	-
Other payables	31,540	31,540	31,540	-	-	-
Provisions	187,430	187,430	77,839	109,591	-	-
Other current liabilities	130,677	130,677	130,677	-	-	-
	3,086,846	**3,270,528**	**1,913,602**	**1,356,926**	**-**	**-**
Non-current liabilities (non-derivative):						
Financial liabilities	995,872	1,172,749	-	-	1,172,749	-
Trade payables	60,038	83,947	-	-	30,487	53,460
Provisions	52,258	52,258	-	-	52,258	-
Other non-current liabilities	1,539	1,539	-	-	1,539	-
	1,109,707	**1,310,493**	**-**	**-**	**1,257,033**	**53,460**
	4,196,553	**4,581,021**	**1,913,602**	**1,356,926**	**1,257,033**	**53,460**

Derivative financial instruments (*)

	Carrying value	Contractual cash-flows	Up to 3 months	3 months - 12 months	1 year - 5 years
Derivative cash inflows	79,976	79,976	79,976	-	-
Derivative cash outflows	(81,636)	(81,636)	(81,636)	-	-
Derivative instruments, net cash outflows	**(1,660)**	**(1,660)**	**(1,660)**	**-**	**-**

(*) Amounts are undiscounted cash flows of contract values. Balances with maturities of less than three months are equal to their book value as their discount amounts are immaterial.

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates are crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, "fixed interest/ floating interest", "short-term/ long-term", "TRY/ foreign currency" balance should be structured consistent within and with assets in the balance sheet.

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Average effective annual interest rates of balance sheet items as of 31 December are as follows:

2008 (%)	TRY	EUR	USD	GBP	RON	RUB	CNY
Current assets							
Cash and cash equivalents	-	3.6	7.4	1.3	11.1	8.6	6.0
Trade receivables	27.0	4.3	1.8	5.0	-	-	-
Current liabilities							
Financial liabilities	22.7	5.8	6.5	-	-	18.3	-
Trade payables	13.8	3.1	2.0	3.1	-	-	-
Non-current liabilities							
Financial liabilities	19.6	6.0	7.0	-	-	-	-

2007 (%)	TRY	EUR	USD	GBP	RON	RUB	CNY
Current assets							
Cash and cash equivalents	-	4.2	5.4	-	5.6	-	-
Trade receivables	27.0	4.5	4.6	5.0	-	-	-
Current liabilities							
Financial liabilities	17.8	6.0	5.6	-	-	8.2	1.6
Trade payables	16.9	4.8	4.2	5.7	-	-	-
Current liabilities							
Financial liabilities	16.3	5.5	7.1	7.0	-	8.1	-

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

	2008	2007
Financial instruments with fixed interest rates		
Time deposits	329,067	245,410
Financial liabilities	1,917,748	1,696,319
Financial instruments with variable interest rates		
Financial liabilities	1,573,360	1,376,012

At 31 December 2008, if interest rates at contractual repricing dates of YTL, EUR and USD denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 100 base point against TRY with all other variables held constant, income before taxes and minority interest would have been TRY15,734 (2007: TRY13,760) lower/ higher as a result of interest expenses.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Funding risk

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

Credit risk

The group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

A significant amount of trade receivables is from related parties. Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.),
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.),
- Mortgages,
- Cheques-notes.

In credit risk control, the credit quality of each customer is assessed; taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilisation of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets. Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

Details of credit and receivable risk as of 31 December are as follows:

	Trade Receivables		Deposits
31 December 2008	**Related parties**	**Other party**	**in Banks**
Maximum exposed credit risk as of reporting date(1)	**115,767**	**2,529,160**	**42,296**
Secured portion of the maximum credit risk by guarantees, etc.	-	2,244,429	-
A. Net book value of financial assets either are not due or not impaired	99,065	2,268,396	42,296
- Secured portion by guarantees, etc.	-	(1,992,619)	-
B. Financial assets with renegotiated conditions	-	21,523	-
- Secured portion by guarantees, etc.	-	(21,523)	-
C. Net book value of the expired but not impaired financial assets	16,702	200,180	-
- Secured portion by guarantees, etc.	-	(200,180)	-
D. Net book value of the impaired assets	-	39,061	-
- Overdue (Gross book value)	-	133,686	-
- Impairment (Note 10)	-	(94,625)	-
- Secured portion of the net value by guarantees, etc.	-	(30,107)	-

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Trade Receivables		Deposits
31 December 2007	**Related parties**	**Other party**	**in Banks**
Maximum exposed credit risk as of reporting date(1)	169,971	2,272,594	99,695
Secured portion of the maximum credit risk by guarantees, etc.	-	1,988,707	-
A. Net book value of financial assets either are not due or not impaired	127,999	2,088,592	99,695
- Secured portion by guarantees, etc.	-	(1,807,521)	-
B. Financial assets wit7 renegotiated conditions	-	36,968	-
- Secured portion by guarantees, etc.	-	(36,968)	-
C. Net book value of the expired but not impaired financial assets	41,972	134,863	-
- Secured portion by guarantees, etc.	-	(134,863)	-
D. Net book value of the impaired assets	-	12,171	-
- Overdue (Gross book value)	-	78,691	-
- Impairment (Note 10)	-	(66,520)	-
- Secured portion of the net value by guarantees, etc.	-	(9,355)	-

(1) Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

a) Credit quality of financial assets

	2008	**2007**
Group 1	107,163	355,591
Group 2	2,106,005	1,813,371
Group 3	175,816	84,597
	2,388,984	**2,253,559**

Group 1 - New customers (Less than three months).
Group 2 - Existing customers with no defaults in the past (excluding related parties).
Group 3 - Existing customers with some defaults in the past of which were fully recovered (excluding related parties).

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Aging of the receivables which are overdue but not impaired

	2008	2007
0-1 month	95,378	81,319
1-3 month	25,622	42,009
3-12 month	68,108	46,196
1-5 years	27,774	7,311
	216,882	**176,835**

c) Geographical concentration of the trade receivables

	2008	2007
Turkey	1,779,133	1,724,117
Europe	666,898	596,465
Other	198,896	121,984
	2,644,927	**2,442,566**

Foreign exchange risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates, in other words, maintaining foreign exchange position close to zero.

For this reason, the proportion of the positions of these currencies among each other or against new Turkish lira to shareholders' equity is aimed to be controlled under certain limits.

Derivative financial instruments are also used, when necessary. In this context, the Group's primary method is utilising forward foreign currency transactions.

The Group is exposed to foreign exchange rate risk mainly for EUR, USD, GBP, RON and RUB.

Foreign currency position

Assets and liabilities denominated in foreign currency held by the Group at 31 December are as follows:

	2008	2007
Assets	2,024,022	1,887,383
Liabilites	(2,046,938)	(1,730,987)
Net balance sheet position	**(22,916)**	**156,396**
Net position of off-balance sheet derivative financial instruments	74,210	(1,660)
Net foreign currency position	**51,294**	**154,736**

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at 31 December 2008 are as follows:

	EUR	USD	GBP	RON	RUB	(*) Other	Total TRY equivalent
Current assets							
Trade receivables	278,227	158,008	54,326	88,999	915,852	72,217	1,121,026
Monetary financial assets	61,377	93,799	13,625	60,327	105,248	27,421	368,383
Other	121,521	22,797	31,181	106,151	1,625,215	16,725	520,694
Non-current assets							
Non-monetary financial assets	1,217	-	112	-	176,852	1,932	13,919
Total assets	**462,341**	**274,604**	**99,244**	**255,477**	**2,823,167**	**118,295**	**2,024,022**
Current liabilities							
Trade payables	84,895	113,801	922	55,938	132,407	5,461	398,216
Financial liabilities	278,248	83,938	-	560	390,213	-	743,071
Other monetary financial liabilities	53,956	3,239	8,324	6,303	63,009	8,330	153,627
Other non-monetary financial liabilities	14,801	12,899	3,093	17,953	31,940	24,992	94,258
Non-current liabilities							
Trade payables	-	48,241	-	-	-	-	72,955
Financial liabilities	196,085	84,492	-	540	-	-	547,846
Other monetary financial liabilities	847	-	-	15,684	-	-	10,239
Other non-monetary financial liabilities	3,579	286	3,952	15,656	4,723	1,315	26,726
Total liabilities	**632,411**	**346,896**	**16,291**	**112,634**	**622,292**	**40,098**	**2,046,938**
Net balance sheet position	**(170,070)**	**(72,291)**	**82,954**	**142,844**	**2,200,875**	**78,197**	**(22,916)**
Off-balance sheet derivative financial assets	111,629	86,474	-	-	-	-	369,751
Off-balance sheet derivative financial liabilities	(65,455)	-	(67,031)	-	-	(8,456)	(295,541)
Net position of off-balance sheet items	46,174	86,474	(67,031)	-	-	(8,456)	74,210
Net foreign currency asset/ (liability) position	**(123,896)**	**14,183**	**15,923**	**142,844**	**2,200,875**	**69,741**	**51,294**
Net foreign currency position of the monetary items	**(274,427)**	**(81,904)**	**58,705**	**70,301**	**435,471**	**85,847**	**(436,545)**

(*) Composed of the other foreign currencies in terms of TRY.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at 31 December 2007 are as follows:

	EUR	USD	GBP	RON	RUB	(*) Other	Total TRY equivalent
Current assets							
Trade receivables	272,721	322,591	40,451	115,038	1,189,502	69,174	1,116,498
Monetary financial assets	97,827	99,156	12,904	23,480	121,507	17,668	347,379
Other	99,812	47,416	27,571	97,580	1,283,632	23,920	421,289
Non-current assets							
Non-monetary financial assets	-	-	112	-	24,982	767	2,217
Total assets	**470,360**	**469,163**	**81,039**	**236,098**	**2,619,623**	**111,529**	**1,887,383**
Current liabilities							
Trade payables	113,576	269,649	4,990	33,415	258,437	16,318	564,351
Financial liabilities	23,162	142,391	-	-	35,509	32,666	321,798
Other monetary financial liabilities	24,237	11,416	6,335	9,385	11,955	15,424	91,768
Other non-monetary financial liabilities	21,048	-	9,891	12,315	18,553	728	66,446
Non-current liabilities							
Trade payables	-	51,548	-	-	-	-	60,733
Financial liabilities	256,450	126,286	-	-	-	43	603,816
Other monetary financial liabilities	2,019	-	-	22,704	-	587	14,795
Other non-monetary financial liabilities	1,540	-	76	8,668	-	364	7,280
Total liabilities	**442,032**	**601,290**	**21,292**	**86,487**	**324,454**	**66,130**	**1,730,987**
Net balance sheet position	**28,328**	**(132,127)**	**59,747**	**149,611**	**2,295,169**	**45,399**	**156,396**
Off-balance sheet derivative financial assets	5,296	60,889	-	-	-	-	79,976
Off-balance sheet derivative financial liabilities	(42,335)	-	-	-	-	(9,235)	(81,636)
Net position of off-balance sheet items	(37,038)	60,889	-	-	-	(9,235)	(1,660)
Net foreign currency asset/ (liability) position	**(8,710)**	**(71,238)**	**59,747**	**149,612**	**2,295,170**	**36,164**	**154,736**
Net foreign currency position of the monetary items	**(48,896)**	**(179,543)**	**42,030**	**73,014**	**1,005,108**	**21,804**	**(193,384)**

(*) Composed of the other foreign currencies in terms of TRY.

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity analysis as of 31 December are as follows:

31 December 2008

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(10,933)	10,933	(10,933)	10,933
Secured portion from USD risk (*)	13,078	(13,078)	13,078	(13,078)
USD net effect	**2,145**	**(2,145)**	**2,145**	**(2,145)**
+/-10% fluctuation of EUR rate				
EUR net asset/liability	(40,183)	40,183	(23,448)	23,448
Secured portion from EUR risk (*)	22,827	(22,827)	9,885	(9,885)
EUR net effect	**(17,356)**	**17,356**	**(13,563)**	**13,563**
+/-10% fluctuation of GBP rate				
GBP net asset/liability	16,584	(16,584)	18,437	(18,437)
Secured portion from GBP risk (*)	(14,696)	14,696	(14,696)	14,696
GBP net effect	**1,888**	**(1,888)**	**3,741**	**(3,741)**
+/-10% fluctuation of RON rate				
RON net asset/liability	-	-	12,760	(12,760)
Secured portion from RON risk (*)	-	-	-	-
RON net effect	**-**	**-**	**12,760**	**(12,760)**
+/-10% fluctuation of RUB rate				
RUB net asset/liability	-	-	5,999	(5,999)
Secured portion from RUB risk (*)	-	-	-	-
RUB net effect	**-**	**-**	**5,999**	**(5,999)**
	(13,323)	13,323	11,082	(11,082)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2007	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(15,389)	15,389	(15,389)	15,389
Secured portion from USD risk (*)	7,092	(7,092)	7,092	(7,092)
USD net effect	**(8,297)**	**8,297**	**(8,297)**	**8,297**
+/-10% fluctuation of EUR rate				
EUR net asset/liability	705	(705)	(36)	36
Secured portion from GBP risk (*)	9,058	(9,058)	(6,334)	6,334
EUR net effect	**9,763**	**(9,763)**	**(6,370)**	**6,370**
+/-10% fluctuation of GBP rate				
GBP net asset/liability	4,517	(4,517)	5,821	(5,821)
Secured portion from GBP risk (*)	-	-	-	-
GBP net effect	**4,517**	**(4,517)**	**5,821**	**(5,821)**
+/-10% fluctuation of RON rate				
RON net asset/liability	-	-	10,148	(10,148)
Secured portion from RON risk (*)	-	-	-	-
RON net effect	**-**	**-**	**10,148**	**(10,148)**
+/-10% fluctuation of RUB rate				
RUB net asset/liability	-	-	4,230	(4,230)
Secured portion from RUB risk (*)	-	-	-	-
RUB net effect	**-**	**-**	**4,230**	**(4,230)**
	5,983	(5,983)	5,532	(5,532)

(*) Includes effects of off-balance sheet derivative instruments.

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

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The import and exports amounts at 31 December 2008 are as follows:

	2008		2007	
	Original amount	TRY equivalent	Original amount	TRY equivalent
EUR	773,277,203	1,470,856	859,196,399	1,524,988
USD	626,538,679	813,231	541,900,240	692,263
GBP	170,721,524	405,682	162,663,466	424,024
Other		11,164		11,070
Total exports		**2,700,933**		**2,652,345**
EUR	410,802,165	802,961	510,325,244	939,689
USD	739,557,662	977,046	722,653,795	973,602
GBP	536,007	1,332	797,941	2,189
Other		4,536		10,978
Total imports		**1,785,875**		**1,926,458**

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios at 31 December are as follows:

	2008	2007
Total liabilities	4,927,900	4,381,069
Cash and cash equivalents	(415,586)	(401,492)
Net debt	4,512,314	3,979,577
Total shareholders' equity	2,001,329	2,145,730
Invested capital	6,513,463	6,125,307
Gearing ratio	**69%**	**65%**

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial Assets

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

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The fair values of financial assets carried fair value are determined by undisputed similar transactions method. The carrying values of financial assets along with the related allowances for impairment are estimated to be their fair values.

Financial Liabilities

The carrying values of trade payables denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate fair values. The carrying values of other trade payables are estimated to be their fair values since they are short term.

The fair values of short-term financial liabilities are estimated to be their fair values since they are short term.

The fair values of long-term financial liabilities are determined by discounting contractual cash flows with current market interest rate.

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

NOTE 35 - SUPPLEMENTARY CASH FLOW INFORMATION

Consolidated statements of cash flows are presented within the consolidated financial statements.

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

	2008	2007
Changes in reserves and provisions		
Warranty provision	(17,590)	(83,230)
Assembly and transportation provision	2,763	(10,454)
Provision for impairment on inventories	10,719	24,578
Provision for doubtful receivables	10,349	9,903
Provision for employment termination benefits	4,062	3,303
Accrual for customer premiums	10,583	(2,712)
Accrual for bonuses and premiums	(1,062)	(1,613)
Accrual for sales and marketing expenses	18,062	65
	37,886	**(60,160)**

Changes in operating assets and liabilities		
Trade receivables	(111,534)	105,948
Trade payables	(56,242)	(546,371)
Inventories	42,585	(42,454)
Financial assets	12	1,772
Other current assets and liabilities	(65,488)	23,936
Other non-current assets and liabilities	(3,817)	(8,412)
	(194,484)	**(465,581)**

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008
(Amounts expressed in thousands of New Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 36 - SUBSEQUENT EVENTS

a) Board of Directors of Arçelik A.Ş. has taken the following decisions in the meeting held on 27 February 2009:

- The Company management is authorised for the disposal and cash collection of the shares, that the Company has in Koç Finansal Hizmetler, amounting to TRY230,642 and 23,064,204,064 units with a nominal value of 1YKr. Units of 8,926,253,373 amounting to TRY201,573 will be transferred to Koç Holding and units of 2,144,510,952 amounting to TRY48,427 will be transferred to Temel Ticaret ve Yatırım A.Ş.

- The total paid-in share capital of the Company is increased from TRY399,960 to TRY649,935 within the limits of TRY1,500,000 on the registered share capital.

- The Company management is authorised to execute the transactions to merge Grundig Elektronik into the Company through the transfer of all its assets and liabilities to the Company in accordance with the articles of Turkish Commercial Code, Corporate Tax Laws and CMB Legislation based on the financial statements as of 31 December 2008 prepared in accordance with the CMB financial reporting standards.

b)In accordance with the Article 1 of the Law No. 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No. 2007/11963, the prefix "new" used in the "new Turkish Lira" and the "new Kurus" will be removed as of January 1, 2009. When the prior currency, new Turkish lira ("TRY"), values are converted into TL and Kr, one TRY (TRY1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to new 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 TL at the conversion rate indicated above. Consequently, effective from
1 January 2009, the TL replaces the TRY as a unit of account in keeping and presenting of books, accounts and financial statements.

International System Standards Compliance Certificates

TS EN ISO 9001:2000, TSE

ISO 14001:2004, SGS

TS EN ISO/IEC 17025:2005, TÜRKAK

Product Standard Compliance Certificates

TSE - Turkey

CE - European Union

TÜV, VDE - Germany

ITS, BEAB - United Kingdom

GOST R - Russia

UL - USA

SEMKO - Sweden

IRAM - Argentina

KUWAIT STD. - Kuwait

SASO - Saudi Arabia

SINGAPORE STD. - Singapore

ISCIR, ICPE - Romania

CCIB, CCC - China

KETI - South Korea

POLAND STD. - Poland

AFNOR - France

AGA, AS - Australia

ÖVGW - Austria

CSA - Canada

UkrSEPRO - Ukraine

SII - Israel

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