PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2007 AND 31 DECEMBER 2006

PROFILO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
1 JANUARY 2007- 30 JUNE 2007 ACCOUNTING PERIOD
INDEPENDENT AUDITORS' REPORT

1. We have audited the accompanying balance sheets of Profilo Telra Elektronik Sanayi ve Ticaret A.Ş (the "Company") and its subsidiaries (together the "Group") as at 30 June 2007 and the related consolidated statements of income, changes in shareholder's equity and cash flows for the six months' period then ended. We have conducted our audit in accordance with generally accepted auditing principals and standards. Therefore; our audit includes examining the accounting records with respect to accounts, transactions together with other necessary auditing methods and techniques.

2. The Group has financed its operations with borrowing funds and loans obtained from related parties. During the period, the Group has significant net loss amounting to TRL (30.874.808). These factors indicate that the Group's ability to continue as a going concern is dependent on the financial support from its shareholders and its creditors.

3. Attached financial statements include deferred tax assets calculated on accumulated financial loss amounting TRL 91.273.046, assuming that amount will be deducted on the following period, which is declared to the tax office via temporary tax declaration by the Group management together with deferred tax asset calculated over the accumulated investment incentive amounting to TRL 43.374.284. The realization of deferred taxation is due to the tax base amount of the Group for the future periods.

4. As of 30 June 2007, the Company does not provide current period's depreciation and amortization charge in the accompanying financial statements.

5. Based on our opinion, except for the possible effects of the matters set out in the second to fourth paragraphs above, the financial statements present the Company's financial position as of 30 June 2007 and the results of its operations for the six months' period then ended, in accordance with Capital Market Boards accounting principles (Note 2).

LEGAL BAĞIMSIZ DENETİM YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Exclusive Correspondent of PKF

Korkut Yet
Partner

İstanbul, September 26, 2007

PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2007 AND 2006

(Amounts expressed of New Turkish Lira (TRL))

ASSETS	Not	30 June 2007 TRL	31 December 2006 TRL
Current Assets		**232.752.328**	**357.342.423**
Liquid Assets	4	6.344.039	26.746.520
Marketable Securities	5	50.000	-
Trade Receivables (net)	7	72.038.263	109.008.494
Finance Lease Receivables (net)	8	-	-
Due from Related Parties	9	48.452.850	93.063.661
Other Receivables	10	13.376.565	8.501.464
Biological Assets	11	-	-
Inventories (net)	12	87.608.907	114.711.571
Other Current Assets	15	4.881.704	5.310.713
Long Term Assets		**170.080.817**	**154.650.824**
Trade Receivables (net)	7	1.464	1.464
Financial Assets (net)	16	3.008.573	278.573
Positive/Negative Goodwill (net)	17	-	-
Investment Property	18	-	-
Tangible Assets (net)	19	124.901.079	125.315.722
Intangible Assets (net)	20	7.509.975	7.497.576
Deferred Tax Assets	14	34.659.726	21.557.489
Other Long Term Assets	15	-	-
		-	-
TOTAL ASSETS		**402.833.145**	**511.993.247**

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

PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2007 AND 2006

(Amounts expressed of New Turkish Lira (TRL))

LIABILITIES	Note	30 June 2007 TRL	31 December 2006 TRL
Short Term Liabilities		**276.875.702**	**368.196.801**
Short Term Borrowings (net)	6	180.953.744	170.647.620
Financial Lease Payables (net)	8	1.850.778	4.180.009
Trade Payables (net)	7	48.662.983	127.326.526
Due to Related Parties (net)	9	24.740.644	11.764.685
Advances Received	21	6.870.117	40.405.777
Provisions	23	9.890.302	7.057.509
Other Liabilities (net)	10	3.907.134	6.814.675
Long Term Liabilities		**179.053.813**	**166.274.066**
Long Term Borrowings (net)	6	141.458.297	105.166.622
Finance Lease Payables (net)	8	1.365.078	1.470.760
Trade Payables (net)	7	27.846.575	50.154.629
Provisions	23	8.383.863	9.482.055
MINORITY INTEREST	24	**-**	**-**
SHAREHOLDERS' EQUITY		**(53.096.370)**	**(22.477.620)**
Capital	25	**61.805.000**	**61.805.000**
Treasury shares			-
Capital Reserves	26	**31.872.514**	**31.872.514**
Revaluation Fund (expertise)		17.119.702	17.119.702
Inflation Adjustment of Shareholders' Equity Items		14.752.812	14.752.812
Profit Reserves	27	**1.662.095**	**1.385.440**
Legal Reserves		222.038	206.366
Extraordinary Reserves		1.440.057	1.179.074
Net Profit / (Loss) for the Period		**(30.874.808)**	**(78.475.726)**
Prior Year Losses	28	**(117.561.171)**	**(39.064.848)**
TOTAL SHAREHOLDERS' EQUITY LIABILITIES		**402.833.145**	**511.993.247**

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

PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE 2007 AND FOR THE YEAR ENDED 31 DECEMBER 2006

(Amounts expressed of New Turkish Lira (TRL))

	Note	30 June 2007	31 December 2006
OPERATING INCOME			
Sales Revenue (net)	36	143.974.935	587.423.827
Cost of Sales	36	(155.498.622)	(546.979.899)
GROSS PROFIT		**(11.523.687)**	**40.443.928**
Operating Expenses (-)	37	(39.414.639)	(79.008.707)
OPERATING PROFIT / LOSS		**(50.938.326)**	**(38.564.779)**
Other operating income and profits	38	9.459.118	4.507.594
Other operating expense and losses (-)	38	(294.378)	(2.732.554)
Finance expenses (-)	39	(2.172.144)	(51.739.138)
NET OPERATING INCOME / LOSS		**(43.945.730)**	**(88.528.877)**
Net monetary gain/loss	40	-	-
MINORITY INTEREST	24	-	-
NET PROFIT / LOSS BEFORE TAXATION		**(43.945.730)**	**(88.528.877)**
Taxation on income	41	13.070.922	10.053.151
NET PROFIT / LOSS		**(30.874.808)**	**(78.475.726)**
EARNINGS PER SHARE	42	None	None

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

PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş.
ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE 2007 AND FOR THE YEAR ENDED 31 DECEMBER 2006

(Amounts expressed of New Turkish Lira (TRL)

	Capital	Equity Inflation Adjustment Differences	Legal Reserves	Extraordinary Reserves	Expertise Valuation Difference	Financial Assets Revaluation Fund	Accumulated Losses	Total
Balance as of 1 January 2006	61.805.000	35.442.673	195.683	1.005.015	17.119.702	343.550	(59.569.967)	56.341.656
Profit distribution:								
Legal reserves	-	-	10.683	-	-	-	(10.683)	-
Extraordinary reserves	-	-	-	174.059	-	-	(174.059)	-
Offsetting capital restatement against prior years' losses	-	(20.689.861)	-	-	-	-	20.689.861	-
Revaluation reserve on Financial assets	-	-	-	-	-	(343.550)	-	(343.550)
Net loss	-	-	-	-	-	-	(78.475.726)	(78.475.726)
Balance as of 31 December 2006	61.805.000	14.752.812	206.366	1.179.074	17.119.702	-	(117.540.574)	(22.477.620)
Profit distribution:								
Legal reserves			15.672					15.672
Extraordinary reserves				260.983				260.983
Dividends distributed							(20.597)	(20.597)
Net loss							(30.874.808)	(30.874.808)
Balance as of 30 June 2007	61.805.000	14.752.812	222.038	1.440.057	17.119.702	0	(148.435.979)	(53.096.370)

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

PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş.
ITS SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE 2007 AND FOR THE YEAR ENDED 31 DECEMBER 2006

(Amounts expressed of New Turkish Lira (TRL))

		1 January- 30 June 2007 TRL	1 January- 31 December 2006 TRL
Cash Flows From Operating Activities			
Net period income / loss		(30.874.808)	(78.475.726)
Adjustments to reconcile net period income to net cash from operating activities:			
Depreciation of property plant and equipment	19	59.089	143.089
Amortization of intangible fixed assets	20	5.853	26.239
Changes in allow. for diminution in value of equity part.	16	-	6.025.779
Changes in provision for retirement pay	23	(1.126.687)	2.560.710
Interest accrual on loans		7.009.870	4.088.592
Operating profit / loss before changes in working capital		(24.926.683)	(65.631.317)
Changes in operating assets and liabilities		(39.630.899)	2.111.462
Net cash used in operating activities		(64.557.582)	(63.519.855)
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in marketable securities (net)		(50.000)	-
Increase in available for sale investments	16	(2.730.000)	-
Disposals(Purchases) of property, plant, equipment, net	19	355.554	(15.876.562)
Purchases of intangible assets, net	20	(18.252)	(6.856.431)
Net cash used in investing activities		(2.442.698)	(22.732.993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in borrowings (net)	6	46.597.799	103.740.182
Change in minority interest	24	-	(18.125)
Cash provided from financing activities (net)		46.597.799	103.722.057
NET CHANGE IN CASH AND CASH EQUIVALENTS		(20.402.481)	17.469.209
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		26.746.520	9.277.311
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		**6.344.039**	**26.746.520**

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

1. STRUCTURE AND OPERATION OF THE COMPANY

Company has been established as Yaşar Sumar Televizyon Radyo Sanayi ve Ticaret A.Ş. in İstanbul by the announcement in Trade Registry Gazette dated 14 December 1972 and numbered 4723. On 10 May 1974, Company's title has been changed to Telra Elektronik Sanayi ve Ticaret A.Ş. by the announcement in Trade Regitry Gazette numbered 5144. Later, by the announcement in Trade Registry Gazette dated 1 May 1986, numbered 1505, the title of the Company has been accepted as Telra Elektronik Sanayi Ticaret A.Ş. Finally, on 31 December 1990, the title: Profilo Telra Elektronik Sanayi ve Ticaret A.Ş. has been approved by the announcement in Trade Registry Gazette numbered 2684.

The primary activities of the Company are the production and sale of electronic equipments, mainly focused on televisions and cash registers. Other operations of the Company include importation, sale and calibration of other various electronic equipments for trading purposes.

The subsidiary included in the consolidation, its nature of business and the share of the Group in its capital as at 30 June 2007 and 2006 were as follows:

		30 June	
Name	Nature of Business	2007	2006
Telra Elektronik Servis A.Ş.	Service provider for products of Telra	99,45%	99,45%

As Pro-Medya Yayın Reklam ve Pazarlama Hizmetleri is under liquidation during the current year, no consolidation has been applied for this company for the year ended 30 June 2007.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company maintains its books of account and its records in accordance with Turkish Commercial Code ("TCC") and tax legislation and prepares its statutory financial statements in accordance with accounting standards issued by the Capital Markets Board ("CMB").

On 15 November 2003, Capital Market Board ("CMB") published Communiqué No: 25 of Series XI, "Communiqué on Capital Market Accounting Standards". The Communiqué is applicable to first interim financial statements ending after 1 January 2006 and is effective from the date of publishing. However, Companies may choose to adopt Communiqué No: 25 of Series XI, for years or interim periods ending on or after 31 December 2003.

According to sub-clause added to Communiqué No: 25 of Series XI "Communiqué on Capital Market Accounting Standards" with the publishment of "Amendments to Communiqué on Capital Market Accounting Standards" (Series: XI, No: 27) on 23 December 2004, preparation and public announcement of financial statements in accordance with IFRS, is counted for fulfillment of provisions of preparation of financial statements and public announcement in accordance with that Communiqué No: 25 of Series XI.

Consequently, the Group prepared and publicly announced its consolidated financial statements as of 31 December 2006 in accordance with IFRS. The accompanying financial statements are based on the statutory records, with adjustments and reclassifications, including restatement for the changes in the general purchasing power of the Turkish Lira, for the purpose of fair presentation in accordance with Statements of IFRS. The basis of the financial statements used in the preparation of the accompanying financial statements is set out below and in Note 3.

At 30 June 2007 the exchange rate announced by the Turkish Central Bank (which is a market rate) was TRL 1,3046 = US$ 1. (31 December 2006: 1,4056)

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprise controlled by the Company as explained in note 1. Adjustments are made to eliminate intercompany sales and purchases, intercompany receivables and payables and intercompany equity investments.

Entity in which the Company, directly or indirectly, has above 50% shareholding or interest of voting rights or otherwise has power to exercise control over operations, has been fully consolidated. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. All significant transactions and balances between the Company and its consolidated subsidiary are eliminated in consolidation. In cases where the consolidated entity is not 100% owned, the shareholders' equity and net income, which belong to third party shareholders are separately disclosed as minority interest.

Other equity participations in which the Company has less than 20% ownership or interest in voting rights are accounted for at indexed cost, less provision where necessary for decline in value.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a. Related parties

For the purpose of the accompanying financial statements, shareholders of the Company and related companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies.

b. Trade receivables

Trade receivables are carried at anticipated realizable value that is the net of trade receivables measured at amortized cost method using the effective interest rate in accordance with IAS 39 and allowance for doubtful receivables. The allowance for doubtful receivables is based on management’s evaluation of the receivables, including such factors as the volume type of receivable outstanding, collateral obtained, past experience and economic conditions. Bad debts are written off during the year in which they are identified.

c. Inventory valuation

Inventories are stated at the lower of cost or net realizable value (market value less sales expenses). Cost includes raw materials, direct labor and production overhead appropriate to the relevant stage of production. Raw material inventory are valued using annual average method on the balance sheet date.

d. Available for sale investments

Available for sale investments are classified as either (a) held for trading or (b) available-for-sale and are measured at subsequent reporting dates at fair value. Securities, held for trading purposes, are carried at fair value are cost can be reliably measured. Other investments, where cost cannot be reliably measured, are measured at amortized cost. For available-for-sale investments, cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period.

Available for sale investments are classified as either (a) held for trading or (b) available-for-sale and are measured at subsequent reporting dates at fair value. Securities, held for trading purposes, are carried at fair value are cost can be reliably measured. Other investments, where cost cannot be reliably measured, are measured at amortized cost. For available-for-sale investments, cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period.

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

e. Property plant and equipment and Intangible Assets

Historic costs of property plant and equipment are adjusted for inflation from the date of acquisition. Fair values of factory land and buildings could not be determined despite the inflation adjustment. An independent expertise has conducted revaluation of land and buildings in order to determine fair values. Land, that is deemed to have indefinite life, is not depreciated. Revalued buildings are depreciated over their revalued expertise value, all other fixed assets are depreciated over their inflation adjusted cost values on a straight line basis. Property, plant and equipment, are depreciated principally on a straight-line basis using the following rates:

Buildings	2-25%
Land improvements	2-10%
Machinery and equipment	6-25%
Vehicles	10-25%
Furniture and fixtures	2-25%
Leasehold improvements	20-25%
Research and development expenses	20%

Gains or losses on disposal of property, plant and equipment with respect to their restated amounts are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Expenses for the repair and maintenance of property, plant and equipment are normally charged against income.

Expertise Revaluation Fund

The factory land and the buildings were included with their revalued amounts in the accompanying financial statements. The revalued amounts are based on an Expertise Report by Gayrimenkul Ekspertiz ve Değerlendirme A.Ş. dated 27 December 2002. In the Expert Witness Report, the mentioned assets were valued as TRL 5.211.029 and TRL 21.997.234 respectively as restated as at 31 December 2004. All revalued assets were included in the accompanying financial statements with indexed expertise values from expertise dates to the balance sheet date less the accumulated depreciation for the related period. A gain of TRL 17.119.702 (as indexed and net of deferred tax) arises on the revaluation was included in the revaluation fund under shareholders' equity.

f. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of (i) the sales price of the asset (less any selling costs); (ii) the present value of the cash flows which are expected to arise from future use of the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are realized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

g. Borrowing costs

Interest expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

h. Taxation and deferred tax

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

Provision is made in the financial statements for the Group’s estimated liability to Turkish corporation tax on its results for the year. The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed.

Deferred tax assets and liabilities are recognized using the liability method in respect of material temporary differences arising from different treatment of items for accounting and taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the statement of income. Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred income tax assets and liabilities are also offset.

i. Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. The total provision represents the vested benefit obligation as at the balance sheet date.

International Accounting Standard No. 19 (Revised) "Employee Benefits" ("IAS 19") has been applied in the accompanying financial statements. Future retirement payments are discounted to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate. This standard also allows the employee benefit liability to be reduced by anticipated forfeitures by eligible employees of their benefit.

j. Foreign currency transactions

In the statutory accounts of the Group, transactions in foreign currencies (currencies other than TRL) are translated into New Turkish Lira at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

k. Revenue recognition

Revenue is recognized on an accrual basis at the time of delivery. Net sales represent the invoiced value of goods shipped or services rendered less any sales returns and discounts.

Interest and other income and expenses are recognized on the accrual basis, except for dividends from equity participations, which are recognized as income when received

l. Cash and cash equivalents

Cash and banks include cash on hand, demand deposits, time deposits and all short-term highly liquid investments that are readily convertible to known amounts of cash and so near to maturity that they present on significant risk of change because of changes in interest rates. Interest accrued on time deposits are measured with amortized cost method using the effective interest rate. The interest amount accrued to date but not received at the balance sheet date is included in cash and banks.

m. Finance leases - the Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the leased assets, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

n. Financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties at an arms length transaction. Market value is the amount obtainable from the sale, or payable on the acquisition, of a financial instrument in an active market, 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 develop the estimated fair value. Accordingly, the estimates presented herein may not necessarily be indicative of the amounts the Group could realize in a current market exchange.

Balances with banks, receivables, contingent liabilities like letters of guarantee, letters of credit and other derivative instruments such as forward transactions, are important financial instruments which would have negative effects on the financial structure of the Group if the other party failed to comply with the terms and conditions of the agreement.

The fair values of certain financial assets carried at cost are considered to be representative of carrying values due to their short-term nature.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value.

<u>Cash and Cash Equivalents</u>: Cash and cash equivalents denominated in foreign currencies are translated at year end exchange rates. The carrying amounts of the remaining cash and bank balances are reasonable estimates of their fair value.

<u>Investment in Securities</u>: Fair value is estimated using quoted market prices wherever applicable. For those where no market price is available, the carrying amounts in the books are estimated to be their fair values.

<u>Trade Receivables and Trade Payables:</u> Book values of the trade receivables along with the related allowances for uncollectibility and trade payables balances are estimated to be their fair values except receivables and payables discounted to their present value when they hold significant credit periods.

<u>Due to/from Related Parties</u>: The carrying value of the due to and due from related parties are estimated to be their fair value.

<u>Borrowings:</u> Borrowings have interest rates that are fixed on an entry value basis. However, borrowings at LIBOR plus mark up are subject to fluctuation in accordance with prevailing interest rates in the market. Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

The Group deals with financial instruments with off-balance sheet risk in the normal course of business such as letters of credit, etc. The Group’s exposure to losses arising from these instruments is represented by the contractual amount of those instruments.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The credit risk on liquid funds is limited because the funds are invested in government bonds and treasury bills for short term purposes.

Price risk

The Group is exposed to exchange rate fluctuations between foreign currencies and Turkish Lira due to the nature of its business. The Group's export sales and imports are in foreign currencies. Certain parts of the interest rates related to borrowings and leasing transactions are based on market interest rates, therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group does not have any hedging transactions to limit currency and interest rate risks.

Liquidity risk

The Group is generally raising funds by liquidating its short term financial instruments such as collecting its receivables and disposing of marketable securities. The Group's proceedings from these instruments generally approximate their fair values. The Group obtains funds from its bankers and its major shareholder if short of liquidity.

o. Offsetting

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

p. Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

q. Dividends

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

r. Segment information

Group operates in one industry segment, basically production, marketing and distribution of production and sale of televisions and cash registers. Group also deals in development of software projects. Magnitude and volume of these operations are not material to whole operation of the Group. As all consolidated group companies operate predominantly in this industry segment, the accompanying financial statements do not include separate segmental financial information. All assets, production facilities and distribution channels are located in

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

Turkey.

s. Prior period reclassifications

For purposes of consistency, reclassifications have been made to prior year reported figures to comply with current year, without any effect on total assets/liabilities, net profit for the period and the net shareholders' equity as at the balance sheet date.

4. LIQUID ASSETS

	30 June 2006 TRL	31 December 2006 TRL
Cash	11.220	23.278
Demand deposits	1.289.735	2.129.751
Time deposits	5.041.273	24.591.578
Other liquid assets	1.811	1.913
	6.344.039	26.746.520

Time Deposits as of 30 June 2007:

Currency	Interest rate	Maturity	30 June 2007 TRL
1.014.047 Euro	2%	02 July 2007	3.135.761
1.618.500 YTL	16%-16,5%	02 July 2007	1.618.500
220.000 USD	5,10%	September 2007	287.012
			5.041.273

Time Deposits as of 31 December 2006:

Currency	Interest rate	Maturity	31 December 2006 TRL
4.335.884 USD	3,25%	19 January 2007	6.094.518
531.061 USD	3,25%	30 January 2007	746.459
528.296 USD	3,25%	08 January 2007	742.572
168.213 USD	-	04 January 2007	236.440
4.750.000 EUR	2,50%	10 January 2007	8.794.625
3.451.000 EUR	2,50%	04 January 2007	6.389.527
570.000 EUR	-	04 January 2007	1.055.355
193.000 GBP	3,50%	29 January 2007	532.082
			24.591.578

5. MARKETABLE SECURITIES

The Company has government bonds amounting to 50.000 TRL.
(31 December 2006 – None)

6. BORROWINGS

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

	30 June 2007 TRL	31 December 2006 TRL
Short term bank loans	131.143.245	144.347.470
Intercompany overdrafts – short term	49.810.499	26.300.150
Total short term borrowings	180.953.744	170.647.620
Long term bank loans	141.458.297	105.166.622
Intercompany overdrafts – short term	-	-
Total long term borrowings	141.458.297	105.166.622
Total Borrowings	322.412.041	275.814.242

Analysis of loan repayments is as follows:

Within one year	180.953.744	170.647.620
Between one to five years	141.458.297	105.166.622
	322.412.041	275.814.242

Short term bank loans consist of the following :

Currency Type	Interest Rates	Currency Amount	30 June 2007 TRL	Interest Rates	Currency Amount	31 December 2006 TRL
US Dollar	5,86%-10,13%	43.334.642	56.534.374	6,42%-9,48%	46.512.687	65.378.232
EUR	6,02%-8,13%	15.224.644	26.772.537	6,41%-10,75%	16.526.859	30.599.479
TRL	22,5%-24%		47.836.334	22,50%-24,50%		48.369.759
			131.143.245			144.347.470

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

Name of the Company	Maturity	Interest Rates	Currency Type	Currency Amount	30 June 2007 TRL
Profilo Sanayi A.Ş.	December 2007	8%	USD	1.600.000	2.087.360
Proeks Dış Ticaret A.Ş.	July 2007-March 2008	6,86%-8,68%	EUR	8.927.000	11.646.164
Proeks Dış Ticaret A.Ş.	August October 2007	5,83%-7,96%	USD	27.653.667,96	36.076.975
					49.810.499

Name of the Company	Maturity	Interest Rates	Currency Type	Currency Amount	31 December 2006 TRL
Profilo Sanayi A.Ş.	December 2007	23%	TRL		2.002.960
Profilo Sanayi A.Ş.	December 2007	8%	USD	1.601.493	2.251.049
Proeks Dış Ticaret A.Ş.	Jan – March 2007	7,59%-8,23%	EUR	8.679.862	16.070.764
Proeks Dış Ticaret A.Ş.	Jan- November 2007	6,09%-8,00%	USD	4.251.115	5.975.377
					26.300.150

Details of the long term bank loans are as follows:

Type	Currency Amount	Maturity	Interest Rate	30 June 2007 TRL	Currency Type	Currency Amount	Maturity	Interest Rate	31 December 2006 TRL
TRL	-	-		-	TRL		2008	24%	1.300.000
EUR	50.788.738	2008-2010	5,92%-10,75%	89.311.995	EUR	53.217.450	2008-2011		98.532.109
USD	39.971.104	2008-2010	7,36%-8.25%	52.146.302	USD	3.795.186	2008-2010	8,48%	5.334.513
				141.458.297					105.166.622

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

7. TRADE RECEIVABLES AND LIABILITIES (net)

SHORT TERM TRADE RECEIVABLES (NET)	30 June 2007 TRL	31 December 2006 TRL
Trade receivables	6.717.020	8.599.008
Notes receivable	67.422.187	104.470.744
Discount on trade and notes receivables (-)	(2.269.073)	(4.355.928)
Deposits and guarantees given	168.129	294.670
Doubtful receivables	50	50
Provision for doubtful receivables (-)	(50)	(50)
	72.038.263	109.008.494

LONG TERM TRADE RECEIVABLES (NET)	30 June 2007 TRL	31 December 2006 TRL
Deposits and guarantees given	1.464	1.464
	1.464	1.464

SHORT TERM TRADE PAYABLES (NET)	30 June 2007 TRL	31 December 2006 TRL
Trade payables	49.758.188	104.953.550
Notes payable	1.498.853	23.738.109
Discount on notes payable (-)	(2.613.050)	(1.390.391)
Deposits and guarantees received	15.415	15.370
Other trade payables	4.077	9.888
	48.662.983	127.326.526

LONG TERM TRADE PAYABLES (NET)	30 June 2007 TRL	31 December 2006 TRL
Trade payables	30.251.525	55.907.726
Discount on trade payables (-)	(2.404.950)	(5.753.097)
	27.846.575	50.154.629

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

8. LEASING RECEIVABLES / PAYABLES (net)

Short Term:	30 June 2007 TRL	31 December 2006 TRL
Financial leasing payable amounts	1.963.879	4.521.356
Less: future financial expenses	(113.101)	(341.347)
The present value of financial liabilities	1.850.778	4.180.009

Long Term:	30 June 2007 TRL	31 December 2006 TRL
Financial leasing payable amounts	1.421.907	1.531.928
Less: future financial expenses	(56.829)	(61.168)
The present value of financial liabilities	1.365.078	1.470.760

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from Related Parties	30 June 2007 TRL	31 December 2006 TRL
Proeks Dış Ticaret A.Ş.	38.114.850	77.272.981
Profilo Güvenlik Sistemleri A.Ş.	379.746	-
Telestar Electronics Ltd.	197.683	198.931
BSH PEG Elektrikli Gereçler San. Tic. A.Ş.	1.300.678	-
Elaks Elektronik Aksam Sa. Ve Tic. A.Ş.	87.378	46.011
Profilo Sanayi ve Ticaret A.Ş.	325	4.254.020
Profilo Endüstri İşletmeleri A.Ş.	8.072.817	10.885.526
Receivables from personnel	299.219	249.697
Other group companies	154	156.495
	48.452.850	93.063.661

Due to related parties		
BSH PEG Elektrikli Gereçler San. Tic. A.Ş.	15.374.452	-
Proeks Dış Ticaret A.Ş.	4.562.653	8.051.964
Profilo Sigorta Acentalığı A.Ş.	355.660	76.068
Profilo Sanayi ve Ticaret A.Ş.	161.600	2.319.338
Palmek Almyn. Metal Kaplama Doğ. San. A.Ş.	81.149	385.750
Payables to personnel	3.966.399	930.782
Other Group companies	238.731	783
	24.740.644	11.764.685

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

	1 January- 30 June 2007 TRL	1 January- 31 December 2006 TRL
Major sales to related parties		
Proeks Dış Ticaret A.Ş.	79.417.176	399.184.586
BSH PEG elektrikli Gereçler San. Tic. A.Ş.	41.139.640	-
Profilo Endüstri İşletmeleri A.Ş.	-	5.407.309
Profilo Güvenlik	284.353	147.734
Profilo Sanayii A.Ş.	397.820	12.338
Others	4.010	-
	121.242.999	404.751.967
Major Property, plant and equipment sales to related parties		
Profilo Sanayi A.Ş.	1.032	-
Major purchases from related parties		
Profilo Sanayi A.Ş.	199.361	361.709
Profilo Telekom A.Ş.	29.571	45.919
Profilo Güvenlik A.Ş.	16.919	-
Profilo Holding A.Ş. contribution expense share	-	81.450
Others	4.903	-
	250.754	489.078
Due date differences and finance income /(expense) from related parties		
Profilo Endüstri İşletmeleri A.Ş.	408.064	3.393.257
BSH PEG Elektrikli Gereçler San. Tic. A.Ş.	(181.123)	-
	226.941	3.393.257
Dividends received from related parties		
Proeks Dış Ticaret A.Ş.	-	2.713
Rent expense paid to related parties		
Profilo Endüstri A.Ş.	617.381	4.533.312
Profilo Sanayi Ticaret A.Ş.	311.436	622.417
	928.817	5.155.729

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

	1 January- 30 June 2007 TRL	1 January- 31 December 2006 TRL
Consultancy expenses paid to related parties		
Profilo Holding A.Ş.	736.680	1.458.766
Commission expense paid to related parties		
Proeks Dış Ticaret A.Ş.	1.194.543	3.128.793
Other expenses paid to related parties		
Profilo Sanayi ve Ticaret A.Ş.-expense share	642.230	1.450.928
Elaks Elektronik Aksam San. A.Ş.	-	70.834
	642.230	1.521.762

10. OTHER RECEIVABLES AND LIABILITIES

OTHER CURRENT RECEVABLES	30 June 2007 TRL	31 December 2006 TRL
VAT receivables	10.853.785	6.670.626
Prepaid taxes and dues	439.128	391.073
Other various receivables	2.083.652	1.439.765
	13.376.565	8.501.464

SHORT TERM OTHER LIABILITIES	30 June 2007 TRL	31 December 2006 TRL
Taxes and dues payable	2.308.398	4.214.180
Social security premiums	772.273	2.339.417
Other payables	826.463	261.078
	3.907.134	6.814.675

11. BIOLOGICAL ASSETS

None. (31 December 2006: None).

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

12. INVENTORIES (net)

	30 June 2007 TRL	31 December 2006 TRL
Raw materials	59.690.113	63.085.212
Work in process	10.916.283	12.732.479
Finished goods	7.136.824	21.097.724
Trade goods	88.023	363.077
Goods in transit	9.777.664	17.433.079
Provision for diminish in value of inventory	-	-
	87.608.907	114.711.571

13. ONGOING CONSTRUCTION PROGRESS PAYMENTS

None (31 December 2006: None)

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 June 2007 TRL	31 December 2006 TRL
Current tax payable		
Current corporate and income tax	31.315	84.047
Less: Prepaid taxes and funds	(22.079)	(56.136)
	9.236	27.911

	30 June 2007 TRL	31 December 2006 TRL
Taxation		
Current income tax	31.315	84.047
Deferred tax charge	(13.102.237)	(10.137.198)
	(13.070.922)	(10.053.151)

The Company and its subsidiary operating in Turkey are subject to Turkish Corporation and Income Withholding taxes on their taxable income. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the period.

Corporation tax is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from companies established in Turkey, other exempt income and investment incentives utilized.

The effective rate of tax for the year 2007 is 20% (2006 – 30%)

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds on any dividends distributed, except for companies, which include dividends received in their corporate income taxes declared. The rate of withholding income tax was announced as 10% starting from 24 April 2003. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Income withholding tax was also calculated in 2002 and prior years on various types of income and gains exempt from corporation tax, whether distributed or not. Such withholding tax has been removed in general. However, 19,8% withholding tax is still applied to investment incentive deductions in case 100% of investment expenses are deducted relating to certificates obtained prior to 24 April 2003. Those investments incentive certificates that have been received prior to that date but which the investment is still in progress, if %40 (or lower) of investment expenses are deducted, than no withholding tax is applied. In the context of such application, the Company chose to deduct 40% of expenses. Therefore the Company has no withholding tax liability for investment incentive deductions noted herein.

Investment allowance may be used to relieve corporation tax liability until the profits of Group companies reach the calculated level of exemption. If companies fail to make a profit or incur losses, the allowance may be carried forward to the following years so as to be deducted from taxable income of subsequent years.

Deferred Taxation:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its consolidated financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes.

Temporary differences occur between the years in which certain items of income and expense are recorded for accounting and for tax purposes. There are timing differences resulting from the restatement of inventories, property, plant and equipment (except land) and intangible fixed assets, investment incentives benefited, allowances and retirement pay provision.

Deferred taxation is calculated at a rate of 20% for 2007 except for the investment incentives, which are calculated at 10,2%.

15. OTHER CURRENT ASSETS

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

	30 June 2007 TRL	31 December 2006 TRL
Prepaid expenses	2.312.408	2.465.955
Income accruals	2.569.296	2.844.758
	4.881.704	5.310.713

16. AVAILABLE FOR SALE INVESTMENTS (Net)

Name	%	30 June 2007 TRL	%	31 December 2006 TRL
E-Data A.Ş.		2.730.000		-
Elaks Elektronik Aksam San. A.Ş.	97,78	1.259.113	97,78	1.259.113
Visson Enterprises	7,56	404.921	7,56	404.921
Pro-Eks Dış Ticaret A.Ş.	2,20	278.573	2,20	278.573
Pro-Euro	<1	1.952	<1	1.952
Türk Ticaret Bankası A.Ş.	<1	1.547.255	<1	1.547.255
Ak Enerji Elek. Ür. Otoprodüktör Grb. A.Ş.	<1	9.738	<1	9.738
Others		543		543
		6.232.095		3.502.095
E-Data A.Ş.				
Pro-Euro		(1.952)		(1.952)
Ak Enerji Elek. Ür. Otoprodüktör Grb. A.Ş.		(9.738)		(9.738)
Visson Enterprises		(404.921)		(404.921)
Elaks Elektronik Aksam San. A.Ş.		(1.259.113)		(1.259.113)
Türk Ticaret Bankası A.Ş.		(1.547.255)		(1.547.255)
Others		(543)		(543)
		(3.223.522)		(3.223.522)
Total		3.008.573		278.573

17. POZITIVE/NEGATIVE GOODWILL (net)

None (31 December 2006: None).

18. INVESTMENT PROPERTY

None (31 December 2006: None).

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

19. PROPERTY PLANT AND EQUIPMENT (NET)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Acquisition cost									
Opening balance 1 January 2007	5.211.028	840.631	29.632.071	169.152.450	1.261.393	4.472.476	1.375.240	2.197.171	214.142.460
Additions	-	-	-	-	-	13.945	-	-	13.945
Disposals	-	-	-	(2.415.879)	-	(3.935)	-	-	(2.419.814)
Closing balance 30 June 2007	5.211.028	840.631	29.632.071	166.736.571	1.261.393	4.482.486	1.375.240	2.197.171	211.736.591
Accumulated depreciation									
Opening balance 1 January 2007	-	194.466	2.161.387	81.289.654	1.077.894	2.883.898	1.219.439	-	88.826.738
Charge for the period	-	-	-	1.128	902	49.289	7.770	-	59.089
Disposals	-	-	-	(2.046.380)	-	(3.935)	-	-	(2.050.315)
Closing balance 30 June 2007	-	194.466	2.161.387	79.244.402	1.078.796	2.929.252	1.227.209	0	86.835.512
Net book value - 30 June 2007	5.211.028	646.165	27.470.684	87.492.169	182.597	1.553.234	148.031	2.197.171	124.901.079

PROFİLO TELRA ELEKTRONİK SANAYİ VE TİCARET A.Ş.
ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Acquisition cost									
Opening balance 1 January 2006	5.211.028	312.519	28.608.587	130.798.463	1.362.838	5.222.185	1.305.035	26.679.824	199.500.479
Additions	-	528.112	1.023.484	38.512.595	94.028	185.098	70.205	(24.482.653)	15.930.868
Disposals	-	-	-	(158.608)	(195.473)	(934.807)	-	-	(1.288.887)
Closing balance 31 December 2006	5.211.028	840.631	29.632.071	169.152.450	1.261.393	4.472.476	1.375.240	2.197.171	214.142.460
Accumulated depreciation									
Opening balance 1 January 2006	-	194.466	2.161.387	81.443.185	1.213.320	3.702.502	1.203.370	-	89.918.230
Charge for the period	-	-	-	1.505	12.239	113.276	16.069	-	143.089
Disposals	-	-	-	(155.036)	(147.665)	(931.880)	-	-	(1.234.581)
Closing balance 31 December 2006	-	194.466	2.161.387	81.289.654	1.077.894	2.883.898	1.219.439	-	88.826.738
Net book value - 31 December 2006	5.211.028	646.165	27.470.684	87.862.796	183.499	1.588.578	155.801	2.197.171	125.315.722
Acquisition cost									
Opening balance 1 January 2006	5.211.028	312.519	28.608.587	130.798.463	1.362.838	5.222.185	1.305.035	26.679.824	199.500.479

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

20. INTANGIBLE ASSETS (NET)

	Rights	Research & Development	Total
	TRL	TRL	TRL
Acquisition cost			
Opening balance 1 January 2006	347.314	6.599.089	6.946.403
Additions	5.709	6.850.722	6.856.431
Disposals	(5.211)	-	(5.211)
Closing balance as of 31 December 2006	347.812	13.449.811	13.797.623
Acquisition Cost			
Opening balance 1 January 2007	347.812	13.449.811	13.797.623
Additions	18.252	-	18.252
Disposals	-	-	-
Closing balance as of 30 June 2007	366.064	13.449.811	13.815.875
Accumulated amortization			
Opening balance 1 January 2006	251.441	6.027.578	6.279.019
Charge for the period	26.239	-	26.239
Disposals	(5.211)	-	(5.211)
Closing balance as of 31 December 2006	272.469	6.027.578	6.300.047
Accumulated amortization			
Opening balance 1 January 2007	272.469	6.027.578	6.300.047
Charge for the period	5.853	-	5.853
Disposals	-	-	-
Closing balance as of 30 June 2007	278.322	6.027.578	6.305.900
Net value as of 31 December 2006	75.343	7.422.233	7.497.576
Net value as of 30 June 2007	87.742	7.422.233	7.509.975

21. ADVANCES RECEIVED

6.870.117 TRL (31 December 2006: 40.405.777)

22. RETIREMENT PLANS

None. (31 December 2006: None)

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

23. PROVISIONS

	30 June 2007	31 December 2006
Tax provision (Not 41)	9.236	27.911
Cost expense provision	9.380	9.380
Other debt and expense provision	9.871.686	7.020.218
Total short term debt provision	9.890.302	7.057.509
Deposits received	880.370	851.875
Retirement pay provision	7.503.493	8.630.180
Total long term debt provision	8.383.863	9.482.055

Retirement Pay Provision

Under Turkish Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay is that ruling at the respective balance sheet dates, subject to a maximum of TRL 1.961 per month as of 30 June 2007 (31 December 2006: TRL 1.857 per month).

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

For the year 1999, IAS 19 (Revised) became applicable for the first time. Although not changing the fundamental principles involved, the revised standard made clearer the obligation to consider the issues related to accounting for a future benefit:

- An expected inflation rate and an appropriate discount rate should both be determined, the net of these being the real discount rate. This real discount rate should be used to discount future retirement payments to their present value at the balance sheet date.
- The anticipated rate of forfeitures should be considered.

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

24. MINORITY INTEREST

None.

25. CAPITAL

The composition of the Company's capital as of 30 June 2007 and 2006 is as follows:

Name of the Shareholder	(%)	30 June 2007 TRL	(%)	31 December 2006 TRL
Profilo Sanayi ve Ticaret A.Ş.	78,10	48.273.412	78,10	48.273.412
Thomson Multimedya Elect. S.A.	0,11	66.816	0,11	66.816
Profilo Holding A.Ş.	14,30	8.837.014	14,30	8.837.014
Real persons	3,85	2.385.876	3,85	2.385.876
Other (< 5%)	3,64	2.241.882	3,64	2.241.882
Total Capital	100,00	61.805.000	100,00	61.805.000

According to the acceptance dated 30 December 2002 and No:OFD/3100 published by Capital Market Board, the company has accepted to use the Registered Capital System and has determined its registered share capital ceiling as TRL 70.000.000 Million at Trade Registry Gazette numbered 5731 at 3 February 2003

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

The Company fully consolidated the financial statements of its subsidiaries. The recorded value of the subsidiaries of in the Company financial statements is eliminated via the subsidiaries' capital amounts.

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

26. CAPITAL RESERVES

	30 June 2007 TRL	31 December 2006 TRL
Revaluation fund	17.119.702	17.119.702
Shareholder’s equity inflation restatement differences	14.752.812	14.752.812
	31.872.514	31.872.514

27. PROFIT RESERVES

	30 June 2007 TRL	31 December 2006 TRL
Legal reserves	222.038	206.366
Extraordinary reserves	1.440.057	1.179.074
	1.662.095	1.385.440

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

28. RETAINED EARNINGS / ACCUMULATED LOSSES

	30 June 2007 TRL	31 December 2006 TRL
Retained Earnings / Accumulated Losses	(117.561.171)	(39.064.848)
	(117.561.171)	(39.064.848)

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

29. FOREIGN CURRENCY POSITION

	US $	EURO	DEM	JPY	GBP	FFR	SFR	Equivalent of TRL
30 June 2007								
Cash and banks	230.956	1.788.742	-	-	-	-	-	3.446.809
Trade receivables	799.594	1.078.806	-	-	-	-	4.154	2.944.634
Due from related parties	5.706.236	22.033.086	-	-	18.957	-	-	46.239.065
Goods in transit	-	-	-	-	-	-	-	-
Foreign currency assets	**6.736.786**	**24.900.634**	**-**	**-**	**18.957**	**-**	**4.154**	**52.630.508**
Trade payables	(33.622.552)	(9.471.980)	-	(21.191.780)	(69.153)	-	(45.192)	(60.972.665)
Other payables	(29.111.677)	(9.338.648)	-	-	-	-	-	(54.401.106)
Loans	(83.305.746)	(66.013.382)	-	-	-	-	-	(224.765.208)
Foreign currency liabilities	**(146.039.975)**	**(84.824.010)**	**-**	**(21.191.780)**	**(69.153)**	**-**	**(45.192)**	**(340.138.979)**
Net foreign currency position	**(139.303.189)**	**(59.923.376)**	**-**	**(21.191.780)**	**(50.196)**	**-**	**(41.038)**	**(287.508.471)**
31 December 2006								
Cash and banks	6.204.853	8.775.272	-	-	193.000	-	-	25.501.041
Trade receivables	1.787.321	4.010.937	-	-	67.391	-	4.154	10.129.079
Due from related parties	11.463.932	20.955.870	-	-	-	-	-	54.913.496
Goods in transit	6.752.276	1.971.141	-	2.189.845	4.603	-	-	13.179.091
Foreign currency assets	**26.208.382**	**35.713.220**	**-**	**2.189.845**	**264.994**	**-**	**4.154**	**103.722.707**
Trade payables	(70.278.912)	(25.839.824)	(95.811)	(29.188.615)	(66.958)	-	(2.781)	(147.249.308)
Loans	(51.081.140)	(70.321.436)	-	-	-	-	-	(201.999.790)
Foreign currency liabilities	**(121.360.052)**	**(96.161.260)**	**(95.811)**	**(29.188.615)**	**(66.958)**	**-**	**(2.781)**	**(349.249.098)**
Net foreign currency position	**(95.151.670)**	**(60.448.040)**	**(95.811)**	**(26.998.770)**	**198.036**	**-**	**1.373**	**(245.526.391)**

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

30. GOVERNMENT INCENTIVES AND GRANTS

None (31 December 2006: None).

31. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2007 TRL	31 December 2006 TRL
Letter of guarantees given	9.120.088	8.816.225
Accomodation notes	3.913.800	6.991.823
Export commitment	83.306.911	117.857.485
	96.340.799	133.665.533

32. BUSINESS COMBINATIONS

None.

33. SEGMENTAL INFORMATION

None.

34. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

None.

35. DISCONTINUED OPERATIONS

None (31 December 2006: None).

36. OPERATING INCOME

SALES

	30 June 2007 TRL	2006 TRL
Domestic sales	65.410.542	180.570.317
Foreign sales	81.183.049	417.239.261
Other income	-	296.553
Sales returns (-)	(2.618.656)	(10.682.304)
	143.974.935	587.423.827

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

COST OF SALES

	30 June 2007 TRL	2006 TRL
Raw material consumption expenses	98.405.012	482.478.179
Direct labor expenses	12.945.082	28.050.944
General production expenses	10.018.415	33.120.696
Depreciation expenses	-	-
Change in semi-finished goods (+)	1.816.196	(2.486.237)
Change in finished goods (+)	13.960.900	(15.190.853)
Cost of finished good sold	137.145.605	525.972.729
Cost of trade good sold	14.622.170	18.848.884
Cost of service sold	3.730.847	2.158.286
Cost of sales	155.498.622	546.979.899

37. OPERATING EXPENSES

	30 June 2007 TRL	2006 TRL
Export expenses	22.971.835	38.781.510
Personnel expenses	8.148.165	17.495.807
Various general administration expenses	2.196.196	13.541.788
Royalty expenses	1.071.231	-
Development expenses	507.755	1.088.624
Retirement pay provision expense	1.009.069	3.400.756
Consultancy expense	1.463.525	2.409.983
Rent expenses	496.146	1.170.154
Research expenses	964.512	154.176
Expense contribution rates	521.263	796.580
Depreciation expenses	64.942	169.329
	39.414.639	79.008.707

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

38. OTHER OPERATING INCOME / (EXPENSE) AND PROFIT / (LOSSES)

Other operating income and profit:

	30 June 2007 TRL	2006 TRL
Service income	876.269	3.932.224
Dividend income	12.431	15.245
Interest income	307.857	394.656
Gain on sale of marketable securities	30.720	42.944
Gain on sale of fixed assets	-	111.234
Other income and profit	8.231.841	11.291
	9.459.118	4.507.594

Other operating expense and losses:

	30 June 2007 TRL	2006 TRL
Provision expenses (-)	-	(2.732.535)
Other expenses and losses (-)	(294.378)	(19)
	(294.378)	(2.732.554)

39. FINANCE EXPENSES (NET)

	30 June 2007 TRL	2006 TRL
Foreign exchange gain	21.921.838	21.886.298
Discount expense (-)	(38.134)	3.065.668
Short term finance expenses (-)	(23.151.476)	(76.623.105)
Foreign exchange expenses (-)	(904.372)	(67.999)
	(2.172.144)	(51.739.138)

40. NET MONETARY POSITION PROFIT/LOSS

None. (2006: None)

(Amounts expressed in New Turkish Lira (TRL) unless otherwise indicated)

41. TAXES

	1 January 30 June 2007 TRL	1 January 31 December 2006 TRL
Corporate tax	31.315	84.047
Deferred tax expenses	(13.102.237)	(10.137.198)
	(13.070.922)	(10.053.151)

42. EARNINGS PER SHARE

IAS 33 " Earnings Per Share" requires the Companies which are open to public and those in the process of opening to public to declare diluted and earnings per share.

As the Group has net loss during the year of 30 June 2007, no Earnings Per Share has been calculated.

43. STATEMENT OF CASH FLOWS

Included in the financial statements.

44. THE EVENTS AFFECTING THE FINANCIAL STATEMENTS TO A GREATER EXTENT OR THE NECESSARY ISSUES FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETIVE AND UNDERSTANDABLE

As shown in the accompanying financial statements, as of 30 June 2007 the deficit in the shareholders' equity is amounted to YTL 53.096.370. However, in accordance with the statutory financial statements prepared in accordance with Turkish Tax Laws and Regulations, the shareholders' equity as of 30 June 2007 gave positive result as YTL 38.554.607. The difference between the statutory and accompanying financial statements comes mainly from the revaluation of all fixed assets based on Turkish Commercial Laws as amounted to YTL 88.533.966