

FACULTY OF ECONOMICS & ADMINISTRATIVE SCIENCES

**BUSINESS DEPARTMENT** 

# **GRADUATION PROJECT**

**Financial Statement Analysis Of BEKO** 

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# TABLE OF CONTENTS

ABSTRACT	
INTRODUCTION	
I. HISTORICAL BACKGROUND OF BEKO CORPORATION	3
II. FINANCIAL STATEMENTS	5
2.1. Balance sheet	5
2.1.1. Assets	6
2.1.2. Liabilities	9
2.1.3. Stockholder's Equity	9
2.2. Income statement	10
2.2.1. Revenue	10
2.2.2. Expenses	11
2.2.3. Net income	12
2.3. Statement of Stockholder's Equity	12
2.4. Statement of cash flow	13
2.4.1. Cash Flows From Operating Activities	13
2.4.2 Cash Flows From Investing Activities	14
2.4.3 Cash Flows From Financing Activities	14
III. RESEARCH METHODOLOGY	15
3.1. Tools of Analysis	15
3.1.1. Dollar and Percentage changes	15

3.1.2. Vertical Analysis (Component percentage or common size statements)	16
3.1.3. Horizontal Analysis (Trend percentages analysis)	16
3.1.4. Ratios Analysis	16
3.1.4.1. Short-term solvency or liquidity measures ratios	17
3.1.4.2. Long-term solvency or credit risk measures ratios	20
3.1.4.3. Profitability measures ratios	20
3.1.4.4. Market value measures ratios	22
IV. FINANCIAL STATEMENT ANALYSIS OF BEKO CORPORATION	24
4.1. Findings	24
V. LIMITATION	34
CONCLUSION AND RECOMMENDATION	35

REFERENCES

A

.1

APPENDIX A

APPENDIX B

## ABSTRACT

A

Financial statements analysis and their accompanying notes explain a company's past and current financial performance. Financial statement analysis involves a comparison of a firm's performance with that of other firms in the same line of business, which often is identified by the firm's industry classification. Financial statements use in several ways; to evaluate a company's overall performance, identify strengths and weaknesses, anticipate future successes or problems, and ultimately help to decide if the company has good investment opportunity. The aim of the study is analyzing the financial statements of Beko Corporation and compare it's current and past performance with it's only competitor Vestel. Therefore proper analyzing of a financial statement of a company will be helpful to investors and creditors for investing their money in a proper place for generating higher returns.

#### INTRODUCTION

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The aim of the study is analyzing the financial statement of Beko Corporation and compare it's current and past performance with it's only competitor Vestel. The company manufactures and sells consumer durable appliance such as refrigerators, washing machines, cooking appliances, dishwashers, vacuum cleaners and air-conditioning units to domestic and international market.

Financial statement analysis is a process of selection, relation and evaluation of a financial statement. The first procedure is to select from the total information available about a business enterprise. The second procedure is to arrange the information in a way that will bring out significant relationships. The final procedure is to study these relationships and interpret the results. Modern technology has provided opportunities to investors to move their funds from one market to another market around the world. Strong financial position of a company helps to attract investors. The more the financially strong a company, the more company is wealthy. There are two kinds of users of financial statement. Those are internal and external user. Management of a company evaluates their financial statement end of each accounting period to understand their business activity. Even each division of a company frequently compares the performance of those divisions by using financial statement information. Based on the financial statements analysis management take decision about financing, investing and future planning decision.

Financial statements analysis is also important to external users. These external users are short term creditors, long time creditors, investors, supplier, customers, Government, agencies. Financial statements are a primary source of information about a firm's financial health and it's future prospects Investors and creditors make their investing and credit decision after analyzing company's financial statements. Public owned companies' financial statement need to be audited each year by government authorized bodies and all certified statements have to send to all stock holders and to Securities and Exchange Commission. During preparing the project all information has been collected from library research, internet sources, and Accounting lecture notes.

The project is divided in to mainly two parts consists of five chapters. In first part theoretical materials of a financial statement will be explained and in second part empirical application of financial statement will be shown.

In first chapter historical background of Beko Corporation's will be explained.

In second chapter element of financial statements, balance sheet, income statement, Stockholder's equity and statement of cash flow will be explained.

In third chapter research methodology of financial statement such as vertical, horizontal (trend), dollar and percentage changes and ratio analysis will be explained.

In the fourth chapter Beko Corporation's financial statement will be analyzed along with its findings.

In chapter fifth, limitation of the project will be explained

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At the end conclusion and recommendation with comparison will be provided to the users of financial statements.

#### L HISTORICAL BACKGROUND OF BEKO CORPORATION

Izocam was registered as a public company on November 10, 1965 to manufacture glass wool. The original factory was built in Gebze and production commenced on September 5, 1967. Linzer Glasspinnerei-Franz Heider A.G., Austria (now, Tel Mineralwolle A.G.) provided technical assistance during construction and was a minority shareholder. In 1986, the second glass wool plant was erected in Tarsus with 10.000 tons annual production capacity, which was doubled six years later.

Izocam entered the market for cold storage insulation materials in 1982. Expanded polystyrene (EPS) production lines were installed in its Gebze Plant. As an extension of EPS production technology, Izocam started supplying appliance manufacturers with packaging support materials. In 1989, Beko Electronic A.S. that manufactures TV and audio equipment in Turkey, selected Izocam as a partner for packaging material sourcing and Izocam moved some of its EPS machinery with operating staff into Beko Electronic premises in Beylikduzu near Istanbul.<sup>1</sup> Company's headquarter is now in Karaagac C. 2/4 80520 Sutluce-Istanbul, Turkey.

Beko is one of the top durable and home electronics manufacturing companies in Turkey.Beko Elektronik, a leader in the Turkish Electronics Industry manufactures color TV sets, cash registers, satellite receivers and personal computers in its production facilities in Istanbul, Turkey, and also markets and services audio sets, video recorders, DVD players, a of refrigerators, washing machines, cooking appliances, dishwashers, vacuum cleaners and air conditioning units with its own 2000 exclusive dealers and 3000 dealers of its sister company Arcelik. Beko's product is covering 60% of the Turkish Electronic market.

http://www.izocam.com.tr/english/corporate/history.html

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Beko Elektronik exports to some 50 countries; in quantity terms 90% of its export goes to the European Community. The company, while increasing the number of countries and continents in its export drive, also exports products and production technologies. Beko Elektronik is a pioneer in this sector to be awarded the ISO9001 Quality Certification and was the first company in Turkey with its ISO14001 Environmental Management System that earned it The "Green Dove Award" in 1995.

In 1999, BekoElektronik was awarded with "TUSIAD-KALDER National Quality Prize" for its contributions to the implementation and development of Total Quality Management in Turkey. The aim of Beko Elektronik is to promptly convert technological developments into-user-friendly products, beyond the expectations of its customers in a safe and reliable way.<sup>2</sup>

The aim of Beko Elektronik is to promptly convert technological developments into-user-friendly products, beyond the expectations of its customers in a safe and reliable way.

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<sup>2</sup> http://www.rampacific.com/Beko%20History.htm

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## **II. FINANCIAL STATEMENTS**

A Financial Statement is simply a declaration of what is believed to be true communicated in terms of a monetary unit, such as Dollar, TL etc. Financial Statement is showing a firms accounting value on a particular date. It summarizes a firm's performance over a period of time performances over a period of time. Statement might cover a period as short as a week or as long as a year. Annual financial Statement of companies includes financial information for a year. If a Financial Statements is preparing for a month or three months, it is called interim Financial Statement. Management prepares this interim state to see how their business operation is going on, if they face any difficulties or any trouble they can adjust it quickly. It helps them to monitor business operation or activities closely. There are four primary Financial States these are Balance sheet, Income statements, statement of stockholder's equity and statement of cash flows. Each contains important and different types of information. These statement are vital to management decision marketing and for the discharge of disclose obligation to external parties.

#### 2.1. Balance sheet:

The Balance sheet is a snap shot of a firm. It is a convenient means of organizing and summarizing what a firm owes (its Liabilities) and the differences between two (the stockholders equity) at a given point in time. Every organization prepares a balance sheet at end of the year and many companies prepare a balance sheet at end of the year. In addition, many companies prepare one and end of each month. The date in a balance sheet is important because the financial position of a business may change quickly. A balance sheet is most useful if it is relatively recent. The proper heading of a balance sheet consist of (1) name of the organization (2) the title of the statement (3) the date for which the statements is prepared. The body of the statement consists of **three major** sections: Assets, Liabilities and stockholder equity.

#### 2.1.1. Assets:

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Assets are the economic resources of the business that can usefully be expressed in monetary terms that are owned by a business and are expected to benefit future operations. Assets take place in the left hand side of balance sheet. It may take many forms. Some assets such as land, Builiding and equipment may have readily identifiable physical characteristics. Other may simply represent claims for payment or services, Such as amounts due from customers(account receivable) or pre payment for future services(for example prepaid insurance). The assets are usually listed in established order, with the most liquid assets(cash . Receivable, supplies, and so on) preceding the more permanent assets land, Buildings, Equipment, etc). Assets are classified as either current or fixed. <sup>3</sup>

## 2.1.1.1. Current assets:

A currents asset has a life of less than one year. This means that the asset will convert to cash within 12 months. For example inventory would normally be purchased and sold within a year and is thus classified as a current assets. Obviously, cash itself is a current asset; Bank deposits, Accounts receivable (money owed to the firm by its customers) is also a current asset. Notes receivable (due within a year from the balance sheet date) Marketable securities Short-term loans prepaid expenses Inventories include merchandise or goods that are ready to be sold, and other assets that are in the process of producing goods.

## 2.1.1.2. Fixed assets:

A fixed asset is one that has a relatively long life. It takes place in the balance sheet after current assets. Fixed assets can be either tangible such as Land, truck, computer, Buildings, Machinery,

structor bissellets printerers and

<sup>&</sup>lt;sup>3</sup> Ross, Stephen A. Westerfield, Randolph W & Jordan, Bradford D. (1998). Fundamental of corporate finance. 4th edition. Mc Grow Hill, USA.

Equipment, Vehicles etc or intangible assets include assets that do not have physical substance, but provide future economic benefits. Such as a trademark, patent, Copyright, Goodwill.

At present general accepted accounting principles calls for the valuation of most assets in balance sheet at cost, rather than current value. The specific accounting principles supporting cost as the basis for asset valuation are below.

The Cost Principle: assets are recorded and subsequently reported at their acquisition price, or historical cost. Although other measurements, such as appraised values or market prices, might be used for reporting in subsequent periods, accountants have long recognized that historical cost is probably the most objective and verifiable basis for reporting assets. Assets such as land, Buildings, merchandise, and equipment are typical of the many economic resources that will be used in producing revenue for the business. The prevailing accounting view is that such assets should be recorded at their cost. When we say that an asset is shown in the balance sheet at hits historical cost. We mean the original cost of the asset to the business entity; this amount may be very different from the assets current market value.<sup>4</sup>

**Objectivity Principle**: Accountants use term objective to describe asset valuations that are factual can be verified by independent experts. Because accounting data are most useful when they are objective and verifiable, the recording of transactions should be based on actual invoices, physical counts, and other relatively bias-free evidence whenever possible. Undocumented opinions of management or others do not provide a good basis for accounting determinations. Even when a certain amount of subjectivity cannot be avoided-as in estimating the useful lives of plant assets, collectibility of accounts receivable, or possible liability for

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Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

product warranties -it is important that such estimates be supported by some sort of objective analysis. . For example if land is shown on the balance sheet at cost any CPA who performed an audit of the business would he able to find objective evidence that the land was actually measured at the cost incurred in acquiring it.

The Going Concern Assumption: The going concern concept is based on the presumption that a business will continue indefinitely and will not be sold or liquidated. The balance sheet of a business is prepared on the assumption that the business is a continuing enterprise, or a going concern. This assumption permits the accountant to carry certain incurred costs such as plant assets and supplies into future periods and to reflect them as costs of operation when the items are used in operations The concept also supports the cost principle, because it assumes that such assets will be used in operating the business rather than sold: hence, it is considered rational to use cost, rather than market price or liquidation value, as the basis for measurement.

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The Stable Dollar Assumption: The unit of measure in accounting is the basic unit of money. Accounting transactions and their results appearing in financial statements are expressed in terms of a monetary unit (the dollar in the United States). Unfortunately, the U.S, dollar (as well as the currencies of other countries) is not a stable unit of measure Inflation causes a currency's purchasing power to decline through time. Deflation, on the other hand, is the opposite of inflation in which the value of the monetary unit increases, meaning that it will purchase more than it did previously. As a result, use of the cost principle may distort the financial statements of business firms, because the amounts appearing in the statements are expressed in dollars of different vintages. The cost principle and the stable dollar assumption work very well in periods of stable prices but are less satisfactory under conditions of rapid inflation. 2.1.2. Liabilities:

Liabilities or creditors equity are the obligations, or debts that the firm must pay in money or services at sometime in future. They therefore represent creditor's claims on the firm's assets. They represent negative future cash flows for the enterprise. Liabilities are used on balance sheet in the order that they will come due. There are two categories liabilities.

#### 2.1.2.1. Short term liabilities:

Current liabilities include liabilities that are expected to be paid within a year from the balance sheet date. Short term liabilities such as accounts payable to creditor (due within a year from the balance sheet date), Notes payable (due within a year from the balance sheet date) Short-term borrowings, Salaries payable, Income taxes payable, Sales taxes payable, Current maturities of long-term debt (due within a year from the balance sheet date).

#### 2.1.2.2. Long term liabilities:

Below short-term liabilities, long-term debt is presented. Long-term liabilities include liabilities that are expected to be paid after a year from the balance sheet date. Such as bonds payable, long-term notes payable (due after a year from the balance sheet date), long-term borrowings, mortgage will normally not be repaid in full for several years.

### 2.2.3. Stockholder's equity:

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Stockholders equity or net worth is the equity of the section of the balance sheet. It is the residual claim stockholders of the Corporation after paying all kind of debts. The components of stockholder equity section are paid capital, additional paid in capital and retained earning. Paid-in- capital are paid by stockholders who owns the Corporation's shares. This amount is equal to per value or stated value of capital stock issued. Additional paid in capital in account showing the

amount invested in excess of per value, in short, this account shows paid in capital in excess of legal capital. Retained earning is the element of stockholder's equity in a corporation that has accumulated through profitable business operations. Net income increase retained earnings; net loss and dividend reduce retained earnings.<sup>5</sup>

#### **2.2 INCOME STATEMENT**

A financial statement summarizing the result of operation of a business by matching its revenue and related expenses for a particular accounting period. The income statement (profit and loss statement) is the oldest financial statement and simply compares revenues and expenses over a period of time to show the firm's net profit or loss. The income statement may be figured on a day, week, month, quarter, or yearly basis. This generally shows the accounting profits or losses of a business because it records the revenues minus the expenses. Once expenses are deducted from the business revenue, the result is profit (or loss) for this specific time period. Revenue and expenses in the income statement are directly taken from company's adjusted trial balance.<sup>6</sup>

#### 2.2.1 Revenue:

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Revenue is the price of goods sold and services rendered during a given accounting period. Earning revenue cause Owner's equity to increase. When a business renders Services or sells merchandise to its customers it usually receives cash acquires an account receivable from the customer .The inflow of cash and receivables from customers increases the total assets of the company; on the other side of the accounting equation, the liabilities do not change, but owner's equity increase to match the increase in total assets.

<sup>5</sup> Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

http://www.bus.lsu.edu/academics/entrepreneurial/FranchiseClass/pages/ForBookChapterFive/ChapterFive\_Page5.h

It is important to recognize that revenue is earned and reflected in the accounting process cycle the time that goods or services are provided. Receipt of cash by a business does not necessarily indicate that revenue has been earned. In a cash sale, revenue is earned at the time that cash is received. Revenue is also reflected when services are rendered on credit; assets are increased when Accounts Receivable is increased. Subsequent collection of an account does not increase revenue-it merely results in a shift in assets from Accounts Receivable to Cash. Neither is revenue earned when a business borrows money or when the owners contribute assets. Such increases in assets are not earned, because the business firm has provided no goods or services. The major source of revenue for most business enterprises is the production and sale of goods and services. Examples of secondary sources are dividends, royalties, interest, rents, investment income from affiliated companies, and gains on the disposal of assets. The following rule is applied when to recognize revenue.

The Realization Principle (When to Record Revenue): The realization principle indicates that revenue should be recognized at the time goods are sold or services are rendered. At this point, the business has essentially completed the earnings process and the sales value of the goods or services can be measured objectively. At any point prior to the sale, the ultimate value of the goods or services sold can only be estimated. After the sale, the only step that remains is to collect from the customer, usually a relatively certain event.<sup>7</sup>

#### 2.2.2 Expenses:

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Expenses are the costs of the goods and services used up in the process of earning revenue. Examples include the cost of employees' salaries. Advertising, rent utilities, and the gradual

<sup>7</sup>Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

earing-out (depreciation) of such assets as buildings, Automobiles and office equipment. All bese costs are necessary to attract and serve customers and thereby earn revenue. Expenses are often called the "costs or doing business" that is the cost of the various activities necessary to carry on a business.

The Matching Principle (When to Record Expenses) A significant relationship exists between revenue and expenses. Expenses are incurred for the purpose of producing revenue. In measuring net income for a period, revenue should be offset by all the expenses incurred in producing that revenue. This concept of offsetting expenses against revenue on a basis of "cause and effect" is called the matching principle.<sup>8</sup>

#### 2.2.3 Net income:

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The final profit or "net" profit of the business is represented by the sum of all revenues minus the sum of all expenses and yields a net profit for the organization. This is the amount of earnings available which may be used to pay dividends to stockholders, provide bonuses, reinvest in the business, provide additional support for organization's business activities and provide possible new products/services research. The net profit is an overall measure of the performance of the business over a period of time, generally on a monthly, quarterly, or year's performance basis. <sup>9</sup>

## 2.3 STATEMENT OF STOCKHOLDER'S EQUITY:

Many corporations expand their statement of retained earnings to show the changes during the year in all of the stockholders equity accounts. This expands statement called a statement of stockholders equity. This expanded version of the statement of retained earning explains the

<sup>&</sup>lt;sup>8</sup> Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

<sup>&</sup>quot;http://www.bus.lsu.edu/academics/entrepreneurial/FranchiseClass/pages/ForBook/ChapterFive/ChapterFive\_Page5.

changes of during the year in each stockholders equity account. It is not a required financial statement but is often prepared instead of a statement of retained earnings. The statement lists the beginning balance in each stockholders equity account, Explains the nature and the amount of each change, and computes the ending balance in each equity account. The accounts of stockholder's equity are convertible preferred stock, common stock, additional paid-in capital, retained earnings, treasury stock and last one is total stockholder's equity.<sup>10</sup>

#### 2.4 STATEMENT OF CASH FLOWS:

The statement of cash flows is a basic financial statement that summarizes information about the flow of cash into and out of a company. A statement of cash flows classifies cash receipts and payments into three major categories: operating activities, investing activities, and financing activities. Grouping cash flows into these categories identifies the effects on cash of each of the major activities of a firm.

#### 2.4.1 Cash Flows From Operating Activities:

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A company's income statement reflects the transactions and events that constitute its operating activities. Generally the cash effects of these transactions and events are what determine the net cash flow from operating activities (also referred to as "cash flow from operations"). The primary operating cash inflows are cash receipts from customers, either as a result of sales made or services rendered. Other operating sources of cash include cash received as dividends and interest. Typical operating cash outflows include cash payments for merchandise purchased, cash payment to employees, cash payments to outside suppliers for various services and supplies, and

<sup>10</sup> Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA. cash payments for taxes.<sup>11</sup>

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#### **14.2 Cash Flows From Investing Activities:**

A firm's transactions involving (1) the acquisition and disposal of plant assets and intangible assets, (2) the purchase and sale of stocks, bonds, and other securities (that are not cash equivalents), and (3) the lending and subsequent collection of money constitute the basic components of its investing activities. The related cash receipts and payments appear in the investing activities section of the statement of cash flows. Cash inflows would come from such events as cash sales of plant assets and intangible assets, cash sales of investments in stocks and bonds, and loan repayments from borrowers. Cash Payments to purchase plant assets and intangible assets, cash payments to purchase stocks and bonds, and cash loaned to borrowers would comprise the typical cash outflows related to investing activities.

#### 2.4.3 Cash Flows From Financing Activities:

A firm engages in financing activities when it obtains resources from owners, returns resources to owners, borrows resources from creditors, and repays amounts borrowed. Cash flows related to these events are reported in the financing activities section of the statement of cash flows. Cash transactions involving owners include cash received from issuing preferred stock and common stock, cash paid to reacquire treasury stock, and cash paid as dividends Cash transactions with creditors include cash received by issuing bonds, mortgage notes and other notes, and cash paid to settle these debts. Observe that paying cash to settle such obligations as accounts payable, wages payable, and income tax payable are operating activities, not financing activities.<sup>12</sup>

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<sup>&</sup>lt;sup>11</sup> Walgenbach, Paul H. Hanson, Ernest I. Dittrich, Norman E. (1987). Principal of accounting. 4th edition. Harcourt brace Jovanovich Inc, USA.

<sup>&</sup>lt;sup>12</sup> Walgenbach, Paul H. Hanson, Ernest I. Dittrich, Norman E. (1987). Principal of accounting. 4th edition. Harcourt brace Jovanovich Inc, USA.

#### III. RESEARCH METHODOLOGY

#### **3.1. TOOLS OF ANALYSIS**

It is easier to analyze a company's financial statements when financial statements data for two or more years are placed side by side in adjacent columns. It is called a comparative financial statement. In this statement all recent data are placed in side by side. By using the tools investors, creditors and management can easily understand about company's current situation and future prospect. During preparing the project of financial statement analysis of Beko Corporation all information has been collected from library research, internet sources, company's website, accounting lecture notes to prepare theoretical part. To understand clearly all data individually in a financial statement we need to apply some methods. These methods are Dollar and percentage changes, Vertical Analysis (Component percentage or common size statements), Horizontal Analysis (Trend percentages analysis) and Ratios Analysis.

## 3.1.1. Dollar and Percentage Changes

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The dollar amount of any change is the difference between the amount for a comparison year and the amount for a base year. The percentage change is computed by dividing the amount of dollar change between years by the amount base year. That means, dollar increase or decrease is divided by the earliest year's data to obtain percentage changes. This analysis shows dollar and percentage changes for important items each years. This percentage changes indicates company's growth is increasing or decreasing. If growth rate increase continuously it is good sign for company. But it must greater than inflation rate. Using this method, base year must be a positive figure otherwise the interpretation will be mislead E.g.: If receivable increase from 20,000 \$ last year to \$ 40,000 this year, then \$20,000 increase related to the base year is express as a 100% increase (\$20,000/\$20,000).

#### 3.1.2. Vertical Analysis (Component percentage or common size statements)

The relative size of various items in a financial statement will be shown as a percentage of totals. Suppose in income statement all item will be expressed as percentage of sales and in balance sheet all item will be expressed as percentage of total assets. It is known as component percentage or common size statement analysis. It shows the relative importance of each item in term of sales or assets or liabilities.

## 3.1.3. Horizontal Analysis (Trend percentages analysis)

Analyzing two or more year's financial statements is called horizontal analysis. The trend percentages are used to show the extent and direction of change in financial statement items from a base year to following years. To observe percentage changes over time in selected data, trend analysis method is used. There are two steps in this method. First a base year will be selected from the financial statement and 100% weight will be given to base year. The second step is to express each item in the financial statement for following years as a percentage of its base year amount. The computation consists of dividing an item such as net income in the years after the base year by the amount of net income in the base year.<sup>13</sup>

## 3.1.4. Ratios Analysis

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Financial ratio compares each item of another item in financial statement. It is the mathematical relationship of one item to another. It helps to compare one financial statement item to another financial statement item. There are four groups of ratios will be use to evaluate a Financial statement. These are Short-term solvency or liquidity measures ratio, Long-term solvency

<sup>13</sup> Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA. measures ratio or credit risk. Asset management or Turn over measures ratio, Profitability measures ratio and Market Value measures ratio.

**3.1.4.1.** Short-term solvency or liquidity measures ratios: These are very important ratios. These parts will measures the liquidity position of a firm. Liquidity ratio shows the relationship of a firm's cash and others current assets to its current liabilities. A liquid asset is one that can he easily converted to cash without significant loss of its original value. Convening assets, especially current assets such as inventory and receivables, to cash is the primary means by which a firm obtains the hinds needed to pay its current bills. Liquidity ratios are particularly interesting to short-term creditor.<sup>14</sup>

**Current Ratio:** A measure or short-term debt-paying ability. The current ratio is calculated by dividing current assets by current liabilities. The higher the current ratio, the more liquid the company appears to be.

Current Assets Current Ratio = \_\_\_\_\_\_ Current Liabilities

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Quick Ratio: A measure or short-term debt-paying ability. The quick, or acid test, ratio is calculated by ducting inventories from current assets and then dividing the remainder by current liabilities. Inventories typically are the least liquid of a firm's current assets, that's why it is not included in calculating quick ratio.

Current Assets - Inventories

<sup>14</sup> Weston, J Fred. Besly, Scott & Brigham, Eugene F. (1996). Essentials of managerial finance. 11th edition. Harcourt brace college publisher, USA. **• orking Capital to total assets:** Working capital is frequently viewed as the amount of short- **• m** liquidity a firm has. It also measures short-term debt-paying ability of a firm. A low **• latively** low level might indicate relatively low levels of liquidity. Changes in the amount of **• orking capital from one accounting period to another are significant, because the amount of • orking capital is a useful indicator of short term debt paying ability.** 

Working Capital = Current Assets - Current Liabilities

**Inventory Turnover Rate:** The inventory turnover ratio is defined as cost of goods sold divided by average inventories. The inventory turnover rate indicates how many times during the year the company is able to sell a quantity of goods equal to its average inventory. The higher this ratio is the more efficiently company is managing inventory.

Average Inventories = (Beginning Inventories + Ending Inventories) / 2

**Days to sell the inventory.** Indicate in days how quickly inventory sells. It is calculated by dividing 365 days by inventory turnover rate.

365 days

Days to sell the inventory =-----

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Inventory Turnover Ratio

Accounts Receivable Turnover Rate. It indicates how quickly receivables are collected. That means how quickly a company converts its accounts receivable into cash. The accounts

receivable turnover rate is determined by dividing net sales by the average balance of accounts

receivable. 15

Sales

Accounts Receivable Turnover Rate=

Average Accounts Receivable

Average Accounts Receivable =

(Beginning Accounts Receivable + Ending Accounts Receivable) / 2

Days to collect average accounts receivable. It is called Days sale outstanding (DOS) is used to evaluate the firm s ability to collect its credit sales in a timely manner. It is calculated by dividing average daily sales into accounts receivable to find the number of days sales that are tied up in

receivables.

Long P

365 days

Days to collect average accounts receivable= \_\_\_\_\_\_\_\_\_Accounts Receivable Turnover Ratio

Operating Cycle: The inventory turnover rate indicates how quickly inventory sales, but not how uickly this assists into cash. The operating cycle refers to the process of investing cash in inventories, converting the inventories to accounts receivable through sales and collecting the receivables into cash. Short-term creditors are interested primarily in the company's ability to generate cash. The period of time required for a merchandising company to convert its inventory in to cash is called the operating cycle.

Operating Cycle: Days to sell inventory +Days to collect receivables

Ross, Stephen A. Westerfield, Randolph W & Jordan, Bradford D. (1998). Fundamental of corporate finance. 4th edition. Mc Grow Hill, USA **3.1.4.2.** Long-term solvency or credit risk measures ratio: It measures a firm's long-term ability to cover its debts. It is also called financial leverage ratio. Applying leverage means using borrowing to earn a return greater than the cost of borrowing money.

**Total debt ratio**: The debt ratio, which is the ratio of total assets, measures the percentage of firms assets financed by creditors. Total debts including both long-term and short-term liabilities. Creditor prefer low debts ratio, because the lower the ratio, the greater the cushion against creditors losses in the event of liquidation.

Total liabilities Total debt ratio = \_\_\_\_\_ Total asset

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3.1.4.3. Profitability measures Ratios: It measures what percentage of return the firm is achieving by firm. Profitability is the net result of a number of policies and decisions. The ratios examined thus far provide some information about the way the firm is operating, But the Profitability ratio show the combined effects on liquidity, asset management and debit management on operating results. Measures on a company's Profitability are of interest primarily to equity investors and management.

Gross profit rate: Increasing net sales is not enough to ensure increasing possibility. Some product is more profitable than others. In evaluating the profitably to sales transaction, managers and investors keep a close eye on the company's gross profit margins (also called gross profit rate). The gross profit rate as gross profit expressed as a percentage of net sales. In an evaluation the gross profit of a particular company, the analyst should consider the rates earned on prior periods, as well as the rates earned by the others companies in the same industry.<sup>16</sup>

Gross profit rate = \_\_\_\_\_\_ Net sales

**Profit Margin (net income as a percentage of net sales).** Net Profit margin on sales, calculated by dividing net income by sales, gives the profit per Dollar of sales. It also indicates management ability to control its cost. Companies pay a great deal of attention to their profit margin.

Profit Margin (net income as a percentage of net sales) = Sales

**Operating expense ratio.** It measures management's ability to control expenses during its business activity. The operating expense incurred for the purpose of producing revenues. These expenses are subdivided into the classification of general and administrative expenses, and selling expenses

Operating expenses

Operating expense ratio

Net sales

Return on Assets (ROA) The ratio of operating income to total assets measures the return on total assets (ROA) offer interest and taxes. It provides an idea of the over all return on investment earned by the firm. Before other non operating expenses it also measures profit per dollar of

<sup>16</sup>. Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA. assets. It measures the productivity of assets regardless of how the assets are financed by creditors or investors.

Return on Assets (ROA) = Average Total Assets

Average Total Assets = (Beginning Total Assets + Ending Total Assets) / 2

Return on Equity (ROE): The ratio of net income to measures the return on equity or the rate of return on stockholders Investment

Return on Equity (ROE) = \_\_\_\_\_\_ Average Stockholders' Equity

Average Stockholders' Equity = (Beginning Stockholders' Equity + Ending Stockholders' Equity) / 2

**3.1.4.4 Market Value measures Ratios**: It measures the company's worth in terms of capital market. The Market Value ratios represent a group of ratios that relate the firm's stock price to its earnings and book value per share. These ratios give management an indication of what investors think of the company's past performance and future prospects. In the firm's liquidity, asset management, Debt management, and profitability ratios are all good, then its market value ratios will be high and its stock price will probably be as high as can be expected. Of course, the opposite also is true.

Price Earnings (PE) Ratio: A measure of investor's expectation about the company's future prospects. This ratio is computed by dividing the current price per share of company's stock by annual earning per share. Earning per share is calculated by dividing net income by number of

38

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share of capital stock out standing. The p/ E ratio reflects investor's expectation concerning the company's future performance.

## Market Price of Common Stock per Share

Price Earnings (PE) Ratio =

Earnings per Share

Market to Book Ratio: The ratio of a stock's market price to its book value gives another indication of how investors regard the company. Companies with higher relatively high return on equity generally sell at higher multiples of book value than those with low returns. Book per share is calculated by dividing common equity by number of common shares outstanding.

Market Price of Common Stock per Share

Market to Book Ratio = \_\_\_\_\_\_\_Book Value of Equity per Common Share

**Dividend Yield:** Dividend per share divided by market price per share determines the yield rate of a company's stock. Dividend yield is especially important to those investors whose objective is to maximize the dividend revenue from their investments.<sup>17</sup>

Dividend Yield = \_\_\_\_\_\_ Market Price of Common Stock per Share

<sup>17</sup>. Megis, F. Williams, R. Haka, F & Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

## **IV. FINANCIAL STATEMENT ANALYSIS OF BEKO**

The following analysis shows the company's performance during 1998 to 2002. This analysis will help to understand the Beko's past and current financial positions; it will also help management and investors about company's operation, whether the company is operating profitably or not, is it generating higher returns to the common stockholders or not?

## **4.1. FINDINGS**

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#### 4.1.1. Component Percentages (Vertical Analysis):

An application of component percentages is to express the income statement items as a percentage of gross sales. Component percentages (vertical analysis) indicate the relative size of each item included in total. During the calculation of component percentage; net sales, cost of goods sold, operating expenses and net income has been taken as a percentage of gross sales. The income statement data has been taken from Beko's financial statement that is included in appendix A

Table 4.1	1999	1998	1999	1998
Gross Sales	134,802,460	100,266,720	100%	100%
Sales Deduction (-)	(1,891,763)	(1,093,968)	(1.4%)	(1%)
Net Sales	132,910,697	99,172,752	98.6%	99%
Cost Of Sales (-)	(105,590,971)	(72,363,384)	(68.3%)	(72%)
Gross Profit (Loss)	27,319,726	26,809,368	20.27%	26%
<b>Operating Expenses (-)</b>	(19,451,080)	(12,007,611)	(14.43%)	(12%)
Profit (Loss) from Main Operations	7,868,646	14,801,757	5.84%	14%
Income And Profit From Other Operations	5,433,624	1,564,661	4%	1.5%
Expenses And Losses From Other Operations (-	(2,201)	(879,064)	(0.001%)	(0.87%)
Financial Expenses(-)	(14,311,044)	(9,343,069)	(10.62%)	(9.3%)

<b>Operating Profit (Loss)</b>	1,010,975	6,144,285	0.75%	6%
Extra Ordinary Income	6,464,168	1,360,588	4.8%	1.3%
And Profits				
Extra Ordinary Expenses	(337,633)	(268,718)	(0.25%)	(0.26%)
And Losses (-)				
Income Before Taxation	5,115,560	7,236,155	3.7%	7.2%
Taxation And Other	763,350	1,609,821	(0.57%)	(1.6%)
Legal Liabilities (-)				
Net Income (Loss)	4,352,210	5,626,334	3.23%	5.6%

Table 4.2	2000	1999	2000	1999
Gross Sales	257,921,029	134,802,460	100%	100%
Sales Deduction (-)	(3,329,890)	(1,891,763)	(1.29%)	(1.4%)
Net Sales	254,591,139	132,910,697	98.7%	98.6%
Cost Of Sales (-)	(202,180,368)	(105,590,971)	(78%)	(68.3%)
Gross Profit (Loss)	52,410,771	27,319,726	20.3%	20.27%
<b>Operating Expenses (-)</b>	(25,647,585)	(19,451,080)	9.9%)	(14.43%)
Profit (Loss) from Main	26,763,186	7,868,646	10.3%	5.84%
Operations				
Income And Profit From	8,168,966	5,433,624	3%	4%
Other Operations				
<b>Expenses And Losses From</b>	(3,322,837)	(2,201)	(1.2%)	(0.001%)
Other Operations (-)				
Financial Expenses(-)	(21,171,280)	(14,311,044)	(8.2%)	(10.62%)
<b>Operating Profit (Loss)</b>	10,438,035	1,010,975	4%	0.75%
Extra Ordinary Income And	5,142	6,464,168	0.001%	4.8%
Profits				
Extra Ordinary Expenses And	(1,015)	(337,633)	(0.0003%)	(0.25%)
Losses (-)				
Income Before Taxation	10,442,162	5,115,560	4%	3.7%
<b>Taxation And Other Legal</b>	(3,638,420)	(763,350)	(1.41%)	(0.57%)
Liabilities (-)	18			
Net Income (Loss)	6,803,742	4,352,210	2.6%	3.23%

Table 4.3	2001	2000	2001	2000
Gross Sales	424,988,538	257,921,029	100%	100%
Sales Deduction (-)	(6,858,188)	(3,329,890)	(1.6%)	(1.29%)
Net Sales	418,130,350	254,591,139	98.3%	98.7%
Cost Of Sales (-)	(310,450,540)	(202,180,368)	(73%)	(78%)
Gross Profit (Loss)	107,679,810	52,410,771	25.3%	20.3%
<b>Operating Expenses (-)</b>	(36,722,331)	(25,647,585)	(8.6%)	9.9%)

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Profit (Loss) from Main	70,957,479	26,763,186	16.7%	10.3%
Operations				19 Day
Income And Profit From	33,639,754	8,168,966	7.9%	3%
Other Operations				
<b>Expenses And Losses From</b>	(3,803,435)	(3,322,837)	(0.89%)	(1.2%)
Other Operations (-)				
Financial Expenses(-)	(100,267,164)	(21,171,280)	(23.59%)	(8.2%)
<b>Operating Profit (Loss)</b>	526,634	10,438,035	0.12%	4%
Extra Ordinary Income	1,963	5,142	0.0004%	0.001%
And Profits				
Extra Ordinary Expenses	(11,272)	(1,015)	(0.0026%)	(0.0003%)
And Losses (-)				
<b>Income Before Taxation</b>	517,325	10,442,162	0.12%	4%
<b>Taxation And Other Legal</b>	(194,010)	(3,638,420)	(0.045%)	(1.41%)
Liabilities (-)				
Net Income (Loss)	323,315	6,803,742	0.076%	2.6%

Table 4.4	2002	2001	2002	2001
Gross Sales	940,745,083	424,988,538	100%	100%
Sales Deduction (-)	(14,744,093)	(6,858,188)	(1.56)%	(1.6%)
Net Sales	926,000,990	418,130,350	98.4%	98.3%
Cost Of Sales (-)	(770,549,094)	(310,450,540)	(81.9)%	(73%)
Gross Profit (Loss)	155,451,896	107,679,810	16.5%	25.3%
<b>Operating Expenses (-)</b>	(77,921,860)	(36,722,331)	(8.2)%	(8.6%)
Profit (Loss) from Main Operations	77,530,036	70,957,479	8.24%	16.7%
Income And Profit From Other Operations	5,406,785	33,639,754	.57%	7.9%
Expenses And Losses From Other Operations (-)	(8,783,641)	(3,803,435)	(.93)%	(0.89%)
Financial Expenses(-)	(64,583,197)	(100,267,164)	(6.86)%	(23.59%)
<b>Operating Profit (Loss)</b>	9,569,983	526,634	1%	0.12%
Extra Ordinary Income And Profits	818	1,963	.0008%	0.0004%
Extra Ordinary Expenses And Losses (-)	(4,007,320)	(11,272)	(.43)%	(0.0026%)
Income Before Taxation	5,563,481	517,325	.59%	0.12%
Taxation And Other Legal Liabilities (-)	(2,487,663)	(194,010)	(.26)%	(0.045%)
Net Income (Loss)	3,075,818	323,315	.33%	0.076%

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According to vertical analysis Beko's net sales is 99 % of gross sale in 1998, 98.6% in 1999, 98.7 % in 2000, 98.3 % in 2001 and 98.4 % in 2002. Beko's percentages of net sales are constant during five years. C.O.G.S is 72 % in 1998, 78.3% in 1999, 78 % in 2000, 73 % in 2001 and 81.9 % in 2002. In 2002 company's cost of good sold has increased compared to last four years. Gross profits are 26 % in 1998, 20, 27 % in 1999, 20.3 % in 2000, 25.3 % in 2001 and 16.5 % in 2002. As compare to 2001 the gross profits declined in 2002. Financial expenses were 9.3 % in 1998, 10.62 % in 1999. 8.2 % in 2000, 23.59 % in 2001 and 6.86 % in 2002. In 2001 financial expense was higher than last three years however in 2002 it is decreased. Net income in 1998 was 5.6 %, 3.23 % in 1999, 2.6 % in 2000, and 0.076 % in 2001 and in 2002 it was 0.33 %.company's net income is decreasing continuously. The major decline in net income was in 2001 because of high interest expenses. <sup>18</sup>

## 4.1.2. Trend Percentages (Horizontal Analysis)

The changes in financial statement items from a base year to following years are often express as trend percentages. It shows the direction of changes of financial statement items. During the calculation of trend percentages, net sales, cost of goods sold and gross profit has been taken from the income statement of Beko's financial statement which is included in appendix A.

	1998	1999	2000	2001	2002
Net Sales	99.172.752	132.910.697	254.591.139	418.130.350	926.000,990
C.O.G.S.	72.363.384	105.590.971	202.180.368	310.450.540	770.549.094
Gross	26.809.368	27.319.726	52.410.771	107.679.810	155.451.896
Profit					

<sup>18</sup> See appendix A (Financial statements of Beko)

	1998	1999	2000	2001	2002	
Net Sales	100%	134%	256%	421%	933%	
C.O.G.S.	100%	145%	279%	429%	1095%	
Gross Profit	100%	101%	195%	401%	579%	

Trends in net sales are increasing. Cost of good sold trend is also increasing but the highest increase in trend was in year 2002. Gross profit trend is increasing but the slow trend was in 1999.<sup>19</sup>

#### 4.1.3. Dollar and Percentage Changes.

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The dollar amount of from year to year is significant and expressing the change in percentage adds perspective. During the calculating the dollar and percentage changes; net sales, net income has been taken from income statement of Beko's financial statement which included is appendixA

	2000	1999	1998	2000 Over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 Over 1998 %
Net Sales	254,591,139	132,910,697	99,172,752	121,680,44 2	92%	33,737,945	34.6%
Net Income	6,803,742	4,352,210	5,626,334	2,451,532	56%	(1,274,124)	(22%)

<sup>19</sup> See appendix A (Financial statements of Beko)

	2002	2001	2000	2002 Over2001 Amount	2002 Over 2001 %	2001 Over2000 Amount	2001 Over2000 %
Net Sales	926,000,990	418,130,350	254,591,139	507,870,640	121%	163,539,211	64%
Net Income	3,075,818	323,315	6,803,742	2,752,503	851%	(-6,480,427)	(-95%)

Dollar and percentages changes in net sales were increased 34 % in 1999, 92 % in 2000, 64 % in 2001, and 121 % in 2002. Net income in 1999 was decreased by 20%, in 2000 it increased 56 %. Again in 2001 it decreased by 95 % and 2002 it increased by 851%. This 851 % increase is due to smaller base year 2001.<sup>20</sup>

## 4.1.4. Ratio Analysis.

A ratio is simple mathematical relationship of one item to another. By using ratio analysis we can interpret the financial statement data easily. During ratio analysis we are going to calculate three types of ratios. These are short-term liquidity or solvency, Long-term credit risk and profitability ratio. The data used in ratio calculation has been taken from Beko's financial statements which included in appendix A.

	1998	1999	2000	2001	2002
Current Assets	58,929,460	83,291,321	143,334,543	197,053,275	400,362,886
Current Liabilities	45,779,444	70,268,783	109,706,827	155,332,312	253,313,637
Current Ratio	1.29	1.18	1.31	1.27	1.58

Company's current ratio position is not good. In 2002 it is increased little compared to previous years. Current ratio 2 to 1 or more is better for company's short term liquidity.

<sup>20</sup> See appendix A (Financial statements of Beko)

	1998	1999	2000	2001	2002
Quick Assets	27,408,919	38,512,069	103,731,355	173,481,322	288,914,283
Current Liabilities	45,779,444	70,268,783	109,706,827	155,332,312	253,313,637
Quick Ratio	0.60	0.55	0.95	0.86	1.14

The company's quick ratio is increasing and in 2002 it reached to 1.14. This is better for company

but last four year's quick ratio position was not good.

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102

	1998	1999	2000	2001	2002
<b>Current Assets</b>	58,929,460	83,291,321	143,334,543	197,053,275	400,362,886
Current Liabilities	45,779,444	70,268,783	109,706,827	155,332,312	253,313,637
Working capital	13,150,016	12,950,538	33,627,716	41,720,963	147,049,249

Company's working capital is increasing. In 2002 the company's working capital increased two times as compared to 2001.

	1998	1999	2000	2001	2002
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	926,000,990
Average account receivables	13,053,924	28,050,622	52,886,807	100,351,920	187,108,085 .5
Receivable turnover rate	7.6	4.73	4.81	4.16	4.95

Receivable turnover rate of the company was high in 1998 however between 1999 to 2001 it was

not changed too much, but in 2002 it increased as compared to previous years. -

	1998	1999	2000	2001	2002
Days	365	365	365	365	365
A/R turnover rate	7.6	4.73	4.81	4.16	4.95
Days To Collect average A/R	48	77.2	75.9	87.7	73.7

Days to collect average A/R were good in 1998 then it increased until 2001 and then again started seclining in 2002 but not too many days. Company's credit policy is not good.

	1000	1000	2000	2001	2002
<b>C.O.</b>	72,363,384	105,590,971	202,180,368	310,450,540	770,549,094
G.S Aver	12,101,425	15,347,969.5	19,999,426	29,339,921.5	59,645,884.5
age Inven tory				10.6	12.9
Inven tory Turn over Data	5.98	6.88	10.1	10.0	

Inventory turnover rate is increasing during the five years. It is good for the company. They are

selling their inventory quickly.

	1998	1999	2000	2001	2002
	365	365	365	365	365
Days	5.98	6.88	10.1	10.6	12.9
Inventory turnover rate	0.70	52.1	361	34.4	28.3
Days To sell average inventory	01	33.1	1.50.1	10	

Days to sell average inventory in 2002 is decreased half as compared to the year 1998.

It is good compared to past years.

51

	1008	1999	2000	2001	2002
	61	77.2	75.9	87.7	73.7
Days to collect average A/R	48	53.1	36.1	34.4	28.3
Days to sale average inventory	100	120.3	112	122.1	102
Operating cycle (days)	109	130.5	112		

Company's operating cycle is decreased in 2002 as compared to 2001. It will take less days to receivable and inventory into cash. That is good for company compare to previous years

31

	1998	1999	2000	2001	2002
Total	49,871,576	76,607,578	129,761,978	181,527,223	380,091,795
liabilities					
<b>Total Assets</b>	67,905,768	102,553,738	170,505,879	232,781,530	471,784,031
Debt ratio	73 %	75 %	76 %	78 %	81 %

Debt ratio is increasing continuously until 2002 company is using more finance from outside for its operation. Company is largely dependent on out side borrowing. It is not good for company.

	1998	1999	2000	2001	2002
Dollar Gross Profit	26,809,368	27,319,726	52,410,771	170,679,810	155,451,896
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	962,000,990
Gross Profit Rate	27 %	20 %	20 %	25 %	16 %

Gross profit rate was good in 1998 compared to 1999 and 2000. It again increased in 2001 but decreased in 2002. It is not a good sign for company.

	1998	1999	2000	2001	2002
Operating Expenses	12,007,611	19,451,080	25,647,585	36,722,331	77,921,860
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	962,000,990
Operating Expense Ratio	12 %	14.6 %	10.1 %	8.8 %	8.4 %

Operating expense ratio it was increased in 1999 as compared to 1998 and then again started declining until 2002.Company has controlled its operating expense ratio slightly in 2002 compare to previous years.
	1998	1999	2000	2001	2002
Net income	5,626,334	4,352,210	6,803,742	323,315	3,075,818
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	962,000,99 0
Net income as a Percentages Of Net Sales	5.6 %	3.3 %	2.7 %	0.08 %	0.3 %

Company's net income position is not good as percentage of sales. The major decline in net income was in year 2001. In 2002 it is also very bad as percentage of its net sales. It's not profitable for the company. This is very poor result for company.

	1998	1999	2000	2001	2002
Operating Income	14,801,757	7,868,646	26,763,186	70,957,479	77,530,036
Average Total Assets	51,313,474	85,229,753	136,529,808.5	201,643,704.5	352,282,780.5
Return on assets	28.84 %	9.2 %	19%	35 %	22 %

Return on assets was higher in 1998 but it decreased too much in 1999. Again it increased in 2000 and continues until 2001 then again started to decline in 2002.

	1998	1999	2000	2001	2002
Net Income	5,626,334	4,352,210	6,803,742	323,315	3,075,818
Average Total Equity	14,377,577	21,990,176	33,345,030.5	45,999,104	71,473,271.5
Return On Equity	39.13 %	19.79 %	20.4 %	0.7 %	4.3 %

Return on equity was better in 1998 then declined in 1999. The major decline was in 2001 and it Slightly increased in 2002. This is very poor for company. And it is a bad sign for good common Stockholders.<sup>21</sup>

<sup>&</sup>lt;sup>21</sup> See appendix A(Financial statements of Beko)

#### **V. LIMITATIONS**

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During preparation of my graduation project the main problem I faced availability of financial information's of Beko Corporation. Therefore I couldn't able to Measures Company's market value in order to evaluate the current market price of company's common stocks. Other limitation is the difference of Turkish accounting system as compared to American (international) accounting system. Time constraints were also faced while preparing this project and company's web site in English was insufficient for financial information and in Istanbul stock exchange (ISE) web site all financial information is available until 1998. Therefore had to work hard a lot get this financial information for preparing my graduation project.

#### CONCLUSION AND RECOMMENDATION

Financial statement analysis is process of selecting financial data and creating logical rationships between these data and the last part is study these relationship and interpreting these rsult. The result is useful to different kind of users, specially management, investors, and reditors. Financial statement analysis also involves a comparison of a firm's performance with that of others firm in the same line of business. Management is interested to know the direction of their business and making financing and investing decision to maximize the firm's value. Stock holders and creditor use this financial statement analysis to evaluate the attractiveness of the firm's as an investment by examining its ability to meet its current and expected financial obligation. During preparing graduation project the empirical study has been applied to Beko Corporation and compares it's current and past performance with it's only competitor Vestel which has been analyzed by "Özkan keskin" (2003) for his graduation Project. The comparison part includes vertical analysis, horizontal analysis, dollar and component percentages and ratio analysis. The ratio analysis includes short term liquidity or solvency, long term credit risk or solvency and profitability. The calculation part of Beko is included in appendix A and Vestel in appendix B

Vertical analysis provides the relative importance of each item in the income statement. Comparing past performance with present performance we can understand the increasing or decreasing in each items. Also comparing with competitor vertical analysis provides a solid picture about company's performance. During Comparing vertical analysis of both companies' net sales, cost of good sold, operating expenses, financial expenses, and net income has been taken accounts as a percentage of gross sales. In 2001, Beko's net sales as a percentage of gross sales were 98.3% where as Vestel's net sales were 99.67% of gross sales. Beko's net sales percentage was less then Vestel. Beko's C.O.G.S was 73% whereas Vestel's C.O.G.S was 68.85%. That was 4.15% higher than Vestel. That has reduced net income by 4.15%. Beko was less effective in production process. Beko's operating expenses was 8.6 % where as Vestel's operating expenses were 4.08%. Beko has incurred 4.52% higher operating expenses. Management was not able to control expenses. Compare to financial expenses Beko's was 23.59% whereas Vestel's was 32.24 %. Beko has incurred 8.65 % less financial expenses than Vestel. The last component is net income. It is the most important component because it directly affects return on sales, return on equity and return on assets. Higher net income will attract investors to invest and creditors to finance to the company. Beko's net income was 0.076% whereas Vestel's net income was 5.93%. Beko's net income was very poor compare to Vestel. In 2001 the overall performance of Beko' was unfavorable compare to it's competitor.

By comparing current performance of 2002 with 2001, we will be able to understand both companies position clearly. Taking similar accounts like as 2001, as a percentage of gross sales Beko's net sales in 2002 is 98.4% whereas Vestel's is 99.7%.Beko's net sales percentage is less than Vestel. Beko's C.O.G.S is 81.9% where as Vestel is 76%. Beko has incurred 5.9% more expenses in cost of goods sold. Beko's operating expense is 8.2% where as Vestel's is 5.9%. Again Beko has incurred 2.3% more in operating expenses. Beko's financial expenses are 6.86% whereas Vestel's are 18.45%.. The last account is net income which is the final result of business operations. Beko's net income is 0.33% whereas Vestel's is 5%. It is very poor result compare to it's competitor. The overall result according to vertical analysis and compare with Vestel, Beko's **Performance** is very poor. This result will not be able to attract investors and short-term creditors.

Horizontal analysis shows the direction of business operations. Is business going upward or downward? In this analysis net sales, cost of goods sold and gross profit has been taken during comparing Beko with it's competitor Vestel. And the year 1999 has been selected as a base year. According to Horizontal analysis, Beko's net sales trend was increasing. Vestel's sales trend was also increasing. In 2002. Comparing with base year Beko's sales was 4.21 times in 2001 and 9.33 times in 2002, whereas vestal sales were 4.88 times in 2001 and 7.71 times in 2002 respectively. Beko's sales trend is higher than vestel's. Cost of goods sold trend are also increasing in both companies but Beko's cost of goods sold trend is increasing faster than Vestel only exception in year 2001.. On the other hand both companies gross profit trend is increasing but Beko's gross profit trend is slower than Vestel. This is because of higher cost of goods sold trend of Beko. Also note that in year 1999 Beko's gross profit trend was near base year. Therefore' Beko's gross profit trend is bad due to high cost of goods sold trends. The Overall trend percentage provides a picture that Beko is less profitable than competitor Vestel. That is unfavorable for Beko.

Another tool of analysis is dollar and percentage changes from one year to next year. It gives the inside of company's rates of growth. According to this analysis both companies sales percentage is increasing. Beko's sales growth was 34% in 1999, 92% in year 2000, 64% in 2001 and 121% in 2002. Some year growth rate is high, some year it is low. But it is positive growth. And net income growth is up and down. It was (22%) in 1999, 56% in 2000, (95%) in 2001 and 851% in 2002. But the highest increase in 2002 was due to small base year 2001. Whereas Vestel's net growth is positive in every year. Vestel's Sales growth was 66% in 1999, 59% in 2000, 86% in 2001 and 58% in 2002. And Vestel's net income growth was 85% in 1999, 47% in 2000, 29% in 2001 and 33% in 2002. All years growth is positive. Although Beko's sales growth is good but

set income growth position is very bad compare to Vestel. Therefore, Beko's net income growth sunsatisfactory compare to competitor.

Final part of comparison is ratio analysis. It will measures companies short-term solvency or uidity, Long-term credit risk and profitability. According to short term liquidity in 2001, eko's current ratio was 1.27 times whereas Vestel's current ratio was 1.39 times; Beko's quick mio was 0.86 times whereas Vestel's was 1.10 times and Beko's working capital was .720,963(Million TL) whereas Vestel's was 248,465,056(Million TL). Beko's working capital as nearly 6 times lower than Vestel. So, Beko was less liquid than Vestel. So, Beko's short term bebt paying ability was lower than Vestel in 2001. Beko's account receivable turn over rate was 4.16 times and days to collect average account receivable was 87.7 days where as Vestel's secounts receivable turn over rate was 2.72 times and days to collect average account receivable was 134.19 days. Beko collect its account receivable faster than Vestel. Comparing inventory turn over rate, Beko's inventory turn over rate was 10.6 times and days sale to average inventory was 34.4 days whereas Vestel's was 6.04 times end 60.43 days respectively. Beko was selling its inventory faster than Vestel. Beko's operating cycle was 122.1 days where as Vestel's was 195.45 days. Here Beko's operating cycle is better than Vestel. But current ratio, quick ratio and working capital shows Beko's short term debt paying ability (short term solvency) is less than Vestel.

According to long-term credit risk, Beko's debt ratio was 78% whereas Vestel's was 70.86%. Beko's long term credit risk was higher than Vestel. Beko was using higher leverage than Vestel's in 2001. Considering profitability ratio, Beko's gross profit rate was 25%, operating expense ratio was 13% and net income as a percentage of net sales was 0.08% whereas Vestel's gross profit rare as 30.9%, operating ratio was 4.1% and net income 5.94 %. Beko's performance was poor than vestel's in 2001. Beko's' return on assets was 35% whereas Vestel was 32.8%. Beko has chieved better result than Vestel's from its operating income. On the other hand, Beko's return m Equity was only 0.7% where as Vestel's was 22.5%. Beko's Performance is very bad compare to Vestel; this was for due to high non operating expenses. In point of common stockholders view that is very poor result for Beko. Overall in 2001 was very bad for Beko compare to Vestel. Beko's profitability was lower than Vestel.

In 2002, Beko's current ratio is 1.58 times, Quick ratio is 1.14 times and working capital is 147,049,249(Million TL) where as Vestel's current ratio is 2.02 times, Quick ratio is 1.61 times and working capital is 761,941,560(million TL). So Beko is less liquid and less solvent in short term debt paying ability compare to Vestel. Beko's account receivable turn over rate is 4.95 times, days to collect average account receivable is 73.7 days. Where as Vestel's account receivable turn over rate is 2.95 times and days to collect average account receivable is 140.93 days. Here Beko's performance is better than Vestel. Beko's inventory turn over rate is 12.9 times, days to sale average inventory is 28.3 days and operating cycle is 102 days. Where as Vestel's inventory turn over rate is 6.83 times, days to average sale inventory is 53.44 days. And operating cycle is 194.37 days. Beko achieved better result than Vestel in selling its inventory. But most powerful ratio such as current ratio and quick ratio indicate that Beko is less liquid and weaker in short term debt paying compare to Vestel.

according to long term credit risk Beko's debt ratio is 81% where as vestal is 76.50%. Beko is all using higher leverage than Vestel. Therefore, in 2002 Beko's long term credit risk is higher ban Vestel.

Considering profitability ratios in 2002 Beko's gross profit rate is 16%, operating expense ratio 14% and net income as a percentage of net sales (Profit Margin) is 0.3% whereas Vestel's gross profit is 23.8% operating expense is 5.9% and net income as a percentage of net sales is 5.02%. Therefore, Beko's Profitability is very poor compare to Vestel. Beko's return on asset from operating income is 22% where as Vestel's is 19.5%. Beko achieves higher than Vestel. But In terms of return on equity Beko achieves only 4.3% whereas Vestel achieves 21.5% return. That is the great different between two companies. Most of ratio shows Beko's performance is very poor compare to Vestel. Therefore, beko's profitability is less than Vestel.

After analyzing past and current performance of Beko with it's only competitor Vestel, it has been found that Beko's Performance is unsatisfactory, only exception in average receivable turn over rate, inventory turnover rate, operating cycle and return on asset. The dangerous disaster occurred return on equity and in profit margin (Net income as a percentage of net sales).Company is unable to control its non operating expenses that effect net income thereby return on equity. That is unfavorable for common stockholders of Beko compare to Vestel.

So, Beko can increase it's net income by reducing expenses in cost of goods sold and financial expenses. The net income will help to increase return on equity. That will be will be benefited for company's common stockholders and it will help to attract investors. Company should reduce its dependence on borrowing money by issuing common stock.

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# APPENDIX A

	13,260			
		1,809,821		
(Lens)		5,626,334	3.23%	

#### IV. FINANCIAL STATEMENT ANALYSIS OF BEKO

#### (CALCULATIONS)

#### **4.1. FINDINGS**

#### 4.1.1. Component Percentages (Vertical Analysis):

Table 4.1	1999	1998	1999	1998
Gross Sales	134,802,460	100,266,720	100%	100%
Sales Deduction (-)	(1,891,763)	(1,093,968)	(1.4%)	(1%)
Net Sales	132,910,697	99,172,752	98.6%	99%
Cost Of Sales (-)	(105,590,971)	(72,363,384)	(68.3%)	(72%)
Gross Profit (Loss)	27,319,726	26,809,368	20.27%	26%
<b>Operating Expenses (-)</b>	(19,451,080)	(12,007,611)	(14.43%)	(12%)
Profit (Loss) from Main Operations	7,868,646	14,801,757	5.84%	14%
Income And Profit From Other Operations	5,433,624	1,564,661	4%	1.5%
Expenses And Losses From Other Operations (-	(2,201)	(879,064)	(0.001%)	(0.87%)
Financial Expenses(-)	(14,311,044)	(9,343,069)	(10.62%)	(9.3%)
<b>Operating Profit (Loss)</b>	1,010,975	6,144,285	0.75%	6%
Extra Ordinary Income And Profits	6,464,168	1,360,588	4.8%	1.3%
Extra Ordinary Expenses And Losses (-)	(337,633)	(268,718)	(0.25%)	(0.26%)
Income Before Taxation	5,115,560	7,236,155	3.7%	7.2%
Taxation And Other Legal Liabilities (-)	763,350	1,609,821	(0.57%)	(1.6%)
Net Income (Loss)	4,352,210	5,626,334	3.23%	5.6%

Table 4.2	2000	1999	2000	1999
Gross Sales	257,921,029	134,802,460	100%	100%
Sales Deduction (-)	(3,329,890)	(1,891,763)	(1.29%)	(1.4%)
Net Sales	254,591,139	132,910,697	98.7%	98.6%
Cost Of Sales (-)	(202,180,368)	(105,590,971)	(78%)	(68.3%)
Gross Profit (Loss)	52,410,771	27,319,726	20.3%	20.27%
<b>Operating Expenses (-)</b>	(25,647,585)	(19,451,080)	9.9%)	(14.43%)
Profit (Loss) from Main	26,763,186	7,868,646	10.3%	5.84%
Operations				
Income And Profit From	8,168,966	5,433,624	3%	4%
Other Operations				
<b>Expenses And Losses From</b>	(3,322,837)	(2,201)	(1.2%)	(0.001%)
Other Operations (-)				
Financial Expenses(-)	(21,171,280)	(14,311,044)	(8.2%)	(10.62%)
<b>Operating Profit (Loss)</b>	10,438,035	1,010,975	4%	0.75%
Extra Ordinary Income And	5,142	6,464,168	0.001%	4.8%
Profits				
Extra Ordinary Expenses And	(1,015)	(337,633)	(0.0003%)	(0.25%)
Losses (-)				
Income Before Taxation	10,442,162	5,115,560	4%	3.7%
Taxation And Other Legal	(3,638,420)	(763,350)	(1.41%)	(0.57%)
Liabilities (-)				
Net Income (Loss)	6,803,742	4,352,210	2.6%	3.23%

Table 4.3	2001	2000	2001	2000
Gross Sales	424,988,538	257,921,029	100%	100%
Sales Deduction (-)	(6,858,188)	(3,329,890)	(1.6%)	(1.29%)
Net Sales	418,130,350	254,591,139	98.3%	98.7%
Cost Of Sales (-)	(310,450,540)	(202,180,368)	(73%)	(78%)
Gross Profit (Loss)	107,679,810	52,410,771	25.3%	20.3%
Operating Expenses (-)	(36,722,331)	(25,647,585)	(8.6%)	9.9%)
Profit (Loss) from Main	70,957,479	26,763,186	16.7%	10.3%
Operations Income And Profit From Other Operations	33,639,754	8,168,966	7.9%	3%
Expenses And Losses From Other Operations (-)	(3,803,435)	(3,322,837)	(0.89%)	(1.2%)
Financial Expenses(-)	(100,267,164)	(21,171,280)	(23.59%)	(8.2%)
Operating Profit (Loss)	526,634	10,438,035	0.12%	4%
Extra Ordinary Income	1,963	5,142	0.0004%	0.001%
Extra Ordinary Expenses And Losses (-)	(11,272)	(1,015)	(0.0026%)	(0.0003%)

<b>Income Before Taxation</b>	517,325	10,442,162	0.12%	4%	
<b>Taxation And Other Legal</b>	(194,010)	(3,638,420)	(0.045%)	(1.41%)	
Liabilities (-)					
Net Income (Loss)	323,315	6,803,742	0.076%	2.6%	

Table 4.4	2002	2001	2002	2001
Gross Sales	940,745,083	424,988,538	100%	100%
Sales Deduction (-)	(14,744,093)	(6,858,188)	(1.56)%	(1.6%)
Net Sales	926,000,990	418,130,350	98.4%	98.3%
Cost Of Sales (-)	(770,549,094)	(310,450,540)	(81.9)%	(73%)
Gross Profit (Loss)	155,451,896	107,679,810	16.5%	25.3%
<b>Operating Expenses (-)</b>	(77,921,860)	(36,722,331)	(8.2)%	(8.6%)
Profit (Loss) from Main	77,530,036	70,957,479	8.24%	16.7%
Operations				
Income And Profit From	5,406,785	33,639,754	.57%	7.9%
<b>Other Operations</b>				
<b>Expenses And Losses From</b>	(8,783,641)	(3,803,435)	(.93)%	(0.89%)
Other Operations (-)				
Financial Expenses(-)	(64,583,197)	(100,267,164)	(6.86)%	(23.59%)
<b>Operating Profit (Loss)</b>	9,569,983	526,634	1%	0.12%
Extra Ordinary Income And	818	1,963	.0008%	0.0004%
Profits				
Extra Ordinary Expenses And	(4,007,320)	(11,272)	(.43)%	(0.0026%)
Losses (-)				
Income Before Taxation	5,563,481	517,325	.59%	0.12%
Taxation And Other Legal	(2,487,663)	(194,010)	(.26)%	(0.045%)
Liabilities (-)				
Net Income (Loss)	3,075,818	323,315	.33%	0.076%

# 4.1.2. Trend Percentages (Horizontal Analysis)

in.

	1998	1999	2000	2001	2002
Net Sales	99.172.752	132.910.697	254.591.139	418.130.350	926.000,990
C.O.G.S.	72.363.384	105.590.971	202.180.368	310.450.540	770.549.094
Gross	26.809.368	27.319.726	52.410.771	107.679.810	155.451.896
Profit					

-	1998	1999	2000	2001	2002	
Net Sales	100%	134%	256%	421%	933%	
C.O.G.S.	100%	145%	279%	429%	1095%	
Gross Profit	100%	101%	195%	401%	579%	

### 41.3. Dollar and Percentage Changes.

-	2000	1999	1998	2000 Over 1999 Amount	2000 Over 1999 %	1999 Over 1998 Amount	1999 Over 1998 %
Net Sales	254,591,139	132,910,697	99,172,752	121,680,44 2	92%	33,737,945	34.6%
Net Income	6,803,742	4,352,210	5,626,334	2,451,532	56%	(1,274,124)	(22%)

	2002	2001	2000	2002 Over2001 Amount	2002 Over 2001	2001 Over2000 Amount	2001 Over2000 %
Net Sales	926,000,990	418,130,350	254,591,139	507,870,640	121%	163,539,211	64%
Net Income	3,075,818	323,315	6,803,742	2,752,503	851%	(-6,480,427)	(-95%)

#### 41.4. Ratio Analysis.

	1998	1999	2000	2001	2002
<b>Current Assets</b>	58,929,460	83,291,321	143,334,543	197,053,275	400,362,886
Current Liabilities	45,779,444	70,268,783	109,706,827	155,332,312	253,313,637
<b>Current Ratio</b>	1.29	1.18	1.31	1.27	1.58

	1998	1999	2000	2001	2002
Quick Assets	27,408,919	38,512,069	103,731,355	173,481,322	288,914,283
Current	45,779,444	70,268,783	109,706,827	155,332,312	253,313,637
Liabilities					
Quick Ratio	0.60	0.55	0.95	0.86	1.14

······································	1998	1999	2000	2001	2002
<b>Current Assets</b>	58,929,460	83,291,321	143,334,543	197,053,275	400,362,886
Current Liabilities	45,779,444	70,268,783	109,706,827	155,332,312	253,313,637
Working capital	13,150,016	12,950,538	33,627,716	41,720,963	147,049,249

	1998	1999	2000	2001	2002
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	926,000,990
Average account receivables	13,053,924	28,050,622	52,886,807	100,351,920	187,108,085 .5
Receivable turnover rate	7.6	4.73	4.81	4.16	4.95

232,781,530 411,784 611

	1998	1999	2000	2001	2002
Days	365	365	365	365	365
A/R turnover rate	7.6	4.73	4.81	4.16	4.95
Days To Collect average A/R	48	77.2	75.9	87.7	73.7

	1998	1999	2000	2001	2002
C.O. G.S	72,363,384	105,590,971	202,180,368	310,450,540	770,549,094
Aver age Inven tory	12,101,425	15,347,969.5	19,999,426	29,339,921.5	59,645,884.5
Inven tory Turn over Rate	5.98	6.88	10.1	10.6	12.9

	1998	1999	2000	2001	2002
Days	365	365	365	365	365
Inventory turnover rate	5.98	6.88	10.1	10.6	12.9
Days To sell average inventory	61	53.1	36.1	34.4	28.3

	1998	1999	2000	2001	2002
Days to collect average A/R	61	77.2	75.9	87.7	73.7
Days to sale average inventory	48	53.1	36.1	34.4	28.3
Operating cycle (days)	109	130.3	112	122.1	102

	1998	1999	2000	2001	2002			
Total liabilities	49,871,576	76,607,578	129,761,978	181,527,223	380,091,795			
<b>Total Assets</b>	67,905,768	102,553,738	170,505,879	232,781,530	471,784,031			
Debt ratio	73 %	75 %	76 %	78 %	81 %			

	1998	1999	2000	2001	2002
Dollar Gross Profit	26,809,368	27,319,726	52,410,771	170,679,810	155,451,896
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	962,000,990
Gross Profit Rate	27 %	20 %	20 %	25 %	16 %

	1998	1999	2000	2001	2002
Operating Expenses	12,007,611	19,451,080	25,647,585	36,722,331	77,921,860
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	962,000,990
Operating Expense Ratio	12 %	14.6 %	10.1 %	8.8 %	8.4 %

	1998	1999	2000	2001	2002
Net income	5,626,334	4,352,210	6,803,742	323,315	3,075,818
Net sales	99,172,752	132,910,697	254,591,139	418,130,350	962,000,99 0
Net income as a Percentages Of Net Sales	5.6 %	3.3 %	2.7 %	0.08 %	0.3 %

	1998	1999	2000	2001	2002
Operating Income	14,801,757	7,868,646	26,763,186	70,957,479	77,530,036
Average Total Assets	51,313,474	85,229,753	136,529,808.5	201,643,704.5	352,282,780.5
Return on assets	28.84 %	9.2 %	19 %	35 %	22 %
assets					

	1998	1999	2000	2001	2002
Net Income	5,626,334	4,352,210	6,803,742	323,315	3,075,818
Average Total Equity	14,377,577	21,990,176	33,345,030.5	45,999,104	71,473,271.5
Return On Equity	39.13 %	19.79 %	20.4 %	0.7 %	4.3 %

FINANCIAL STATEMENTS (Million TL)*	1998 4.Period	.Period
I. CURRENT ASSETS	58,929,460	
A.LIQUID ASSETS	25,093	
1. Cash	915	
2 Banks	24,178	
3 Other liquid assets	0	
B MARKETABI E SECURITIES	0	
1 Share stocks	0	
2 Private sector hills notes and bonds		
2. Covernment hands and Treasury bills	0	
1 Other marketable securities	ň	1. 10 C 1. C 1.
5. Dravinian for diminution in value of market	Q.	
	27 277 002	
C. SHORT-LERM TRADE REGERADEED	20,309,426	ti tati na secon
2. Notes receivering	20,305,420	a troops generation
2. Notes receivable	6,003,000	des Recteles des la
3. Deposits and guarantes given		
4. Other short-term trade receivables	4 705 422	
5. Rediscount of hotes receivable (-)	-1,790,423	ahkanarah) kunsula († 1
6. Provision for doubtrul receivables (-)	0	
D. OTHER SHORT-TERM TRADE RECEIVABLES	6,735	
1. Uue rom snarenoiders	U	lefficielle de la composition de la com La composition de la c
2. Due from investments		
3. Due from subsidiaries	0	
4. Other short-term receivables	6,735	
5. Rediscount of notes receivable (-)	0	
6. Provision for doubtful receivables (-)		
E INVENTORIES	14,988,539	
1. Raw materials	4,987,908	
2. Semi-finished goods	118,600	
3. Work in progress	0	
4. Finished goods	3,835,786	
5. Commercial goods	0	
6. Other inventories	0	
7. Provision for diminution in value of invent	0	
8. Order advances given	6,046,245	
F. OTHER CURRENT ASSETS	16,532,002	
II. NON-CURRENT ASSETS	8,976,309	
A. LONG-TERM TRADE RECEIVABLES	18,446	
1. Customers	0	
2. Notes receivable	0	
3. Deposits and guarantes given	18,446	
4. Other long-term trade receivables	0	
5. Rediscount of notes receivable (-)	0	
6. Provision for doubtful receivables (-)	0	
B. OTHER LONG-TERM TRADE RECEIVABLES	0	and the state
1. Due from shareholders	0	
2. Due from investments	0	
3. Due from subsidiaries	0	
<ul> <li>4. Other long-term receivables</li> </ul>	0	
5. Rediscount of notes receivable (-)	0	
6. Provision for doubtful receivables (-)	0	
C. FINANCIAL ASSETS	1.685.750	
1. Marketable securities issued by subsidiarie	0	
2. Provision for diminution in value of market	0	
3. Investments	1.701.813	
4. Capital commitments to investments	-16.063	
5. Provision for diminution in value of invest	0	
	the second se	

6. Subsidiaries	0	-
7. Capital commitments to subsidiaries (-)	0	
8. Provision for diminution in value of subsid	0	-
9. Other non-current financial assets	0	
D. FIXED ASSETS	7,058,136	-
1. Land	0	
2. Land improvements	256,266	-
3. Buildings	2,474,182	
4. Machinery and equipment	13,093,947	-
5. Motor vehicles	149.101	ald south -
6. Furniture and fixtures	1,822,704	-
7. Other fixed assets	Ó	
8. Accumulated depreciation (-)	-11,066,907	-
9. Construction in progress	328,843	
10. Order advances given	0	-
E. INTANGIBLE ASSETS	190,092	2787): 1998) - C-
1. Establishment cost (net)	0	-
2 Rights	178,310	
3. Research and development expenses	0	-
4. Other intangible assets	11,782	-
5. Advances gives	0	-
F. OTHER NON CURRENT ASSETS	23,885	
TOTAL ASSETS	67,905,768	-
I, CURRENT LIABILITIES	45,779,444	- 10
A. SHORT-TERM BORROWINGS	15,182,863	-
1. Bank borrowings	14,693,821	-
2. Principal installments and interest on long	489,042	-
3. Principal installments and interest on bill	0	
4. Notes and bonds issued	0	-
5. Other short-term borrowings	0	
B. TRADE PAYABLES	5,418,229	-
1. Suppliers	5,418,229	- - -
2. Notes payable	0	-
3. Deposits and guarantees received	Ö.	
4. Other trade payables	0	-
5. Rediscount of notes payable (-)	0	, 영화 위험 가슴 두
C. OTHER CURRENT LIABILITIES	14,389,151	-
1 Due to shareholders	22,454	
2. Due to investments	0	-
3. Due to subsidiaries	0	
4. Accrued expenses	146,637	-
5. Witholdings payable	667,516	e de la companye de
6. Deferred payables to government	113,490	-
7. Other short-term liabilities	13,439,054	
8. Rediscount of notes payable (-)	0	-
D. ADVANCES RECEIVED	8,576,483	
E. ALLOWANCE FOR PAYABLES AND EXPENSES	2,212,719	-
1. Provision for taxes	895,492	
2. Provision for payables and accrueis	1,317,227	-
II. LONG-TERM LIABILITIES	4,092,132	
A. LONG-TERM BORROWINGS	1,158,190	-
1. Bank borrowings	1,158,190	-
2. Bonds issued	0	-
3. Other marketable securities issued	0	-
4. Other long-term borrowings	0	-
B. TRADE PAYABLES	0	
1. Suppliers	0	-

	and a second
2. Notes payable	o -
3. Deposits and guarantees received	0 -
4. Other trade payables	0
5. Rediscount of notes payable (-)	- 0
C. OTHER LONG-TERM BORROWINGS	860,228
1. Due to shareholders	0 -
2 Due to investments	-
3. Due to subsidiaries	0 -
4. Deferred payables to government	860,228 -
5. Other long-term borrowings	0 -
6. Rediscount of notes payable (-)	- <b>O</b>
D. ADVANCES RECEIVED	0 -
E. PROVISION FOR PAYABLES AND EXPENSES	2,073,714 -
1. Provision for retirement pay	2,073,714 -
2 Provision for other payables and accruels	0 -
III. SHAREHOLDERS' EQUITY	18,034,192 -
A SHARE CAPITAL	5,600,000 -
B. CAPITAL COMMITMENTS (-)	0 -
C. SHARE PREMIUM	4,266 -
D. REVALUATION SURPLUS	2,579,096 -
1. Revaluation surplus on fixed assets	2,579,096 -
2. Revaluation surplus on investments	0 -
3. Revaluation surplus on common stocks	0 -
E. RESERVES	4,224,496 -
1. Legal reserves	1,095,586 -
2. Statutory reserves	0 -
3. Special reserves	1,000,006 -
4. Extraordinary reserves	2,099,253 -
5. Cost increase fund	29,651 -
6. Fixed assets and investment sales income to	0 -
F. NET INCOME FOR THE PERIOD	5,626,334 -
G. LOSS FOR THE PERIOD (-)	0 -
H, PRIOR YEAR LOSSES (-)	0 -
I. PREVIOUS YEAR LOSSES (-)	0 -
1year losses	0 -
2year losses	0 -
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	67,905.768 -
A. GROSS SALES	100,266,720 -
1. Domestic sales	52,908,304 -
2. Exports	45,510,876 -
3. Other sales	1,847,541 -
B. SALES DEDUCTIONS (-)	-1,093,968 -
1. Sales returns (-)	-40,837 -
2. Sales discounts (-)	-1,053,131 -
3. Other deductions (-)	0 -
C. NET SALES	99,172,752 -
D. COST OF SALES (-)	-72,363,384 -
GROSS PROFIT (LOSS)	26,809,368 -
E. OPERATING EXPENSES (-)	-12,007,611 -
1. Research and development expenses (-)	-990,957 -
2. Selling ana marketing expenses (-)	-4,514,021 -
3. General and admiinistrative expenses (-)	-6,502,633 -
PROFIT (LOSS) FROM MAIN OPERATIONS	14,801,757 -
F. INCOME AND PROFIT FROM OTHER OPERATIONS	1,564,661 -
1. Dividends from investments	52,687
2. Dividends from subsidiaries	0 -
3. Interest and other dividend income	248,850

4. Other operating income and profits	1,263,124	-
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-879,064	
H. FINANCIAL EXPENSES (-)	-9,343,069	-
1. Short-term financial expenses	-8,622,806	
2. Long-term financial expenses	-720,263	-
OPERATING PROFIT (LOSS)	6,144,285	•
I. EXTRAORDINARY INCOME AND PROFITS	1,360,588	-
1. Reversal of provisions	0	////./.•
2. Prior year income and profit	1,360,581	-
3. Other extraordinary income and profit	7	
J. EXTARORDINARY EXPENSES AND LOSSES	-268,718	-
1. Idle division expenses and losses	0	-
2. Prior year expenses and losses	-268,692	-
3. Other extraordinary expenses and losses	-26	
INCOME BEFORE TAXATION	7,236,155	-
K TAXATION AND OTHER LEGAL LIABILITIES	-1,609,821	
NET INCOME (LOSS)	5,626,334	-

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ATTATATATA (Million TI)*	1999 4 Period	2000 4. Period
FINANCIAL STATEMENTS (WINNOT TE)	83,219,321	143,334,543
I. CURRENT ASSES	151,034	2,263,508
A LIQUID ASSETS	9,122	3,104
1. Cash	141,912	2,260,404
2. Banks	0	0
3. Other liquid assets	2.025.000	11,949,489
B. MARKETABLE SECURITIES	0	0
1. Share stocks	0	0
2. Private sector bills, notes and bonds	2 025 000	11,949,489
3. Government bonds and Treasury bills	2,020,000	0
4. Other marketable securities	n in 1995 and 1995 and 1995 and 1997 an	0
5. Provision for diminution in value of market	20 244 006	89 515 879
C. SHORT-TERM TRADE RECEIVABLES	30,244,000	69 981 796
1. Customers	35,791,010	22 489 178
2. Notes receivable	404,009	0
3 Deposits and guarantes given		164 536
4 Other short-term trade receivables	0.	2 110 631
5 Rediscount of notes receivable (-)	-2,201	-3,119,001
6 Provision for doubtful receivables (-)	0	2 479
D OTHER SHORT-TERM TRADE RECEIVABLES	92,029	2,4/9
1 Due from shareholders	0	1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 19
2. Due from investments	0	U
2. Due from subsidiaties	0	0
3. Die from substation	92,029	2,4/9
4. Other short-term receivable (-)	0	
5. Rediscourt of hores receivables (-)	0	0
6. Provision for doubling receivables ( )	15,707,400	24,291,452
E INVENTORIES	7,497,615	9.836.419
1. Raw materials	88,474	163,608
2. Semi-finished goods	0	0
3. Work in progress	2,634,916	8,363,375
4. Finished goods	0	0
5. Commercial goods	0	496,273
6. Other inventories	0	0
7. Provision for diminution in value of invent	5 486 395	5,431,777
8. Order advances given	28,999,852	15,311,736
F. OTHER CURRENT ASSETS	19 334 417	27,171,336
IL NON-CURRENT ASSETS	17 176	17,295
A. LONG-TERM TRADE RECEIVABLES	0	Ö
1. Customers	0	0
2. Notes receivable	17 178	17,295
<ol><li>Deposits and guarantes given</li></ol>	0	0
4. Other long-term trade receivables		0
5. Rediscount of notes receivable (-)	0	
6. Provision for doubtful receivables (-)	0 10 - 11 - 20 - 20 - 20 - 20 - 20 - 20 -	0
B. OTHER LONG-TERM TRADE RECEIVABLES	9	0
1. Due from shareholders	0 	0
2. Due from investments		0
3. Due from subsidiaries		
4 Other long-term receivables		
5. Rediscount of notes receivable (-)	0	
6 Provision for doubtful receivables (-)	0	E 192 201
C FINANCIAL ASSETS	3,080,541	0,102.301
1 Marketable securities issued by subsidiarie	• • • • • • • • • •	0
2 Provision for diminution in value of market	0	C 044 554
3 Investments	3,110,021	5,211,551
4 Capital commitments to investments	-29,480	-29,250
5 Provision for diminution in value of invest	0	0

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6. Subsidiaries	0	0
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	0	0
D. FIXED ASSETS	15,988,408	21,629,339
1. Land	0	0
2. Land improvements	366,222	530,915
3. Buildings	3,828,750	5,957,404
4. Machinery and equipment	22,332,415	35,490,482
5. Motor vehicles	188,651	254,882
6. Furniture and fixtures	8,896,214	14,584,789
7. Other fixed assets	0	0
8. Accumulated depreciation (-)	-20,505,967	-36,841,755
9. Construction in progress	882,123	1,652,622
10. Order advances given	0	0
E. INTANGIBLE ASSETS	248,292	342,401
1. Establishment cost (net)	0	0
2. Rights	240,984	318,421
3. Research and development expenses	0	0
4. Other intangible assets	7,308	23,980
5. Advances gives	0	0
F. OTHER NON-CURRENT ASSETS	0	0
TOTAL ASSETS	102,553,738	170,505,879
I. CURRENT LIABILITIES	70,268,783	109,706,827
A. SHORT-TERM BORROWINGS	42,027,591	55,834,893
1. Bank borrowings	40,341,693	55,675,432
2. Principal installments and interest on long	1,685,898	159,461
3 Principal installments and interest on bill	0	0
4. Notes and bonds issued	0	0
5. Other short-term borrowings	0	0
B. TRADE PAYABLES	6,103,606	34,342,438
1. Suppliers	6,098,187	34,342,438
2. Notes payable	0	0
3. Deposits and guarantees received	0	0
4. Other trade payables	5,419	0
<ol><li>Rediscount of notes payable (-)</li></ol>	0	0
C. OTHER CURRENT LIABILITIES	16,607,781	14,191,801
1. Due to shareholders	41,192	97,586
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Accrued expenses	248,870	0
5. Witholdings payable	859,360	3,653,292
6. Deferred payables to government	68,550	0
7. Other short-term liabilities	15,389,809	10,440,923
8. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	2,516,386	0
E. ALLOWANCE FOR PAYABLES AND EXPENSES	3,013,419	5,337,695
1. Provision for taxes	0	2,857,979
2. Provision for payables and accruels	3,013,419	2,479,716
II. LONG-TERM LIABILITIES	6,338,795	20,055,151
A. LONG-TERM BORROWINGS	865,904	10,242,183
1. Bank borrowings	865,904	10,242,183
2. Bonds issued	0	0
3 Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. IRADE PAYABLES	0	1,115,275
1. Suppliers	0	0

2. Notes payable	0	D
3. Deposits and guarantees received	0	1,115,275
4. Other trade payables	0	0
5. Rediscount of notes payable (-)	0	0
C. OTHER LONG-TERM BORROWINGS	1,555,028	1,746,966
1. Due to shareholders	0	0
2 Due to investments	0	0
3. Due to subsidiaries	0	0
4. Deferred payables to government	1,555,028	1,746,966
5. Other long-term borrowings	0	0
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	0	0
E. PROVISION FOR PAYABLES AND EXPENSES	3,917,863	6,950,727
1. Provision for retirement pay	3,917,863	6,950,727
2 Provision for other payables and accruels	0	0
III. SHAREHOLDERS' EQUITY	25,946,160	40,743,901
A SHARE CAPITAL	10,600,000	15,900,000
B. CAPITAL COMMITMENTS (-)	0	0
C. SHARE PREMIUM	4,266	4,266
D. REVALUATION SURPLUS	3,922,786	9,225,832
1. Revaluation surplus on fixed assets	3,358,486	8,639,932
2. Revaluation surplus on investments	564,300	585,900
3. Revaluation surplus on common stocks	0	0
E RESERVES	7,066,898	8,810,061
1. Legal reserves	1,376,903	1,632,681
2. Statutory reserves	0	0
3. Special reserves	6	6
4. Extraordinary reserves	5,644,271	7,090,703
5. Cost increase fund	45.718	86,671
6. Fixed assets and investment sales income to	0	0
F NET INCOME FOR THE PERIOD	4.352.210	6,803,742
G LOSS FOR THE PERIOD (-)	0	0
H PRIOR YEAR LOSSES (-)	0	Ö
L PREVIOUS YEAR LOSSES (-)	0	0
1vear losses	0	0
2vear losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	102,553,738	170,505,879
A. GROSS SALES	134,802,460	257,921,029
1 Domestic sales	63,411,459	141,881,971
2. Exports	68,911,232	108,928,113
3. Other sales	2.479.769	7.110.945
B. SALES DEDUCTIONS (-)	-1,891,763	-3,329,890
1. Sales returns (-)	-190.827	-778,235
2. Sales discounts (-)	-1,700,936	-335,002
3. Other deductions (-)	0	-2,216,653
C. NET SALES	132,910,697	254,591,139
D. COST OF SALES (-)	-105,590,971	-202,180,368
GROSS PROFIT (LOSS)	27,319,726	52,410,771
E. OPERATING EXPENSES (-)	-19.451.080	-25.647.585
1. Research and development expenses (-)	-1.607.245	-2.516.866
2. Selling ana marketing expenses (-)	-6.421.716	-6,827,408
3. General and admiinistrative expenses (-)	-11.422.119	-16.303.311
PROFIT (LOSS) FROM MAIN OPERATIONS	7.868 646	26.763 186
F. INCOME AND PROFIT FROM OTHER OPERATIONS	5 433 624	8.168.966
1 Dividends from investments	1.258.200	2.225.216
2 Dividends from subsidiaries	0	0
3 Interest and other dividend income	1 049 426	1 831 765
Al liter has dien and he had been been been been been been been bee	114 (4) (MA	1144 (11 44

4. Other operating income and profits	3,125,998	4,111,985
C EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-2,201	-3,322.837
H FINANCIAL EXPENSES (-)	-14,311,044	-21,171,280
1. Short-term financial excenses	-13,576,785	-20,473,891
2 Long-term financial expenses	-734,259	-697,389
OPERATING PROFIT (LOSS)	-1,010,975	10,438,035
LEXTRAORDINARY INCOME AND PROFITS	6,464,168	5,142
1 Reversal of provisions	0	0
2. Prior year income and profit	6,464,168	0
2. Other extraordinary income and profit	0	5,142
LEXTADORDINARY EXPENSES AND LOSSES	-337,633	-1,015
1 Idie division expenses and losses	0	0
2 Prior year expenses and losses	-337,586	0
3. Other extraordinary expenses and losses	-47	-1,015
	5,115,560	10,442,162
K TAVATION AND OTHER LEGAL LIABILITIES	-763,350	-3,638,420
NET INCOME (LOSS)	4,352,210	6,803,742

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THANCIAL STATEMENTS (Million TL)*	2001 4.Period	2002 4.Period
FINANCIAL STATEMENTO (MINION TE)	197,053,275	400,362,886
I. CURRENT ASSETS	6,482,454	45,247,396
A LIQUID ASSETS	1,594	2,388
1. Cash	6,480,860	45,245,008
2. Banks	0	0
	0	0
B. MARKETABLE SECURITIES	0	0
1. Share stocks	0	Ó
2. Private sector bills, notes and bonds	0	0
3. Government bonds and Treasury bills	0	
4. Other marketable securities	· · · · · · · · · · · · · · · · · · ·	0
5. Provision for diminution in value of market	420 726 452	243 494 127
C. SHORT-TERM TRADE RECEIVABLES	130,720,452	243 494 127
1. Customers	130,722,044	0
2. Notes receivable	4,561	
3. Deposits and guarantes given	U	n
4. Other short-term trade receivables	170	
5. Rediscount of notes receivable (-)	-1/3	
6. Provision for doubtful receivables (-)	0	170 760
D. OTHER SHORT-TERM TRADE RECEIVABLES	272,416	1/2,/00
1. Due from shareholders	0	0
2. Due from investments	0	
3. Due from subsidiaries	0	0
4. Other short-term receivables	272,416	172,760
5. Rediscount of notes receivable (-)	0	0
6 Provision for doubtful receivables (-)	0	
F INVENTORIES	34,388,391	84,903,378
1 Raw materials	18,620,091	45,843,255
2 Semi-finished goods	637,524	2,178,001
3 Work in progress	0	0
A Finished goods	7,771,921	24,394,375
5 Commercial goods	0	0
6. Other inventories	Ó.	0
7. Provision for diminution in value of invent	0	0
B. Order advances given	7,358,855	12,487,747
	25,183,562	26,545,225
F. OTHER CORRENT ASSETS	35,728,255	71,421,145
A LONG TERM TRADE RECEIVABLES	115,093	128,864
A. LONG-TERM TRADE RECEIVABLES	0	0
	0	0
2. Notes receivable	115,093	128,864
3. Deposits and guarantes given	0	0
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
B OTHER LONG-TERM TRADE RECEIVABLES	0	0
1. Due from shareholders	0	01
2. Due from investments	0	0
3. Due from subsidiaries	0	0
4. Other long-term receivables	0	0
5. Rediscount of notes receivable (-)	0	n er er er er er er er
6. Provision for doubtful receivables (-)	C 757 201	7 704 051
C. FINANCIAL ASSETS	6.757.301	n
1. Marketable securities issued by subsidiarie	0	Consider Margaret
<ol><li>Provision for diminution in value of market</li></ol>	0	44 400 0004
3 Investments	10,132,301	11,109,901
4. Capital commitments to investments	-3,375,000	-3,3/5,000
5 Provision for diminution in value of invest	and the second	

6. Subsidiaries	0	0
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	0	0
D. FIXED ASSETS	28,399,371	61,314,383
1. Land	0	0
2. Land improvements	745,198	1,154,610
3. Buildings	9,132,930	17,463,179
4. Machinery and equipment	54,955,395	112,350,271
5. Motor vehicles	348,334	111,624
6. Furniture and fixtures	21,225,727	12,815,084
7. Other fixed assets	50.000.000	05 470 550
8. Accumulated depreciation (-)	-39,963,280	-00,470,009
9 Construction in progress	1,00,000,1	2,298,174
10. Order advances given		0
E. INTANGIBLE ASSETS	400,490	1,200,400
1. Establishment cost (net)		000000
2. Rights	430,766	1,008,300
3. Research and development expenses		490.466
4. Other intangible assets	20,124	139,100
5. Advances gives	U	074 494
F UTHER NUN-CURRENT ASSETS	000 794 500	471 794 021
	232,701,030	4/1,/04,031
I. CURRENT LIABILITES	100,002,012	116 449 260
A. SHORT-TERM BORROWINGS	07 005 499	05 444 127
1. Bank borrowings	26 204 777	21 007 132
2. Principal installments and interest on long	20,204,777	21,007,132
3. Principal installments and interest on bill	0	v 0
4. Notes and bonus issued	0	0
D TRADE DAVADIES	22 532 030	119 463 369
B. IRADE PATADLES	22,002,000	119,400,000
2 Notes pavable	0	
2. Notes payable 3. Denosite and guarantees received		Ö ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) (
4 Other trade pavables	······································	93 301
5. Pediecount of notes navable (_)	ň	n (50
	17 240 504	10 232 555
1. Dive to shareholders	292 564	246 740
2 Due to investments	0	<u> </u>
2. Due to investments	о Д	n and a state of the
	······	••••••••••••••••••••••••••••••••••••••
5 Witholdings navable	2 194 507	5 917 656
6 Deferred payables to government	67 560	836 465
7 Other short-term liabilities	14 685 873	3 231 694
8. Rediscount of notes navable (-)	0	0
D. ADVANCES RECEIVED		ő
E ALLOWANCE FOR PAYABLES AND EXPENSES	1 488 604	7 169 444
1. Provision for taxes	11 384	2 608 395
2 Provision for payables and accruels	1 477 220	4 561 049
IL LONG-TERM LIABILITIES	26 194 911	126 778 158
A LONG-TERM BORROWINGS	11 694 813	108,958,805
1. Bank borrowings	11 694 813	108,958,805
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other Iona-term borrowinas	0	0
B. TRADE PAYABLES	1,109,025	0
1. Suppliers	0	0

a na ana ana ana ana ana ana ana ana an	0	0
2 Notes payable	1 109 025	0
3. Deposits and guarantees received		0
4. Other trade payables	Construction of the second sec	0
5. Rediscount of notes payable (-)	1 997 151	1.808,859
C. OTHER LONG-TERM BORROWINGS	0	0
1. Due to shareholders	ň	0
2 Due to investments	0	0
3. Due to subsidiaries	1 007 151	1 808 859
4. Deferred payables to government	1,997,101	0
5. Other long-term borrowings	Ö	
6. Rediscount of notes payable (-)	0	0
D. ADVANCES RECEIVED	11,000,000	16 010 494
E. PROVISION FOR PAYABLES AND EXPENSES	11,393,922	16,010,404
1. Provision for retirement pay	11,393,922	10,010,404
<ol><li>Provision for other payables and accruels</li></ol>	0	01 602 236
III. SHAREHOLDERS' EQUITY	51,254,307	91,092.200 60:000.000
A SHARE CAPITAL	23,850,000	60,000,000
B. CAPITAL COMMITMENTS (-)	0	440.069
C SHARE PREMIUM	4,266	149,900
D REVALUATION SURPLUS	15,428,906	15,833,918
1 Revaluation surplus on fixed assets	14,843,006	14,119,418
2. Revaluation surplus on investments	585,900	1,714,500
3 Revaluation surplus on common stocks	0	0
E RESERVES	11,647,820	12,632,532
1 Legal reserves	1,972,868	1,989,034
2 Statutory reserves	0	0
3 Special reserves	6	6
4 Extraordinary reserves	9,579,258	9,886,407
5 Cost increase fund	95,688	757,085
6 Fixed assets and investment sales income to	0	0
E NET INCOME FOR THE PERIOD	323,315	3,075,818
G LOSS FOR THE PERIOD (-)	0	0
H PRIOR YEAR LOSSES (-)	0	0
I PREVIOUS YEAR LOSSES (-)	0	0
1	0	0
2 vear losses	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	232,781,530	471,784.031
A GROSS SALES	424,988,538	940,745,083
1 Domestic sales	130,678,458	167,603,080
2 Evports	282,895,515	756,046,602
3 Other sales	11,414,565	17,095,401
B SALES DEDUCTIONS (-)	-6,858,188	-14,744,093
1 Sales returns (-)	-726,833	-1,793,566
2 Sales discounts (-)	-270,342	-371,708
3. Other deductions (+)	-5,861,013	-12,578,819
C NET SALES	418,130,350	926,000,990
D. COST OF SALES (-)	-310,450,540	-770,549,094
CROSS PROFIT (LOSS)	107,679,810	155,451,896
C ODERATING EXPENSES (-)	-36,722,331	-77,921,860
1. Research and development expenses (-)	-3,347,821	-5,231.607
2 Selling and marketing expenses (-)	-11,297,285	-35,385,139
3. General and admiinistrative expenses (-)	-22,077,225	-37,305,114
DOCITY (LOSS) FROM MAIN OPERATIONS	70,957,479	77,530,036
F INCOME AND PROFIT FROM OTHER OPERATIONS	33,639,754	5,406,785
1. Dividende from investments	637,500	0
2. Dividende from subsidiaries	0	0
2. Lividends non subsidiand income	9,047,983	393,899
A INTEREST ON OTHER CHANGED AND AND A		

tion income and profits	23,954,271	5,012,886
4. Other operating income and proms	-3 803 435	-8,783,641
G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-100 267 164	-64,583,197
H. FINANCIAL EXPENSES (-)	03,231,062	-56 065 853
1. Short-term financial expenses	40,435,202	-8 517 344
2. Long-term financial expenses	-16,435,202	0 560 983
OPERATING PROFIT (LOSS)	526,634	0,000,000
LEXTRAORDINARY INCOME AND PROFITS	1,963	010
1 Reversal of provisions	0	0
2 Prior year income and profit	0	
2. Other extraordinary income and profit	1,963	818
S OTHER EXPENSES AND LOSSES	-11,272	-4,007,320
J. EXTARORDINART EXPENSES and losses	0	0
1. Idle division expenses and losses	0	0
2. Prior year expenses and losses	-11 272	-4,007,320
3. Other extraordinary expenses and losses	517 325	5,563,481
INCOME BEFORE TAXATION	104.010	-2 487 663
K. TAXATION AND OTHER LEGAL LIABILITIES	323,315	3,075,818

APPENDIX

## APPENDIX B

### IV. FINANCIAL STATEMENT ANALYSIS OF VESTEL.

### 4.1. Findings

### 4.1.1. Component Percentages (Vertical Analysis)

Table 4.1	1999	1998	1999	1998
ass Sales	314,805,896	195,002,672	100%	100%
es Deduction (-)	(2,354,088)	(6,564,692)	(0.75%)	(3.37%)
Sales	312,451,808	188,437,984	99.25%	96.63%
st Of Sales (-)	(226,362,727)	(138,546,912)	(71.91%)	(71.05%)
ss Profit (Loss)	86,089,081	49,891,072	27.35%	25.58%
crating Expenses (-)	(13,771,917)	(8,596,447)	(4.37%)	(4.41%)
ofit (Loss) from Main Operations	72,317,164	41,294,624	22.97%	21.18%
mme And Profit From Other Operations	28,901,549	13,354,060	9.18%	6.85%
penses And Losses From Other Operations	(7,130,251)	(2,679,293)	(2.26%)	(1.37%)
uncial Expenses(-)	(60,590,671)	(31,652,416)	(19.25%)	(16.23%)
erating Profit (Loss)	33,497,791	20,316,974	10.64%	10.42%
tra Ordinary Income And Profits	303,278	89,130	0,096%	0.046%
tra Ordinary Expenses And Losses (-)	(583,442)	(678,277)	(0.18%)	(0.35%)
come Before Taxation	33,217,627	19,727,828	10.55%	10.12%
nation And Other Legal Liabilities (-)	(4,297,715)	(2,342,590)	(1.37%)	(1.2%)
Income (Loss)	28,919,912	17,385,236	9.19%	8.92%

Table 4.2	2000	1999	2000	1999
oss Sales	498,268,691	314,805,896	100%	100%
les Deduction (-)	(1,681,988)	(2,354,088)	(0.34%)	(0.75%)
et Sales	496,586,703	312,451,808	99.66%	99.25%
st Of Sales (-)	(394,502,404)	(226,362,727)	(79.17%)	(71.91%)
ross Profit (Loss)	102,084,299	86,089,081	20.49%	27.35%
perating Expenses (-)	(23,707,327)	(13,771,917)	(4.76%)	(4.37%)
plit (Loss) from Main Operations	78,376,972	72,317,164	15.73%	22.97%
come And Profit From Other Operations	32,946,122	28,901,549	6.61%	9.18%
penses And Losses From Other Operations	(6,845,669)	(7,130,251)	(1.37%)	(2.26%)
nancial Expenses(-)	(46,381,583)	(60,590,671)	(9.31%)	(19.25%)
perating Profit (Loss)	58,095,842	33,497,791	11.66%	10.64%
tra Ordinary Income And Profits	112,410	303,278	0.023%	0,096%
tra Ordinary Expenses And Losses (-)	(1,347,237)	(583,442)	(0.27%)	(0.18%)
come Before Taxation	56,861,015	33,217,627	11.42%	10.55%
exation And Other Legal Liabilities (-)	(14,432,504)	(4,297,715)	(2.90%)	(1.37%)
et Income (Loss)	42,428,511	28,919,912	8.52%	9.19%

Table 4.3	2001	2000	2001	2000
Gross Sales	924,092,253	498,268,691	100%	100%
ales Deduction (-)	(3,026,596)	(1,681,988)	(0.33%)	(0.34%)
let Sales	921,065,657	496,586,703	99.67%	99.66%
Cost Of Sales (-)	(636,203,022)	(394,502,404)	(68.85%)	(79.17%)
Gross Profit (Loss)	284,862,635	102,084,299	30.82%	20.49%
Operating Expenses (-)	(37,720,344)	(23,707,327)	(4.08%)	(4.76%)
rofit (Loss) from Main Operations	247,142,291	78,376,972	26.74%	15.73%
acome And Profit From Other Operations	140,052,267	32,946,122	15.16%	6.61%
spenses And Losses From Other Operations	(6,949,337)	(6,845,669)	(0.75%)	(1.37%)
financial Expenses(-)	(297,938,010)	(46,381,583)	(32.24%)	(9.31%)
Operating Profit (Loss)	82,307,211	58,095,842	8.91%	11.66%
Ixtra Ordinary Income And Profits	354,656	112,410	0.038%	0.023%
Itra Ordinary Expenses And Losses (-)	(1,942,240)	(1,347,237)	(0.21%)	(0.27%)
acome Before Taxation	80,719,627	56,861,015	8.74%	11.42%
Taxation And Other Legal Liabilities (-)	(26,001,039)	(14,432,504)	(2.81%)	(2.90%)
et Income (Loss)	54,718,588	42,428,511	5.93%	8.52%

Table 4.4	2002	2001	2002	2001
Fross Sales	1,458,592,092	924,092,253	100%	100%
ales Deduction (-)	(4,452,043)	(3,026,596)	(0.31%)	(0.33%)
et Sales	1,454,140,051	921,065,657	99.70%	99.67%
Lost Of Sales (-)	(1,108,160,371)	(636,203,022)	(76%)	(68.85%)
ross Profit (Loss)	345,979,680	284,862,635	23.7%	30.82%
Dperating Expenses (-)	(86,215,417)	(37,720,344)	(5.9%)	(4.08%)
rofit (Loss) from Main Operations	259,764,263	247,142,291	17.8%	26.74%
come And Profit From Other Operations	198,245,165	140,052,267	13.59%	15.16%
spenses And Losses From Other Operations	(71,806,241)	(6,949,337)	(4.9%)	(0.75%)
inancial Expenses(-)	(269,106,536)	(297,938,010)	(18.45%)	(32.24%)
perating Profit (Loss)	117,096,651	82,307,211	8.3%	8.91%
stra Ordinary Income And Profits	3,339,415	354,656	0.23%	0.038%
ttra Ordinary Expenses And Losses (-)	(4,883,104)	(1,942,240)	(0.34%)	(0.21%)
come Before Taxation	115,552,962	80,719,627	7.9%	8.74%
axation And Other Legal Liabilities (-)	(42,564,170)	(26,001,039)	(2.9%)	(2.81%)
et Income (Loss)	72,988,792	54,718,588	5%	5.93%

## 4.1.2. Trend Percentages (Horizontal Analysis)

	1998	1999	2000	2001	2002
Net Sales	188,437,984	312,451,808	496,586,703	921,065,657	1,454,140,051
C.O.G.S.	138,546,912	226,362,727	394,502,404	636,203,022	1,108,160,371
Gross Profit	49,891,072	86,089,081	102,084,299	284,862,635	345,979,680

	1998	1999	2000	2001	2002
Net Sales	100%	165.8%	263.5%	488.8%	771.7%
C.O.G.S.	100%	163.4%	284.7%	459.2%	799.9%
Gross Profit	100%	172.6%	204.6%	571%	693.5%

### 4.1.3. Dolar and Percentage Changes.

	2000	1999	1998	2000 Over 1999 Amount	2000 Over 1999 %	1999 Over1998 Amount	1999 Over 1998 %
les	496,586,703	312,451,808	188,437,984	184,134,895	59%	124,013,824	66%
Net	42,428,511	28,919,912	17,385,236	13,508,599	47%	11,534,676	85%

	2002	2001	2000	2002	2002	2001	2001
Ŀ.			they	Over2001	Over2001	Over2000	Over2000
E			1.0	Amount	%	Amount	%
Net Sales	1,454,140,051	921,065,657	496,586,703	533,074,394	58%	424,478,954	86%
Net Income	72,988,792	54,718,588	42,428,511	18,270,204	33%	12,290,077	29%

### 4.1.4. Ratio Analysis.

	1998	1999	2000	2001	2002
Current Assets	123,903,136	245,093,517	466,180,586	854,886,015	1.506.667.811
Current Liabilities	105,333,640	205,845,012	326,110,973	616,420,959	744,726,251
Current Ratio	1.18	1.19	1.43	1.39	2.02

	1998	1999	2000	2001	2002
Quick Assets	77,999,633	152,414,681	347,858,773	678,879,995	1,195,880,158
Current Liabilities	105,333,640	205,845,012	326,110,973	616,420,959	744,726,251
Quick Ratio	0.74	0.74	1.07	1.10	1.61

466 180 586	051005015	
100,100,000	854.886.015	1.506.667.811
326,110,973	616,420,959	744,726,251
140,069,613	616,420,959	761,941560
	326,110,973 140,069,613	326,110,973616,420,959140,069,613616,420,959

	1998	1999	2000	2001	2002
Net Sales	188,437,984	312,451,808	496,586,703	921.065.657	1,454,140,051
Average Account Receivable	37,809,634	86,244,616.5	165,295,636	338,874,916	338 874 916
Receivable Turn Over Rate	4.98	3.62	3.00	2.72	2.59

	1998	1999	2000	2001	2002
Days	365	365	365	365	365
Receivable Turn Over rate	4.98	3.62	3.00	2.72	2.59
Days To Collect Account Receivables	73.29	100.83	121.67	134.19	140.93

	1998	1999	2000	2001	2002
C.O.G.S.	138,546,912	226,362,727	394,502,404	636,203,022	1,108,160,371
Average Inventory	26,548,295.5	43,489,533	66,362,565	105,260,084	162,215,373.5
Inventory Turnover Rate	5.22	5.21	5.95	6.04	6.83

	1998	1999	2000	2001	2002
Days	365	365	365	365	365
Inventory Turn Over rate	5.22	5.21	5.95	6.04	6.83
Da ys To Sell Average Inventory	69.92	70.06	61.35	60.43	53.44

	1998	1999	2000	2001	2002
Days To Collect Account Receivables	73.29	100.83	121.67	134.19	140.93
Days To Sell Average Inventory	69.92	70.06	61.35	60.43	53.44
Operating Cycle	143.21	170.89	183.02	195.45	194.37

	1998	1999	2000	2001	2002
Total Liabilities	111,030,844	211,086,674	331,112,210	686,992,430	1,294,000,773
Total Assets	145,587,968	283,782,457	536,087,163	969,531,711	1,691,450,756
Debt Ratio	76.26%	74.38%	61.77%	70.86%	76.50%
	1998	1999	2000	2001	2002
------------------------	-------------	-------------	-------------	-------------	---------------
Dollar Gross Profit	49,891,072	86,089,081	102,084,299	284,862,635	345,979,680
Net Sales	188,437,984	312,451,808	496,586,703	921,065,657	1,454,140,051
Gross Profit Rate	0.265	0.276	0.206	0.309	0.238

	1998	1999	2000	2001	2002
Operating Expenses	8,596,447	13,771,917	23,707,327	37,720,344	86,215,417
Net Sales	188,437,984	312,451,808	496,586,703	921,065,657	1,454,140,051
Operating Expense Ratio	(0.046)	(0.044)	(0.048)	(0.041)	(0.059)

	1998	1999	2000	2001	2002
Net Income	13,385,236	28,919,912	42,428,511	54,718,588	72,988,792
Net Sales	188,437,984	312,451,808	496,586,703	921,065,657	1,454,140,051
Netincome as a Percentages Of Net Sales	9.23%	9.26%	8.54%	5.94%	5.02%
	L	1		1	J.,

	1998	1999	2000	2001	2002
Operating Income	41,294,624	72,317,164	78,376,972	247,142,291	259,764,263
Average Total Assets	113,945,339	214,685,212.5	409,934,810	752,809,437	1,330,491,233.5
Return On Assets	0.362	0.337	0.191	0.328	0.195

6. Subsidiaries		529,236	-
7. Capital commitments to subsidiaries (-)		-400,000	6, 11 - 11 - 11 <del>-</del>
8. Provision for diminution in value of subsid		0	-
9. Other non-current financial assets		0	-
D. FIXED ASSETS		18,624,132	-
1. Land		298	•
2. Land improvements		99,660	-
3. Buildings		1,871,969	-
4. Machinery and equipment		16,686,159	-
5. Motor vehicles		119,840	-
6. Furniture and fixtures		1,556,012	-
7. Other fixed assets		.0	-
8. Accumulated depreciation (-)		-3,499,957	-
9. Construction in progress		1,358,156	- 11 - E
10. Order advances given		431,994	-
E. INTANGIBLE ASSETS		71,545	- 1 (C)
1. Establishment cost (net)		36,222	-
2. Rights		0	- -
3. Research and development expenses		0	-
4. Other intangible assets		35,323	· · · · ·
5. Advances gives	CONTRACTOR AND	0	-
F. OTHER NON-CURRENT ASSETS		2,544,498	
TOTAL ASSETS		145,587,968	-
I. CURRENT LIABILITIES		105,333,640	
A. SHORT-TERM BORROWINGS		23,615,426	-
1. Bank borrowings		23,615,426	20.000220
2. Principal installments and interest on long		0	-
3. Principal installments and interest on bill		Ő	
4. Notes and bonds issued		0	-
5 Other short-term borrowings		0	•
B. TRADE PAYABLES		62,107,328	-
1 Suppliers		62,867,096	<u>(</u> 1
2. Notes payable		257,490	-
3. Deposits and guarantees received		0	이 아이는 영화
4. Other trade payables		35,368	-
5. Rediscount of notes payable (-)		-1,052,629	-
C. OTHER CURRENT LIABILITIES		17,608,920	-
1 Due to shareholders		4,367	
2. Due to investments		0	-
3. Due to subsidiaries		0	
4. Accrued expenses		0	-
5 Witholdings payable		1,786,952	-
6. Deferred payables to government		0	-
7. Other short-term liabilities		15,817,600	·
8. Rediscount of notes payable (-)		0	-
D. ADVANCES RECEIVED		121,484	
E. ALLOWANCE FOR PAYABLES AND EXPENSES	5	1,880,484	-
1. Provision for taxes		1,867,191	
2. Provision for payables and accruels	a	13,293	-
TI. LONG-TERM LIABILITIES		5,697,209	Barbard Barbara -
A. LONG-TERM BORROWINGS		1,407,240	-
1. Bank borrowings		1,407,240	•
2. Bonds issued		0	-
3. Other marketable securities issued		0	-
4. Other long-term borrowings	10 March 10	0	-
B. TRADE PAYABLES		1,179,274	
1. Suppliers		1,311,210	-

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## VESTEL

EINANCIAL STATEMENTS (Million TL)*	1998 4.Period	.Period
	123,903,136	-
A LICHUD ACCETC	591,033	
ALIQUID ASSETS	8,316	-
1. Cash	566,267	
2. Danks	16,450	-
	22,153,884	1997) B. S. S
B. MARKETABLE SECONTIES	0	-
1. Share slocks	0	•
2. Private securi bins, none and Treasury bills	22,153,884	-
3. Government bonds and model ) and	0	•
4. Other marketable scoulings	0	-
5. Provision for diminuter in value of marter	55,145,468	11. A.S. (1) . •
C. SHORT-TERMITIONEL REGERATORES	55,383,280	-
1. Customers	1,038,953	-
2. Notes receivable	5,163	-
3. Deposits and guarantee growth	637	
4. Umer shall-ter in a actes receivable (-)	-1,281,927	-
5. Rediscount of house receivables (-)	-637	- 1999
5. PROVISION TO BOBLION CONTRACTOR OF THE STATE	109,249	-
D. UTHER SHORT-TERM TRADE RECEIVABLES	0	
1. Due from invoctments	0	-
2. Due from investments	0	-
3. Due from subsidiaries	109,249	-
4. Other shull-term receivables	0	
5. Rediscourt of hotes receivable (-)	0	
6. Provision for doubling receivables (-)	30,102,120	
E. INVENTORIES	14,953,910	
1. Kaw materials	958,663	223) (A.
	0	
3. Work in progress	1,986,890	
4. Finished goods	2.120.655	
5. Commercial goods	252,448	
7 Dravision for diminution in value of invent	0	
7. Provision for diminization in value of invent	9,829,553	
	15.801,383	alara pelang talapatan sara (
F. OTHER CORRENT ASSETS	21,684,838	
IL NON-CURRENT ASSCIO	35,604	
A. LONG-TERM TRADE RECEIVABLES	0	
1. Customers	0	
2. Notes receivable	35.604	
3. Deposits and your trade receivables	0	
5. Dediesout of potes receivables	Ö	
C. Desizion for doubtful receivables (-)	0	
6. Provision for doubling receivables (-)	0	
B UTHER LUNG-TERM TRADE RECEIDEDLED	0	
1. Due from shareholders	0	
2. Due from investments	0	
3. Due from subsidiaries	• 0	
4. Under jung-term receivables	0	
5. Rediscount of notes receivable (-)		
	409 060	
C. FINANCIAL ASSETS	15 756	
1. Marketable securities issued by subsidiarie	0	
2. Provision for diminution in value of market	267.818	
3. Investments	-3 750	
4. Capital commitments to investments	0	

5. Provision for diminution in value of invest

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a culturistication			520 226	
	or, equest .	1. 100 AM	400,000	. 188
/ Capital commitments to subsidiaries (-)	· And the se		-400,000	
8. Provision for diminution in value of subsid	en orwewerke t			
9. Other non-current financial assets			10.004.400	
D. FIXED ASSETS			18,624,132	-
1. Land			298	
2. Land improvements			99,660	-
3. Buildings			1,871,969	-
4. Machinery and equipment			16,686,159	-
5. Motor vehicles			119,840	
6. Furniture and fixtures			1,556,012	-
7. Other fixed assets			0	
8. Accumulated depreciation (-)			-3,499,957	-
9. Construction in progress		- Malata	1,358,156	-
10. Order advances given			431,994	-
E. INTANGIBLE ASSETS			71,545	-
1. Establishment cost (net)			36,222	-
2. Rights			0.00	- 1866
3. Research and development expenses			0	-
4. Other intangible assets			35,323	-
5. Advances gives			0	-
F OTHER NON-CURRENT ASSETS			2,544,498	-
TOTAL ASSETS			145,587,968	-
I. CURRENT LIABILITIES	· · · ·		105,333,640	
A. SHORT-TERM BORROWINGS			23.615.426	-
1. Bank borrowings			23,615,426	10000 2 2
2. Principal installments and interest on long	3		0	-
3. Principal installments and interest on bill			0	
4. Notes and bonds issued		s sensitististististististististististististi	0	-
5 Other short-term barrowings			0.00	
B TRADE PAYABLES			62,107,328	-
1 Suppliers			62 867 096	
2 Notes pavable		a de la construcción de la constru La construcción de la construcción d	257 490	
3 Deposits and guarantees received		1926.985	0	
4 Other trade payables			35 368	•
5 Rediscount of notes payable (-)			-1 052 629	·
C OTHER CURRENT LIABILITIES			17 608 920	
1. Due to shareholders			4 367	a matter of
2 Due to investments			0	- 10,000,000,000
3 Drie to subsidiaries			ő	energian I
4 Accrued expenses			0	chesternes i T
5 Witholdings payable			1 796 052	e. 19650
6. Deferred payables to government			1,700,302	
7 Other short-term lighilities			15 917 600	c tobe to
8. Rediscount of notes payable (-)			10,017,000	1
D ADVANCES RECEIVED	- 19. · · · ·		101 494	
E ALLOWANCE FOR PAYARIES AND EXPENSE	e		1 990 494	
1. Provision for taxes	.6		1 967 404	-
2. Provision for payables and apprusie		102 102 102 102 102 102 102 102 102 102	1,007,191	1 A 1
			13,293	-
			1,407,209	
A. LUNG-TERM DURRUVVINGS			1,407,240	-
1. Bank corrowings			1,407,240	na halas tala 🗧 🗖
			0	-
3 Other marketable securities issued			0	-
4. Other long-term borrowings			0	-
B. IRADE PAYABLES			1,179,274	•
1. Suppliers			1,311,210	-

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4 Other operating income and profits	6,776,874	-
C EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-2.679,293	- 1.2.2
H FINANCIAL EXPENSES (-)	-31,652,416	-
1 Short-term financial expenses	-31,652,416	-
2 Long-term financial expenses	0	-
OPERATING PROFIT (LOSS)	20,316,974	- 1000
LETRAORDINARY INCOME AND PROFITS	89,130	-
1 Reversal of provisions	0	- 112 -
2 Prior year income and profit	0	-
3 Other extraordinary income and profit	89,130	
L EXTARORDINARY EXPENSES AND LOSSES	-678,277	1000
1 Idle division expenses and losses	-676,479	stratski -
2 Prior year expenses and losses	-1,798	-
3 Other extraordinary expenses and losses	0	
INCOME BEFORE TAXATION	19,727,828	213,005.4
K. TAXATION AND OTHER LEGAL LIABILITIES	-2,342,590	•
NFT INCOME (LOSS)	17,385,236	10.4

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FINANCIAL STATEMENTS (MINIOT TL)	1999 4.Period	2000 4.Period
I. CURRENT ASSETS	245,093,517	466,180,586
A.LIQUID ASSETS	188,564	85,933,289
1. Cash	15,317	37.412
2. Banks	120,101	83,632,250
3. Other liquid assets	53,146	2.263.627
B. MARKETABLE SECURITIES	33,451,581	23,925 452
1. Share stocks	0	0
<ol><li>Private sector bills, notes and bonds</li></ol>	0	Ó
3. Government bonds and Treasury bills	32 405 652	23 925 452
4 Other marketable securities	1 045 929	20,020,402
5. Provision for diminution in value of marke	it O	0
C. SHORT-TERM TRADE RECEIVABLES	118 321 811	211 700 700
1. Customers	117 105 953	211,125,102
2. Notes receivable	A 255 107	213,403,319
3. Deposits and guarantes given	20.057	31,310
4. Other short-term trade receivables	20,907	96,791
5. Rediscount of notes receivable (-)	2,000,000	14,168
6. Provision for doubtful receivables (-)	-3,000,290	-1,883,638
D. OTHER SHORT-TERM TRADE RECEIVABLES	-09,317	-14,168
1. Due from shareholders	452,725	26,270,250
2. Due from investments	<b>.</b>	0
3. Due from subsidiaries	U	0
4 Other short-term receivables	0	16,948,760
5 Rediscount of notes receivable ( )	452,725	9,321,490
6 Provision for doubtful receivables ( )	0	0
F INVENTORIES	0	0
1 Raw materiale	56,876,946	75,848,184
2 Semi-finished anode	29,386,292	29,441,516
3 Work in progress	1,748,970	3,080,212
4 Finished goods	0	0
5 Commercial goods	4,955,108	4,780,479
6. Other investories	454,741	2,646,000
7 Provision for diminution in walks of the	696,518	98,044
8. Order officences since	0	0
	19,635,319	35,821,933
P. OTHER CORRENT ASSETS	35,801,890	42,473.629
A LONG TERM TRADE DESERVICE	38,688,940	69,906,577
A. LONG-TERM TRADE RECEIVABLES	55,460	64,272
1. Customers	0	0
2. Notes receivable	0	0
3. Deposits and guarantes given	55,460	64,272
4. Other long-term trade receivables	0	0
5. Rediscount of notes receivable (-)	0	0
<ol><li>Provision for doubtful receivables (-)</li></ol>	0	•
B. OTHER LONG-TERM TRADE RECEIVABLES	0	o o
1. Due from shareholders	0	0
2. Due from investments	, in the second s	
3. Due from subsidiaries		
4. Other long-term receivables		U
5. Rediscount of notes receivable (-)	0	alteria di <b>U</b>
6. Provision for doubtful receivables (-)		U
C. FINANCIAL ASSETS	2716760	0
1. Marketable securities issued by subsidiarie	2./10,/00	19,6/1,417
2. Provision for diminution in value of market	15,756	791,684
3. Investments	0	0
4. Capital commitments to investments	1,238,293	3,368,973
5. Provision for diminution in value of investor	-876,950	-900
The second s		

	4,626,667	15,511,660
6. Subsidiaries	-2.287,000	0
7. Capital commitments to subsidiaries (-)	0	0
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	31,523,610	45,251,132
D. FIXED ASSETS	163.029	163,029
1. Land	156,941	220,192
2. Land improvements	2,488,655	2,657,910
3. Buildings	32,597,272	49,570,527
4. Machinery and equipment	196.042	96,614
5. Motor vehicles	2 786 869	3,526,139
6. Furniture and fixtures	2,100,0	0
7. Other fixed assets	-8 239 731	-13,458,418
8. Accumulated depreciation (-)	540,099	1,540,973
9. Construction in progress	834 434	934,166
10. Order advances given	1 267 758	1,099,213
E. INTANGIBLE ASSETS	36 222	36,222
1. Establishment cost (net)		Ó
2. Rights	16 674	15 574
3. Research and development expenses	10,074	1 047 417
4. Other intangible assets	1,215,962	1.043,417
5. Advances gives	0	3 820 543
F. OTHER NON-CURRENT ASSETS	3,125,346	526 097 163
TOTAL ASSETS	283,782,457	200,007,100
CURRENT LIABILITIES	205,845,012	320,110,973
A SHORT-TERM BORROWINGS	54,079,109	74,039,700
1. Bank borrowinds	54,079,109	74,639,700
2 Principal installments and interest on long	0	
3. Principal installments and interest on bill	0	0
A Notes and bonds issued	0	U
5 Other short-term barrowings	0	U
	117,586,141	199,551,947
	114,354,655	170,9/0,51/
2. Netec payable	4,908,449	32,541,740
2. Notes payable	190	89,067
1. Other trade payables	74,523	0
4. Other trade payables	-1,751,676	-4,049,377
5. REDISCOUNT OF HOLES PSYCHOLOGY	31,985,858	36,818,631
C. OTHER CURRENT LIADIETTEO	4,126	3,714
1 Due to snarenouels	0	C
2. Due to investments	0	C
3 Due to subsidiaries	0	(
4. Accrued expenses	2,125,142	5,077,060
5. Witholdings payable	0	(
6. Deferred payables to government	29,856,590	31,737,857
7. Other short-term liabilities	0	(
8. Rediscount of notes payable (-)	77 024	160,02
D ADVANCES RECEIVED	2 116 880	14,740,66
E. ALLOWANCE FOR PAYABLES AND EXPENSES	2 116 880	14,432,50
1 Provision for taxes	2,110,000	308.16
2. Provision for payables and accrueis	5 241 682	5.001.23
II. LONG-TERM LIABILITIES	0,241,002	
A. LONG-TERM BORROWINGS	ŏ	a na anna an
1. Bank borrowings	0	
2. Bonds issued		
3. Other marketable securities issued	0	
4. Other long-term borrowings	0	ADD 07
B TRADE PAYABLES	1,134,002	420,07
	1 240 009	444,84

G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)   -7.130,251   -6,845,669     H. FINANCIAL EXPENSES (-)   -60,590,671   -46,381,583     1. Short-term financial expenses   -60,590,671   -46,381,583     2. Long-term financial expenses   -0   0     0   0   0   0     0   0   33,497,791   58,095,842     1. EXTRAORDINARY INCOME AND PROFITS   303,278   112,410     1. Reversal of provisions   0   0     2. Prior year income and profit   0   0     3. Other extraordinary income and profit   303,278   112,410     J. EXTARORDINARY EXPENSES AND LOSSES   -583,442   -1,347,237     1. Idle division expenses and losses   -564,235   -1,341,641     2. Prior year expenses and losses   0   0     3. Other extraordinary expenses and losses   0   0     3. Other extraordinary expenses and losses   -19,207   -5,596     3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND	4. Other operating income and profits	16,529,519	17,067,265
H. FINANCIAL EXPENSES (-) -60,590,671 -46,381,583   1. Short-term financial expenses -60,590,671 -46,381,583   2. Long-term financial expenses 0 00   OPERATING PROFIT (LOSS) 33,497,791 58,095,842   I. EXTRAORDINARY INCOME AND PROFITS 303,278 112,410   1. Reversal of provisions 0 0   2. Prior year income and profit 0 0   3. Other extraordinary income and profit 303,278 112,410   J. EXTARORDINARY EXPENSES AND LOSSES -583,442 -1,347,237   1. Idle division expenses and losses -564,235 -1,341,641   2. Prior year expenses and losses -564,235 -1,341,641   2. Prior year expenses and losses -19,207 -5,596   INCOME BEFORE TAXATION 33,217,627 56,861,015   K. TAXATION AND OTHER LEGAL LIABILITIES -4,297,715 -14,432,504   NET INCOME (LOSS) 28,919,912 42,428,511	G. EXPENSES AND LOSSES FROM OTHER OPERATIONS (-)	-7.130,251	-6,845,669
1. Short-term financial expenses   -60,590,671   -46,381,583     2. Long-term financial expenses   0   00     OPERATING PROFIT (LOSS)   33,497,791   58.095,842     I. EXTRAORDINARY INCOME AND PROFITS   303,278   112,410     1. Reversal of provisions   0   00     2. Prior year income and profit   0   00     3. Other extraordinary income and profit   303,278   112,410     J. EXTARORDINARY EXPENSES AND LOSSES   -583,442   -1,347,237     1. Idle division expenses and losses   -564,235   -1,341,641     2. Prior year expenses and losses   0   00     3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	H. FINANCIAL EXPENSES (-)	-60,590,671	-46,381,583
2. Long-term financial expenses   0   0     OPERATING PROFIT (LOSS)   33,497,791   58,095,842     I. EXTRAORDINARY INCOME AND PROFITS   303,278   112,410     1. Reversal of provisions   0   0     2. Prior year income and profit   0   0     3. Other extraordinary income and profit   303,278   112,410     J. EXTARORDINARY EXPENSES AND LOSSES   -583,442   -1,347,237     1. Idle division expenses and losses   -564,235   -1,347,237     1. Idle division expenses and losses   0   0     3. Other extraordinary expenses and losses   -564,235   -1,347,237     1. Idle division expenses and losses   0   0   0     3. Other extraordinary expenses and losses   -564,235   -1,341,641     2. Prior year expenses and losses   -19,207   -5596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	1. Short-term financial expenses	-60,590,671	-46,381,583
OPERATING PROFIT (LOSS)   33,497,791   58,095,842     I. EXTRAORDINARY INCOME AND PROFITS   303,278   112,410     1. Reversal of provisions   0   0     2. Prior year income and profit   0   0     3. Other extraordinary income and profit   303,278   112,410     J. EXTARORDINARY EXPENSES AND LOSSES   -583,442   -1,347,237     1. Idle division expenses and losses   -564,235   -1,341,641     2. Prior year expenses and losses   0   0     3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	2. Long-term financial expenses	0	0
I. EXTRAORDINARY INCOME AND PROFITS   303,278   112,410     1. Reversal of provisions   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   112,410   303,278   112,410   303,278   112,410   303,278   112,410   0   14,472,37   1,416   14,472,37   1,416,411   2   Prior year expenses and losses   -564,235   -1,341,641   2   Prior year expenses and losses   0   0   0   0   0   0   0   0   0   0   0   0   0   0 <td>OPERATING PROFIT (LOSS)</td> <td>33,497,791</td> <td>58,095,842</td>	OPERATING PROFIT (LOSS)	33,497,791	58,095,842
1. Reversal of provisions   0   0     2. Prior year income and profit   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   112,410   303,278   112,410   303,278   112,410   303,278   112,410   3147,237   1,347,237   1,347,237   1,347,237   1,341,641   2. Prior year expenses and losses   -564,235   -1,341,641   2. Prior year expenses and losses   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0   0 </td <td>I. EXTRAORDINARY INCOME AND PROFITS</td> <td>303,278</td> <td>112,410</td>	I. EXTRAORDINARY INCOME AND PROFITS	303,278	112,410
2. Prior year income and profit003. Other extraordinary income and profit303,278112,410J. EXTARORDINARY EXPENSES AND LOSSES-583,442-1,347,2371. Idle division expenses and losses-564,235-1,341,6412. Prior year expenses and losses003. Other extraordinary expenses and losses003. Other extraordinary expenses and losses-19,207-5,596INCOME BEFORE TAXATION33,217,62756,861,015K. TAXATION AND OTHER LEGAL LIABILITIES-4,297,715-14,432,504NET INCOME (LOSS)28,919,91242,428,511	1. Reversal of provisions	0	0
3. Other extraordinary income and profit   303,278   112,410     J. EXTARORDINARY EXPENSES AND LOSSES   -583,442   -1,347,237     1. Idle division expenses and losses   -564,235   -1,341,641     2. Prior year expenses and losses   0   0     3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	2. Prior year income and profit	0	0
J. EXTARORDINARY EXPENSES AND LOSSES   -583,442   -1,347,237     1. Idle division expenses and losses   -564,235   -1,341,641     2. Prior year expenses and losses   0   0     3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	3. Other extraordinary income and profit	303,278	112,410
1. Idle division expenses and losses -564,235 -1,341,641   2. Prior year expenses and losses 0 0   3. Other extraordinary expenses and losses -19,207 -5,596   INCOME BEFORE TAXATION 33,217,627 56,861,015   K. TAXATION AND OTHER LEGAL LIABILITIES -4,297,715 -14,432,504   NET INCOME (LOSS) 28,919,912 42,428,511	J. EXTARORDINARY EXPENSES AND LOSSES	-583,442	-1,347,237
2. Prior year expenses and losses   0   0     3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	1. Idle division expenses and losses	-564,235	-1,341,641
3. Other extraordinary expenses and losses   -19,207   -5,596     INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	2. Prior year expenses and losses	0	0
INCOME BEFORE TAXATION   33,217,627   56,861,015     K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	3. Other extraordinary expenses and losses	-19,207	-5,596
K. TAXATION AND OTHER LEGAL LIABILITIES   -4,297,715   -14,432,504     NET INCOME (LOSS)   28,919,912   42,428,511	INCOME BEFORE TAXATION	33,217,627	56,861,015
NET INCOME (LOSS) 28,919,912 42,428,511	K. TAXATION AND OTHER LEGAL LIABILITIES	-4,297,715	-14,432,504
	NET INCOME (LOSS)	28,919,912	42,428,511

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FINANCIAL STATEMENTS (Million TL)*	2001 4.Period	2002 4.Period
I. CURRENT ASSETS	854,886,015	1,506,667,811
A LIQUID ASSETS	146,329,076	441,370,316
1. Cash	68,602	32,254
2. Banks	146,255,029	441,300,468
3. Other liquid assets	5,445	37,594
B MARKETABLE SECURITIES	2,477,186	36,594,222
1. Share stocks	0	0
<ol><li>Private sector bills, notes and bonds</li></ol>		0
<ol><li>Government bonds and Treasury bills</li></ol>	2,477,186	36,594,222
4. Other marketable securities	an a	0
5. Provision for diminution in value of market	0	0
C. SHORT-TERM TRADE RECEIVABLES	464,308,955	657,857,080
1. Customers	464,264,513	657,589,875
2. Notes receivable	0	0 (1994) (1997) <b>0</b>
3. Deposits and guarantes given	63,554	267,221
<ol><li>Other short-term trade receivables</li></ol>	86,806	12,459
5. Rediscount of notes receivable (-)	-19,112	-16
<ol><li>Provision for doubtful receivables (-)</li></ol>	-86,806	-12,459
D. OTHER SHORT-TERM TRADE RECEIVABLES	65,764,778	60,058,540
1. Due from shareholders	0	0
2. Due from investments	0	0
3. Due from subsidiaries	57,043,892	53,331,177
4. Other short-term receivables	8,720,886	6,727,363
5. Rediscount of notes receivable (-)	0	0
6. Provision for doubtful receivables (-)	0	0
E INVENTORIES	134,671,984	189,758,763
1. Kaw materials	53,438,978	80,429,727
	5,310,872	8,264,394
3. VVORK IN progress		
4. Finished goods	10,203,876	24,041,295
5. Conimercial goods	1,947,462	79,529
7 Provision for diminution in volue of invest	2,773,119	664,966
8. Order advancer diver		0
	60,997,677	/6,2/8,852
IL NON-CHERENT ASSETS	41,334,036	121,028,890
A LONG-TERM TRADE RECEIVABLES	114,043,090	184,782,945
1 Customers	20,407	18,880
2 Notes receivable	0	
3 Deposits and guarantes given	20.467	
4. Other long-term trade receivables	20,401	10,000
5. Rediscount of notes receivable (~)	0	
6. Provision for doubtful receivables (-)	0	
B OTHER LONG-TERM TRADE RECEIVABLES		0
1. Due from shareholders	0	0
2. Due from investments		
3. Due from subsidiaries		
4. Other long-term receivables	ň	
5. Rediscount of notes receivable (-)	0	0 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 0
6. Provision for doubtful receivables (-)	Û.	n n
C. FINANCIAL ASSETS	20.879.478	22,508,566
1. Marketable securities issued by subsidiarie	2.102.323	2,547,260
2. Provision for diminution in value of market	0	0
3. Investments	3,030.825	3.030.825
4. Capital commitments to investments	-675	0
5. Provision for diminution in value of invest	0	0

6. Subsidiaries	15,747,005	17,287,327
7. Capital commitments to subsidiaries (-)	0	-356,846
8. Provision for diminution in value of subsid	0	0
9. Other non-current financial assets	0	0
D. FIXED ASSETS	76.084.303	138.055.825
1. Land	163.029	163.029
2. Land improvements	404 406	642 502
3. Buildings	4 193 596	7 389 088
4. Machinery and equipment	90 790 089	183 393 764
5. Motor vehicles	181 904	215 305
6. Furniture and fixtures	4 949 057	8 243 509
7. Other fixed assets	1,010,007	0,240,000
8. Accumulated depreciation (-)	-28 920 177	67 727 748
9 Construction in progress	2 597 522	5 504 679
10. Order advances given	1 724 877	141 609
E INTANGIBLE ASSETS	1.7/1.056	1 797 770
1 Establishment cost (net)	26.222	1,101,110
2 Rights	30,222	
3. Research and development expenses	248 720	19,107
4. Other intensible accets	248,720	184,983
5. Advances gives	1,456,114	1,523,680
E OTHED MON CHIDDENT ASSETS	15 010 000	0
TOTAL ASSETS	15,912,392	22,411,904
	969,531,711	1,691,450,756
	616,420,959	/44,726,251
	193,226,126	9.342.818
2. Principal installments and interest on the	193,226,126	9,342,818
2. Principal installments and interest on long		0
A Notee and heads insued	<b>0</b>	0
4. Notes and bonds issued	0	0
D. Utter short-term borrowings	0	0
D. TRADE PATADLES	359,973,776	612,628,665
1. Suppriers	302,387,717	598,238,202
	60,049,408	17,573.641
3. Deposits and guarantees received	22,000	0
4. Other trade payables	406,719	132,857
5 Rediscount of notes payable (-)	-2,892,068	-3,316,035
C. OTHER CORRENT LIABILITIES	36,994,461	112,619,449
T. Due to shareholders	3,669	0
2. Due to investments	0	0
3. Due to subsidiaries	0	0
4. Accrued expenses	0	0
5. Witholdings payable	6,369,658	3,101,674
6. Deferred payables to government	0	0
7. Other short-term liabilities	30,621,134	109,517,775
8. Rediscount of notes payable (=)	0	0
D. ADVANCES RECEIVED	27,771	85,391
E. ALLOWANCE FOR PAYABLES AND EXPENSES	26,198,825	10,049,928
1. Provision for taxes	26,001,039	6,456,096
2. Provision for payables and accruels	197,786	3,593,832
II. LONG-TERM LIABILITIES	70,571,471	549,274,522
A. LONG-TERM BORROWINGS	63,405,750	481,785,427
1. Bank borrowings	63,405,750	481,785,427
2. Bonds issued	0	0
3. Other marketable securities issued	0	0
4. Other long-term borrowings	0	0
B. TRADE PAYABLES	0	Q
1. Suppliers	0	0

Z. Notes payable	0	C
3. Deposits and guarantees received	0	
4. Other trade payables	0	C
5. Rediscount of notes payable (-)	0	C
C. OTHER LONG-TERM BORROWINGS	8,859	4,503,807
1. Due to shareholders	0	C
2 Due to investments	0	C
3. Due to subsidiaries	0	C
4. Deferred payables to government	0	Constant Con
5. Other long-term borrowings	8.859	4 503 807
6. Rediscount of notes payable (-)	0	
D. ADVANCES RECEIVED	0	• • • • • • • • • • • • • • • • • • •
E. PROVISION FOR PAYABLES AND EXPENSES	7 156 862	62 985 289
1. Provision for retirement pay	7 156 862	8 996 199
2 Provision for other payables and accruels	1,100,002	53 090 090
I SHAREHOLDERS' FQUITY	282 520 291	207 440 092
A SHARE CAPITAL	150 000 997	357,449,903
B CAPITAL COMMITMENTS (-)	100,000,000	103,033,007
C SHAPE PREMILINA	U	
	22.060.475	65 000 504
1. Revaluation surplus on fixed accets	23,909,473	00,900,531
2 Revaluation surplus on investments	22,009,475	64,529,151
3. Revaluation surplus on common stocks	U	97,048
E DECEDVEC	1,100,000	1,280,332
E. RESERVES	44,751,331	99,454,773
1. Legal reserves	2,921,426	6,551,406
2. Statutory reserves	0	0
3. Special reserves	15,146	0
4. Extraordinary reserves	41,814,759	92,903,367
5. Cost increase fund	0	0
o. Fixed assets and investment sales income to	0	0
F. NET INCOME FOR THE PERIOD	54,718,588	72,988,792
G. LOSS FOR THE PERIOD (-)	0	0
H. PRIOR YEAR LOSSES (-)	0	0
I. PREVIOUS YEAR LOSSES (-)	0	0
1year losses	0	0
2 year losses	0	0
OTAL LIABILITIES AND SHAREHOLDERS' EQUITY	969,531,711	1,691,450,756
A. GROSS SALES	924,092,253	1,458,592,094
1. Domestic sales	54,195,211	76,863,364
2. Exports	792,411,689	1,360,939,121
3. Other sales	77,485,353	20,789,609
3. SALES DEDUCTIONS (-)	-3,026,596	-4,452,043
1. Sales returns (-)	-1,530,375	-1,966,361
2. Sales discounts (-)	0	0
3. Other deductions (-)	-1,496,221	-2,485,682
C. NET SALES	921,065,657	1,454,140,051
). COST OF SALES (-)	-636.203.022	-1,108,160 371
GROSS PROFIT (LOSS)	284.862.635	345.979.680
. OPERATING EXPENSES (-)	-37,720,344	-86,215,417
1. Research and development expenses (-)	-4.266.192	-10 385 551
2. Selling ana marketing expenses (-)	-19.872.609	-50 766 239
3. General and admiinistrative expenses (-)	-13 581 543	-25 063 627
PROFIT (LOSS) FROM MAIN OPERATIONS	247 142 291	250 764 262
INCOME AND PROFIT FROM OTHER OPERATIONS	140 052 267	108 245 105
1. Dividends from investments	, 40, 002, 207 0	100,240,100
2. Dividends from subsidiaries	n and Angele of Angele (Angele). A	02,300
	U	0

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4. Other operating income and profits	44,750,899	85,092,459
G. EXPENSES AND LOSSES FROM OTHER OPERATIO	-6,949,337	-71,806.241
H. FINANCIAL EXPENSES (-)	-297,938,010	-269,106,536
1. Short-term financial expenses	-297,938,010	-269,106,536
2. Long-term financial expenses	0	0
OPERATING PROFIT (LOSS)	82,307,211	117,096,651
I. EXTRAORDINARY INCOME AND PROFITS	354,656	3,339,415
1. Reversal of provisions	0	0
2. Prior year income and profit	0	2,717,369
3. Other extraordinary income and profit	354,656	622,046
J. EXTARORDINARY EXPENSES AND LOSSES	-1,942,240	-4,883,104
1. Idle division expenses and losses	-1,941,929	-4,838,160
2. Prior year expenses and losses	0	0
3. Other extraordinary expenses and losses	-311	-44,944
INCOME BEFORE TAXATION	80,719,627	115,552,962
K. TAXATION AND OTHER LEGAL LIABILITIES	-26,001,039	-42,564,170
NET INCOME (LOSS)	54,718,588	72,988,792