# NEAR EAST UNIVERSITY 

FACULTY OF ECONOMICS<br>\&<br>ADMINISTRATIVE SCIENCES

BUSINESS DEPARTMENT

## GRADUATION PROJECT

Financial Statement Analysis Of BEKO

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#### Abstract

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

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, Govemment, 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

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 lzocam moved some of its EPS machinery with operating staff into Beko Electronic premises in Beylikduzu near Istanbul. ${ }^{1}$ 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.

[^0]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-userfriendly products, beyond the expectations of its customers in a safe and reliable way. ${ }^{2}$

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.

[^1]
## 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:

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. ${ }^{3}$

### 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,

[^2]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. ${ }^{4}$

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

[^3]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 concem. 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.

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, longterm 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:

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. ${ }^{5}$

### 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. ${ }^{6}$

### 2.2.1 Revenue:

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.

[^4]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 eamings 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.?

### 2.2.2 Expenses:

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

[^5]wearing-out (depreciation) of such assets as buildings, Automobiles and office equipment. All these 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 carty 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. ${ }^{8}$

### 2.2.3 Net income:

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. ${ }^{9}$

### 2.3 STATEMENT OF STOCKHOLDER'S EQUITY:

Many corporations expand their statement of retained eamings 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 eaming explains the

[^6]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 eamings. 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. ${ }^{10}$

### 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:

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

[^7]cash payments for taxes. ${ }^{11}$

### 2.4.2 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 seftle 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. ${ }^{12}$

[^8]
## 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

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. ${ }^{13}$

### 3.1.4. Ratios Analysis

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

[^9]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. ${ }^{14}$

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.

$$
\text { Current Ratio }=\frac{\text { Current Assets }}{\text { Current Liabilities }}
$$

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 arc the least liquid of a firm's current assets, that's why it is not included in calculating quick ratio.

$$
\text { Quick Ratio }=\frac{\text { Current Assets }- \text { Inventories }}{\text { Current Liabilities }}
$$

[^10]Working Capital to total assets: Working capital is frequently viewed as the amount of shorterm liquidity a firm has. It also measures short-term debt-paying ability of a firm. A low relatively low level might indicate relatively low levels of liquidity. Changes in the amount of working capital from one accounting period to another are significant, because the amount of working 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.

$$
365 \text { days }
$$

Days to sell the inventory $=-\quad$ 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 Tumover Rate $=$

## 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.

## 365 days

Days to collect average accounts receivable Accounts Receivable Tumover Ratio

Operating Cycle: The inventory turnover rate indicates how quickly inventory sales, but not how quickly 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
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.

$$
\text { Total debt ratio }=\frac{\text { Total liabilities }}{\text { Total asset }}
$$

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. ${ }^{16}$

## Dollar gross profit <br> Gross profit rate $=$ <br> 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.

$$
\text { Profit Margin (net income as a percentage of net sales) }=\frac{\text { Net Income }}{\text { Sales }}
$$

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 expense ratio $=\frac{\text { Operating expenses }}{\text { Net sales }}$

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

[^11]assets. It measures the productivity of assets regardless of how the assets are financed by creditors or investors.
$$
\text { Return on Assets }(\text { ROA })=\frac{\text { Operating Income }}{\text { Average Total Assets }}
$$

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

$$
\text { Return on Equity }(\text { ROE })=\frac{\text { Net Income }}{\text { Average Stockholders' Equity }}
$$

Average Stockholders' Equity $=$

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 eaming per share. Earning per share is calculated by dividing net income by number of
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.

$$
\text { Market to Book Ratio }=\frac{\text { Market Price of Common Stock per Share }}{\text { Book Value of Equity per Common Share }}
$$

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. ${ }^{17}$

$$
\text { Dividend Yield }=\frac{\text { Annual Dividends per Common Share }}{\text { Market Price of Common Stock per Share }}
$$

[^12]
## 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

### 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\% |
| Operating Expenses (-) | $(19,451,080)$ | (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\%) |


| Operating Profit (Loss) | $1,010,975$ | $6,144,285$ | $0.75 \%$ | $6 \%$ |
| :--- | :---: | :---: | :---: | :---: |
| Extra Ordinary Income <br> And Profits | $6,464,168$ | $1,360,588$ | $4.8 \%$ | $1.3 \%$ |
| Extra Ordinary Expenses <br> 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 <br> 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 | $\mathbf{2 0 0 0}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{1 9 9 9}$ |
| :--- | :--- | :--- | :--- | :--- |
| 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) | $52,410,771$ | $27,319,726$ | $20.3 \%$ | $20.27 \%$ |
| Operating Expenses (-) | $(25,647,585)$ | $(19,451,080)$ | $9.9 \%)$ | $(14.43 \%)$ |
| Profit (Loss) from Main <br> Operations | $26,763,186$ | $7,868,646$ | $10.3 \%$ | $5.84 \%$ |
| Income And Profit From <br> Other Operations | $8,168,966$ | $5,433,624$ | $3 \%$ | $4 \%$ |
| Expenses And Losses From <br> Other Operations (-) | $(3,322,837)$ | $(2,201)$ | $(1.2 \%)$ | $(0.001 \%)$ |
| Financial Expenses(-) | $(21,171,280)$ | $(14,311,044)$ | $(8.2 \%)$ | $(10.62 \%)$ |
| Operating Profit (Loss) | $10,438,035$ | $1,010,975$ | $4 \%$ | $0.75 \%$ |
| Extra Ordinary Income And <br> Profits | 5,142 | $6,464,168$ | $0.001 \%$ | $4.8 \%$ |
| Extra Ordinary Expenses And <br> Losses (-) | $(1,015)$ | $(337,633)$ | $(0.0003 \%)$ | $\mathbf{0 . 2 5 \% )}$ |
| Income Before Taxation | $10,442,162$ | $5,115,560$ | $4 \%$ | $3.7 \%$ |
| Taxation And Other Legal <br> Liabilities ( - ) | $(3,638,420)$ | $(763,350)$ | $(1.41 \%)$ | $(0.57 \%)$ |
| Net Income (Loss) | $6,803,742$ | $4,352,210$ | $2.6 \%$ | $3.23 \%$ |


| Table 4.3 | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ |
| :--- | :--- | :--- | :--- | :--- |
| 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 <br> Operations | $70,957,479$ | $26,763,186$ | $16.7 \%$ | $10,3 \%$ |
| :--- | :--- | :--- | :--- | :--- |
| Income And Profit From <br> Other Operations | $33,639,754$ | $8,168,966$ | $7.9 \%$ | $3 \%$ |
| Expenses And Losses From <br> 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 <br> And Profits | 1,963 | 5,142 | $0.0004 \%$ | $0.001 \%$ |
| Extra Ordinary Expenses <br> And Losses (-) | $(11,272)$ | $(1,015)$ | $(0.0026 \%)$ | $(0.0003 \%)$ |
| Income Before Taxation | 517,325 | $10,442,162$ | $0.12 \%$ | $4 \%$ |
| Taxation And Other Legal <br> Liabilities (-) | $(194,010)$ | $(3,638,420)$ | $(0.045 \%)$ | $1.41 \%)$ |
| Net Income (Loss) | 323,315 | $6,803,742$ | $0.076 \%$ | $2.6 \%$ |


| Table 4.4 | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ |
| :--- | :--- | :--- | :--- | :--- |
| 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) | $155,451,896$ | $107,679,810$ | $16.5 \%$ | $25.3 \%$ |
| Operating Expenses (-) | $(77,921,860)$ | $(36,722,331)$ | $(8.2) \%$ | $(8.6 \%)$ |
| Profit (Loss) from Main <br> Operations | $77,530,036$ | $70,957,479$ | $8.24 \%$ | $16.7 \%$ |
| Income And Profit From <br> Other Operations | $5,406,785$ | $33,639,754$ | $.57 \%$ | $7.9 \%$ |
| Expenses And Losses From <br> Other Operations (-) | $(8,783,641)$ | $(3,803,435)$ | $(.93) \%$ | $(0.89 \%)$ |
| Financial Expenses(-) | $(64,583,197)$ | $(100,267,164)$ | $(6.86) \%$ | $(23.59 \%)$ |
| Operating Profit (Loss) | $9,569,983$ | 526,634 | $1 \%$ | $0.12 \%$ |
| Extra Ordinary Income And <br> Profits | 818 | 1,963 | $.0008 \%$ | $0.0004 \%$ |
| Extra Ordinary Expenses And <br> Losses ( -$)$ | $(4,007,320)$ | $(11,272)$ | $(.43) \%$ | $(0.0026 \%)$ |
| Income Before Taxation | $5,563,481$ | 517,325 | $.59 \%$ | $0.12 \%$ |
| Taxation And Other Legal <br> Liabilities ( - ) | $(2,487,663)$ | $(194,010)$ | $(.26) \%$ | $(0.045 \%)$ |
| Net Income (Loss) | $3,075,818$ | 323,315 | $.33 \%$ | $0.076 \%$ |

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. ${ }^{18}$

### 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.

|  | $\mathbf{1 9 9 8}$ | 1999 | 2000 | 2001 | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 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 <br> Profit | 26.809 .368 | 27.319 .726 | 52.410 .771 | 107.679 .810 | 155.451 .896 |

[^13]|  | 1998 | 1999 | 2000 | 2001 | 2002 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net Sales | $100 \%$ | $134 \%$ | $256 \%$ | $421 \%$ | $933 \%$ |
| C.O.G.S. | $100 \%$ | $145 \%$ | $279 \%$ | $429 \%$ | $1095 \%$ |
| Gross <br> 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. ${ }^{19}$

### 4.1.3. Dollar and Percentage Changes.

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

[^14]|  | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ | 2002 <br> Over2001 <br> Amount | 2002 <br> Over <br> 2001 <br> 2001 <br> Over2000 <br> Amount | 2001 <br> Over2000 <br> $\%$ |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Net <br> Sales | $926,000,990$ | $418,130,350$ | $254,591,139$ | $507,870,640$ | $121 \%$ | $163,539,211$ | $64 \%$ |
| Net <br> 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. ${ }^{20}$

### 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 $A$.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | 2001 | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Current Assets | $58,929,460$ | $83,291,321$ | $143,334,543$ | 197,053275 | $400,362,886$ |
| Current <br> 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 litrle compared to previous years. Current ratio 2 to 1 or more is better for company's short term liquidity.

[^15]|  | 1998 | 1999 | 2000 | 2001 | 2002 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Quick Assets | $27,408,919$ | $38,512,069$ | $103,731,355$ | $173,481,322$ | $288,914,283$ |
| Current <br> 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.

|  | 1998 | 1999 | $\mathbf{2 0 0 0}$ | 2001 | 2002 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Current Assets | $58,929,460$ | $83,291,321$ | $143,334,543$ | $197,053,275$ | $400,362,886$ |
| Current <br> Liabilities | $45,779,444$ | $70,268,783$ | $109,706,827$ | $155,332,312$ | $253,313,637$ |
| Working <br> 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.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net sales | $99,172,752$ | $132,910,697$ | $254,591,139$ | $418,130,350$ | $926,000,990$ |
| Average <br> account <br> receivables | $13,053,924$ | $28,050,622$ | $52,886,807$ | $100,351,920$ | $187,108,085$ |
| Receivable <br> turnover rate | 7.6 | 4.73 | 4.81 | 4.16 | 4.95 |

Receivable tumover 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.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 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 | $\mathbf{4 8}$ | 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 teclining in 2002 but not too many days. Company's credit policy is not good.

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

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

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 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 | $\mathbf{2 8 . 3}$ |

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

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 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 |

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

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Total <br> liabilities | $49,871,576$ | $76,607,578$ | $129,761,978$ | $181,527,223$ | $380,091,795$ |
| Total Assets | $67,905,768$ | $102,553,738$ | $170,505,879$ | $232,781,530$ | $471,784,031$ |
| 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.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Dollar <br> Gross <br> 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 <br> 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 | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Operating <br> 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 <br> Expense <br> 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.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net income | $5,626,334$ | $4,352,210$ | $6,803,742$ | 323,315 | $3,075,818$ |
| Net sales | $99,172,752$ | $132,910,697$ | $254,591,139$ | $418,130,350$ | $962,000,99$ |
| Net income as <br> a Percentages <br> 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.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Operating <br> Income | $14,801,757$ | $7,868,646$ | $26,763,186$ | $70,957,479$ | $77,530,036$ |
| Average <br> Total <br> Assets | $51,313,474$ | $85,229,753$ | $136,529,808.5$ | $201,643,704.5$ | $352,282,780.5$ |
| Return on <br> 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.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net Income | $5,626,334$ | $4,352,210$ | $6,803,742$ | 323,315 | $3,075,818$ |
| Average <br> Total <br> Equity | $14,377,577$ | $21,990,176$ | $33,345,030.5$ | $45,999,104$ | $71,473,271.5$ |
| Return On <br> 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. ${ }^{21}$
${ }^{21}$ See appendix A(Financial statements of Beko)

## V. LIMITATIONS

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 zlationships between these data and the last part is study these relationship and interpreting these result. The result is useful to different kind of users, specially management, investors, and creditors. 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 $\mathbf{9 8 . 4 \%}$ whereas Vestel's is $\mathbf{9 9 . 7} \%$.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

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

The final part of comparison is ratio analysis. It will measures companies short-term solvency or -iquidity, Long-term credit risk and profitability. According to short term liquidity in 2001, Beko's current ratio was 1.27 times whereas Vestel's current ratio was 1.39 times; Beko's quick atio was 0.86 times whereas Vestel's was 1.10 times and Beko's working capital was

41,720,963(Million TL) whereas Vestel's was 248,465,056(Million TL). Beko's working capital was nearly 6 times lower than Vestel. So, Beko was less liquid than Vestel. So,Beko's short term debt 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 accounts 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
$1.8 \%$ and net income as a percentage of net sales was $0.08 \%$ whereas Vestel's gross profit rare was $30.9 \%$, 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 achieved better result than Vestel's from its operating income. On the other hand, Beko's return on 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
sill using higher leverage than Vestel. Therefore, in 2002 Beko's long term credit risk is higher tan Vestel.

Considering profitability ratios in 2002 Beko's gross profit rate is $16 \%$, operating expense ratio 2.4\% 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 tum 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

## IV. FINANCIAL STATEMENT ANALYSIS OF BEKO

(CALCULATIONS)

### 4.1. FINDINGS

4.1.1. Component Percentages (Vertical Analysis):

| Table 4.1 | $\mathbf{1 9 9 9}$ | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{1 9 9 8}$ |
| :--- | :---: | :---: | :---: | :---: |
| 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) | $27,319,726$ | $26,809,368$ | $20.27 \%$ | $26 \%$ |
| Operating Expenses (-) | $(19,451,080)$ | $(12,007,611)$ | $(14.43 \%)$ | $(12 \%)$ |
| Profit (Loss) from Main <br> Operations | $7,868,646$ | $14,801,757$ | $5.84 \%$ | $14 \%$ |
| Income And Profit From <br> Other Operations | $5,433,624$ | $1,564,661$ | $4 \%$ | $1.5 \%$ |
| Expenses And Losses <br> From Other Operations $(-$ <br> ) | $(2,201)$ | $(879,064)$ | $(0.001 \%)$ | $(0.87 \%)$ |
| Financial Expenses(-) | $(14,311,044)$ | $(9,343,069)$ | $(10.62 \%)$ | $(9.3 \%)$ |
| Operating Profit (Loss) | $1,010,975$ | $6,144,285$ | $0.75 \%$ | $6 \%$ |
| Extra Ordinary Income <br> And Profits | $6,464,168$ | $1,360,588$ | $4.8 \%$ | $1.3 \%$ |
| Extra Ordinary Expenses <br> 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 <br> 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 | $\mathbf{2 0 0 0}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{1 9 9 9}$ |
| :--- | :--- | :--- | :--- | :--- |
| Gross Sales | $257,921,029$ | $134,802,460$ | $100 \%$ | $100 \%$ |
| Sales Deduction (-) | $(3,329,890)$ | $(1,891,763)$ | $(1.29 \%)$ | $(1.4 \%)$ |
| Net Sales | $254,591,139$ | $\mathbf{1 3 2 , 9 1 0 , 6 9 7}$ | $98.7 \%$ | $98.6 \%$ |
| Cost Of Sales (-) | $(202,180,368)$ | $(105,590,971)$ | $(78 \%)$ | $(68.3 \%)$ |
| Gross Profit (Loss) | $52,410,771$ | $27,319,726$ | $20.3 \%$ | $20.27 \%$ |
| Operating Expenses (-) | $(25,647,585)$ | $(19,451,080)$ | $9.9 \%)$ | $(14.43 \%)$ |
| Profit (Loss) from Main <br> Operations | $26,763,186$ | $7,868,646$ | $10.3 \%$ | $5.84 \%$ |
| Income And Profit From <br> Other Operations | $8,168,966$ | $5,433,624$ | $3 \%$ | $4 \%$ |
| Expenses And Losses From <br> Other Operations (-) | $(3,322,837)$ | $(2,201)$ | $(1.2 \%)$ | $(0.001 \%)$ |
| Financial Expenses(-) | $(21,171,280)$ | $(14,311,044)$ | $(8.2 \%)$ | $(10.62 \%)$ |
| Operating Profit (Loss) | $10,438,035$ | $1,010,975$ | $4 \%$ | $0.75 \%$ |
| Extra Ordinary Income And <br> Profits | 5,142 | $6,464,168$ | $0.001 \%$ | $4.8 \%$ |
| Extra Ordinary Expenses And <br> Losses (-) | $(1,015)$ | $(337,633)$ | $(0.0003 \%)$ | $(0.25 \%)$ |
| Income Before Taxation | $10,442,162$ | $5,115,560$ | $4 \%$ | $3.7 \%$ |
| Taxation And Other Legal <br> Liabilities (-) | $(3,638,420)$ | $(763,350)$ | $(1.41 \%)$ | $(0.57 \%)$ |
| Net Income (Loss) | $6,803,742$ | $4,352,210$ | $2.6 \%$ | $3.23 \%$ |


| Table 4.3 | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ |
| :--- | :--- | :--- | :--- | :--- |
| Gross Sales | $424,988,538$ | $257,921,029$ | $100 \%$ | $100 \%$ |
| Sales Deduction (-) | $(6,858,188)$ | $(3,329,890)$ | $(1.6 \%)$ | $(1.29 \%)$ |
| Net Sales | $418,130,350$ | $254,591,139$ | $\mathbf{9 8 . 3 \%}$ | $98.7 \%$ |
| 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 <br> Operations | $70,957,479$ | $26,763,186$ | $16.7 \%$ | $10.3 \%$ |
| Income And Profit From <br> Other Operations | $33,639,754$ | $8,168,966$ | $7.9 \%$ | $3 \%$ |
| Expenses And Losses From <br> 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 <br> And Profits | 1,963 | 5,142 | $0.0004 \%$ | $0.001 \%$ |
| Extra Ordinary Expenses <br> Ahd Losses ( - ) | $(11,272)$ | $(1,015)$ | $(0.0026 \%)$ | $(0.0003 \%)$ |


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


| Table 4.4 | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ |
| :--- | :--- | :--- | :--- | :--- |
| 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) | $155,451,896$ | $107,679,810$ | $16.5 \%$ | $25.3 \%$ |
| Operating Expenses (-) | $(77,921,860)$ | $(36,722,331)$ | $(8.2) \%$ | $(8.6 \%)$ |
| Profit (Loss) from Main <br> Operations | $77,530,036$ | $70,957,479$ | $8.24 \%$ | $16.7 \%$ |
| Income And Profit From <br> Other Operations | $5,406,785$ | $33,639,754$ | $.57 \%$ | $7.9 \%$ |
| Expenses And Losses From <br> Other Operations (-) | $(8,783,641)$ | $(3,803,435)$ | $(.93) \%$ | $(0.89 \%)$ |
| Financial Expenses(-) | $(64,583,197)$ | $(100,267,164)$ | $(6.86) \%$ | $(23.59 \%)$ |
| Operating Profit (Loss) | $9,569,983$ | 526,634 | $1 \%$ | $0.12 \%$ |
| Extra Ordinary Income And <br> Profits | 818 | 1,963 | $.0008 \%$ | $0.0004 \%$ |
| Extra Ordinary Expenses And <br> Losses (-) | $(4,007,320)$ | $(11,272)$ | $(.43) \%$ | $(0.0026 \%)$ |
| Income Before Taxation | $5,563,481$ | 517,325 | $.59 \%$ | $0.12 \%$ |
| Taxation And Other Legal <br> Liabilities (-) | $(2,487,663)$ | $(194,010)$ | $(.26) \%$ | $(0.045 \%)$ |
| Net Income (Loss) | $3,075,818$ | 323,315 | $.33 \%$ | $0.076 \%$ |

4.1.2. Trend Percentages (Horizontal Analysis)

|  | 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 <br> Profit | 26.809 .368 | 27.319 .726 | 52.410 .771 | 107.679 .810 | 155.451 .896 |


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

41.3. Dollar and Percentage Changes.

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


|  | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ | 2002 <br> Over2001 <br> Amount | 2002 <br> Over <br> 2001 <br> 2001 | Over2000 <br> Amount | Ove1 <br> Over2000 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Net <br> Sales | $926,000,990$ | $418,130,350$ | $254,591,139$ | $507,870,640$ | $121 \%$ | $163,539,211$ | $64 \%$ |
| Net <br> Income | $3,075,818$ | 323,315 | $6,803,742$ | $2,752,503$ | $851 \%$ | $(-6,480,427)$ | $(-95 \%)$ |

4.4. Ratio Analysis.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Current Assets | $58,929,460$ | $83,291,321$ | $143,334,543$ | $197,053,275$ | $400,362,886$ |
| Current <br> 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 |


|  | 1998 | 1999 | 2000 | 2001 | 2002 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Quick Assets | $27,408,919$ | $38,512,069$ | $103,731,355$ | $173,481,322$ | $288,914,283$ |
| Current <br> 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 |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Current Assets | $58,929,460$ | $83,291,321$ | $143,334,543$ | $197,053,275$ | $400,362,886$ |
| Current <br> Liabilities | $45,779,444$ | $70,268,783$ | $109,706,827$ | $155,332,312$ | $253,313,637$ |
| Working <br> capital | $13,150,016$ | $12,950,538$ | $33,627,716$ | $41,720,963$ | $147,049,249$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net sales | $99,172,752$ | $132,910,697$ | $254,591,139$ | $418,130,350$ | $926,000,990$ |
| Average <br> account <br> receivables | $13,053,924$ | $28,050,622$ | $52,886,807$ | $100,351,920$ | $187,108,085$ <br> .5 |
| Receivable <br> turnover rate | 7.6 | 4.73 | 4.81 | 4.16 | 4.95 |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Days | $\mathbf{3 6 5}$ | 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. <br> G.S | $72,363,384$ | $105,590,971$ | $202,180,368$ | $310,450,540$ | $770,549,094$ |
| Aver <br> age <br> Inven <br> tory | $12,101,425$ | $15,347,969.5$ | $19,999,426$ | $29,339,921.5$ | $59,645,884.5$ |
| Inven <br> tory <br> Turn <br> over <br> Rate | 5.98 | 6.88 | 10.1 | 10.6 | 12.9 |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 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 | $\mathbf{2 8 . 3}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 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 |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Total <br> liabilities | $49,871,576$ | $76,607,578$ | $129,761,978$ | $181,527,223$ | $380,091,795$ |
| Total Assets | $67,905,768$ | $102,553,738$ | $170,505,879$ | $232,781,530$ | $471,784,031$ |
| Debt ratio | $73 \%$ | $75 \%$ | $76 \%$ | $\mathbf{7 8} \%$ | $\mathbf{8 1} \%$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Dollar <br> Gross <br> 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 <br> Rate | $27 \%$ | $20 \%$ | $20 \%$ | $25 \%$ | $16 \%$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Operating <br> 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 <br> Expense <br> Ratio | $12 \%$ | $14.6 \%$ | $10.1 \%$ | $8.8 \%$ | $8.4 \%$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net income | $5,626,334$ | $4,352,210$ | $6,803,742$ | 323,315 | $3,075,818$ |
| Net sales | $99,172,752$ | $132,910,697$ | $254,591,139$ | $418,130,350$ | $962,000,99$ <br> 0 |
| Net income as <br> a Percentages <br> Of Net Sales | $5.6 \%$ | $3.3 \%$ | $2.7 \%$ | $0.08 \%$ | $0.3 \%$ |


|  | 1998 | 1999 | 2000 | 2001 | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Operating <br> Income | $14,801,757$ | $7,868,646$ | $26,763,186$ | $70,957,479$ | $77,530,036$ |
| Average <br> Total <br> Assets | $51,313,474$ | $85,229,753$ | $136,529,808.5$ | $201,643,704.5$ | $352,282,780.5$ |
| Return on <br> assets | $28.84 \%$ | $9.2 \%$ | $19 \%$ | $35 \%$ | $22 \%$ |


|  | 1998 | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Net Income | $5,626,334$ | $4,352,210$ | $6,803,742$ | 323,315 | $3,075,818$ |
| Average <br> Total <br> Equity | $14,377,577$ | $21,990,176$ | $33,345,030.5$ | $45,999,104$ | $71,473,271.5$ |
| Return On <br> Equity | $39.13 \%$ | $19.79 \%$ | $20.4 \%$ | $0.7 \%$ | $4.3 \%$ |

BEKO

FINANCIAL STATEMENTS (Million TL)
1998 4. Period
Period
58,929,460

| A.LIOUID ASSETS | 25,098 |
| :--- | :--- |

1. Cash 24919
2. Other liquid assets
.
B. MARKETABLE SECURITIES
3. Share stocks
4. Pifvate sector bills, notes and bonds
5. Government bonds and Treasury bills
6. Other marketable securities
7. Provision for diminution in value of market
C. SHORT-TERM TRADE RECENABLES
27.377.092
8. Customers 20,309,426

2 Notes receivable $\quad 8,863,088$
3. Deposits and guarantes given
4. Other short-term trade receivables 0
5. Rediscount of notes receivable (-) -1,795,423

6 Provision for doubtful receivables (-) 0
D. OTHER SHORT-TERM TRADE RECEIVABLES 6,735

1. Due from shareholders 0
2. Due from investments 0
3. Due from subsidiaries 0
4. Other shor-term receivables 6,735

5 Rediscount of notes receivable f) 0
6. Provision for doubtful receivables ( - ) 0

E INVENTORIES $14,988,539$

1. Raw materials $4.987,908$

2 Semi-finished goods $\quad 118,600$
3. Work in progress 0
4. Finished goods $\quad 3,835,786$
5. Commercial goods 0

6 Other Inventaries 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 $\quad 8,976,309$
A. LONG-TERM TRADE RECEIVABLES 18.446

1. Customers
2. Notes receivable

0
3 Deposits and guarantes given $\quad 18,446$
4. Other long-term trade receivables 0

5 Rediscount of notes receivable (-) 0
6. Provision for doubtful receivables $(-) \quad 0$

B OTHER LONG-TERM TRADE RECEVABLES $\quad 0$

1. Due from shareholders 0
2. Due from investments 0
3. Due from subsidiaries 0
4. Other long-term receivables 0
5. Rediscount of notes receivable $(-) \quad 0$

6 Provision for doubtful receivables $(-) \quad 0$
C. FINANCIAL ASSETS $\quad 1.685 .750$

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

| 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 |
| 6. Furniture and fixtures | 1,822,704 |
| 7. Other fixed assets | 0 |
| 8. Accumulated depreciation (-) | -11,066,907 |
| 9 Construction in progress | 328.843 |
| 10 Order advances given | 0 |
| E. INTANGIBLE ASSETS | 190.092 |
| 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-CURPENT ASSETS | 23,885 |
| TOTAL ASSETS | 67,905,768 |
| 1. CURRENT LIABILITES | 45,779,444 |
| A. SHORT-TERM BORROWINGS | 15,182.863 |
| 1 Bank barrowings: | 14,693,821 |
| 2. Principal installments and interest on long | 489.042 |
| 3 Prncipal 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 | 0 |
| 4. Other trade payables | 0 |
| 5 Rediscount of notes payable () | 0 |
| 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 Withotdings payable | 667.516 |
| 6. Deferred payables to government | 113,490 |
| 7 Other shortterm liabilities | 13,439,054 |
| 8. Rediscount of notes payable (-) | 0 |
| - 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 accruels | 1,317,227 |
| H. 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 |


| 2 Notes payable | 0 |
| :---: | :---: |
| 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 | 0 |
| 3. Due to subsidiaries | 0 |
| 4 Deferred payables to government | 860,228 |
| 5. Other long-term borrowings | 0 |
| 6 Rediscount of notes payable (-) | 0 |
| 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 | 180 0 |
| III. SHAREHOLDERS' EQUITY | 18.034.192 |
| A SHARE CAPITAL | 5,600,000 |
| B. CAPITAL COMMITMENTS (-) | 0 |
| C. SHARE PREMUM | 4,266 |
| D. REVALUATION SURPLUS | 2,579,096 |
| 1 Revatuation 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 |
| 1. PREVIOUS YEAR LOSSES (-) | 0 |
| 1..........year losses | 0 |
| 2. .........year losses | 0 |
| TOTAL LIABLLITES ANO 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 (t) | -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 11 | -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 |
| PROFT (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 ANB LOSSES FRON OTHER OPERATIONS $(-)$ | $-879,064$ |
| H. FINANCIAL EXPENSES $(-)$ | $-9,343,069$ |
| 1. Short-term financial expenses | $-8,62,806$ |
| 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 Ide 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 OTHERR LEGAL LIABILITIES | $-1,609,821$ |
| NET INCOME (LOSS) |  |


| FINANCIAL STATEMENTS (Million TL)* | $\begin{aligned} & 1999 \text { 4.Period } \\ & 83,219,321 \end{aligned}$ | $\begin{aligned} & 2000 \text { 4. Period } \\ & 143,334,543 \end{aligned}$ |
| :---: | :---: | :---: |
| I. CURRENT ASSETS | 151.034 | 2.263,508 |
| A.LIQUID ASSETS | 9,122 | 3,104 |
| 1. Cash | 141.912 | 2.260.404 |
| 2 Banks | +12 | 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 | 2,025,000 | 0 |
| 4. Other marketable securibies | 0 | 0 |
| 5. Provision for diminution in value of market | 36,244,006 | 89.515.879 |
| C. SHORT-TERM TRADE RECEVABLES | 35,791,818 | 69,981,796 |
| 1. Customers | 454,389 | 22.489,178 |
| 2 Notes receivable | 0 | 0 |
| 3. Deposits and guarantes given | 0 | 164.536 |
| 4. Other shorterm trade receivables | -2,201 | -3,119,631 |
| 5. Rediscount of notes receivable (-) | - 0 | - 0 |
| 6. Provision for doubtful receivables $(\rightarrow$ ) | 92,029 | 2,479 |
| D. OTHER SHORT-TERM TRADE RECEIVABLES | 92,029 | $\cdots$ |
| 1. Due from sharehotders | 0 | 0 |
| 2. Due from investments | 0 | 0 |
| 3. Due from subsidiaries | 92.029 | 2,479 |
| 4. Other short-term receivables | 0 | 0 |
| 5. Rediscount of notes feceivable $(-)$ | 0 | 0 |
| 6. Provision for doubtful 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 |
| 11. NON-CURRENT ASSETS | 17.176 | 17.295 |
| A. LONG-TERM TRADE RECEIVABLES | 17.170 | 0 |
| 1 Customers | 0 | 0 |
| 2. Notes receivable | 17178 | 17,295 |
| 3 Deposits and guarantes given | - | 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 RECENABLES | 0 | 0 |
| 1. Due from shareholders | 0 | 0 |
| 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 | 0 |
| 6. Provision for doubttul receivables (-) | 3080.541 | 5,182.301 |
| C. FINANCIAL ASSETS | 3,000.541 | 0 |
| 1. Marketable securities issued by subsidianie | 0 | 0 |
| 2. Provision for diminution in value of market | 3,110,021 | 5,211,551 |
| 3. Investments | -29,480 | -29.250 |
| 4. Capital commitments to investments | -20 | 0 |


| 6. Subsidiaries | 0 | 0 |
| :---: | :---: | :---: |
| 7. Capital commitments to subsidiaries (-) | 0 | 0 |
| 8. Provision for diminution in value of subsid | 0 | 0 |
| 8. 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 | 3,8287750 | 5,957,404 |
| 4. Machinery and equipment | 22,332,415 | 35,490,482 |
| 5. Motor yehicles | 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 |
| EINTANGIBLE 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 barrowings | 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 |
| 5. Rediscount of notes payable () | 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. Witholdinge payable | 859380 | 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 Proviston for taxes | 0 | 2,857,979 |
| 2. Provision for payables and accruels | 3,013,419 | 2,479.716 |
| IH. 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. TRADE PAYABLES | 0 | 1,115,275 |
| 1. Suppliers | 0 | 0 |


| 2 Notes payable | 0 | 0 |
| :---: | :---: | :---: |
| 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 | 1,746,986 |
| 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 | 3,917863 | 6950,727 |
| 1. Provision for retirement pay | 3,917,863 | 6,950,727 |
| 2 Provision for other payables and accnuels | 0 | 0 |
| III. SHAREHOLDERS' EQUITY | 25,946,160 | 40,743,904 |
| 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. Revatuation 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 | 45718 | 86,671 |
| 6. Fixed assets and investment sales income to | 0 | 0 |
| F NET INCOME FOR THE PERTOD | 4,352,210 | 6,803.742 |
| G. LOSS FOR THE PERIOD (-) | 0 | 0 |
| H PRIOR YEAR LOSSES (-) | 0 | 0 |
| I. PREVIOUS YEAR LOSSES (-) | 0 | 0 |
| 1. .........year losses | 0 | 0 |
| 2. .........year 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 ( -1 | -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 |


| 4. Other operating income and profits | 3,125,998 | 4,111,985 |
| :---: | :---: | :---: |
| G. EXPENSES AND LOSSES FRON OTHER OPERATIONS $(-)$ | -2,204 | -3.322.837 |
| H. FINANCIAL EXPENSES (-) | -14,311,044 | -21,171,280 |
| 1. Shott-term financiat expenses | -13,576.785 | -20.473,891 |
| 2. Long-term financial expenses | -734,259 | -697,389 |
| OPERATING PROFIT (LOSS) | -1,040,975 | 10,438,035 |
| 1. EXTRAORDINARY INCOME AND PROFITS | 6,464,168 | 5,142 |
| 1. Reversal of provisions | 0 | 0 |
| 2. Prior year income and profit | 6,464,168 | 0 |
| 3. Other extraordinary lncome and profit | 0 | 5.142 |
| J. EXTARORDINARY EXPENSES AND LOSSES | -337,633 | -1,015 |
| 1. Ide division expenses and losses | 0 | 0 |
| 2. Prior year expenses and losses | -337,586 | 0 |
| 3. Other extreordinary expenses and losses | -47 | -1,015 |
| INCOME BEFORE TAXATION | 5,115,560 | 10,442,162 |
| K. TAXATION AND OTHER LEGAL LABLLITIES | -763,350 | -3,638,420 |
| NET INCOME (LOSS) | 4,352,210 | 6,803,742 |


| FINANCIAL STATEMENTS (Million TL)* | 2001 | 4.Period | 2002 | 4.Period |
| :---: | :---: | :---: | :---: | :---: |
| FINANCIAL STATEMENTS (Milion |  | 197,053,275 |  | 400,362,886 |
| I. CURRENT ASSETS |  | 6,482,454 |  | 45,247,396 |
| 1. Cash |  | 1,594 |  | 2,388 |
| 2. Banks |  | 6,480,860 |  | 45,245.008 |
| 3. Other liquid assets |  | 0 |  | 0 |
| B. MARKETAELE SECURITIES |  | 0 |  | 0 |
| 1. Share stocks |  | 0 |  | 0 |
| 2. Pivate sector bills, notes and bonds |  | 0 |  | 0 |
| 3. Government bonds and Treasury bills |  | 0 |  | 0 |
| 4. Other marketable securities |  | 0 |  | 0 |
| 5. Provision for diminution in value of market |  | 0 |  | - 0 |
| C. SHORT-TERM TRADE RECENABLES |  | 130,726,452 |  | 243.494.127 |
| 1. Customers |  | 130,722,044 |  | 243,494,127 |
| 2 Notes receivable |  | 4.581 |  | 0 |
| 3. Deposits and guarantes given |  | 0 |  | 0 |
| 4. Other shortterm trade receivables |  | 0 |  | 0 |
| 5. Rediscount of notes receivable (-) |  | -173 |  | 0 |
| 6. Provision for doubttul receivables ( - ) |  | 0 |  | 0 |
| D. OTHER SHORT-TERM TRADE RECEIVABLES |  | 272,416 |  | 172,760 |
| 1. Due from shareholders |  | 0 |  | 0 |
| 2. Due from investments |  | 0 |  | 0 |
| 3. Due from subsidiaries |  | - 0 |  | 172 |
| 4. Other short-term receivables |  | 272,416 |  | 172,760 |
| 5 Rediscount of notes receivable (-) |  | 0 |  | 0 |
| 6. Provision for doubtful receivables ( - ) |  | 0 |  | 0 |
| E INVENTORIES |  | 34,388,391 |  | 84,903,378 |
| 1. Raw materials |  | 18,620,091 |  | 45,843.255 |
| 2 Semifinished goods |  | 637.524 |  | 2,178,001 |
| 3. Work in progress |  | 0 |  | 0 |
| 4 Finished goods |  | 7,771,921 |  | 24,394,375 |
| 5. Commercial goods |  | 0 |  | 0 |
| 6 Other inventories |  | 0 |  | 0 |
| 7. Provision for diminution in value of invent |  | 0 |  | 0 |
| 8 Order advances given |  | 7,358,855 |  | 12,487,747 |
| F. OTHER CURRENT ASSETS |  | 25,183,562 |  | 26,545.225 |
| H. NON-CURRENT ASSETS |  | 35,728,255 |  | 71,421,145 |
| A. LONG-TERM TRADE RECEIVABLES |  | 115,093 |  | 128.864 |
| 1 Customers |  | 0 |  | 0 |
| 2. Notes receivable |  | 0 |  | 0 |
| 3. Deposits and guarantes given |  | 115,093 |  | 128;864 |
| 4. Other long-term trade receivables |  | 0 |  | 0 |
| 5 Rediscount of notes recaivable (-) |  | 0 |  | 0 |
| 6. Provision for doubtful receivables (-) |  | 0 |  | 0 |
| B OTHER LONG TERM TRADE RECENABLES |  | 0 |  | 0 |
| 1. Due from shareholders |  | 0 |  | 0 |
| 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 |  | 0 |
| 6. Provision for doubttul receivables (-) |  | 0 |  | 0 |
| C. FINANCIAL ASSETS |  | 6.757.301 |  | 7,794.951 |
| 1. Marketable securities issued by subsidiarie |  | 0 |  | 0 |
| 2. Provision for diminution in value of market |  | 0 |  | 0 |
| 3. Investments |  | 10,132,301 |  | 11,169,951 |
| 4. Capital commitments to investments |  | -3.375.000 |  | -3,375,000 |
| 5. Provision for diminution in value of invest |  |  |  | 0 |

6. Subsidiaries
7. Capital commithents to subsidiaries (-)
8. Provision for diminution in value of subsid
9. Other non-current financial assets
D. FIXED ASSETS
10. Land
11. Land improvements
12. Buildings
13. Machinery and equipment
14. Motor yehicles
15. Furniture and fixtures
16. Other fixed assets

|  | 0 | 0 |
| :---: | :---: | :---: |
| 2 Notes payable | 1,109,025 | 0 |
| 3. Deposits and guarantees received | 1,109,025 | 0 |
| 4. Other trade payables | 0 | 0 |
| 5. Rediscount of notes payable (-) | 1,997,154 | 1,808,859 |
| c. OTHER LONG-TERM BORROWINGS | 1,997,151 | 1,808, |
| 1. Due to shareholders | 0 | 0 |
| 2. Due to investments | 0 | 0 |
| 3. Due to subsidiaries | 1.997 .151 | 1,808,859 |
| 4. Deferred payables to government | 1,997,151 | 1,80,85 |
| 5. Other long-term borrowings | 0 | 0 |
| 6 Rediscount of notes payable ( - ) | 0 | 0 |
| D. ADVANCES RECEIVED | 11,393,922 | 16,010,494 |
| E PROVISION FOR PAYABLES ANO EXPENSES | 11,393,922 | 16.010.494 |
| 1. Provision for retirement pay | 1,303 | 0 |
| 2 Provision for other payables and | 51,254,307 | 91,692.236 |
| III. SHAREHOLDERS' EQUITY | 23,850,000 | 60,000,000 |
| A SHARE CAPITAL | 23,050,000 | 0 |
| B. CAPITAL COMMITMENTS (-) | 4,266 | 149,968 |
| C SHARE PREMMUM | 15,428,906 | 15,833.918 |
| D. REVALUATION SURPLUS | 14,843,006 | 14,119,418 |
| 1. Revaluation stirpius on fixed assets 2 Revaluation surplus on investments | 585,900 | 1,714,500 |
| 3. Revafuation 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 | - 886 |
| 4. Extraordinary reserves | 9,579,258 | 9,886,407 |
| 5. Costincrease fund | 95.688 | 757.085 |
| 6. Fixed assets and investment sales income to | 0 | 0 |
| F. NET INCOME FOR THE PERIOD | 323,315 | 3,075,818 |
| G. LOSS FOR THE PERIOD ( - ) | 0 | 0 |
| H. PRIOR YEAR LOSSES (-) | 0 | 0 |
| 1. PREVIOUS YEAR LOSSES (-) | 0 | 0 |
| 1. ......) year losses | 0 | 0 |
| 2. ..........year losses | 0 | 479 |
| TOTAL LIABLITIES AND SHAREHOLDERS EQUITY | 232,781,530 | 471.784.031 |
| A. GROSS SALES | 424,988,538 | 940,745,083 |
| A. 1. Domestic sales | 130,678,458 | 167,603,080 |
| 2. Exports | 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 ( $\rightarrow$ ) | -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 |
| GROSS PROFIT (LOSS) | 107,679,810 | 155,451,896 |
| E OPERATING EXPENSES () | -36,722,331 | -77.921,860 |
| 1. Research and development expenses ( - ) | -3,347,821 | -5,231.607 |
| 2. Seling ana marketing expenses (-) | -11,297,285 | -35,385,139 |
| 3. General and admiinistrative expenses ( - ) | -22,077,225 | -37,305,114 |
| PROFIT (LOSS) FROM MAIN OPERATIONS | 70,957,479 | 77.530.036 |
| F. INCOME AND PROFIT FROM OTHER OPERATIONS | 33,639,754 | 5,406,785 |
| 1. Dividends from investments | 637,500 | 0 |
| 2. Dividends from subsidiaries | 0 |  |
| 3. Interest and other dividend income | 9.047,983 | 393,899 |


|  | 23,954,271 | 5,012,886 |
| :---: | :---: | :---: |
| 4. Other operating income | -3,803,435 | -8.783.641 |
| Q. EXPENSES ANO LOSSES $(-)$ | -100,267,164 | -64,583,197 |
| H. FINANCIAL EXPENSES (-) | -83,831,962 | -56,065,853 |
| 1. Short-erm financial expenses | -16,435,202 | -8,517,344 |
| 2. Long-term financial expenses | -526,634 | 9,569.983 |
| OPERATING PROFIT (LOSS) | 1,963 | 818 |
| I. EXTRAORDINARY INCOME AND PROFITS | . | 0 |
| 1. Reversal of provisions | 0 | 0 |
| 2. Prior year income and profit | 1,963 | 818 |
| 3. Other extraordinary income and profit | -11,272 | -4,007,320 |
| J. EXTARORDINARY EXPENSES AND LOSSES | -11,272 | -4,007,320 |
| 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 | -117,325 | 5,563,481 |
| INCOME BEFORE TAXATION | -194,010 | -2,487,663 |
| K. TAXATION AND OTHER LEGAL LIABILITIES NET INCOME (LOSS) | 323,315 | 3,075,818 |

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IV. FINANCIAL STATEMENT ANALYSIS OF VESTEL.

### 4.1. Findings

### 4.1.1. Component Percentages (Vertical Analysis)



| Table 4.3 | 2001 | 2000 | 2001 | 2000 |
| :---: | :---: | :---: | :---: | :---: |
| ross Sales | 924,092,253 | 498,268,691 | 100\% | 100\% |
| Iles Deduction (-) | $(3,026,596)$ | $(1,681,988)$ | (0.33\%) | (0.34\%) |
| Fet 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\%) |
| Profit (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\% |
| xpenses And Losses From Other Operations | $(6,949,337)$ | $(6,845,669)$ | (0.75\%) | (1.37\%) |
| Inancial Expenses(-) | (297,938,010) | $(46,381,583)$ | (32.24\%) | (9.31\%) |
| Operating Profit (Loss) | 82,307,211 | 58,095,842 | 8.91\% | 11.66\% |
| Itra 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\%) |
| Fet Income (Loss) | 54,718,588 | 42,428,511 | 5.93\% | 8.52\% |


| Table 4.4 | 2002 | 2001 | 2002 | 2001 |
| :---: | :---: | :---: | :---: | :---: |
| Gross 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\% |
| Cost 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\% |
| Operating Expenses (-) | $(86,215,417)$ | (37,720,344) | (5.9\%) | (4.08\%) |
| Profit (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\% |
| xpenses 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\% |
| rtra Ordinary Expenses And Losses (-) | $(4,883,104)$ | (1,942,240) | (0.34\%) | (0.21\%) |
| acome 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)

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Net Sales | $188, \mathbf{4 3 7 , 9 8 4}$ | $312,451,808$ | $496,586,703$ | $921,065,657$ | $1,454,140,051$ |
| C.O.G.S. | $138,546,912$ | $226,362,727$ | $394,502,404$ | $636,203,022$ | $1,108,160,371$ |
| Gross Profit | $49,891,072$ | $86,089,081$ | $102,084,299$ | $284,862,635$ | $345,979,680$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| 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.

|  | $\mathbf{2 0 0 0}$ | $\mathbf{1 9 9 9}$ | $\mathbf{1 9 9 8}$ | $\mathbf{2 0 0 0}$ <br> Over 1999 <br> Amount | $\mathbf{2 0 0 0}$ <br> Over <br> $\mathbf{1 9 9 9}$ <br> $\%$ | $\mathbf{1 9 9 9}$ <br> Over1998 <br> Amount | $\mathbf{1 9 9 9}$ <br> Over <br> $\mathbf{1 9 9 8}$ <br> $\%$ |
| :--- | :--- | ---: | ---: | ---: | ---: | ---: | ---: |
| Vet <br> Sales | $496,586,703$ | $312,451,808$ | $188,437,984$ | $184,134,895$ | $59 \%$ | $124,013,824$ | $66 \%$ |
| Vet <br> ncome | $42,428,511$ | $28,919,912$ | $17,385,236$ | $13,508,599$ | $47 \%$ | $11,534,676$ | $85 \%$ |


|  | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 2}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 1}$ |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
|  |  |  |  | Over2001 | Over2001 | Over2000 | Over2000 |
|  |  |  |  | Amount | $\%$ | Amount | $\%$ |
| Net <br> Sales | $1,454,140,051$ | $921,065,657$ | $496,586,703$ | $533,074,394$ | $58 \%$ | $424,478,954$ | $86 \%$ |
| Net <br> Income | $72,988,792$ | $54,718,588$ | $42,428,511$ | $18,270,204$ | $33 \%$ | $12,290,077$ | $29 \%$ |

### 4.1.4. Ratio Analysis.

|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| 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 | $\mathbf{1 . 1 8}$ | $\mathbf{1 . 1 9}$ | $\mathbf{1 . 4 3}$ | $\mathbf{1 . 3 9}$ | $\mathbf{2 . 0 2}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| 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 | $\mathbf{0 . 7 4}$ | $\mathbf{0 . 7 4}$ | $\mathbf{1 . 0 7}$ | $\mathbf{1 . 1 0}$ | $\mathbf{1 . 6 1}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Current Assets | $123,903,136$ | $245,093,517$ | $466,180,586$ | $854,886,015$ | $1,506,667,811$ |
| Current Liabilities | $105,333,640$ | $205,845,012$ | $326,110,973$ | $616,420,959$ | $744,726,251$ |
| Working Capital | $\mathbf{1 8 , 5 6 9 , 4 9 6}$ | $\mathbf{3 9 , 2 4 8 , 5 0 5}$ | $\mathbf{1 4 0 , 0 6 9 , 6 1 3}$ | $\mathbf{6 1 6 , 4 2 0 , 9 5 9}$ | $\mathbf{7 6 1 , 9 4 1 5 6 0}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Net Sales | $188,437,984$ | $312,451,808$ | $496,586,703$ | $921,065,657$ | $1,454,140,051$ |
| Average Account <br> Receivable | $37,809,634$ | $86,244,616.5$ | $165,295,636$ | $338,874,916$ | $338,874,916$ |
| Receivable Turn <br> Over Rate | 4.98 | $\mathbf{3 . 6 2}$ | $\mathbf{3 . 0 0}$ | $\mathbf{2 . 7 2}$ | $\mathbf{2 . 5 9}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Days | 365 | 365 | 365 | 365 | 365 |
| Receivable Turn <br> Over rate | 4.98 | 3.62 | 3.00 | 2.72 | 2.59 |
| Days To <br> Collect Account <br> Receivables | $\mathbf{7 3 . 2 9}$ | $\mathbf{1 0 0 . 8 3}$ | $\mathbf{1 2 1 . 6 7}$ | $\mathbf{1 3 4 . 1 9}$ | $\mathbf{1 4 0 . 9 3}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| C.O.G.S. | $138,546,912$ | $226,362,727$ | $394,502,404$ | $636,203,022$ | $1,108,160,371$ |
| Average <br> Inventory | $26,548,295.5$ | $43,489,533$ | $66,362,565$ | $105,260,084$ | $162,215,373.5$ |
| Inventory <br> Turnover <br> Rate | $\mathbf{5 . 2 2}$ | $\mathbf{5 . 2 1}$ | $\mathbf{5 . 9 5}$ | $\mathbf{6 . 0 4}$ | $\mathbf{6 . 8 3}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Days | 365 | 365 | 365 | 365 | 365 |
| Inventory Turn <br> Over rate | 5.22 | 5.21 | 5.95 | 6.04 | 6.83 |
| Da ys To <br> Sell Average <br> Inventory | $\mathbf{6 9 . 9 2}$ | $\mathbf{7 0 . 0 6}$ | $\mathbf{6 1 . 3 5}$ | $\mathbf{6 0 . 4 3}$ | $\mathbf{5 3 . 4 4}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Days To <br> Collect Account <br> Receivables | 73.29 | 100.83 | 121.67 | 134.19 | 140.93 |
| Days To <br> Sell Average <br> Inventory | 69.92 | 70.06 | 61.35 | 60.43 | 53.44 |
| Operating <br> Cycle | $\mathbf{1 4 3 . 2 1}$ | $\mathbf{1 7 0 . 8 9}$ | $\mathbf{1 8 3 . 0 2}$ | $\mathbf{1 9 5 . 4 5}$ | $\mathbf{1 9 4 . 3 7}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Total <br> 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 | $\mathbf{7 6 . 2 6 \%}$ | $\mathbf{7 4 . 3 8 \%}$ | $\mathbf{6 1 . 7 7 \%}$ | $\mathbf{7 0 . 8 6 \%}$ | $\mathbf{7 6 . 5 0 \%}$ |


|  | 1998 | 1999 | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Dollar Gross <br> 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 <br> Rate | 0.265 | 0.276 | 0.206 | 0.309 | 0.238 |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Operating <br> 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 <br> Expense <br> Ratio | $\mathbf{( 0 . 0 4 6 )}$ | $\mathbf{( 0 . 0 4 4 )}$ | $\mathbf{( 0 . 0 4 8 )}$ | $\mathbf{( 0 . 0 4 1 )}$ | $\mathbf{( 0 . 0 5 9 )}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| 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 <br> Percentages Of <br> Net Sales | $\mathbf{9 . 2 3 \%}$ | $\mathbf{9 . 2 6 \%}$ | $\mathbf{8 . 5 4 \%}$ | $\mathbf{5 . 9 4 \%}$ | $\mathbf{5 . 0 2 \%}$ |


|  | $\mathbf{1 9 9 8}$ | $\mathbf{1 9 9 9}$ | $\mathbf{2 0 0 0}$ | $\mathbf{2 0 0 1}$ | $\mathbf{2 0 0 2}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Operating <br> Income | $41,294,624$ | $72,317,164$ | $78,376,972$ | $247,142,291$ | $259,764,263$ |
| Average <br> Total <br> Assets | $113,945,339$ | $214,685,212.5$ | $409,934,810$ | $752,809,437$ | $1,330,491,233.5$ |
| Return On <br> Assets | $\mathbf{0 . 3 6 2}$ | $\mathbf{0 . 3 3 7}$ | $\mathbf{0 . 1 9 1}$ | $\mathbf{0 . 3 2 8}$ | $\mathbf{0 . 1 9 5}$ |

6. Subsidiaries ..... 529,236
7. Capital commitments to subsidiaries (-) ..... $-400,000$
8. Provision for diminution in value of subsid ..... 0
9. Other non-curent financial assets ..... 0
D. FIXED ASSETS ..... 18,624,132
10. Land ..... 298
11. Land improvements ..... 99,660
12. Buildings ..... 1,871,969
13. Machinery and equipment ..... 16,686,159
14. Motor vehicles ..... 119.840
15. Furniture and fixtures ..... 1,556,012
16. Other fixed assets
$-3,499,957$
17. Accumulated depreciation (-)1.358,156
9 Construction in progress10. Order advances given431,994
E. INTANGIBLE ASSETS ..... 71,545
18. Establishment cost (net) ..... 36,222
19. Rights3. Research and development expenses
20. Other intangible assets ..... 35,323
21. 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$23,615,426$
22. Principal installments and interest on long ..... 0
23. Pincipal installments and interest on $\mathrm{b}_{\mathrm{i}} \mathrm{H}$ ..... 0
24. Notes and bonds issued5 Other short-tem borrowings
B. TRADE PAYABLES ..... 62,107,328
1 Supplers ..... 62,867,096
257,490 ..... 257,490
25. Notes payable
3 Deposits and guarantees received
35,368
26. Other trade payables$1,052,529$
C. OTHER CURRENT LIABILITIES ..... 17,608,920
1 Due to shareholders ..... 4,367
27. Due to investments ..... 0
3 Due to subsidiaries ..... 04. Accrued expenses5. Withoidings payable$1,786,952$
28. Deferred payables to government ..... 0
7 Other short-term liabilities 15,817,600
29. Rediscount of notes payable (-)
121,484
D. ADVANCES RECENED1,880,484E. ALLOWANCE FOR PAYABLES AND EXPENSES1,867,191
13.293
30. Provision for taxes
31. Provision for payables and accruelsII. LONG-TERM LIABILITIES
A. LONG-TERM BORROWINGS ..... 1.407 .2401. Bank borrowings2. Bonds issued5,697,2093. Other marketable securities issued
32. Other long-term borrowings1,407,240
00
B. TRADE PAYABLES ..... 1,179,274
33. Suppliers ..... 1,311.210
A.LIQUID ASSETS
34. Cash
35. Banks
36. Other liquid assets
B. MARKETABLE SECURITIES
37. Share stocks
38. Private sector bills, notes and bonds
39. Government bonds and Treasury bills
40. Other marketable securities
41. Provision for diminution in value of market
C. SHORT-JERM TRADE RECENABLES
42. Customers
591.033

8,316
566.267

16,450
22153,884
0
$22,153,884$
0
55,145,468
2. Notes receivable

55,383,280
$1.038 ; 953$
5,163
3. Deposits and guarantes given
$\begin{array}{lr}\text { 4. Other short-term tade receivables } & 637 \\ \text { 5. Rediscount of notes receivable }(-) & -1,281,927\end{array}$
6 Provision for doubtul receivables $(7)$-637
D. OTHER SHORT-TERM TRADE RECEIVABLES $\quad 109,249$

1. Due from sharehotders
2. Due from investments 0
3. Due from subsidiaries
4. Other short-term receivables

109,249
5. Rediscount of notes recelvable ( - )

0
6. Provision for doubtful receivables $(-)$

E INVENTORIES
$30,102,420$

1. Raw materials
14.953,910

2 Semi-fnished goods 958;663
3. Work in progress

1,986,890
4. Finished goods

2,120,655
5. Commercial goods

252,448
6 Other inventories
7. Provision for diminution in value of invent
8. Order advances given

9,829,553
F. OTHER CURRENT ASSETS $15.801,383$
II. NON-CURRENT ASSETS
$21,684,838$
$\begin{array}{ll}\text { A. LONG-TERM TRADE RECEIVABLES } & \mathbf{3 5 , 6 0 4}\end{array}$
1 Customers
0
2. Notes receivable

3 Deposits and guarantes given $\quad 35,604$
4. Other long-term trade receivables 0
5. Rediscount of notes teceivable (-)0
6. Provision for doubtful receivables ( - )

B OTHER LONG-TERM TRADE RECEVABLES

1. Due from shareholders

2 Due from investments0
3. Due from subsidiaries
4. Other long-term receivables
5. Rediscount of notes receivable (-)
6. Provision for doubtuil receivables $(-)$
C. FINANCIAL ASSETS

1. Marketable securities issued by subsidiarie
15.756
2. Provision for diminution in value of market
3. Investments

267,818
4. Capital commitments to investments
$-3.750$
5 Provision for diminution in value of invest
6. Subsidiaries ..... 529,236
7. Capital commitments to subsidiaries ( ) ..... $-400,000$
8. Provision for diminution in value of subsid ..... 0
9. Other non-curtent 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 progress1,358.156

10. Order advances given ..... 431,994
E. INTANGIBLE ASSETS ..... 71,545
11. Establishment cost (net) ..... 36,222
12. Rights ..... 0
13. Research and development expenses ..... 0
14. Other intangible assets ..... 35,323
15. Advances gives
2,544,498
F OTHER NON-CURRENT ASSETSTOTAL ASSETS145.587.968
16. CURRENT LIABILITIES ..... 105,333,640
A. SHORT-TERM BORROWINGS ..... 23.615,4261 Bank bormowings23,615,426
17. Principal installments and interest on long ..... 0
3 Principal installments and interest on bif ..... 0
18. Notes and bonds issued ..... 0
5 Other shortterm borrowingsB. TRADE PAYABLES62.107.328
1 Suppliers ..... 62,867,0962. Notes payable257,490
19. Deposits and guarantees received ..... 04. Other trade payables35,368
5 Rediscount of notes payable ( $)$ ..... -1,052;629
C. OTHER CURRENT LIABILITIES ..... 17,608,920
1 Due to sharetrolders ..... 4,367
20. Due to investments ..... 0
3 Due to subsidiaries ..... 0
21. Accrued expenses ..... 0
5 Withodings payable ..... 1,786;952
22. Deferred payables to government0
7 Other short term liabilities ..... $15,817,600$8. Rediscount of notes payable (-)
0
121,484
D. ADVANCES RECEIVED
1.880,484 E. ALLOWANCE FOR PAYABLES AND EXPENSES
23. Provision for taxes ..... 1,867,4912. Provision for payables and accruels
13.293
II. LONG-TERM LIABILITIES ..... 5;697,209
A. LONG-TERM BORROWINGS$1,407.240$
24. Bank borrowings ..... 1,407,240
25. Bonds issued ..... 0
3 Other marketable securities issued ..... 0
26. Other long-term borrowings ..... 0
B. TRADE PAYABLES ..... 1,179,274
27. Suppliers ..... 1,311,210

| 4. Other operating income and profts | $6,776,874$ |
| :--- | ---: |
| G. EXPENSES AND LOSSES FROM OTHER OPERATIONS $(-)$ | $-2,679,293$ |
| H. FINANCIAL. EXPENSES (-) | $-31,652,416$ |
| 1. Short-term financial expenses | $-31,652,416$ |
| 2. Long-term financial expenses | 0 |
| OPERATING PROFIT (LOSS) | $20,316,974$ |
| I. EXTRAORDINARY INCOME AND PROFITS | 89,130 |
| 1. Reversal of provisions | 0 |
| 2. Prior year income and profit | 0 |
| 3. Other extraordinary income and profit | 89,130 |
| J. EXTARORDINARY EXPENSES AND LOSSES | $-678,277$ |
| 1. Idle division expenses and losses | $-676,479$ |
| 2. Prior year expenses and losses | $-1,798$ |
| 3. Other extraordinary expenses and losses | 0 |
| INCOME BEFORE TAXATION | $19,727,828$ |
| K. TAXATION AND OTHER LEGAL LIABILITIES | $-2,342,590$ |
| NET INCOME (LOSS) | $17,385,236$ |


| FINANCIAL STATEMENTS (Million TL)* | 1999 4.Period | 2000 4. Period |
| :---: | :---: | :---: |
| l. CURRENT ASSETS | 245,093,517 | $466,180,586$ |
| A LIOUM ASSETS | 188,564 | 85,833,289 |
| 1. Cash | 15,317 | - 37,412 |
| 2 Banks | 120,101 | 83,632,250 |
| 3. Other liquid assets | 53,146 | 2,263,627 |
| 8 MARKETABLE SECURTTES | 33.451 .581 | 23,925,452 |
| 1. Share stocks | 0 | - 0 |
| 2 Private sector bills, notes and bonds | 0 | 0 |
| 3. Government bonds and Treasury bills | 32,405,652 | 23,925,452 |
| 4 Other marketable securifies | 1,045929 | 23,925, 0 |
| 5. Provision for diminution in value of market | 0 | 0 |
| C. SHORT-TERM TRADE RECENABLES | 118,321,811 | 211,729,782 |
| 1. Customers | 117,105,953 | 213,485,319 |
| 2 Notes receivable | 4,255,197 | 31,310 |
| 3. Deposits and guarantes given | 20,957 | 96,791 |
| 4. Other shortterm trade receivables | 69,317 | 14,168 |
| 5. Rediscount of notes receivable (-) | $-3,060,296$ | -1,883,638 |
| 6. Provision for doubtul recelvables (-) | -69,317. | -14,168 |
| D. OTHER SHORT-TERM TRADE RECEIVABLES | 452,725 | 26,270,250 |
| 1. Due from shareholders | 0 | 26,270,250 |
| 2. Due from investments | 0 | 0 |
| 3. Due from subibidiaries 4. Other short-term receivables | 0 | 16,948,760 |
| 4. Other short-term receivables | 452,725 | 9,321,490 |
| 5 Rediscount of notes receivable (-) | 0 |  |
| 6. Provision for doubtful receivables (-) | 0 | 0 |
| E INVENTORTES | 56,876946 | 75,848,184 |
| 1. Raw materials | 29,386.292 | 29,441,516 |
| 2 Semi-finished goods | 1,748,970 | 3,080,212 |
| 3. Work in progress | 0 | 0 |
| 4. Finished goors. | 4,955,108 | 4,780,479 |
| 5. Commercial goods | 454,741 | 2,646,000 |
| 7. Provision for diminution in value of inve | 696546 | 98,044 |
| 8 Order advances given in value of inve | 0 | 0 |
| F. OTHER CURRENT ASSETS | 19,635,319 | 35.821.933 |
| II. NON-CURRENT ASSETS | 35,801,890 | 42.473.629 |
| A. LONG-TERM TRADE RECEIVABLES | $38,688,940$ 55,460 | 69,906,577, |
| 1 Customers | 55.460 | 64.272 |
| 2. Notes receivable | 0 | 0 |
| 3 Deposits and guarantes given | 55460 | 64,272 |
| 4. Other long-term trade receivables | 0 | 64,272 0 |
| 5 Rediscount of notes feccivivble (-) | 0 | 0 |
| 6. Provision for doubtful receivables (-) | 0 | 0 |
| B OTHER LONG TERM TRAOE RECENABLES | 0 | 0 |
| 1. Due from shareholders | 0 | 0 |
| 2. Due from investments | 0 | 0 |
| 4. Other fong term receivables | 0 | 0 |
| 5. Rediscount of notes receivable ( - ) | 0 | 0 |
| 6 Provision for doubttul recelvables ( - ) | 0 | 0 |
| C. FINANCIAL ASSETS | 0 | 0 |
| 1. Marketable securities issued by subsidiarie | $2.716,766$ 15,756 | 19,671,417 |
| 2. Provision for diminution in value of market | 1545 | 791,684 |
| 3. Investments |  | 3368073 |
| 4. Capital commitments to investments | $1,238,293$ $-876,950$ | 3,368,973 |
| 5 Provision for diminution in value of invest | - 0 | -900 |


|  | 4,626,667 | 15,511,660 |
| :---: | :---: | :---: |
| 6. Subsidiaries | -2287,000 | 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, 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) | 0 | 0 |
| 2. Rights | 15,574 | 15,574 |
| 3. Research and development expenses | 1,215,962 | 1.047 .417 |
| 4. Other intangible assets | 1,215,02 | 1.047, |
| 5. Advances gives | 3,125,346 | 3,820,543 |
| F OTHER NON CURRENT ASSETS | 283,782,457 | 536,087.163 |
| TOTAL ASSETS | 205,845,012 | 326,110,973 |
| 1. CURRENT LIABILITIES | 54,079,109 | 74,839,700 |
| A. SHORT-TERM BORROWNGS | 54,079,109 | 74,839,700 |
| 1. Bank borrowings | - | 0 |
| 2. Principal installments and interest on long | 0 | 0 |
| 3 Principal installments and interest on bim | 0 | 0 |
| 4. Notes and bonds issued | 0 | 0 |
| 5 . Other shot-term barrowings | 117,586,141 | 199,551,947 |
| B. TRADE PAYABLES | 114,354,655 | 170,970,517 |
| 1. Suppllars | 4,908,449 | 32,541,740 |
| 2. Notes payable | 4, 190 | 89,067 |
| 3 Deposits and guarantees received | 74.523 | 0 |
| 4. Other trade payables | -1,751,676 | -4,049,37 |
| 5. Rediscount of notes prayable ( $)$ | 31,985,858 | 36,818,631 |
| C. OTHER CURRENT LIABILITIES | 4126 | 3,714 |
| 1 Due to shareholders | 0 | 0 |
| 2. Due to investments | 0 | 0 |
| 3 Due to subsidiaries | 0 | 0 |
| 4. Accrued expenses | 2,125,142 | 5,077,060 |
| 5 Witholdings payable | 2,125, 0 | 0 |
| 6. Deferred payables to government | 29,856.590 | 31,737,857 |
| 7 Other short-termiliabilities | 0 | 0 |
| 8. Rediscount of notes payable $(-)$ | 77.024 | 160,027 |
| D ADVANCES RECEIVED | 2,116,880 | 14.740,668 |
| E. ALLOWANCE FOR PAYABLES AND EXPENSES | 2,146,880 | 14,432,504 |
| 1. Provision for taxes | 0 | 308.164 |
| 2. Provision for payables and accruels | 5,241,662 | 5,001,237 |
| II. LONG-TERM LIABILITIES | 0 | 0 |
| A. LONG-TERM BORROWINGS | 0 | 0 |
| 1 Bank borrowings | 0 | 0 |
| 2. Bonds issued | 0 | 0 |
| 3 Other marketable securities issued | 0 | 0 |
| 4. Other long-term borrowings | 1134.002 | 420,077 |
| B. TRADE PAYABLES | 1,240,009 | 444.848 |
| 1. Suppliers |  |  |


| 4. Other operating income and profits | $16,529,519$ | $17,067,265$ |
| :--- | ---: | ---: |
| G. EXPENSES AND LOSSES FROM OTHER OPERATIONS $(\boldsymbol{)}$ | $-7,130,251$ | $-6,845,659$ |
| 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 |
| OPERATING PROFIT (LOSS) | $33,497,781$ | $58,095,842$ |
| 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. Idie 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) | $28,919,912$ | $42,428,511$ |


| FINANCIAL STATEMENTS (Million TL)* | 2001 4.Period | 2002 4.Period |
| :---: | :---: | :---: |
| I. CURRENT ASSETS | 854,886,015 | 1,506,667,811 |
| ALIQUTO 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 SECURTTIES | 2,477,186 | 36,594,222 |
| 1. Share stocks | 0 | 0 |
| 2 Private sector bills, notes and bonds | 0 | 0 |
| 3. Government bonds and Treasury bills | 2,477,186 | 36,594,222 |
| 4. Other marketable securfies | 0 | - 0 |
| 5. Provision for diminution in value of market | 0 | 0 |
| C. SHORT-FERM TRADE RECENABLES | 464,308,955 | 657,857,080 |
| 1. Customers | 464,264,513 | 657,589,875 |
| 2 Notes receivable | 0 | 0 |
| 3. Deposits and guarantes given | 63,554 | 267,221 |
| 4. Other short-term trade receivables | 86,806 | 12:459 |
| 5. Rediscount of notes receivable (-) | -19,112 | -16 |
| 6 Provision for doubtrul recelvables (-) | -86,806 | -12,459 |
| D. OTHER SHORT-TERM TRADE RECEIVABLES | 65,764,778 | 60,058,540 |
| 1. Due from sharehotders | 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. Raw materials | 53.438,978 | 80,429,727 |
| 2 Sem-finished goots | 5,310,872 | 8,284,394 |
| 3. Work in progress | 0 | 0 |
| 4 Finished goods | 10,203,876 | 24,041,295 |
| 5. Commercial goods | 1,947,462 | 79.529 |
| 6 Other inventaries | 2773,119 | 664,966 |
| 7. Provision for diminution in value of invent | 0 |  |
| 8 Order advances givan | 60.997 .677 | 76,278,852 |
| F. OTHER CURRENT ASSETS | 41,334,036 | 121,028,890 |
| 14. NON-CURRENT ASSETS | 114,645,696 | 184,782,945 |
| A. LONG-TERM TRADE RECEIVABLES | 28,467 | 18.880 |
| 1 Customers | 0 | 0 |
| 2. Notes receivable | 0 | 0 |
| 3 Deposits and guarantes given | 28,467 | 18,880 |
| 4. Other long-term trade receivables | 0 | 0 |
| 5 Rediscount of notes receivable ( $)$ | 0 | 0 |
| 6. Provision for doubttul receivables ( - ) | 0 | 0 |
| B OTHER LONG-TERM TRADE RECENABLES | 0 | 0 |
| 1. Due from shareholders | 0 | 0 |
| 2 Due from investments | 0 | 0 |
| 3. Due from subsidiaries | 0 | 0 |
| 4 Other fong-term receivables | 0 | 0 |
| 5. Rediscount of notes receivable (-) | 0 | 0 |
| 6 Provision for doubftul receivables (-) | 0 | 0 |
| 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. Investmente | 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 commitnents 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 | 215.395 |
| 6. Furniture and fixtures | 4,949,057 | 8,243,509 |
| 7. Other fixed assets | 0 | 0 |
| 8. Accumulated depreciation (-) | -28,920,177 | -67,727,748 |
| 9 Construction in progress | 2,597,522 | 5,594,678 |
| 10. Order advances given | 1,724,877 | 141,608 |
| E INTANGIBLE ASSETS | 1,741,056 | 1,787,770 |
| 1. Establishment cost (net) | 36,222 | 0 |
| 2 Rights | 0 | 79.107 |
| 3. Research and development expenses | 248,720 | 184,983 |
| 4. Other intangible assets | 1,456,114 | 1.523,680 |
| 5. Advances gives | 0 | 0 |
| F OTHER NON CURRENT ASSETS | 15,912,392 | 22,411,904 |
| TOTAL ASSETS | 969,531.711 | 1.691.450.756 |
| 1. CURRENT LIABILITIES | 616,420,959 | 744,726,251 |
| A. SHORT-TERM BORROWINGS | 193,226, 126 | 9.342 .818 |
| 1. Bank borrowings | 193,226, 126 | 9,342;818 |
| 2. Principal installments and interest on long | 0 | 0 |
| 3 Principal installments and interest on bill | 0 | 0 |
| 4. Notes and bonds issued | 0 | 0 |
| 5 Other short-term barrowings | 0 | 0 |
| B. TRADE PAYABLES | 359,973,776 | 612.628.665 |
| 1. Suppliers | 302,387,717 | 598,238,202 |
| 2. Notes payable | 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 CURRENT LIABILITIES | 36,994,461 | 112,619,449 |
| 1 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 | 30,621,934 | 109,517,775 |
| 8. Rediscount of notes payable (-) | 0 | 0 |
| 0 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 |
| 1. 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 | 0 |
| 1. Suppliers | 0 | 0 |


| 2 Notes payable | 0 | 0 |
| :---: | :---: | :---: |
| 3. Deposits and guarantees received | 0 | 0 |
| 4. Other trade payates | 0 | 0 |
| 5. Rediscount of notes payable (-) | 0 | 0 |
| C OTHER LONG-TERM BORROWINGS | 8859 | 4,503,807 |
| 1. Due to shareholders | 0 | 0 |
| 2 Due to investments | 0 | 0 |
| 3. Due to subsidiaries | 0 | 0 |
| 4. Deferred payables to government | 0 | 0 |
| 5. Other long-term borrowings | 8.859 | 4,503,807 |
| 6 Rediscount of notes payable ( 6$)$ | 0 | 0 |
| D. ADVANCES RECEIVED | 0 | 0 |
| E PROVISION FOR PAYABLES AND EXPENSES | 7,156,862 | 62,985,288 |
| 1. Provision for retirement pay | 7,156,862 | 8,996,199 |
| 2 Provision for other payables and accruels | 0 | 53,989,089 |
| III. SHAREHOLDERS' EQUITY | 282,539,281 | 397,449.983 |
| A SHARE CAPITAL | 159,099,887 | 159,099,887 |
| B. CAPITAL COMMITMENTS (-) | 0 | 0 |
| C. SHARE PREMWM | 0 | 0 |
| D. REVALUATION SURPLUS | 23,969,475 | 65.906.531 |
| 1 Revatuation surplus on fixed assets | 22,869,475 | 64,529,151 |
| 2. Revaluation surplus on investments | 0 | 97,048 |
| 3. Revaluation surplus on common stocks. | 1,100,000 | 1.280 .332 |
| E. RESERVES | 44,751,331 | 99,454,773 |
| 1. Legal reserves | 2.924.426 | 6,551,406 |
| 2. Statutory reserves | 0 | 0 |
| 3 Special reserves | 15,446 | 0 |
| 4. Extraordinary reserves | 41,814,759 | 92,903,367 |
| 5 Costincrease fund | 0 | 0 |
| 6. Fixed assets and investment sales income to | 0 | 0 |
| F. NET INCOME FOR THE PERIOD | 54,718,588 | 72,988,782 |
| G. LOSS FOR THE PERIOD ( - ) | 0 | 0 |
| H. PRIOR YEAR LOSSES $(-)$ | 0 | 0 |
| I. PREVIOUS YEAR LOSSES (-) | 0 | 0 |
| 1..........year losses | 0 | 0 |
| 2..........year losses | 0 | 0 |
| TOTAL LIABLLITIES 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 |
| B. SALES DEDUCTIONS (-) | -3,026,596 | -4,452,043 |
| 1. Sales returns ( $f$ ) | $-1,530,375$ | 1,966,361 |
| 2. Sales discounts (-) | 0 | 0 |
| 3 Other deductions $(t)$ | -1.496,221 | -2.485.682 |
| C. NET SALES | 921,065,657 | 1,454,140,051 |
| D. COST OF SALES (-) | -636,203,022 | -1,108,160,374 |
| GROSS PROFIT (LOSS) | 284,862,635 | 345,979,680 |
| E. OPERATING EXPENSES ( $)$ | -37.720, 344 | -86,215,417 |
| 1. Research and development expenses (-) | -4,266,192 | -10,385,551 |
| 2. Selling ana marketing expenses (-) | -19,872,809 | $-50,766,239$ |
| 3. General and admiinistrative expenses ( - ) | -13,581,543 | -25,063,627 |
| PROFIT (LOSS) FROM MAIN OPERATIONS | 247,142,291 | 259,764.263 |
| F. INCOME AND PROFIT FROM OTHER OPERATIONS | 140,052,267 | 198,245,165 |
| 1. Dividends from investments | 0 | -. 62,300 |
| 2. Dividends from subsidiaries | 0 | 0 |
| 3. Interest and other dividend income | 95,301,368 | 113,090.406 |


| 4. Other operating income and profits | 44,750,899 | 85,092,459 |
| :---: | :---: | :---: |
| G. EXPENSES AND LOSSES FROM OTHER OPERATIONS ( $)$ | -6,949,337 | -71,806.241 |
| H. FINANCIAL EXPENSES (-) | -297,938,010 | -269,106,536 |
| 1. Shortterm 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. Idie division expenses and losses | -1,941,929 | -4,838,180 |
| 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. TAXATHON AND OTHER LEGAL LIABILITIES | -26,001,039 | -42,564,170 |
| NET INCOME (LOSS) | 54,718,588 | 72,988,792 |


[^0]:    Ihtp:/www.izocam.com.tr/english/corporate/history.html

[^1]:    ${ }^{2}$ http://www.rampacific.com/Beko $\% 20$ History.htm

[^2]:    ${ }^{3}$ Ross, Stephen A. Westerfield, Randolph W \& Jordan, Bradford D. (1998).
    Fundamental of corporate finance. 4th edition. Mc Grow Hill, USA.

[^3]:    ${ }^{4}$ Megis, F. Williams, R. Haka, F \& Battner, S. (2000) . Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

[^4]:    ${ }^{5}$ Megis, F. Williams, R. Haka, F \& Battner, S. (2000). Accounting the basis of business decision. 11 th edition. Mc Grow Hill, USA.
    Ghtp://www.bus.lsu.edu/academics/entrepreneurial/FranchiseClass/pages/ForBookChapterFive/ChapterFive_Page5.h m m

[^5]:    ${ }^{7}$ Megis, F. Williams, R. Haka, F \& Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

[^6]:    ${ }^{8}$ 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/ForBook/ChapterFive/ChapterFive_Page5. htuml

[^7]:    ${ }^{10}$ Megis, F. Williams, R. Haka, F \& Battner, S. (2000). Accounting the basis of business decision. 11 th edition. Mc Grow Hill, USA.

[^8]:    "Walgenbach, Paul H. Hanson, Emest I. Dittrich, Norman E. (1987). Principal of accounting. 4th edition. Harcourt brace Jovanovich Inc, USA.
    ${ }^{12}$ Walgenbach, Paul H. Hanson, Ernest I. Dittrich, Norman E. (1987). Principal of accounting. 4th edition. Harcourt brace Jovanovich Inc, USA.

[^9]:    ${ }^{13}$ Megis, F. Williams, R. Haka, F \& Battner, S. (2000) . Accounting the basis of business decision. I th edition. Mc Grow Hill, USA.

[^10]:    ${ }^{14}$ Weston, J Fred. Besly, Scott \& Brigham, Eugene F. (1996). Essentials of managerial finance. 11 th edition. Harcourt brace college publisher, USA.

[^11]:    ${ }^{16}$. Megis, F. Williams, R. Haka, F \& Battner, S. (2000). Accounting the basis of business decision. 11 th edition. Mc Grow Hill, USA.

[^12]:    ${ }^{17}$. Megis, F. Williams, R. Haka, F \& Battner, S. (2000). Accounting the basis of business decision. 11th edition. Mc Grow Hill, USA.

[^13]:    ${ }^{18}$ See appendix A (Financial statements of Beko)

[^14]:    ${ }^{19}$ See appendix A (Financial statements of Beko)

[^15]:    ${ }^{20}$ See appendix A (Financial statements of Beko)

