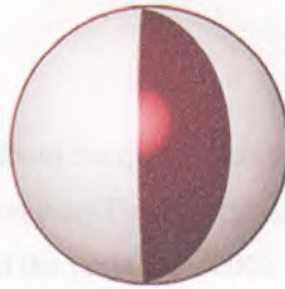


ABSTRACT



# **NEAR EAST UNIVERSITY**

## **FACULTY OF BUSINESS & ADMINISTRATIVE SCIENCES**

**MAN 400**

### **Financial Statement Analysis Of NETAŞ COMPANY**

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In our project, we made analysis about company positions and compare competitors of the Netaş Company. We explained Company Financial statement that consists of balance sheet and income statement in respect of the years from 2001 to 1997. Additionally, Netaş have recorded a slowdown in average annual revenues - a situation that has been exacerbated by the volatility of the local currency, the real, which when in depreciation has caused dollar debts to balloon and has triggered a higher rate of subscriber non-payment. Many telcos also borrowed heavily in order to fund network build-out requirements, stipulated by government as necessary before expansion out of concession areas. The development of the Information Technology(IT) sector has given the telecoms sector a push, but more reforms are needed if Turkey is to live up to its potential.

Alternate Operators sector has become a focus market for Netaş and a significant growth rate of 300% was achieved compared to the previous year. Internet Service Providers are major customers of Netaş in this developing market sector. The reliable and secure solutions offered by Netaş and Nortel Networks enable operators to build and operate a network offering fast and uninterrupted access to users.

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## INTRODUCTION

Recently communication technology is developing from day to day therefore communication companies' takes more important role in our life. One of these companies is Netaş. Netaş is supplying service provider and enterprise customers with communications technology and infrastructure to enable value-added IP data, voice and multimedia services spanning metro and enterprise networks, wireless networks and optical long haul networks.

My aim with this project is to provide an overview of financial situation of Netaş Company. This project is done by analyzing the information provided by different resources. This report has been prepared for graduation and submitted to committee. As we know financial tables describe the general nature of the company and these information help owners, shareholders and any other intuitions and people for company's future financial plans. At the same time this analysis helps us to see our current situation and forecasting the future project.

This project is divided into 5 parts as follows:

In the first part included some limitations about financial information of Netaş Company.

In the second part it is discussed historical evaluation of Netaş this means that when netaş established and who are owners and also provide information about mergers of Netaş

In the third part it is given the information about financial statement, balance sheet, income statement and owner's equity. In this part this steps gives information our company position in communication sector to the people who needs information.

In the forth part it is given the information about financial tools as vertical analysis, horizontal analysis, and ratio analysis.

In the fifth part I analyzed ratios and introduced methods of measurement with available information on hand this is vital part of the project because ratios reflect the financial position of our company. On the other hand with these ratios to compare our company with other companies and also I addressed industry average of communication sector. Industry average is important to understand the current company position in the competitive market. Users of financial statements often gain a clearer picture through studying relationships and comparisons between items. The selection and the preparation of analytical aids are a part of the work of the accountant.

## 1. LIMITATIONS OF THE NETAŞ

I met some problems about financial information of Netaş Company. I phoned up Netaş Company for financial information. But Netaş Company did not give me financial information and I sent six e-mails to Netaş Company but Netaş Company did not give an answer. I did not find enough information to comment Netaş company financial position and in the IMKB web page there is English information until year 1997. After year 1997 there is no English information. A Turkish accounting system is different according to European and American accounting system.

developed through United Networks since Netaş / Nortel Networks is working to deliver today the solutions in order to meet the future needs of its customers in Optical Internet, Local Internet, Wireless Internet, Personal Internet and e-Business world.

The company helps its customers throughout Turkey and other countries in Europe, the Middle East, CIS and Africa to design, operate and market network services supported by advanced latest technical solutions.

Netaş/Nortel Networks has played a major role in the modernization of the telecommunications infrastructure in Turkey by supplying approximately 10.5 million lines of switching equipment as well as transmission and datacom systems to Türk Telekom. In the private communications market Netaş / Nortel Networks has the largest share with a customer base of 25,000 in various sectors. The company also provides total solutions to the Turkish Armed Forces with long-term development contracts.

Netaş/Nortel Networks has developed from a technology importing company to a technology exporting one through the years due to the proven capability of its R&D group to design new and highly competitive products with the use of the state of the art technology. Netaş employs over 300 engineers at its R&D organization and allocates 6-8 % of its annual revenue to R&D activities. The software exported by Netaş R&D has reached US \$ 10 million annually.

Netaş/Nortel Networks was established in 1967 as a joint venture company between Türk Telekom, now Türk Telekom and Northern Electric Company Limited (Nortel Networks Corporation) of Canada with the aim of supplying Turkey with locally manufactured telecommunications equipment. Currently, 31.87% of Netaş / Nortel Networks share are traded in the Istanbul Stock Exchange, and the major shareholders are Nortel Networks Corporation (55.12%) and the Turkish Armed Forces Foundation (17%).



## **2. BACKGROUND OF THE NETAŞ STATEMENTS**

Netaş/Nortel Networks complements its experience and local technological capabilities in telecommunication sector with Nortel Networks' solutions, carries its experience and leadership in voice communication to Internet and data communication and contributes to the development of the national communication network towards multimedia communication. Nortel Networks' product portfolio has been strengthened by solutions that allow the infrastructure to be managed from a single center, and by the network management capabilities that have been developed through Unified Networks vision. Netaş / Nortel Networks is working to deliver today the solutions in order to meet the future needs of its customers in Optical Internet, Local Internet, Wireless Internet, Personal Internet and e-Business areas.

The company helps its customers throughout Turkey and other countries in Europe, the Middle East, CIS and Africa to design, operate and market network services supported by continuous online technical assistance.

Netaş/Nortel Networks has played a major role in the modernisation of the telecommunications infrastructure in Turkey by supplying approximately 10.5 million lines of switching equipment as well as transmission and datacom systems to Türk Telekom. In the private communications market Netaş / Nortel Networks has the largest share with a customer base of 35,000 in various sectors. The company also provides total solutions to the Turkish Armed Forces with long-term development contracts.

Netaş/Nortel Networks has developed from a technology importing company to a technology exporting one through the years, due to the proven capability of its R&D group to design new and highly competitive products with the use of the state of the art technology. Netaş employs over 300 engineers at its R&D organization and allocates 6-9 % of its annual revenues to R&D activities. The software exported by Netaş R&D has reached US \$ 10 million annually.

### **3.2. BALANCE SHEET**

Netaş/Nortel Networks was established in 1967 as a joint venture company between Turkish PTT, now Türk Telekom and Northern Electric Company Limited (Nortel Networks Corporation) of Canada with the aim of supplying Turkey with locally manufactured telecommunications equipment. Currently, 31.87% of Netaş / Nortel Networks shares are traded in the Istanbul Stock Exchange, and the major shareholders are Nortel Networks Corporation (53.13%) and the Turkish Armed Forces Foundation (15%).

### 3. OVER VIEW ABOUT FINANCIAL STATEMENTS

#### 3.1. FINANCIAL STATEMENTS

Financial statement analysis to allow users to make informed judgments about a company's financial position and performance when measured against trends of the company itself and when compared to other companies in the economy. It is important that you understand that this is an introduction. The preparation of the financial statements is not the first step in the accounting process, but it is a convenient point to begin the study of accounting. The financial statements are the means of conveying to management and to interested outsiders a concise picture of the profitability and financial position of the business. Since these financial statements are in a sense the end product of the accounting process, the student who acquires a clear understanding of the content and meaning of financial statements will be in excellent position to appreciate the purpose of the earlier steps of recording and classifying business transactions. The two most widely used financial statements are the *balance sheet* and the *income statement*. Together, these two statements summarize all the information contained in the hundred or thousand of pages comparisons the detailed accounting records of a business. In this financial statement, we shall explore the nature of the balance sheet, or financial position, as it is sometimes called. Once we have become familiar with the form and arrangement of the balance sheet and with the meaning of technical terms such as *assets*, *liabilities*, and *owner's equity*, it will be as easy to read and understand a report on the financial position of a business as it is for an architect to read the blueprints of proposed building.

In addition to the annual financial statements, the annual report also contains notes to the financial statements, a summary of accounting methods used, management's discussion and analysis of the financial results, the auditor's report, and comparative financial data for a series of years.<sup>1</sup>

#### 3.2. BALANCE SHEET

The purpose of the balance sheet is to show the financial position of a business at a particular date. Every business prepares a balance sheet at the end of the year, and most companies prepare one at the end of each month. A balance sheet consist of a listing of the assets and liabilities of a business and of the owner's equity

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<sup>1</sup> Accounting, the basis of business decisions/ Robert Meigs and others -11th edition



**Assets:** assets are economic resources, which are owed by a business and are expected to benefit future operations. Assets may have definite physical form such as, buildings, machinery or merchandise. On the other hand, some assets exist not in physical or tangible form, but in the form of valuable legal claims or right; examples are amounts due from customers, investments in government bonds, and patent rights. One of the most basic and at the same time most controversial problems in accounting is determining the dollar values for the various assets of a business. At present general accepted principle call for the valuation of assets in a balance sheet at cost, rather than at appraised market values.

The specific accounting principles supporting cost as the basis for assets valuation are discussed bellow

**The cost principle:** Assets such as land, buildings, merchandise, and equipment are typical of the many economic resources that will be used in producing income 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 its *historical cost*, we mean the dollar amount originally paid to acquire the asset; this amount-pay very different from what we would have pay today to replace it. For example, let us assume that a business buys a tract of land for use as a building site, paying \$200,000 in cash. The amount to be entered in the accounting records as the value of the asset will be the cost of 200,000. If we assume that a booming real estate market, a fair estimate of the sales value of the land 10 year later might be \$350,000. Although the market price or economic value of the land has risen greatly, the accounting values as shown in the accounting records and on the balance sheet would continue unchanged at the cost of \$200,000. This policy of accounting for assets at their cost is often referred to as the *cost principle* of accounting.

**The Going- Concern Assumption:** it is appropriate to ask why accountants do not change the record value of assets to correspond with changing market price for these properties. One reason is that the land and building being used to hose the business were acquired for use and not for resale; in fact, these assets cannot be sold without disrupting the business. The balance sheet of a business is prepaid on the assumption that the business is continuing enterprise, a going concern. Consequently, the present estimated prices at which the land and buildings called be sold are of less import ants than if these properties were intended for sale.

**The Objectivity Principle:** another reason for using cost rather than current market values in accounting for assets is the need for a definite, factual basis for valuation. Accountants

use the term objective to describe asset valuations that are factual and can be verified by independent experts. For example, if land is shown on the balance sheet at cost, any CPA who performed an audit of the business would be able find objective evidence that the land was actually valued at the cost in current in acquiring it. Estimated market value as, on the other hand, for assets such as building and specialized machinery are not factual and objective. Market values are constantly changing and estimates of the prices at which assets could be sold are largely matter of personnel opinion. Of course at the date an assets is acquired, the cost and market value and usually the same because the bargaining process which results in the same of an assets service to establish both the current market value of the property and the cost to the buyer. With the passage of time, however, the current market value of asset is likely differing considerably from the cost recorded in the owner's accounting records.

*The Stable-Dollar Assumptions:* severe inflation in several countries in recent years has raised serious doubts as to the adequacy of the conventional cost basis in accounting for assets. When inflation becomes very severe, historical cost values for assets simply lose their relevance as a basis for making business decisions. Much consideration has been given to the as of balance sheet that would show assets at current appraised values or at replacement costs rather than at historical cost. Accountants in U.S by adhering to the cost basis of accounting no implying that the dollar is the stable unit of measurement, as the gallon, the acre or the mile. 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.<sup>2</sup>

*Liabilities:* liabilities are debts. All businesses have liabilities; even the largest and most successful companies' purchase merchandise, supplies on credit rather than to pay cash at the time of each purchase the liability arising from the purchase of goods or services on credit is called an account payable, and the person or the company to whom the account payable is owed called a creditor. A business concern frequently finds it desirable borrow money as a means of supplementing the funds invested by the owner, thus enabling the business to expand more rapidly. The borrowed funds may, for example, be used to buy merchandise, which can be sold at a profit to the firm's customers. Alternatively, the borrowed money might be used to buy new and more efficient machinery, thus enabling

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<sup>2</sup> Accounting, the basis of business decisions/ Robert Meigs and others - 11th edition



the company to term out of a larger volume of products at lower cost. When a business borrows money for any reason, a liability is in current and the Lender becomes a creditor of the business. The form of the liability when money is borrowed is usually a *note payable*, a formal written promise to pay a certain amount of money, plus interest, at a definite future time. An *account payable*, as contrasted with a *note-payable*, does not involve the issuance of a formal written promise to the creditor, and it does not call for payment of interest.

When a business has both notes payable and accounts payable, the two types of liabilities are listed separately in the balance sheet. Liabilities that are similar may be combined to avoid unnecessary detail in the financial statement<sup>3</sup>

### 3.3. INCOME STATEMENT

The income statement is a separate representation of the company's revenue and expense transaction for the year. It is particularly important for the company's owners, creditors, and other interested parties to understand the income statement. Ultimately the company will succeed or fail based on its ability to earn revenue in excess of its expenses. *Revenues* are increases in the company's assets from its profit-directed activities, and they result in positive cash flows. Similarly, *expenses* are decreases in the company's assets from profit-directed activities, and they result in negative cash flows. *Net income* is the difference between the two. Should a company find itself in the undesirable situation of having expenses greater than revenues; we call the difference a *net loss*.

### 3.4. STATEMENT AND OWNER EQUITY

The owner's equity in a business represents the resources invested by owner; it is equal to the total assets minus the liabilities. The equity of the owner is a *residual claim* because the claims of the creditors legally come first. If you are the owner of a business, you are entitled to whatever remains after the claims of the creditors are fully satisfied.

*Increases in Owner's Equity:* The owner's equity in a business comes from two sources:

- 1- Investment by the owner
- 2- Earnings from profitable operation of the business

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<sup>3</sup> Accounting, The basis of business decisions/ Robert Meigs and others - 11th edition

2- Loses from unprofitable operation of the business<sup>4</sup>

We already have established the importance of cash flow to investors and creditors and that the cash flow of company are an important consideration in investors' and creditors' assessment of cash flows to them. As a result, a second set of information that is particularly important concerning how the financial position changed two points in time.

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## 4. TOOLS OF ANALYSIS

### 4.1. DOLLAR AND PERCENTAGE CHANGES

The dollar amount of changes from year to year is significant, and expressing the change in percentage terms adds perspective. For example, if sales this year have increased by \$100,000, the fact that this is an increase of 10% over last year's sales of \$1 million puts it in different perspective than if it represented a 1% increase over sales of \$10 million for the prior year.

The dollar amount of any change is the difference the amount for a comparison year and the amount for a base year. The percentage change is computed by dividing the amount of the dollar change between years by the amount for the base year.

### 4.2. Horizontal Analysis (Trend Percentages)

One of the questions that analysts attempt to answer is how is a company doing over time? It would be a serious mistake to make decisions based on data for a single year. To get a true picture of how a company is "trending", it is necessary to look at several year's data and look at the percentage changes from year-to-year. Analysts look at comparative financial statements and compute the percentage changes from year-to-year. Horizontal analysis concerns itself with how the numbers on the financial statements are changing over time. Are the numbers increasing over time? If so, by how much? Answers to these questions are found by performing horizontal analysis - computing a percentage change in comparative statements. You should understand the concept of comparative statements where data for two or more periods are shown side-by-side. these percentages are computed in two steps as follows:

- Compute the dollar amount of change from the earlier period to the current period
- Divide the dollar amount of change by the earlier period amount.<sup>5</sup>

Trend percentages are another type of horizontal analysis. In a trend analysis, a string of years is evaluated in relationship to an earlier or base year. The formula for computing trend% is:

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<sup>5</sup> provide from internet <http://ww2.nsti.tec.tn.us>

Accounting, The basis of business decisions/ Robert Meigs and others - 11th edition  
Financial Accounting, Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel-Second edition

Trend % = any year \$ / Base year \$

Tablo 1

	1998	1999	2000	2001
<b>Net Sales</b>	\$189,000	\$205,000	\$225,000	\$260,000
<b>Net Income</b>	\$26,000	\$31,900	\$36,750	\$48,000

Source: from internet <http://ww2.nsti.tec.tn.us>

Assume that 1998 is the base year. The trend percentages are indicated in the table below.

Tablo 2

	1998	1999	2000	2001
<b>Net Sales</b>	100%	108%	119%	138%
<b>Net Income</b>	100%	123%	141%	185%

Source: from internet <http://ww2.nsti.tec.tn.us>

### 4.3. Vertical Analysis (Common Size Statements)

Keep in mind that no single analysis ever results in a complete financial picture. Vertical analysis is another tool that analysts use. In vertical analysis, the goal is to see how the composition of the financial statements changes over time. For instance, did gross profit as percent of sales remain the same, increase, or decrease over time. If the gross profit is decreasing over time, what is the cause? Is the sale price of merchandise sold being driven down due to market conditions or is there something about this particular company that requires further investigation?

Vertical analysis of a financial statement is accomplished by establishing some number as the base and assigning that number 100%. You then compute other numbers as a percent of that base figure. For instance, it is common to set the net sales figure on the income statement as the base with an assigned value of 100%. You then compute the other numbers on the income statement as a percent of the base. For instance, look at the income statement for XX Company below. Net sales have been set to 100% and the other numbers computed as a percent of net sales. As you can see, in this case two years



numbers have been provided. This is an example of a vertical analysis that is also horizontal.<sup>6</sup>

Tablo 3

	2001		2000	
	Amount	Percent	Amount	Percent
<b>Net Sales</b>	\$470,000	100%	\$390,000	100%
<b>Cost of Goods</b>	\$320,000	68%	\$273,000	70%
<b>Gross Profit</b>	\$150,000	32%	\$117,000	30%
<b>Operating Expenses</b>	\$90,000	19%	\$85,800	22%
<b>Earnings before Taxes</b>	\$60,000	13%	\$31,200	8%
<b>Income Taxes</b>	\$26,400	5.61%	\$14,250	3.65%
<b>Net Income</b>	\$34,600	7.36%	\$16,950	4.34%

Source: from internet <http://ww2.nsti.tec.tn.us>

Another presentation of percentages is the common-size statement. In this presentation, only percentages derived from a vertical analysis are presented. The numbers themselves are not included.

Common-size financial statements are statements that report only percentages and no numbers. On the income statement, all items are expressed as a percentage of sales with sales being one hundred percent. They are very similar to the vertical analysis presented in the last section of this lecture except that no actual numbers are included. Look at the abbreviated income statement for XX Company presented below and then look at the common-size version presented after it.

Table 4

<b>Net Sales</b>	<b>\$180,000</b>
<b>Cost of goods Sold</b>	<b>\$110,000</b>
<b>Gross Profit</b>	<b>\$70,000</b>
<b>Operating Expense</b>	<b>\$55,000</b>
<b>Operating Income</b>	<b>\$15,000</b>
<b>Income taxes</b>	<b>\$5,500</b>

<sup>6</sup> provide from internet <http://ww2.nsti.tec.tn.us>

Accounting, The basis of business decisions/ Robert Meigs and others -11th edition  
Financial Accounting, Jerry j. Weygandt, Donald E. Kieso, Paul D. Kimmel-Second edition

<b>Net Income</b>	<b>\$9,500</b>
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Source: from internet <http://ww2.nsti.tec.tn.us>

Table 5

<b>Net Sales</b>	<b>100%</b>
<b>Cost of goods Sold</b>	<b>61%</b>
<b>Gross Profit</b>	<b>39%</b>
<b>Operating Expense</b>	<b>31%</b>
<b>Operating Income</b>	<b>8%</b>
<b>Income taxes</b>	<b>3%</b>
<b>Net Income</b>	<b>5%</b>

Source: from internet <http://ww2.nsti.tec.tn.us>

Once again, the actual calculations are pretty straight-forward. The serious part of this process lies in the analysis of the data once it is calculated. How did XX Company do? A net income of only 5% is too good if taken by itself. In order to make a meaningful judgment, multiple types of analysis are necessary. For instance, how did other people in the same industry perform? Perhaps a more meaningful analysis would be to compute return on assets employed (more about this in the section dealing with ratio analysis). Maybe this is a very new and growing business. Is an operating expense of 31% reasonable for a start-up?<sup>7</sup>

#### 4.4. RATIOS ANALYSIS

A ratio is a simple mathematical expression of the relationship of one item to another. Every percentage may be viewed as a ratio, that is, one number expressed as a percentage of another. Ratios are particularly important in understanding financial statements because they permit us to compare information from one financial statement with information from another financial statement. For example, we might compare net income (taken from the income statement) with total assets (taken from the balance sheet) to see how effectively management is using available resources. For a ratio to be useful, however, the two amounts being compared must be logically related. In subsequent sections of the chapters, we will make extensive use of ratios in better understanding important dimensions of an enterprise's financial activities. However through using these techniques

<sup>7</sup> provide from internet <http://ww2.nsti.tec.tn.us>



we must search for some standard of comparison to judge whether the relationships are favorable or unfavorable. Such standards are past performance of NETAŞ and the performance of other Competitors in the same industry like Turkcell and Turk Alcatel.

The Balance Sheet and the Statement of Income are essential, but they are only the starting point for successful financial management. Apply Ratio Analysis to Financial Statements to analyze the success, failure, and progress of your business.

Ratio Analysis enables the business owner/manager to spot trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry. To do this compare your ratios with the average of businesses similar to yours and compare your own ratios for several successive years, watching especially for any unfavorable trends that may be starting. Ratio analysis may provide the all-important early warning indications that allow you to solve your business problems before your business is destroyed by them<sup>8</sup>

Important Balance Sheet Ratios measure liquidity and solvency (a business's ability to pay its bills as they come due) and leverage (the extent to which the business is dependent on creditors' funding). They include the following ratios:

#### 4.4.1. Measures of short-term Liquidity

These ratios indicate the ease of turning assets into cash. They include the Current Ratio, Quick Ratio, and Working Capital.

*Current Ratios:* The Current Ratio is one of the best-known measures of financial strength. It is figured as shown below:

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

The main question this ratio addresses is: "Does your business have enough current assets to meet the payment schedule of its current debts with a margin of safety for possible losses in current assets, such as inventory shrinkage or collectable accounts?" A generally acceptable current ratio is 2 to 1. But whether or not a specific ratio is satisfactory depends on the nature of the business and the characteristics of its current

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<sup>8</sup> <http://www.bizmove.com/other/cdpage.htm>

assets and liabilities. The minimum acceptable current ratio is obviously 1:1, but that relationship is usually playing it too close for comfort.<sup>9</sup>

If you decide your business's current ratio is too low, you may be able to raise it by:

- Paying some debts.
- Increasing your current assets from loans or other borrowings with a maturity of more than one year.
- Converting non-current assets into current assets.
- Increasing your current assets from new equity contributions.
- Putting profits back into the business.

*Quick Ratios:* The Quick Ratio is sometimes called the "acid-test" ratio and is one of the best measures of liquidity. It is figured as shown below:

Cash + Government Securities + Receivables

$$\text{Quick Ratio} = \frac{\text{Cash + Government Securities + Receivables}}{\text{Total Current Liabilities}}$$

The Quick Ratio is a much more exacting measure than the Current Ratio. By excluding inventories, it concentrates on the really liquid assets, with value that is fairly certain. It helps answer the question: "If all sales revenues should disappear, could my business meet its current obligations with the readily convertible 'quick' funds on hand?"

*Working Capital:* Working Capital is more a measure of cash flow than a ratio. The result of this calculation must be a positive number. It is calculated as shown below:

$$\text{Working Capital} = \text{Total Current Assets} - \text{Total Current Liabilities}$$

Bankers look at Net Working Capital over time to determine a company's ability to weather financial crises. Loans are often tied to minimum working capital requirements.

A general observation about these three Liquidity Ratios is that the higher they are the better, especially if you are relying to any significant extent on creditor money to finance assets.<sup>10</sup>

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<sup>9</sup> <http://www.bizmove.com/other/cdpage.htm>



**Inventory Turnover Ratio:** This ratio reveals how well inventory is being managed. It is important because the more times inventory can be turned in a given operating cycle, the greater the profit. The Inventory Turnover Ratio is calculated as follows:

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory at Cost}}$$

**Accounts Receivable Turnover Ratio:** This ratio indicates how well accounts receivable are being collected. If receivables are not collected reasonably in accordance with their terms, management should rethink its collection policy. If receivables are excessively slow in being converted to cash, liquidity could be severely impaired. The Accounts Receivable Turnover Ratio is calculated as follows:

$$\text{Accounts Receivable Turnover (in days)} = \frac{\text{Accounts Receivable}}{\text{Daily Credit Sales}}$$

**Days to sell the average inventory:** Indicates in days how quickly inventory sells and computed as

$$\text{Days to sell the inventory} = \frac{365 \text{ days}}{\text{Inventory Turnover Rate}}$$

**Operating cycle:** Indicates in days how quickly inventory converts into cash and computed as

$$\text{Days to Sell Inventory} + \text{Days to Collect Receivables.}$$

**Free cash flow:** Excess of operating cash flow over basic needs and Computed as

$$\text{Net Cash from Operating Activities} - \text{Cash Used for Investing Activities and Dividends.}$$

#### 4.4.2. Measures of Long-term Credit risk

**Debt Ratio:** This Debt/Worth or Leverage Ratio indicates the extent to which the business is reliant on debt financing (creditor money versus owner's equity):

<sup>10</sup> <http://www.bizmove.com/other/cdpage.htm>

$$\text{Debt/Worth Ratio} = \frac{\text{Total Liabilities}}{\text{Net Worth}}$$

Generally, the higher this ratio, the more risky a creditor will perceive its exposure in your business, making it correspondingly harder to obtain credit.

**Interest coverage ratio:** Indicator of a company's ability to meet its interest Payment Obligations and computed as

$$\frac{\text{Operating Income}}{\text{Annual Interest Expense}}$$

#### 4.4.3. Measures of Profitability

*Percentage changes:* that is, in net sales and net income: The rate at which a key measure is increasing or decreasing', the growth rate and computed as

$$\frac{\text{Dollar Amount of Change}}{\text{Financial Statement Amount in the Earlier Year}}$$

**Gross Margin Ratio:** This ratio is the percentage of sales dollars left after subtracting the cost of goods sold from net sales. It measures the percentage of sales dollars remaining (after obtaining or manufacturing the goods sold) available to pay the overhead expenses of the company.

Comparison of your business ratios to those of similar businesses will reveal the relative strengths or weaknesses in your business. The Gross Margin Ratio is calculated as follows:

$$\text{Gross Margin Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}}$$

(Gross Profit = Net Sales - Cost of Goods Sold)

**Net Profit Margin Ratio:** This ratio is the percentage of sales dollars left after subtracting the Cost of Goods sold and all expenses, except income taxes. It provides a good opportunity to compare your company's "return on sales" with the performance



of other companies in your industry. It is calculated before income tax because tax rates and tax liabilities vary from company to company for a wide variety of reasons, making comparisons after taxes much more difficult. The Net Profit Margin Ratio is calculated as follows:

$$\text{Net Profit Margin Ratio} = \frac{\text{Net Profit Before Tax}}{\text{Net Sales}}$$

*Operating expense ratio:* A measure of management's ability to control expenses and computed as

$$\frac{\text{Operating Expenses}}{\text{Net Sales}}$$

*Operating income:* This measures the profitability of a company's basic business activities and computed as

$$\text{Gross Profit} - \text{Operating Expenses.}$$

*Return on Assets Ratio:* This measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. The Return on Assets Ratio is calculated as follows:

$$\text{Return on Assets} = \frac{\text{Net Profit before Tax}}{\text{Total Assets}}$$

*Return on Investment (ROI) Ratio:* The ROI is perhaps the most important ratio of all. It is the percentage of return on funds invested in the business by its owners. In short, this ratio tells the owner whether or not all the effort put into the business has been worthwhile. If the ROI is less than the rate of return on an alternative, risk-free investment such as a bank savings account, the owner may be wiser to sell the company, put the money in such a savings instrument, and avoid the daily struggles of small business management. The ROI is calculated as follows:

Common Stockholders' Net Profit before Tax

$$\text{Return on Investment} = \frac{\text{Net Profit before Tax}}{\text{Net Worth}}$$

*Earnings per share:* Net income applicable to each share of Common stock and computed as

Net Income - Preferred Dividends

Average Number of Common Shares

Return on equity: The rate of return earned on the stock- holders' equity in the business and computed as

Net Income/Average Total Equity.

Return on common stockholders' equity: The rate of return earned on the common Stockholders' equity (appropriate when company has both common and preferred stock) and computed as

Net Income - Preferred Dividends

Average Common Stockholders' Equity

#### **4.4.4. Measures for Evaluating the Current Market Price of Common Stock**

*Price-earnings ratio:* A measure of investors' expectations about the company's future prospects and computed as

Current Stock Price

Earnings per Share

*Dividend yield:* Dividends expressed as a rate of return on the market price of the stock and computed as

Annual Dividend

Current Stock Price

Book value per share: The recorded value of net assets underlying each share of common stock and computed as,



## 5. FINANCIAL ANALYSIS OF NETAS COMPANY

### Common Stockholders' Equity

#### Shares of Common Stock Outstanding

These Liquidity, Leverage, Profitability, and Management Ratios allow the business owner to identify trends in a business and to compare its progress with the performance of others through data published by various sources. The owner may thus determine the business's relative strengths and weaknesses.<sup>11</sup>

#### 5.1. Findings

Current ratio provides any a rough measure of supplier short term debt ability and it also shows between assets and liabilities. Normal standard ratio is value is 2. If it is over 2 company current ratio goes better and vice versa. In our company our current ratio is over 2 which shows company position is getting better in 1997 and 1998. Continuously this ratio is going to decrease till 1.69 in 1999 and also this ratio continuously decreased in 2000 too. Quick ratio it is a better test and usually is just as easily obtainable from the suppliers balance sheet for this purpose it is satisfied with a quick ratio of 1 or higher or at least equal to the industry norm in our company quick ratio is just 2.03 in 1997, 2.05 in 1998, 1.66 in 1999 and 1.43 in 2000.

Working capital refers to a firm's short term assets such as inventory, and its short term liabilities such as money owed to suppliers. Managing the firm's working capital is a day to day activity that ensure firm as sufficient resources to continue its operations and avoid costly interruptions. In our company our working capital is continuously increased in five years period.

Days of sell inventory average is shown as the average days to sell our inventory in 1997.

<sup>11</sup> <http://www.bizmove.com/other/cdpage.htm> and provide from internet <http://ww2.nsti.tec.tn.us>

Accounting, The basis of business decisions/ Robert Meigs and others -11th edition  
Financial Accounting, Jerry j. Weygandt, Donald E. Kieso, Paul D. Kimmel-Second edition

## **5. FINANCIAL STATEMENT ANALYSIS OF NETAŞ COMPANY**

This project is analyzed for years 1997 to 2001. The aim is to measure company capacity efficiencies and its position in the market in the same time it gives information about future plan and the strategically application. This project is organized for the telecommunication sector in turkey.

Finally this analysis is showed whether limiting present projects or not limiting, whether to go into new technological changes or not and will the result of this technologies covers the expenses or not will be decided. Only important ratio analysis is covered. It is reported whether the financial statement give true and fair view and are properly prepared in the accordance with companies act.

The result of operation and the cash flow in accordance with Turkish accounting standards.

### **5.1. Findings**

Current ratio provides any a rough measure of supplier short term dept ability and it also shows between assets and liabilities. Normal standard ratio is taken as 2. If it is over 2 company current ratio goes better and vice versa. In our company our current ratio is over 2 which mean company position is getting better in 1997 and 1998. Continuously this ratio is tending to decrease till 1, 69 in 1999 and also this ratio continuously decreased in 2000 too. Quick ratio it is a better test and usually is just as easily obtainable from the suppliers balance sheet for this purpose it is satisfied with a quick ratio of 1 or higher or at least equal to the industry norm in our company quick ratio is seen 2.09 in 1997, 2.05 in 1998, 1.68 in 2000 and 1.60 in 2001.

Working capital refers to a firm's short term assets such as inventory, and its short term liabilities such as money owed to suppliers. Managing the firm's working capital is a day to day activity that ensure firm as sufficient resources to continue its operations and avoid costly interruption. In our company our working capital is continuously increased in five years period.

Days to sell inventory average its shown us the average days to sell our inventory in 1997. 1998, 1999 this average is increased but in 2000 and 2001 is decreasing and it is covered



the ratio in the previous year it is a good sign having a lower ratio because it shows how often inventory changes.

Days to collect account receivables this ratio shows us return of our money to the company in our company year to 2000 is the best days to collect account receivable. Other company ratios are higher than 2000 years.

Debt ratio it shows us all company debts which are made in credit. In our company the lower ratio is accountant as better debt ratio. In our company debt ratio is the best years in 1998 and other years are continuously decreasing.

Gross profit rate is the evaluation of suppliers relative operating efficiency compared with other companies and declined other ratio can indicated a serious competition or financial crisis. In our company it is seen in 1997 0.420, in 1998 0.335, in 1999 0.330, in 2000 0.356 and in 2001 0.350.

Return on asset is a measure of profit per dollar of assets. Higher ratio means is a better return on assets ratio. When our assets return higher our cash flow will be higher too. Cash is the most powerful advantage of company. In our company it is seen in 1997 0.177, in 1998 0.092, in 1999 0.430, in 2000, .262 and in 2001 0.170.

Return on equity it shows us our assets and liabilities. If our company assets higher than liabilities our companies position would be accounted well in our company. It is seen in 1997 0.316, in 1998 0.096, in 1999 0.294, in 2000 0.397, in 2001 0.208. see appendix A table 6

When we comment vertical analysis of Netaş we realize that there are % 16 net incomes during 1997. But this ratio has decreased to % 4 during 1998. Increasing amount of cost of good sold and operation expenses are the reason of this result. Although operating expense has decreased and cost of good sold has increased. Net income has increase to %9 at 1999. At the year 2000 the position company is better than previous year. At the end of this year the net income has increased to %12. But during year 2001 this ratio again has decreased to %8. See Appendix A table 8

In general there is an advance in trend percentage. In the trend percentage of Netaş company there is a decrease net income during 1999 as the cost of good sold and operating expense are increased. This will result a decrease in our ratio during year 1998. Assume that operating expenses and cost of good sold have increased %35 from 1997 to 1998. This %35 increase must be equal to 8,900,000 billions TL. But it is approximately 15,190,000 billions TL during year 1998. see appendix A table 7

1998 Turkish economy slow and it is caused decreasing of sales and they had to have longer to maturity date of credit sales. For instance when one dollar was 650,000 TL in the beginning of year 1999 it is reached to 1,300,000 TL at the end of year. Here our Netaş is exposed to governments producing an economic up -turn in year 2002 encouraged by the support of a new stand by agreement with IMF and obtained credit as well as positive trends in the stock exchange market and the appreciation of the Turkish lra in the beginning of the year. As a result of economic crisis the economies getting smaller than ever before and because it will be the market termination of the workers and lay-offs

Alcatel Communication Company as a competitor of Netaş Company takes place between 60<sup>th</sup> and 70<sup>th</sup> is the IMKB 100 index and this row might change. When we compare Netaş and Alcatel we found out that Alcatel Company is private re-structure where Netaş is half governmental. Netaş Company's position does not seem well in the recent periods comparing with Alcatel Company. If we take a look to the industry average we can see that industry average in year 1997 is 60.35 where Netaş's average is 78.15 according to this result Netaş Company associated will performed. When we look at year 1998 industry average is 54.37 and Netaş Company's average is 69.67 once again Netaş average is higher than industry average. In years 1999 when industry average is 55.35 Netaş average is 59.75. Netaş average is higher than industry average in year 1999. In 2000 when industry average is 46.77 Netaş average is 56.77 and again Netaş Company is higher than industry average. In year 2001 when industry average is 45.21 Netaş average is seen higher than industry average once again.

Alcatel is the major competitor of Netaş. The ratios are very closely the each other. When we compare Netaş and Alcatel Netaş's inventory turn over rate is worse than Alcatel. Netaş has a cash problem now a days and get credit for closing with problem according to Alcatel. The rate of the receivable turnover rate is changing in the years where Netaş's receivable turnover rate is increasing and this situation affects Netaş cash flow. Alcatel's receivable turnover rate is better than Netaş Company.



## CONCLUSION AND RECOMMENDATION

In conclusion Netaş serves international and domestic consumer with different format. Netaş has been equipped with full automation systems and provides a modern appearance. Netaş was elected as the most successful company in the telecommunication sector in Turkey. Netaş human resources aim to evaluate the right resources of right time and the right place. Netaş is investing to high technology. Netaş had a very good position in the telecommunication sector in 1998. Turkish economic rises and it is caused decreasing of sales and they had to have longer to maturity date of credit sales. For instance when one dollar was 650,000 TL in the beginning of year 1999 it is reached to 1,100,000 TL at the end of year. How our Netaş is placed to government predicting an economic up –turn in year 2002 encouraged by the prospect of a new stand by agreement with IMF and additional credit as well as positive trends in the stock exchange market and the appreciation of the Turkish lira in the beginning of the year. As a result of economic crisis the economies getting smaller than ever before and it shows it self in the market termination of the workers and lay-offs.

Alcatell Communication Company as a competitor of Netaş Company takes place between 50<sup>th</sup> and 70<sup>th</sup> in the IMKB 100 index and this row might change. When we compare Netaş and Alcatell we found out that Alcatell Company is private investment where Netaş is half governmental. Netaş Company's position does not seem well in the recent periods comparing with Alcatell Company. If we take a look to the industry average we can see that industry average in year 1997 is 60.35 where Netaş's average is 70.15 according to this result Netaş Company accounted well performed. When we look at year 1998 industry average is 54.37. Netaş Company's average is 60.67 once again Netaş average is higher than industry average. In years 1999 when industry average is 55.75 Netaş average is 59.75. Netaş average is higher than industry average in year 1999. In 2000 when industry average is 46.775 Netaş average is 70.775 and again Netaş Company is higher than industry average. In year 2001 when sector average is 45.21 Netaş average is seen higher than industry average once again.

Alcatell is the major competitor of Netaş. The ratios are very closely the each other. When we compare Netaş and Alcatell Netaş's inventory turn over rate is worsen than Alcatell. Netaş has a cash problem now a days and get credit for closing cash problem according to Alcatell. The rate of the receivable turnover rate is changing in the years where netaş's receivable turnover rate is increasing and this situation affects Netaş cash flow. Alcatell's receivable turn over rate is better than Netaş Company.

It is seen the sales that are made in year 2001 are four times higher than sales in year 1997. In the same way net income in year 2001 is increasing 2.28 times. Comparing with year 1997 when we consider in the base of freeing currency Company's sales is seen higher in year 2001 according to year 1997. Sales are decreasing from 275 million dollar to 115 million dollar in year 2001 to year 1997. In year 2001 net income is seen 9.99 million dollars where is 42 million dollar as a result from year 1997 to today. Sales and net income might seem profitable in the base of TL. Sales and net income might seem unprofitable in base of dollar.

Netaş Company must decrease receivable turn over rate. Thus cash flow should be come very quickly and also decrease inventory turn over rate. Netaş Company must make a new investment to gain more money. Netaş Company is able to give priority to the real needs of its clients, employees, creditors and shareholders. Turkish financial institutions must enjoy the benefits of the new economic reform program. The new program must run sustainable economic growth path

- \* [www.anadolux.com](http://www.anadolux.com)
- \* [www.hsbcturkey.com.tr](http://www.hsbcturkey.com.tr)
- \* [www.tcm.com.tr](http://www.tcm.com.tr)
- \* [www.milliyet.com.tr](http://www.milliyet.com.tr)
- \* [www.hurriyet.com.tr](http://www.hurriyet.com.tr)
- \* <http://www.istisat.com.tr>



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- <http://www.nsti.tec.tn.us>

APPENDIX A



Table 4

	2001	2000	1999	1998	1997
<b>LIQUIDITY</b>					
CURRENT RATIO	1.74	1.93	1.68	2.55	2.89
QUICK RATIO	1.40	1.68	1.36	2.05	2.39
WORKING CAPITAL	61,792,947	44,568,984	29,445,001	21,229,604	13,316,000
RECEIVABLES TURNOVER	2.66	4.84	3.97	3.29	2.84
INVENTORIES TURNOVER	13.93	12.40	7.02	8.10	10.00
DAYS TO SELL THE AVERAGE INVENTORY	27.34	28.47	51.99	45.06	36.3
DAYS TO COLLECT AVERAGE ACCOUNT RECEIVABLES	137.21	75.41	96.21	110.94	127.72
OPERATING CYCLE	164.39	103.84	148.8	156	169.2
<b>MEASUREMENT OF LONG-TERM CREDIT RISK</b>					
DEBT RATIO	56.4.8	54.0.1	56.7.8	60.0.7	59.2.19
INTEREST COVERAGE RATIO					
<b>MEASURES OF PROFITABILITY</b>					
PERCENTAGE CHANGES IN NET SALES AND NET INCOME					
GROSS PROFIT RATE	0.352	0.356	0.330	0.335	0.425
OPERATING EXPENSE RATIO	(0.217)	(0.230)	(0.220)	(0.216)	(0.146)
OPERATING INCOME	2160447	18479462	10629524	8520913	2128000
EARNING PER SHARE					
RETURN ON ASSETS	0.170	0.262	0.241	0.091	0.072
RETURN ON EQUITY	0.298	0.293	0.294	0.098	0.072
BOOK VALUE PER SHARE					
DIVIDENT YIELD					

## APPENDIX A



Table 6

	2001	2000	1999	1998	1997
<b>LIQUIDITY</b>					
CURRENT RATIO	1,74	1,93	1,68	2,55	2,34
QUICK RATIO	1,60	1,68	1,36	2,05	2,09
WORKING CAPITAL	61,792,947	44,568,984	29,446,001	21,129,694	13,516,005
RECEIVABLES TURNOVER	2,66	4,84	3,77	3,29	2,54
INVENTORIES TURNOVER	13,33	12,82	7,02	8,10	10,00
DAYS TO SELL THE AVERAGE INVENTORY	27,38	28,47	51,99	45,06	36,5
DAYS TO COLLECT AVERAGE ACCOUNT RECEIVABLES	137,21	75,41	96,81	110,94	143,70
OPERATING CYCLE	164,59	103,88	148,8	156	180,2
<b>MEASUREMENT OF LONG-TERM CREDIT RISK</b>					
DEBT RATIO	%54,4	%50,4	%57,6	%39,03	%42,19
INTEREST COVERAGE RATIO					
<b>MEASURES OF PROFITABILITY</b>					
PERCENTAGE CHANGES IN NET SALES AND NET INCOME					
GROSS PROFIT RATE	0,352	0,356	0,330	0,335	0,420
OPERATING EXPENSE RATIO	(0,217)	(0,233)	(0,220)	(0,216)	(0,144)
OPERATING INCOME	21604442	18478462	10629524	6520913	11250313
EARNING PER SHARE					
RETURN ON ASSETS	0,170	0,262	0,243	0,092	0,177
RETURN ON EQUITY	0,208	0,397	0,294	0,096	0,316
BOOK VALUE PER SHARE					
DIVIDEND YIELD					

# The Trend Percentages and Horizontal Analysis

Table 7

	1997	1998	1999	2000	2001
Net Sales	40,708,234	55,097,373	56,223,582	130,025,462	154,931,041
Net Income	6,329,935	2,027,637	9,826,318	17,751,867	13,474,998

Table 7

	1997	1998	1999	2000	2001
Net Sales	100%	135%	138%	319%	380%
Net Income	100%	32%	156%	281%	213%

## APPENDIX B



## The Trend Percentages and Horizontal Analysis

Table 7

	1997	1998	1999	2000	2001
<b>Net Sales</b>	40,708,234	55,097,373	96,225,582	150,025,462	159,993,041
<b>Net Income</b>	6,329,935	2,027,637	9,026,518	17,753,887	13,474,998

Table 7

	1997	1998	1999	2000	2001
<b>Net Sales</b>	100%	135%	236%	368%	393%
<b>Net Income</b>	100%	32%	142%	280%	228%

Table 8

	1999		1998	
	Amount	Percent	Amount	Percent
Net Sales	96,225,582	%100	55,097,373	%100
Cost of Goods	(64,344,163)	%67	(36,539,614)	%66
Gross Profit	31,881,414	%33	18,457,759	%34
Operating Expenses	16,435,311	%17	15,106,718	%28
Earnings before Taxes	15,446,103	%16	3,267,041	%6
Income Taxes	(6,369,585)	%7	(1,235,494)	%2
Net Income	9,026,518	%9	2,027,637	%4

# Vertical Analysis And Common Size Statements

Table 8

	2001		2000	
	Amount	Percent	Amount	Percent
Net Sales	159,993,041	%100	150,025,462	%100
Cost of Goods	(103,551,122)	%65	(96,534,636)	%64
Gross Profit	56,441,919	%35	53,490,826	%36
Operating Expenses	(33,102,154)	%21	(28,237,831)	%19
Earnings before Taxes	23,339,765	%15	25,252,995	%17
Income Taxes	(9,864,767)	%6	(7,499,108)	%5
Net Income	13,474,998	%8	17,753,887	%12

Table 8

	1999		1998	
	Amount	Percent	Amount	Percent
Net Sales	96,225,582	%100	55,097,373	%100
Cost of Goods	(64,344,168)	%67	(36,639,614)	%66
Gross Profit	31,881,414	%33	18,457,759	%34
Operating Expenses	16,485,311	%17	15,190,718	%28
Earnings before Taxes	15,396,103	%16	3,267,041	%6
Income Taxes	(6,369,585)	%7	(1,239,404)	%2
Net Income	9,026,518	%9	2,027,637	%4



Table 8

	1997	
	Amount	Percent
Net Sales	40,708,234	%100
Cost of Goods	(23,587,329)	%58
Gross Profit	17,120,905	%42
Operating Expenses	6,520,153	%16
Earnings before Taxes	10,600,752	%26
Income Taxes	(4,270,817)	%10
Net Income	6,329,935	%16

## Appendix C

## INCOME STATEMENT

(Million TL)

	December 31, 2002	December 31, 2003
<b>REVENUE SALES</b>	<b>189,743,722</b>	<b>196,073,349</b>
1 Domestic Sales	85,425,056	108,255,527
2 Export Sales	76,193,643	63,456,374
3 Other Sales Methods	2,125,023	4,361,448
<b>SALES DEDUCTIONS (-)</b>	<b>(376,962)</b>	<b>(47,879)</b>
1 Sales Returns (-)	(376,962)	(47,879)
2 Sales Discounts (-)	0	0
3 Other Deductions (-)	0	0
<b>NET SALES</b>	<b>189,366,760</b>	<b>195,925,470</b>
<b>COST OF SALES (-)</b>	<b>(103,552,222)</b>	<b>(96,516,651)</b>
<b>GROSS PROFIT</b>	<b>85,814,538</b>	<b>99,408,819</b>
<b>OPERATING EXPENSES</b>	<b>(16,887,477)</b>	<b>(15,912,863)</b>
1 Depreciation and Amortization Expenses (-)	(11,278,250)	(11,195,511)
2 Marketing, Sales and Distribution Expenses (-)	(14,362,911)	(15,895,771)
3 General Administrative Expenses (-)	(1,246,316)	(2,921,581)
<b>PROFIT OR LOSS ON OPERATING ACTIVITIES</b>	<b>68,927,061</b>	<b>83,478,465</b>
<b>OTHER OPERATING INCOME</b>	<b>48,421,736</b>	<b>12,362,353</b>
1 Dividend Income from Equity Participations	0	0
2 Dividend Income from Subsidiaries	0	0
3 Interest and Other Dividend Income	4,527,000	8,151,017
4 Other Operating Income	43,894,036	4,211,336
<b>OTHER OPERATING EXPENSES (-)</b>	<b>(41,824,258)</b>	<b>(6,723,989)</b>
<b>FINANCIAL EXPENSES (-)</b>	<b>(2,454,943)</b>	<b>(3,366,252)</b>
1 Short Term Borrowing Expenses (-)	(2,454,943)	(3,366,252)
2 Long Term Borrowing Expenses (-)	0	0
<b>OPERATING PROFIT</b>	<b>24,598,596</b>	<b>23,388,574</b>
<b>EXTRAORDINARY INCOME</b>	<b>1,881,843</b>	<b>9,269,302</b>
1 Profit from Dispositions	0	40,250
2 Profit from Income	27,063	0
3 Other Extraordinary Income	1,854,782	9,151,304
<b>EXTRAORDINARY EXPENSES</b>	<b>(2,711,658)</b>	<b>(6,692,782)</b>
1 Acquisition Expenses (-)	0	0
2 Profit from Dispositions (-)	(100,000)	(100,000)
3 Other Extraordinary Expenses (-)	(2,611,658)	(6,592,782)
<b>PERIOD PROFIT OR LOSS</b>	<b>22,886,938</b>	<b>26,965,094</b>
<b>TAXATION</b>	<b>(3,894,767)</b>	<b>(7,498,746)</b>
<b>NET PROFIT FOR THE PERIOD OR LOSS</b>	<b>18,992,171</b>	<b>19,466,348</b>

## Appendix C



**INCOME STATEMENT****(Million TL)**

	December 31. 2001	December 31. 2000
<b>A- GROSS SALES</b>	<b>160,549,122</b>	<b>150,073,340</b>
1- Domestic Sales	98,466,868	108,254,627
2- Export Sales	56,449,643	40,194,374
3- Others Sales Revenues	5,632,611	1,624,339
<b>B- SALES DEDUCTIONS (-)</b>	<b>(556,081)</b>	<b>(47,878)</b>
1- Sales Returns (-)	(556,081)	(47,878)
2- Sales Discounts (-)	0	0
3- Other Deductions (-)	0	0
<b>C- NET SALES</b>	<b>159,993,041</b>	<b>150,025,462</b>
<b>D- COST OF SALES (-)</b>	<b>(103,551,122)</b>	<b>(96,534,636)</b>
<b>GROSS PROFIT</b>	<b>56,441,919</b>	<b>53,490,826</b>
<b>E- OPERATING EXPENSES</b>	<b>(34,837,477)</b>	<b>(35,012,364)</b>
1- Research and Development Expenses (-)	(11,178,250)	(13,195,515)
2- Marketing, Sales and Distribution Expenses (-)	(14,363,911)	(15,840,771)
3- General Administrative Expenses (-)	(9,295,316)	(5,976,048)
<b>PROFIT OR LOSS ON OPERATING ACTIVITIES</b>	<b>21,604,442</b>	<b>18,478,462</b>
<b>F- OTHER OPERATING INCOME</b>	<b>48,931,736</b>	<b>12,562,353</b>
1- Dividend Income from Equity Participations	0	0
2- Dividend Income from Subsidiaries	0	0
3- Interest and Other Dividend Income	4,527,722	4,351,817
4- Other Operating Income	44,404,014	8,210,536
<b>G- OTHER OPERATING EXPENSES (-)</b>	<b>(43,834,255)</b>	<b>(6,729,989)</b>
<b>H- FINANCIAL EXPENSES (-)</b>	<b>(2,454,942)</b>	<b>(1,566,252)</b>
1- Short Term Borrowing Expenses (-)	(2,454,942)	(1,566,252)
2- Long Term Borrowing Expenses (-)	0	0
<b>OPERATING PROFIT</b>	<b>24,246,981</b>	<b>22,744,574</b>
<b>I- EXTRAORDINARY INCOME</b>	<b>1,803,842</b>	<b>9,201,202</b>
1- Prior Period Provisions	0	49,298
2- Prior Period Income	27,060	0
3- Other Extraordinary Income	1,776,782	9,151,904
<b>J- EXTRAORDINARY EXPENSES</b>	<b>(2,711,058)</b>	<b>(6,692,781)</b>
1- Idle Capacity Expenses (-)	0	0
2- Prior Period Expenses (-)	(364,884)	(30,200)
3- Other Extraordinary Expenses (-)	(2,346,174)	(6,662,581)
<b>PERIOD PROFIT OR LOSS</b>	<b>23,339,765</b>	<b>25,252,995</b>
<b>K- TAXATION</b>	<b>(9,864,767)</b>	<b>(7,499,108)</b>
<b>NET PROFIT FOR THE PERIOD OR LOSS</b>	<b>13,474,998</b>	<b>17,753,887</b>

**BALANCE SHEET****(Million TL)***December 31, 2001 December 31, 2000***ASSETS**

<b>I - CURRENT ASSETS</b>	<b>145,196,478</b>	<b>92,259,741</b>
<b>A- Liquid Assets</b>	<b>84,160,664</b>	<b>31,949,758</b>
1- Cash	7,676	3,599
2- Banks	84,152,988	31,939,336
3- Other Liquid Assets	0	6,823
<b>B- Marketable Securities</b>	<b>0</b>	<b>3,247,477</b>
1- Private Sector Shares	0	0
2- Private Sector Bills and Bonds	0	0
3- Treasury Bills and Bonds	0	3,247,477
4- Other Marketable Securities	0	0
5- Prov. for Diminution in Value of Mark. Sec. (-)	0	0
<b>C- Short Term Trade Receivables</b>	<b>27,226,329</b>	<b>28,363,626</b>
1- Trade Receivables	46,377,499	37,273,876
2- Notes Receivables	2,894,431	1,232,823
3- Deposits and Guarantees	2,866	3,875
4- Other Short Term Receivables	0	0
5- Discount on Receivables (-)	(704,430)	(211,294)
6- Provision for Doubtful Receivables (-)	(21,344,037)	(9,935,654)
<b>D- Other Short Term Receivables</b>	<b>470,478</b>	<b>203,995</b>
1- Receivables from Shareholders	0	0
2- Receivables from Affiliates	0	0
3- Receivables from Subsidiaries	0	0
4- Other Short Term Receivables	470,478	203,995
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
<b>E- Inventories</b>	<b>11,319,198</b>	<b>11,698,116</b>
1- Raw Materials	6,367,933	6,101,204
2- Semi Finished Goods	1,509,822	1,450,829
3- Intermediary Products	0	0
4- Finished Goods	3,366,813	1,966,594
5- Merchandise Inventory	729,849	1,355,882
6- Other Inventory	2,500,285	2,151,974
7- Prov. for Diminution in Value of Inventory (-)	(3,287,853)	(1,450,308)
8- Order Advances Given	132,349	121,941
<b>F- Other Current Assets</b>	<b>22,019,809</b>	<b>16,796,769</b>



**BALANCE SHEET****(Million TL)***December 31, 2001 December 31, 2000***LIABILITIES**

	83,403,531	47,690,757
<b>I- CURRENT LIABILITIES</b>		
<b>A- Financial Liabilities</b>	<b>252,769</b>	<b>3,375,020</b>
1- Bank Loans	252,769	3,375,020
2- Current Installments of Long Term Loans and Related Interests	0	0
3- Principal Installment and Interest of Bonds	0	0
4- Bonds Issued	0	0
5- Other Financial Liabilities	0	0
<b>B- Trade Payables</b>	<b>35,181,808</b>	<b>18,714,312</b>
1- Trade Payables	35,179,108	18,612,170
2- Notes Payable	0	0
3- Deposits and Guarantees Received	2,700	800
4- Other Trade Payables	0	101,342
5- Discount on Notes Payable (-)	0	0
<b>C- Other Short Term Payables</b>	<b>5,603,944</b>	<b>2,499,136</b>
1- Payables to Shareholders	865	1,020
2- Payables to Equity Participations	0	0
3- Payables to Subsidiaries	0	0
4- Expense Accruals	287,589	122,086
5- Taxes and Dues Payable	1,675,081	1,949,770
6- Deferred Dues to Government Offices	791,268	408,357
7- Other Short Term Payables	2,849,141	17,903
8- Discount on Notes Payable (-)	0	0
<b>D- Order Advances Received</b>	<b>3,142,442</b>	<b>2,317,983</b>
<b>E- Provisions</b>	<b>39,222,568</b>	<b>20,784,306</b>
1- Corporate Tax Payable	9,864,767	7,499,108
2- Other Provisions	29,357,801	13,285,198

**BALANCE SHEET****(Million TL)****December 31, 2001 December 31, 2000****ASSETS**

	<b>20,962,196</b>	<b>15,962,834</b>
<b>II- LONG TERM ASSETS</b>		
<b>A- Long Term Trade Receivables</b>	<b>17,394</b>	<b>324,434</b>
1- Trade Receivables	0	320,854
2- Deposits and Guarantees	17,394	3,580
3- Notes Receivables	0	0
4- Other Short Term Receivables	0	0
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
<b>B- Other Long Term Receivables</b>	<b>163,867</b>	<b>168,711</b>
1- Receivables from Shareholders	0	0
2- Receivables from Equity Participations	0	0
3- Receivables from Subsidiaries	0	0
4- Long Term Other Receivables	163,867	168,711
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
<b>C- Financial Assets</b>	<b>282,110</b>	<b>282,110</b>
1- Investments Portfolio	0	0
2- Prov. for Diminution in Value of Inv.Port. (-)	0	0
3- Affiliates	296,850	296,850
4- Capital Commitment to Affiliates (-)	(229,400)	(229,400)
5- Prov. for Diminution in Value of Affiliates (-)	(67,450)	(67,450)
6- Subsidiaries	364,217	364,217
7- Capital Commitment to Subsidiaries (-)	(26,577)	(26,577)
8- Prov. for Diminution in Value of Subs. (-)	(55,530)	(55,530)
9- Other Long Term Financial Assets	0	0
<b>D- Tangible Fixed Assets</b>	<b>20,389,056</b>	<b>14,989,970</b>
1- Lands	1	1
2- Superstructures and Infrastructures	1,252	1,252
3- Buildings	10,873,744	7,184,167
4- Machinery, Plant and Equipments	33,838,568	23,205,681
5- Vehicles	128,039	191,277
6- Furniture and Fixtures	2,182,616	1,775,153
7- Other Tangible Fixed Assets	1,510,961	603,821
8- Accumulated Depreciation	(28,449,125)	(18,377,887)
9- Construction in Progress	0	103,505
10- Order Advances Given	0	0
<b>E- Intangible Fixed Assets</b>	<b>39,499</b>	<b>49,079</b>
1- Establishment Costs	0	0
2- Rights	39,499	49,079
3- Research and Development Costs	0	0
4- Other Intangible Fixed Assets	0	0
5- Order Advances Given	0	0
<b>F- Other Long Term Assets</b>	<b>70,270</b>	<b>148,530</b>
<b>TOTAL ASSETS</b>	<b>166,158,674</b>	<b>108,222,575</b>



## BALANCE SHEET

(Million TL)

December 31, 2001 December 31, 2000

## LIABILITIES

<b>II- LONG TERM LIABILITIES</b>	<b>7,026,420</b>	<b>6,861,692</b>
<b>A- Trade Payables</b>	<b>0</b>	<b>0</b>
<b>B- Other Long Term Payables</b>	<b>431,291</b>	<b>359,977</b>
1- Payables to Shareholders	0	0
2- Payables to Equity Participations	0	0
3- Payables to Subsidiaries	0	0
4- Deferred Dues to Government Offices	131,291	359,977
5- Other Long Term Payables	0	0
6- Discount on Payables (-)	0	0
<b>C- Provisions</b>	<b>6,595,129</b>	<b>6,501,715</b>
1- Provision for Termination Indemnities	5,985,203	5,900,331
2- Other Provisions	609,926	601,384
<b>III- SHAREHOLDERS' EQUITY</b>	<b>75,728,723</b>	<b>53,670,126</b>
<b>A- Capital</b>	<b>6,486,480</b>	<b>6,486,480</b>
<b>B- Premium in Excess of Par</b>	<b>139,526</b>	<b>139,526</b>
<b>C- Revaluation Surplus</b>	<b>12,058,406</b>	<b>8,809,561</b>
1- Revaluation of Tangible Fixed Assets	12,058,406	8,809,561
2- Revaluation of Equity Participations	0	0
3- Revaluation of Shares Quoted on the Stock Ex.	0	0
<b>D- Reserves</b>	<b>43,569,313</b>	<b>20,480,672</b>
1- Legal Reserves	2,591,321	1,591,709
2- Special Legal Reserves	0	0
3- Special Reserves	17,053	17,053
4- Extraordinary Reserves	39,580,406	18,690,027
5- Cost Increase Fund	1,380,533	181,883
6- Gains from Sale of Immobiles and Equity Participations		
Shares Transferable to Capital	0	0
<b>E- Profit for the Period</b>	<b>13,474,998</b>	<b>17,753,887</b>
<b>TOTAL LIABILITIES</b>	<b>166,158,674</b>	<b>108,222,575</b>

# STATEMENT OF FUNDS FLOW

(Million TL)

	December, 31 2001	December, 31 2000
<b>A- SOURCES OF FUNDS</b>	68,349,278	60,764,708
1- Funds Generated by Operations	32,945,640	31,853,300
a) Operating Profit	24,246,981	22,744,574
b) Depreciation	8,639,255	7,525,221
c) Expenses not Creating Outflow of Funds	93,414	1,778,624
d) Incomes not Generating Fund Inflows (-)	(34,010)	(195,119)
2- Funds Generated by Extraordinary Income	0	2,508,421
a) Extraordinary Profit	0	2,508,421
b) Expenses not Creating Outflow of Funds	0	0
c) Incomes not Generating Fund Inflows (-)	0	0
3- Decrease in Current Assets	4,763,692	10,340,566
4- Decrease in Fixed Assets	399,724	3,767,701
5- Increase in Current Liabilities	28,970,258	11,801,240
6- Increase in Long Term Liabilities	71,314	311,597
7- Capital Increase (Cash Injection)	0	0
8- Premiums in Excess of Par	0	0
9- Cost Increasing Fund	1,198,650	181,883
10- Renewal Fund	0	0
<b>B- USES OF FUNDS</b>	68,349,278	60,764,708
1- Funds Used for Operating Expenses	0	0
a- Operating Expenses	0	0
b- Depreciation	0	0
c- Other Expenses not Creating Outflow of Funds	0	0
d- Incomes not Generating Fund Inflows (-)	0	0
2- Funds Used for Extraordinary Expenses	907,216	0
a- Extraordinary Expenses	907,216	0
b- Expenses not Creating Outflow of Funds	0	0
c- Incomes not Generating Fund Inflows (-)	0	0
3- Taxes and Dues Paid	0	11,095,356
4- Dividends Paid	4,540,536	2,756,754
5- Increase in Current Assets	48,989,779	25,409,125
6- Increase in Fixed Assets	10,789,496	12,427,438
7- Decrease in Current Liabilities	3,122,251	8,064,300
8- Decrease in Long Term Liabilities	0	1,011,735
9- Decrease in Capital	0	0
<b>CHANGE IN NET WORKING CAPITAL</b>	17,223,963	15,122,983



# STATEMENT OF INCOME

(Million TL.)

	December 31, 2000	December 31, 1999
A. GROSS SALES	1,000,000,000	900,000,000
1. Domestic Sales	100,000,000	70,000,000
2. Export Sales	900,000,000	830,000,000
3. Other Sales Revenue	0	0
B. SALES DISCOUNTS (-)	(10,000,000)	(10,000,000)
1. Sales Discounts (-)	(10,000,000)	(10,000,000)
C. NET SALES	990,000,000	890,000,000
D. COST OF SALES (-)	(700,000,000)	(600,000,000)
GROSS PROFIT	290,000,000	290,000,000

## 10 YEAR REVIEW

(Million TL.)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Sales (Net)	150,993,041	150,025,462	96,225,582	55,097,373	40,708,234	19,158,602	7,384,093	4,700,077	3,490,284	1,864,878
Net Profit (Loss)	13,474,998	17,753,887	9,026,518	2,027,637	6,329,935	4,081,884	3,320,644	2,524,283	605,869	235,223
Net Working Capital	61,792,947	44,568,984	29,448,001	21,129,694	13,516,005	7,820,319	5,206,163	4,104,800	1,147,904	408,615
Paid in Capital	6,468,480	6,486,480	6,486,480	6,486,480	1,247,400	1,247,400	1,247,400	1,247,400	252,000	126,000
Capital Expenditures	2,378,000	2,934,000	1,385,000	1,154,700	864,843	534,579	454,226	352,532	104,609	77,601
Research and Development Expenses	11,178,250	13,195,545	6,892,520	4,860,837	2,216,089	1,103,189	583,178	331,067	154,810	95,645
Net Tangible and Intangible Fixed Assets	20,389,056	14,989,970	7,523,800	5,112,573	4,258,059	1,666,589	937,087	470,900	149,315	81,011
Accumulated Depreciation (-)	(28,449,125)	(18,377,887)	(13,148,526)	(8,313,831)	(6,268,870)	(2,969,348)	(1,557,593)	(609,650)	(263,478)	(146,255)
Employees	619	1,076	1,247	1,239	1,656	1,601	1,522	1,486	1,954	1,955
OPERATING PROFIT	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578
A. EXTRAORDINARY REVENUE	0	0	0	0	0	0	0	0	0	0
1. Prior Period Adjustments	0	0	0	0	0	0	0	0	0	0
2. Other Extraordinary Revenues	0	0	0	0	0	0	0	0	0	0
B. EXTRAORDINARY EXPENSES	0	0	0	0	0	0	0	0	0	0
1. Prior Period Adjustments (-)	0	0	0	0	0	0	0	0	0	0
2. Other Extraordinary Expenses (-)	0	0	0	0	0	0	0	0	0	0
PERIOD PROFIT OR LOSS	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578
C. TAXATION	0	0	0	0	0	0	0	0	0	0
NET PROFIT OR LOSS AFTER TAXATION	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578	22,794,578

## STATEMENT OF INCOME

(Million TL.)

	December 31, 2000	December 31, 1999
<b>A- GROSS SALES</b>	<b>150,073,340</b>	<b>96,337,401</b>
1. Domestic Sales	108,254,627	72,383,957
2. Export Sales	40,194,374	21,731,828
3. Other Sales Revenues	1,624,339	2,221,616
<b>B- SALES DEDUCTIONS (-)</b>	<b>(47,878)</b>	<b>(111,819)</b>
1. Sales Returns (-)	(47,878)	(111,819)
<b>C- NET SALES</b>	<b>150,025,462</b>	<b>96,225,582</b>
<b>D- COST OF SALES (-)</b>	<b>(96,534,636)</b>	<b>(64,344,168)</b>
<b>GROSS PROFIT</b>	<b>53,490,826</b>	<b>31,881,414</b>
<b>E- OPERATING EXPENSES</b>	<b>(35,012,364)</b>	<b>(21,251,890)</b>
1. Research and Development Expenses (-)	(13,195,545)	(6,892,520)
2. Marketing, Selling and Distribution Expenses (-)	(15,840,771)	(8,629,046)
3. General Administrative Expenses (-)	(5,976,048)	(5,730,324)
<b>PROFIT OR LOSS ON OPERATING ACTIVITIES</b>	<b>18,478,462</b>	<b>10,629,524</b>
<b>F- OTHER OPERATING INCOME</b>	<b>12,562,353</b>	<b>15,010,229</b>
1. Interest and Other Dividend Income	4,351,817	6,001,904
2. Other Operating Income	8,210,536	9,008,325
<b>G- OTHER OPERATING EXPENSES (-)</b>	<b>(6,729,989)</b>	<b>(7,261,629)</b>
<b>H- FINANCIAL EXPENSES (-)</b>	<b>(1,566,252)</b>	<b>(2,615,089)</b>
1. Short-Term Borrowing Expenses (-)	(1,566,252)	(2,615,089)
<b>OPERATING PROFIT</b>	<b>22,744,574</b>	<b>15,763,035</b>
<b>I- EXTRAORDINARY INCOME</b>	<b>9,201,202</b>	<b>472,490</b>
1. Prior Period Provisions	49,298	1,209
2. Other Extraordinary Income	9,151,904	471,281
<b>J- EXTRAORDINARY EXPENSES</b>	<b>(6,692,781)</b>	<b>(839,422)</b>
1. Prior Period Expenses (-)	(30,200)	(397,797)
2. Other Extraordinary Expenses (-)	(6,662,581)	(441,625)
<b>PERIOD PROFIT OR LOSS</b>	<b>25,252,995</b>	<b>15,396,103</b>
<b>K- TAXATION</b>	<b>(7,499,108)</b>	<b>(6,369,585)</b>
<b>NET PROFIT FOR THE PERIOD OR LOSS</b>	<b>17,753,887</b>	<b>9,026,518</b>



**BİLANÇO****(Milyon TL.)**

	31 Aralık 2000	31 Aralık 1999
<b>AKTİF (VARLIKLAR)</b>		
<b>I- DÖNEN VARLIKLAR</b>	<b>92.259.741</b>	<b>72.270.292</b>
<b>A- HAZIR DEĞERLER</b>	<b>31.949.758</b>	<b>12.517.469</b>
1. Kasa	3.599	3.366
2. Bankalar	31.939.336	12.458.145
3. Diğer Hazır Değerler	6.823	55.958
<b>B- MENKUL KIYMETLER</b>	<b>3.247.477</b>	<b>0</b>
1. Kamu Kesimi Tahvil, Senet ve Bonoları	3.247.477	0
<b>C- KISA VADELİ TİCARİ ALACAKLAR</b>	<b>28.363.626</b>	<b>32.003.209</b>
1. Alıcılar	57.273.876	40.092.950
2. Alacak Senetleri	1.232.823	303.266
3. Verilen Depozito ve Teminatlar	3.875	0
4. Alacak Reeskontu (-)	(211.294)	(16.175)
5. Şüpheli Alacaklar Karşılığı (-)	(9.935.654)	(8.376.838)
<b>D- DİĞER KISA VADELİ ALACAKLAR</b>	<b>203.995</b>	<b>74</b>
1. Kısa Vadeli Diğer Alacaklar	203.995	74
<b>E- STOKLAR</b>	<b>11.698.116</b>	<b>13.693.955</b>
1. İlk Madde ve Malzeme	6.101.204	4.913.486
2. Yarı Mamuller	1.450.829	3.951.751
3. Mamuller	1.966.594	1.999.526
4. Emtia	1.355.882	585.364
5. Diğer Stoklar	2.151.974	582.752
6. Stok Değer Düşüklüğü Karşılığı (-)	(1.450.308)	(1.098.107)
7. Verilen Sipariş Avansları	121.941	2.759.183
<b>F- DİĞER DÖNEN VARLIKLAR</b>	<b>16.796.769</b>	<b>14.055.585</b>
<b>II- DURAN VARLIKLAR</b>	<b>15.962.834</b>	<b>12.103.181</b>
<b>A- UZUN VADELİ TİCARİ ALACAKLAR</b>	<b>324.434</b>	<b>725.661</b>
1. Alıcılar	320.854	721.422
2. Verilen Depozito ve Teminatlar	3.580	4.239
<b>B- DİĞER UZUN VADELİ ALACAKLAR</b>	<b>168.711</b>	<b>218.518</b>
1. Uzun Vadeli Diğer Alacaklar	168.711	218.518
<b>C- FİNANSAL DURAN VARLIKLAR</b>	<b>282.110</b>	<b>306.711</b>
1. İştirakler	296.850	296.850
2. İştiraklere Sermaye Taahhütleri (-)	(229.400)	(229.400)
3. İştirakler Değer Düşüş Karşılığı (-)	(67.450)	(67.450)
4. Bağlı Ortaklıklar	364.217	441.971
5. Bağlı Ortaklıklara Sermaye Taahhütleri (-)	(26.577)	(26.577)
6. Bağlı Ortaklıklar Değer Düşüş Karşılığı (-)	(55.530)	(108.683)
<b>D- MADDİ DURAN VARLIKLAR</b>	<b>14.989.970</b>	<b>7.523.800</b>
1. Arazi ve Arsalar	1	1
2. Yerüstü ve Yeraltı Düzenleri	4.252	4.252
3. Binalar	7.184.167	4.337.388
4. Makina, Tesis ve Cihazlar	23.205.681	13.857.158
5. Taşıt Araç ve Gereçleri	491.277	435.245
6. Döşeme ve Demirbaşlar	1.775.153	1.317.872
7. Diğer Maddi Duran Varlıklar	603.821	669.889
8. Birikmiş Amortismanlar (-)	(18.377.887)	(13.148.526)
9. Yapılmakta Olan Yatırımlar	103.505	50.521
<b>E- MADDİ OLMAYAN DURAN VARLIKLAR</b>	<b>49.079</b>	<b>120.090</b>
1. Haklar	49.079	120.090
<b>F- DİĞER DURAN VARLIKLAR</b>	<b>148.530</b>	<b>3.208.401</b>
<b>AKTİF (VARLIKLAR) TOPLAMI</b>	<b>108.222.575</b>	<b>84.373.473</b>

## BALANCE SHEET

(Million TL.)

	December 31, 2000	December 31, 1999
<b>ASSETS</b>		
<b>I- CURRENT ASSETS</b>	<b>92,259,741</b>	<b>72,270,292</b>
<b>A- LIQUID ASSETS</b>	<b>31,949,758</b>	<b>12,517,469</b>
1. Cash	3,599	3,366
2. Banks	31,939,336	12,458,145
3. Other Liquid Assets	6,823	55,958
<b>B- MARKETABLE SECURITIES</b>	<b>3,247,477</b>	<b>0</b>
1. Treasury and Bonds	3,247,477	0
<b>C- SHORT-TERM TRADE RECEIVABLES</b>	<b>28,363,626</b>	<b>32,003,209</b>
1. Trade Receivables	37,273,876	40,092,956
2. Notes Receivables	1,232,823	303,266
3. Deposits and Guarantees	3,875	0
4. Discount on Receivables (-)	(211,294)	(16,175)
5. Provision For Doubtful Receivables (-)	(9,935,654)	(8,376,838)
<b>D- OTHER SHORT-TERM RECEIVABLES</b>	<b>203,995</b>	<b>74</b>
1. Other Short-Term Receivables	203,995	74
<b>E- INVENTORIES</b>	<b>11,698,116</b>	<b>13,693,955</b>
1. Raw Materials	6,101,204	4,913,486
2. Semi Finished Goods	1,450,829	3,951,751
3. Finished Goods	1,966,594	1,999,526
4. Merchandise Inventory	1,355,882	585,364
5. Other Inventories	2,151,974	582,752
6. Prov. for Diminution in Value of Inventory (-)	(1,450,308)	(1,098,107)
7. Order Advance Given	121,941	2,759,183
<b>F- OTHER CURRENT ASSETS</b>	<b>16,796,769</b>	<b>14,055,585</b>
<b>II- LONG-TERM ASSETS</b>	<b>15,962,834</b>	<b>12,103,181</b>
<b>A- LONG-TERM TRADE RECEIVABLES</b>	<b>324,434</b>	<b>725,661</b>
1. Trade Receivables	320,854	721,422
2. Deposits and Guarantees	3,580	4,239
<b>B- OTHER LONG-TERM RECEIVABLES</b>	<b>168,711</b>	<b>218,518</b>
1. Long-Term Other Receivables	168,711	218,518
<b>C- FINANCIAL ASSETS</b>	<b>282,110</b>	<b>306,711</b>
1. Affiliates	296,850	296,850
2. Capital Commitment to Affiliates (-)	(229,400)	(229,400)
3. Prov. for Diminution in Value of Affiliates (-)	(67,450)	(67,450)
4. Subsidiaries	364,217	441,971
5. Capital Commitments to Subsidiaries (-)	(26,577)	(26,577)
6. Prov. for Diminution in Value of Subs. (-)	(55,530)	(108,683)
<b>D- TANGIBLE FIXED ASSETS</b>	<b>14,989,970</b>	<b>7,523,800</b>
1. Lands	1	1
2. Superstructures and Infrastructures	4,252	4,252
3. Buildings	7,184,167	4,337,388
4. Machinery, Plant and Equipment	23,205,681	13,857,158
5. Vehicles	491,277	435,245
6. Furniture and Fixtures	1,775,153	1,317,872
7. Other Tangible Fixed Assets	603,821	669,889
8. Accumulated Depreciation (-)	(18,377,887)	(13,148,526)
9. Construction in Progress	103,505	50,521
<b>E- INTANGIBLE FIXED ASSETS</b>	<b>49,079</b>	<b>120,090</b>
1. Rights	49,079	120,090
<b>F- OTHER LONG-TERM ASSETS</b>	<b>148,530</b>	<b>3,208,401</b>
<b>TOTAL ASSETS</b>	<b>108,222,575</b>	<b>84,373,473</b>



## BALANCE SHEET

(Million TL.)

	December 31, 2000	December 31, 1999
<b>LIABILITIES</b>		
<b>I- CURRENT LIABILITIES</b>	<b>47,690,757</b>	<b>42,824,291</b>
<b>A- FINANCIAL LIABILITIES</b>	<b>3,375,020</b>	<b>5,877,894</b>
1. Bank Loans	3,375,020	5,877,894
<b>B- TRADE PAYABLES</b>	<b>18,714,312</b>	<b>16,649,135</b>
1. Trade Payables	18,612,170	15,534,970
2. Deposits and Guarantees Received	800	1,025
3. Other Trade Payables	101,342	1,113,140
<b>C- OTHER SHORT-TERM PAYABLES</b>	<b>2,499,136</b>	<b>2,679,308</b>
1. Payables to Shareholders	1,020	834
2. Expense Accruals	122,086	149,500
3. Taxes and Dues Payable	1,949,770	993,885
4. Deferred Dues to Government Offices	408,357	244,076
5. Other Short-Term Payables	17,903	1,291,013
<b>D- ORDER ADVANCES RECEIVED</b>	<b>2,317,983</b>	<b>4,437,336</b>
<b>E- PROVISIONS</b>	<b>20,784,306</b>	<b>13,180,618</b>
1. Corporate Tax Payable	7,499,108	6,369,585
2. Other Provisions	13,285,198	6,811,033
<b>II- LONG-TERM LIABILITIES</b>	<b>6,861,692</b>	<b>5,783,206</b>
<b>A- TRADE PAYABLES</b>	<b>0</b>	<b>1,011,735</b>
1. Trade Payables	0	1,011,735
<b>B- OTHER LONG-TERM PAYABLES</b>	<b>359,977</b>	<b>48,380</b>
1. Deferred Dues to Government Offices	359,977	48,380
<b>C- PROVISIONS</b>	<b>6,501,715</b>	<b>4,723,091</b>
1. Provision for Termination Indemnities	5,900,331	4,414,735
2. Other Provisions	601,384	308,356
<b>III- SHAREHOLDERS' EQUITY</b>	<b>53,670,126</b>	<b>35,765,976</b>
<b>A- CAPITAL</b>	<b>6,486,480</b>	<b>6,486,480</b>
<b>B- PREMIUM IN EXCESS OF PAR</b>	<b>139,526</b>	<b>139,526</b>
<b>C- REVALUATION SURPLUS</b>	<b>8,809,561</b>	<b>6,084,426</b>
1. Revaluation of Tangible Fixed Assets	8,809,561	6,084,426
<b>D- RESERVES</b>	<b>20,480,672</b>	<b>14,029,026</b>
1. Legal Reserves	1,591,709	834,077
2. Special Reserves	17,053	17,053
3. Extraordinary Reserves	18,690,027	13,177,896
4. Cost Increase Fund	181,883	0
<b>E- PROFIT FOR THE PERIOD</b>	<b>17,753,887</b>	<b>9,026,518</b>
<b>TOTAL LIABILITIES</b>	<b>108,222,575</b>	<b>84,373,473</b>

# STATEMENT OF FUNDS FLOW

(Million TL.)

	December 31, 2000	December 31, 1999
<b>A- SOURCES OF FUNDS</b>	<b>60,764,708</b>	<b>50,444,181</b>
1. Funds Generated by Operations	31,853,300	13,519,543
a) Operating Profit	22,744,574	9,026,518
b) Depreciation	7,525,221	2,423,761
c) Expenses not Creating Outflow of Funds	1,778,624	2,154,587
d) Incomes not Generating Funds Inflows (-)	(195,119)	(85,323)
2. Funds Generated by Extraordinary Income	2,508,421	0
a) Extraordinary Profit	2,508,421	0
3. Decrease in Current Assets	10,340,566	6,364,291
4. Decrease in Fixed Assets	3,767,701	227,794
5. Increase in Current Liabilities	11,801,240	29,320,818
6. Increase in Long-Term Liabilities	311,597	1,011,735
7. Cost Increasing Fund	181,883	0
<b>B- USES OF FUNDS</b>	<b>60,764,708</b>	<b>50,444,181</b>
1. Taxes and Dues Paid	11,095,356	0
2. Dividends Paid	2,756,754	875,675
3. Increase in Current Assets	25,409,125	43,851,546
4. Increase in Fixed Assets	12,427,438	5,505,094
5. Decrease in Current Liabilities	8,064,300	64,550
6. Decrease in Long-Term Liabilities	1,011,735	147,316
<b>CHANGE IN NET WORKING CAPITAL</b>	<b>15,122,983</b>	<b>8,316,308</b>



**NETAŞ NORTHERN ELECTRIC TELEKOMÜNİKASYON A.Ş.**

**NETAS**

*Bağımsız Denetim'den*

**GENEL KURUL'A SUNULACAK  
AYRINTILI BİLANÇO (Milyon TL)**

**I. DÖNEN VARLIKLAR**

**A. Hazır Değerler**

1. Kasa
2. Bankalar
3. Diğer Hazır Değerler

**B. Menkul Kıymetler**

1. Hisse Senetleri
2. Özel Kesim Tahvil, Senet ve Bonoları
3. Kamu Kesimi Tahvil, Senet ve Bonoları
4. Diğer Menkul Kıymetler
5. Menkul Kıymetler Değer Düşüklüğü Karş.(-)

**C. Kısa Vadeli Ticari Alacaklar**

1. Alıcılar
2. Alacak Senetleri
3. Verilen Depozito ve Teminatlar
4. Diğer Kısa Vadeli Ticari Alacaklar
5. Alacak Reeskontu (-)
6. Şüpheli Alacaklar Karşılığı (-)

**D. Diğer Kısa Vadeli Alacaklar**

1. Ortaklardan Alacaklar
2. İştiraklerden Alacaklar
3. Bağlı Ortaklıklardan Alacaklar
4. Kısa Vadeli Diğer Alacaklar
5. Alacak Reeskontu (-)
6. Şüpheli Alacaklar Karşılığı (-)

**E. Stoklar**

1. İlik Madde ve Malzeme
2. Yarı Mamüller
3. Ara Mamüller
4. Mamüller
5. Emtia
6. Diğer Stoklar
7. Stok Değer Düşüklüğü Karşılığı (-)
8. Verilen Sipariş Avansları

**F. Diğer Dönen Varlıklar**

**II. DURAN VARLIKLAR**

**A. Uzun Vadeli Ticari Alacaklar**

1. Alıcılar
2. Alacak Senetleri
3. Verilen Depozito ve Teminatlar
4. Diğer Uzun Vadeli Ticari Alacaklar
5. Alacak Reeskontu (-)
6. Şüpheli Alacaklar Karşılığı (-)

**B. Diğer Uzun Vadeli Alacaklar**

1. Ortaklardan Alacaklar
2. İştiraklerden Alacaklar
3. Bağlı Ortaklıklardan Alacaklar
4. Uzun Vadeli Diğer Alacaklar
5. Alacak Reeskontu (-)
6. Şüpheli Alacaklar Karşılığı (-)

**C. Finansal Duran Varlıklar**

1. Bağlı Menkul Kıymetler

Geçmiş	Geçmiş
31.12.98	31.12.97
34.697.714	23.576.345
2.519.384	529.030
1.594	1.054
2.464.409	424.535
53.381	103.441
1.666.553	477.740
0	0
0	0
1.666.553	477.740
0	0
0	0
17.321.191	14.504.374
20.586.280	14.827.558
1.033.539	1.270.998
0	0
0	10.418
(101.498)	(134.829)
(4.197.130)	(1.469.771)
868.500	727.372
0	0
593.166	299.485
0	0
275.334	427.887
0	0
0	0
6.795.687	2.527.076
2.141.196	817.847
1.493.495	669.200
0	0
1.839.296	631.888
0	0
1.527.304	430.863
(205.604)	(22.722)
0	0
5.526.399	4.810.753
7.144.592	4.909.196
1.737	1.737
0	0
0	0
1.737	1.737
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
494.955	494.955
0	0
0	0

2. Bağlı Menkul Kıymetlerin Değer Düşüklüğü Karşılığı (-)	0	0
3. İştirakler	312.810	312.810
4. İştiraklere Sermaye Taahhütleri (-)	(229.400)	(229.400)
5. İştirakler Değer Düşüklüğü Karşılığı (-)	0	0
6. Bağlı Ortaklıklar	438.122	438.122
7. Bağlı Ortaklıklara Sermaye Taahhütleri (-)	(26.577)	(26.577)
8. Bağlı Ortaklıklar Değer Düşüklüğü Karş. (-)	0	0
9. Diğer Finansal Duran Varlıklar	0	0
D. Maddi Duran Varlıklar	5.112.573	4.258.059
1. Arazi ve Arsalar	1	1
2. Yerüstü ve Yeraltı Düzenleri	4.252	4.252
3. Binalar	2.833.280	1.603.874
4. Makine, Tesis ve Cihazlar	8.900.488	7.636.264
5. Taşıt Araç ve Gereçleri	305.487	203.737
6. Döşeme ve Demirbaşlar	926.246	647.514
7. Diğer Maddi Duran Varlıklar	413.527	231.526
8. Birikmiş Amortismanlar (-)	(8.313.831)	(6.268.870)
9. Yapılmakta Olan Yatırımlar	32.633	104.864
10. Verilen Sipariş Avansları	10.490	94.897
E. Maddi Olmayan Duran Varlıklar	105.086	0
1. Kuruluş ve Teşkilatlanma Giderleri	0	0
2. Haklar	105.086	0
3. Araştırma ve Geliştirme Giderleri	0	0
4. Diğer Maddi Olmayan Duran Varlıklar	0	0
5. Verilen Avanslar	0	0
F. Diğer Duran Varlıklar	1.430.241	154.445
<b>AKTİF TOPLAMI</b>	<b>41.842.306</b>	<b>28.485.541</b>

## NETAŞ NORTHERN ELECTRIC TELEKOMÜNİKASYON A.Ş.

NETAS

### GENEL KURUL'A SUNULACAK

### AYRINTILI BİLANÇO (Milyon TL)

#### I. KISA VADELİ BORÇLAR

##### A. Finansal Borçlar

1. Banka Kredileri
2. Uzun Vadeli Kredilerin Anapara Taksitleri ve Faizleri
3. Tahvil Anapara Taksitleri ve Faizleri
4. Çıkarılmış Bonolar ve Senetler
5. Diğer Finansal Borçlar

##### B. Ticari Borçlar

1. Satıcılar
2. Borç Senetleri
3. Alınan Depozito ve Teminatlar
4. Diğer Ticari Borçlar
5. Borç Reeskontu (-)

##### C. Diğer Kısa Vadeli Borçlar

1. Ortaklara Borçlar
2. İştiraklere Borçlar
3. Bağlı Ortaklıklara Borçlar
4. Ödenecek Giderler
5. Ödenecek Vergi, Harç ve Diğer Kesintiler
6. Ertelenen ve Taksite Bağlanan Devlet Alacakları
7. Kısa Vadeli Diğer Borçlar
8. Borç Reeskontu (-)

##### D. Alınan Sipariş Avansları

Bağımsız Denetim'den	
Geçmiş	Geçmiş
31.12.98	31.12.97
13.568.020	10.060.340
2.032.680	0
2.032.680	0
0	0
0	0
0	0
4.698.501	2.976.961
4.670.770	2.976.686
0	0
276	275
27.455	0
0	0
1.288.870	980.118
657	787
0	0
0	0
0	0
928.144	772.257
308.624	199.432
51.445	7.642
0	0
3.100.823	1.064.268



E. Borç ve Gider Karşılıkları	2.447.146	5.038.993
1. Vergi Karşılıkları	1.235.223	4.270.817
2. Diğer Borç ve Gider Karşılıkları	1.211.923	768.176
II. UZUN VADELİ BORÇLAR	2.764.200	1.957.828
A. Finansal Borçlar	0	0
1. Banka Kredileri	0	0
2. Çıkarılmış Tahviller	0	0
3. Çıkarılmış Diğer Menkul Kıymetler	0	0
4. Diğer Finansal Borçlar	0	0
B. Ticari Borçlar	0	0
1. Satıcılar	0	0
2. Borç Senetleri	0	0
3. Alınan Depozito ve Teminatlar	0	0
4. Diğer Ticari Borçlar	0	0
5. Borç Reeskontu (-)	0	0
C. Diğer Uzun Vadeli Borçlar	195.696	112.928
1. Ortaklara Borçlar	0	0
2. İştiraklere Borçlar	0	0
3. Bağlı Ortaklıklara Borçlar	0	0
4. Ertelenen ve Taksite Bağlanan Devlet Alacakları	195.696	112.928
5. Uzun Vadeli Diğer Borçlar	0	0
6. Borç Reeskontu (-)	0	0
D. Alınan Sipariş Avansları	0	0
E. Borç ve Gider Karşılıkları	2.568.504	1.844.900
1. Kıdem Tazminatı Karşılıkları	2.459.844	1.737.451
2. Diğer Borç ve Gider Karşılıkları	108.660	107.449
III. ÖZ SERMAYE	25.510.086	16.467.373
A. Sermaye	6.486.480	1.247.400
B. Sermaye Taahhütleri (-)	0	0
C. Emisyon Primi	139.526	123.397
D. Yeniden Değerleme Değer Artışı	3.979.380	2.219.513
1. Duran Varlıklardaki Değer Artışı	3.979.380	2.219.513
2. İştiraklerdeki Değer Artışı	0	0
3. Borsa'da Oluşan Değer Artışı	0	0
E. Yedekler	12.877.063	6.547.128
1. Yasal Yedekler	677.560	677.560
2. Statü Yedekleri	0	0
3. Özel Yedekler	817.053	17.053
4. Olağanüstü Yedek	11.382.450	5.852.515
5. Maliyet Artış Fonu	0	0
6. Serm.Eklenecek İşt.His.ve Gayr.Satış Kazançları	0	0
7. Geçmiş Yıl Karı	0	0
F. Net Dönem Karı	2.027.637	6.329.935
G. Dönem Zararı (-)	0	0
H. Geçmiş Yıllar Zararları (-)	0	0
1. .... Yılı Zararı	0	0
2. .... Yılı Zararı	0	0
<b>PASİF TOPLAMI</b>	<b>41.842.306</b>	<b>28.485.541</b>

#### NETAŞ NORTHERN ELECTRIC TELEKOMÜNİKASYON A.Ş.

NETAS

#### GENEL KURUL'A SUNULACAK AYRINTILI GELİR TABLOSU (Milyon TL)

	Geçmiş 31.12.98	Geçmiş 31.12.97
A. Brüt Satışlar	55.551.724	40.792.166
1. Yurtiçi Satışlar	41.443.684	33.201.536

Bağımsız Denetim'den

2. Yurtdışı Satışlar	13.176.744	6.570.639
3. Diğer Satışlar	931.296	1.019.991
B. Satışlardan İndirimler (-)	(454.351)	(83.932)
1. Satıştan İadeler (-)	(454.351)	(83.932)
2. Satış İskontoları (-)	0	0
3. Diğer İndirimler (-)	0	0
C. Net Satışlar	55.097.373	40.708.234
D. Satışların Maliyeti (-)	(36.639.614)	(23.587.329)
BRÜT SATIŞ KARI (ZARARI)	18.457.759	17.120.905
E. Faaliyet Giderleri (-)	(11.936.846)	(5.870.592)
1. Araştırma ve Geliştirme Giderleri (-)	(4.860.837)	(2.216.089)
2. Pazarlama, Satış ve Dağıtım Giderleri (-)	(4.898.415)	(3.101.973)
3. Genel Yönetim Giderleri (-)	(2.177.594)	(552.530)
ESAS FAALİYET KARI (ZARARI)	6.520.913	11.250.313
F. Diğer Faaliyetlerden Gelirler ve Karlar	3.964.710	3.171.995
1. İştiraklerden Temettü Gelirleri	0	0
2. Bağlı Ortaklıklardan Temettü Gelirleri	0	0
3. Faiz ve Diğer Temettü Gelirleri	383.789	210.274
4. Faaliyetle İlgili Diğer Gelirler ve Karlar	3.580.921	2.961.721
G. Diğer Faaliyetlerden Giderler ve Zararlar (-)	(5.134.209)	(2.886.498)
H. Finansman Giderleri (-)	(1.008.757)	(1.033.937)
1. Kısa Vadeli Borçlanma Giderleri (-)	(1.008.757)	(1.033.937)
2. Uzun Vadeli Borçlanma Giderleri (-)	0	0
FAALİYET KARI (ZARARI)	4.342.657	10.501.873
I. Olağanüstü Gelirler ve Karlar	323.365	109.611
1. Konusu Kalmayan Karşılıklar	1.164	0
2. Önceki Dönem Gelir ve Karları	14.192	21.241
3. Diğer Olağanüstü Gelirler ve Karlar	308.009	88.370
J. Olağanüstü Giderler ve Zararlar (-)	(1.398.981)	(10.732)
1. Çalışmayan Kısım Giderleri ve Zararları (-)	0	0
2. Önceki Dönem Gider ve Zararları (-)	(1.087.941)	0
3. Diğer Olağanüstü Giderler ve Zararlar (-)	(311.040)	(10.732)
DÖNEM KARI (ZARARI)	3.267.041	10.600.752
K. Ödenecek Vergi ve Yasal Yükümlülükler (-)	(1.239.404)	(4.270.817)
NET DÖNEM KARI (ZARARI)	2.027.637	6.329.935