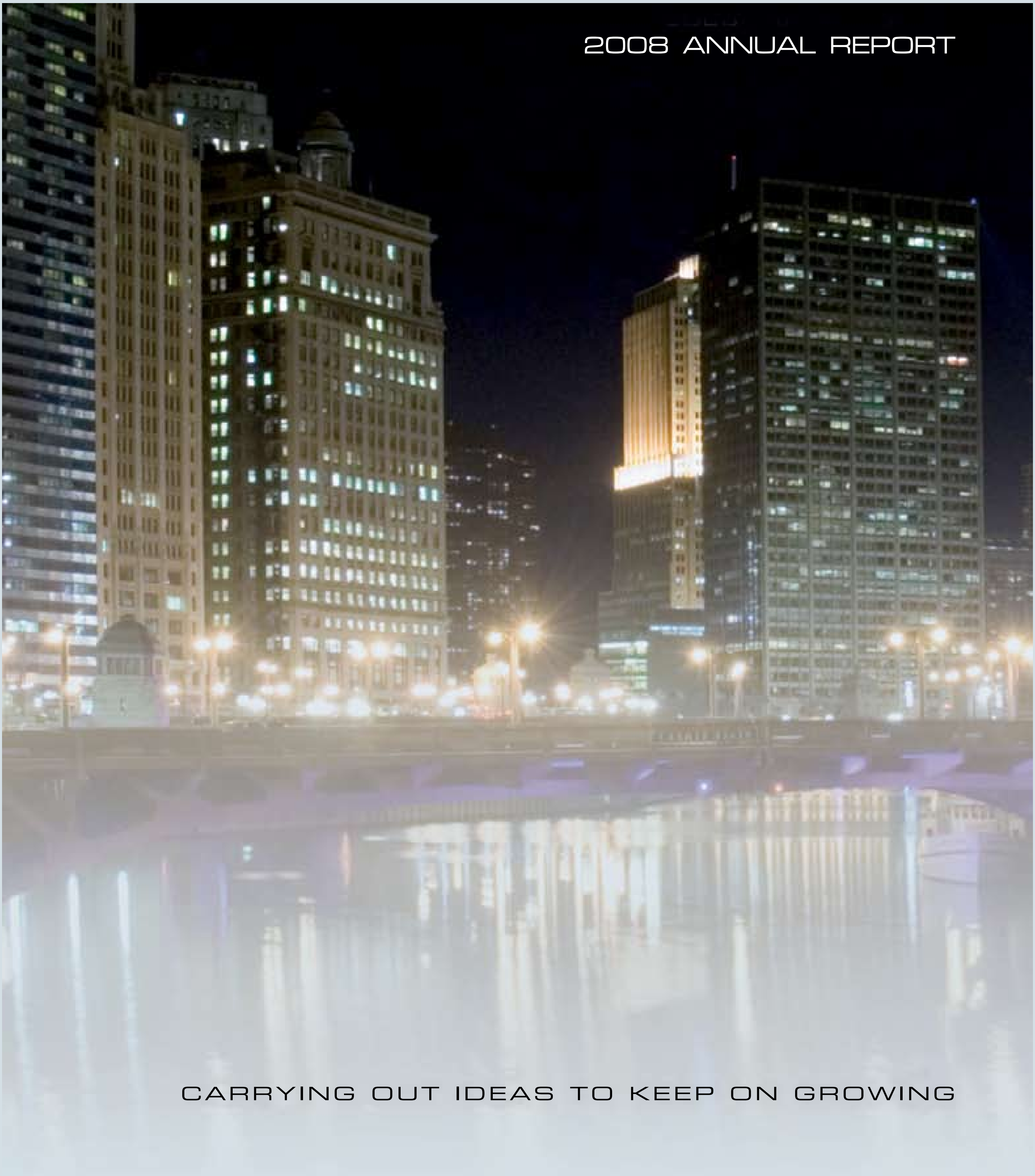
2008 ANNUAL REPORT



CARRYING OUT IDEAS TO KEEP ON GROWING

PRYSMIAN
CABLES & SYSTEMS

Contents

Türk Prysmian Kablo ve Sistemleri A.Ş.

Türk Prysmian Kablo ve Sistemleri A.Ş. has sustained its leadership as regarding to innovation, technology, quality and customer satisfaction in Turkey and in the international markets. The ownership of the cable factory which was established in 1964 in Mudanya and which belonged to Siemens acquired by Pirelli S.p.A. on 5 August 1999 and then by Goldman Sachs Capital Partners on 28 July 2005.

Today, Türk Prysmian Kablo ve Sistemleri A.Ş. carries out its activities in a total area of 180,000 m² (covered area: 79,000 m²). All the energy cables up to 220 kV, special cables used underground and underwater, copper conductor communication cables up to 3,600 pairs, coaxial cables and optical fiber cables are in the product mix of Türk Prysmian Kablo ve Sistemleri A.Ş. Our company is the owner of the unique termal, mechanical and electrical research and test laboratories in the cable sector, these laboratories use the most advanced technology, it is renovated at the end of 2005 and it is certified by the Turkish Standards Institute. Besides all these, our company performs "turn key" projects for cables and systems, and provides all our customers with unique and superior services.

With the innovative technology of the patented "AIRBAG™", the cables which are produced also in Turkey, are more flexible, lighter and more unsuspectible to external mechanical damages by an effective protection system. This technology also helps reduce the necessary attachments by giving rise to the production of longer cables and mounting work is thus facilitated. Again, "Afumex™" cables which are novel and which must be used in our country in areas with a dense population and which do not evolve acids and do not emit intense smoke and toxic gases in case of fire are produced by Türk Prysmian, therefore a protection of the highest level as regards life and property security during fire is ensured.

The installed capacity of Türk Prysmian Kablo ve Sistemleri A.Ş. is able to meet the whole demand of the domestic market and is also at a level to compete in the international market. Türk Prysmian Kablo ve Sistemleri A.Ş. which continues to be a privileged export center within the Prysmian Group exported 38% of its TL 634 million turnover approximately in year 2008.

Türk Prysmian Kablo ve Sistemleri A.Ş. which increases the effectiveness of its products and services everyday not only in Turkey, but also in global markets has proven the value it gives to human being and to the environment by obtaining ISO / DQS 9001, ISO 14.000 and OHSAS 18001 certifications in its sector.

The Successes of Türk Prysmian Kablo ve Sistemleri A.Ş.

Turkey's TOP 500 Industrial Enterprises of ISTANBUL CHAMBER OF INDUSTRY

2007 : **62nd in Turkey** according to from Production to Sales
68th in Turkey according to the Net Selling Revenue
73rd in Turkey according to the Export Amount

2006 : **73rd in Turkey** according to from Production to Sales
90th in Turkey according to the Net Selling Revenue
77th in Turkey according to the Export Amount

2005 : **124th in Turkey** according to from Production to Sales
145th in Turkey according to the Net Selling Revenue
140th in Turkey according to the Export Amount

250 Large Firms in Bursa Research of BURSA CHAMBER OF COMMERCE AND INDUSTRY

2007 : **6th in Bursa** in the grading of 250 Large Firms in Bursa

2006 : **8th in Bursa** in the grading of 250 Large Firms in Bursa

2005 : **13th in Bursa** in the grading of 250 Large Firms in Bursa

Companies Enriching the Economy Research of BURSA CHAMBER OF COMMERCE AND INDUSTRY

2007 : **5th in Bursa** in the grading of the Top Level Exporters
2007 : **6th in Bursa** in the grading of the Top Corporate Tax Payers

2006 : **5th in Bursa** in the grading of the Top Level Exporters
2006 : **4th in Bursa** in the grading of the Top Corporate Tax Payers

2005 : **8th in Bursa** in the grading of the Top Level Exporters
2005 : **5th in Bursa** in the grading of the Top Corporate Tax Payers

TOP Export Performance Survey of ISTANBUL MINERAL AND METALS EXPORTERS' ASSOCIATION

2007 : **1st in Turkey** in the grading of the Exporters of Cables and Insulated Conductors

2006 : **2nd in Turkey** in the grading of the Exporters of Cables and Insulated Conductors

The First 1000 Companies in Export Research of THE ASSEMBLY OF THE TURKISH EXPORTERS

2007 : **70th in Turkey** in the grading of the Exporters of Cables and Insulated Conductors

2006 : **104th in Turkey** in the grading of the Exporters of Cables and Insulated Conductors

Moreover, Türk Prysmian Kablo ve Sistemleri A.Ş.,

- is **the most successful and permanent facility** among the 55 factories within the body of Prysmian Group in the research of customer service quality that has been increasingly important lately,

- in the **"TOP 500 Information and Communication Technologies Companies"** Turkey 2007 research, which is traditionally done by Interpromedya Publishing every year in the 4 categories including hardware, software, service and special section, and in 46 subcategories, is **"Turkey's primary"** among the 3 Big Cities and Country Wide Hardware Export Revenues, **"Turkey's primary"** according to the Hardware Export Revenues, **"Turkey's primary"** according to the Telecommunication Infrastructure Hardware Revenues and **"40th in Turkey"** according to Sales Incomes,

- in the research that monthly economy magazine Capital prepared with British consulting company "Brand Finance", is **the most valuable brand** in the sector with 168 million TL brand value, and **"41st in Turkey"** in the grading of the most valuable 100 brands.

Message from CEO

Dear Shareholders, Customers and Business Partners,

Global Economy:

Global Financial Crisis that begun in 2007 in the US, which had lasted until this very day we write this activity report, spreading to other developed countries with an increasing impact, have adversely affected the expectations in world economy and increased risks and uneasiness. Effects of the crisis on manufacturing economies have become evident as recently as the last quarter of 2008. Despite all these difficulties encountered in developed countries and unlike the past, economies of many developed countries were not affected much of all these difficulties in 2008.

Turkish Economy:

Just as other developing countries, Turkey have experienced only a moderate impact of global crisis in 2008 in comparison to other countries. Most important reason for such relative soundness abutted from financial reforms and structural arrangements that were made in Turkey's finance business after the crisis that prevails in 2000 and 2001. However, it is obvious that later shocks of the crisis have not yet reached to Turkey.

While the inflation rate, targeted to be 4% for 2007 and 2008, has been 8.39% (Consumer Prices Index) in 2007 and 10.06% (Consumer Prices Index) in 2008, single digit inflation rates that were maintained from 2004 until 2008 have been replaced with double digit inflation rates. The fact that targeted inflation rate has been severely exceeded in recent years clearly indicates that serious difficulties are experienced in alleviating the inflation, and problems associated with liquidity possibilities coupled with political tension that obstruct the economy make our country an open target for future effects of the global crisis.

Decrease in global commodity prices has an inflation-alleviating impact. We must be closely monitoring the effects on manufacturing business of the global crisis that prevails finance markets. Serious decrease in capacity utilization rate in manufacturing business is alarming. Especially capacity utilization rate that has fallen below 40% level in some business that are driving force of our export and increasing dismissals should give an idea to the extent of the danger. Unfavorable economical behavior is expected to continue in the first half of 2009 due to significant recession in domestic and international demand. While it is forecasted that IMF would significantly lower growth projections in markets, that growth will slow down and stop especially in the US and in Europe, and that growth will be unlikely for a prolonged period of time on one hand, on the other hand, expectations for economical decisions to prevent such recession to spread further to Turkey are increasing every day.

Although everyone expects that the first half of 2009 will be problematic, it is essential that extraordinary measures, which should not be obstructed by political agenda, to be taken and to be implemented forthwith. Crises create new opportunities that are aligned with crisis dynamics and economic potential of Turkish economy is sufficient to leave this crisis behind with minimum damage.

Cable Business and Market:

Shrinking in economies of global markets limits the growth in cable business. On the other hand, rapid decrease in copper prices brought about only a limited production of copper as a raw material, and complicates raw material procurement possibilities. These are adversely affecting cable industry directly. Türk Prysmian, which is a member of an international group, overcomes problems of limited growth in business and raw material procurement using its import and export capacity. However, many small cable manufacturers do not have such capabilities, which will cause many companies disappear in market in the future.

Investments in energy and telecommunication fields have great significance for economies of developing countries such as Turkey and new investments are essentially needed for such economies in order to ensure economic growth. Investment plans that are large enough to provide for renovation and rehabilitation of critical sections of energy grid, reduction of losses and leakages in the system, increasing the reliability of the electric power offered to consumers, and rapid increase in communication will help our country in achieving targets set. In this context, we are expecting that Türkiye Elektrik İletim A.Ş. (Turkish Electric Distribution Co) and Türk Telekomünikasyon A.Ş. (Turkish Telecommunication Co) shall accelerate and complete implementation of certain investments in this period. We have no doubt that Türk Prysmian shall have significant contribution to many new technologies and solutions in the scope of new investments to be made in all industries that we serve to and we are willing to increase our contribution to Turkey's growth.

Previsions and Recommendations for 2009:

Despite the global crisis that prevailed, for Türk Prysmian 2008 has been a growth year, during which our bright success was continued and targets were met. Following actual financial figures are examples of some our successes:

- Our total assets, which had been TL266 million in 2007, increased by 10% to TL293 million;

- Our net revenues, which had been TL623 million in 2007, increased by 2% to TL634 million;

- Net profit in period after all tax and legal obligations were deducted has increased by 5% in comparison to 2007 and became TL18 million.

We believe that we will continue our successful performance that we maintained to date, in the future as well. Our team, our venture capitalists, our brand, and our solution-centric approach to our customers constitute the most important competitive advantage of Türk Prysmian. We have entered this prevailing crisis stronger and more-prepared compared to other companies and we continue to progress to our targets and maintain our positive outlook towards future thanks to right strategic decisions that we took so far. Company's having sold shares with nominal value of TL3,768,000, which corresponds to 3.81% of Entek Elektrik Üretimi A.Ş. (Entek Electric Production Co), at TL6,856,536 in the end of 2008 to Aygaz A.Ş. and collecting the purchase price upfront is one example of those strategic decisions taken. Our liquidity structure was further reinforced as a result of this sale, and an idle financial asset that did not yield any dividend for a long time has been rendered useful for the Company.

Our Company aims to limit growth targets for 2009 while continuing activities in order to minimize the damage that may encountered during this crises that prevails and turn the impacts of the crises in to advantage in the long term. Supporting sales by means of our export channels, preserving our domestic market share, minimizing our fixed costs and production losses, and collecting our receivables in their due time as well as good management principles are essential for this purpose. Closely monitoring developments in global economy and Turkish economy, Türk Prysmian is to preserve sustainable profitability and leader position in all industries in the future and strive to make a difference for our shareholders and customers, as well as for out business partners.

As always, I am truly thankful to all business partners, with whom we have been cooperating to achieve Türk Prysmian's success and leader position today, to all customers, who've entrusted their confidence in our company, to our vendors, to our employees, who've been working with great enthusiasm, to other social and economical stakeholders, on behalf of our partners, management, and myself. After a successful year, I wish 2009 bring all the success and health that our country, our company, and you deserve, and I greet our shareholders with kind regards.

HAKAN ÖZMEN
General Manager

Board of Directors

Mahmut Tayfun Anık *Chairman*

Valerio Battista *Vice Chairman*

Ennio Bernasconi *Board Member*

Pier Francesco Facchini *Board Member*

Fabio Ignazio Romeo *Board Member*

Giovanni Battista Scotti *Board Member*

Audit Committee

Mahmut Tayfun Anık *Audit Committee Member*

Pier Francesco Facchini *Audit Committee Member*

The Board of Auditors

Hikmet Türken *The Board of Auditor*

Raşit Yavuz *The Board of Auditor*

Executive Management

Hakan Özmen *Chief Executive Officer (CEO)*

Hakan Özmen, performed in various positions within the group and he has deep experiences in Finance and Internal Audit areas. He has been working in various managerial positions in the group since 1993. He worked as Internal Auditor between 1993-1997 and as Internal Audit Manager between 1997-2000 in Siemens and Pirelli Group, between 2000-2001 he has continued his task in Italy. Özmen returned to Turkey in 2001 and started to work as a Chief Financial Officer (CFO). Between years 2003-2005 he has worked as Chief Operating Officer (COO) and since 2005 he has been the General Manager of Turk Prysmian Cables and Systems. Ozmen has graduated from Industrial Engineering department of Middle East Technical University and he completed his masters degree in Yeditepe University of Management branch.

Ercan Karaismailoğlu *Chief Financial officer (CFO)*

Ercan Karaismailoğlu has joined to Prysmian family in 2001 as a Planning and Controlling Manager. Since 2005 he has been Chief Financial Officer (CFO) of Turk Prysmian Cables and Systems. He was working as a Project Manager in Arthur Andersen before Turk Prysmian Cables and Systems. He started his professional working life in 1995 in PriceWaterhouseCoopers Audit department, then worked in Arthur Andersen Tax and Outsourcing departments. He has graduated from Middle East Technical University department of Economics.

Halil İbrahim Kongur *Factory Director*

Halil İbrahim Kongur has joined to the Prysmian family in 1986 and since 2003 he has been working as Factory Director. Kongur, worked as Planning Engineer, Logistics Manager, Production Manager and Purchasing Director before assigned to this job. He graduated from Karadeniz Technical University department of Mechanical Engineering and has completed his masters program at Berlin Technical University in Manufacturing Technologies branch.

Erkan Aydoğdu *Logistics Manager*

Erkan Aydogdu started to work in the Production Planning department in 1997 in Turk Prysmian Cables ans Systems. Between 2001-2002 he went to Italy-HQ and worked as a Process Kaizen Engineer in the Logistics department. He returned to Turkey in 2003 and started to work as Logistics Chief. Since 2004 he has been working as Logistics Manager. Erkan Aydogdu has graduated from Middle East Technical University department of Mechanical Engineering.

İbrahim Etem Bakaç *Domestic Sales & Marketing Manager*

İbrahim Etem Bakaç started to work in Domestics Sales department in 2001. In 2003, he was appointed as Domestics Sales Manager, and since 2008 he has been working as Domestics Sales and Marketing Manager. He has graduated from İstanbul Technical University department of Electrical&Electronics Engineering and he completed his masters degree in Electrical&Electronics Engineering department in İstanbul Technical University.

Esat Baykal *Quality Manager*

Esat Baykal, has started working in Prysmian family in 1984. Since 2004 he has been working as Quality Manager. Before he has been assigned to his current job, he worked as High Voltage Laboratory Chief, Communication Cables Quality Manager and R&D and Quality Assurance Manager. He has graduated from Middle East Technical University department of Electrical Engineering.

İdris Çolakgil *Information Technology Manager*

İdris Çolakgil, has provided consulting services to our company since 1998, and started to work in the Information Technology department in 2000 in Prysmian Cables and Systems. He worked as SAP Logistics Specialist and Information Technology Chief and since 2008 he has been working as Information Technology Manager. İdris Çolakgil, has graduated from Middle East Technical University department of Electrical&Electronics Engineering.

Abdurrahman Güngör *R&D and Quality Assurance Manager*

Abdurrahman Güngör started to work in the Technical Services department in 1990 in Prysmian Cables and Systems. He has been working as R&D and Quality Assurance Manager. Güngör has graduated from Yıldız Technical University department of Electrical Engineering.

Faik Kürkçü *Utilities Sales Manager*

Faik Kürkçü, started to work in Utility Sales department in 1995. Since 2005 he has been working as Utility Sales Manager. He has graduated from Yıldız Technical University department of Electrical Engineering.

Sabri Levent Özçengel *Human Resources Manager*

Sabri Levent Özçengel has joined to Prysmian family in 2000. Since 2006 he has been working as Human Resources Manager, before he assigned to his current job, he worked in Administration&Control and Export Sales departments. Levent Özçengel has graduated from Middle East Technical University department of Public Administration.

Murat Tezcan *Export Sales Manager*

Murat Tezcan, started to work in Export Sales department in 1992 in Prysmian. He has been working as Export Sales Manager since 2000. Tezcan, graduated from Yıldız Technical University department of Mechanical Engineering. He completed his masters degree in Istanbul University in International Trade department and he is currently attending to his second masters education about Finance in Yeditepe University.

Yiğit Türsoy *Legal Affairs Manager*

Yiğit Türsoy has joined to Prysmian family in 2005. He has been working as Legal Affairs Manager, graduated from Istanbul University Faculty of Law.

Okay Yıldız *Technical Services Manager*

Okay Yıldız started to work in the Technical Services department in 1988 in Prysmian. From 1993, he worked as Mechanical Group Manager and Energy Cables Production Manager, since 2002 he has been working as Technical Services Manager. Yıldız has graduated from Uludağ University department of Mechanical Engineering.

Sevda Yücel *Purchasing Manager*

Sevda Yücel started to work in Purchasing department in 1997 in Prysmian family. Between 2001-2002 she went to Italy-HQ and worked as a Lead Buyer in the Purchasing department. She returned to Turkey in 2003 and continued her task as Raw Material Purchasing Chief in Turk Pirelli Tyres. Since 2005 she has been working as Purchasing Manager. She has graduated from Istanbul Technical University department of Mechanical Engineering, and she completed her masters degree in the same university.

Agenda for Ordinary General Assembly Meeting

1. Opening of the Meeting and formation of the Meeting Council,

2. Authorization of the Meeting Council to sign the Minutes of the General Assembly Meeting,

3. Review and discussion of the Reports issued by the Board of Directors, Auditors' Board and Independent External Auditing Company Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Price Waterhouse Coopers) as well as Company's Balance Sheet and Profit/Loss accounts submitted to the General Assembly for the Account Period belonging to the period between 01.01.2008 - 31.12.2008,

4. Discussion and approval of the Report of the Board and Auditing Report covering the Account Period between 01.01.2008 - 31.12.2008 as well as the Company's Balance Sheet and Profit/Loss Accounts, release of members of the Board of Directors and Auditors' Board,

5. Discussion and voting of the proposal made by the Board of Directors in connection with the distribution of the profit recorded for the Account Period between 01.01.2008 - 31.12.2008,

6. Furnishing information to the General Assembly on the donations given during the year 2008 and obtaining of Board's approval in this respect,

7. Election of the directors in replacement of the Board members whose terms of office are to be expired, and determination of remuneration of the directors,

8. Election of the members of the Auditors' Board and determination of their fees,

9. Discussion and approval of the "Independent External Auditing Company" proposed by the Board of Directors,

10. Delegation of the Managing Director Hakan Özmen with the authority to award bonuses to the Company's personnel who contributed to realization of Company's targets during the year 2008 within the frame of general principles adopted by the Company, and determination of amount of bonus vis a vis the targets achieved by the Company's management and submission of the same to the approval of the General Assembly,

11. Approval of the activities mentioned under article 14 of the articles of association of the company realized until the General Assembly and grant prior authorization for the same activities to be ralized after the General Assembly,

12. Furnishing information to the General Assembly on the transactions within the scope of CMB Communiqué Serial: IV, No:41 regarding the rules governing the companies subject to Capital Markets Law,

13. Amendment of article 6 of the Articles of Association of the company in line with the permission granted by the Ministry of Commerce and Capital Markets Law,

14. Authorization of the Chairman and Directors of the Board to perform transactions pursuant to Clauses 334 and 335 of the Turkish Commercial Code,

15. Recommendation and Adjournment.

2008 Economic Review

2008 was a really tough year both for the financial markets and the real sector. The U.S. sub-prime mortgage crises became apparent during the year, and due to contracted liquidity in the credit markets as well as the banking system, some major banks and financial institutions had reported huge losses and even some of them filed for bankruptcies. The liquidity concerns drove central banks around the world to intervene by bailing out defaulting financial corporations and the number of nationalised banks around the world has increased. Although the USA is in the centre of the financial turmoil the crisis has widened to Europe and than to emerging markets, Turkey was no exception and is affected from the crisis together with many other emerging markets.

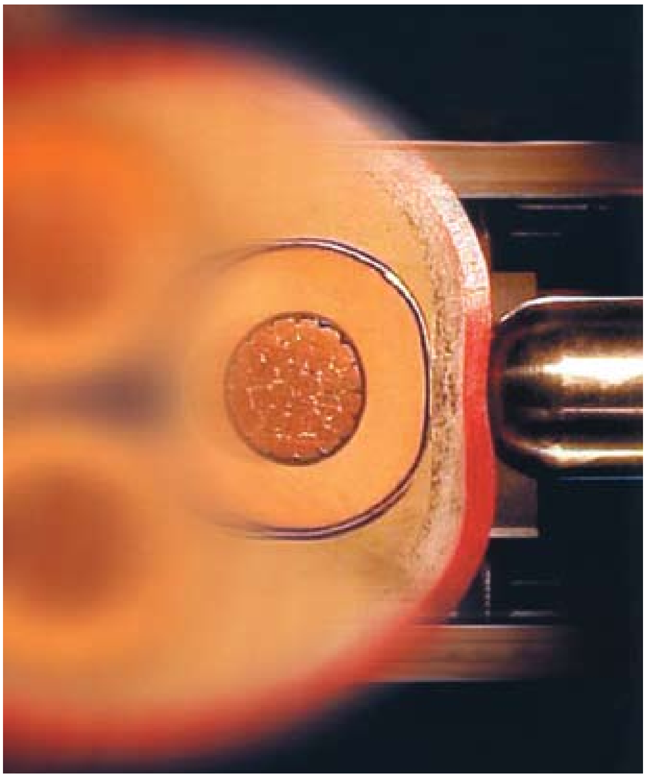
Inflation rate was down to 10.1%, after sharp increases in energy and other commodity prices in the first three quarters which kept annual inflation at relatively high levels, there has been a dramatic shift in inflation dynamics in the last quarter. Around 6.2% of 10.1% annual CPI (Consumer Price Index) inflation in 2008 can be explained by the direct impact of the increases in food and energy prices.

TL weakened by 24.3% to 1.54 against the USD and by 22.4% against the 50/50 EURO / USD basket in 2008 while the USD / TL parity was 1.27 in the beginning of October during liquidity crises the TL depreciated to 1.7395 against the USD on 23 October it's weakest since June 2006. In the last quarter of 2008, the main trend setters in the local FX market were mostly the foreign investors. Following the Central Bank's surprising rate cut the USD / TL hit its second high of the year on 20 November with 1.7480. The news of a possible the IMF deal and the Central Bank's additional measures on FX liquidity eased losses of TL from late November. The volatility in EURO / USD parity which moved in a band of 1.2328 - 1.6038 in 2008 was notable, the EURO fell about 4.3% against the USD last year and it was its first annual drop since 2005.

Foreign trade deficit came in USD3.6 billion in December while the deficit was USD69.8 billion in 2008 yearend. Total exports and imports for 2008 were USD132 billion and USD201.8 billion respectively. On the export side, main metals had the highest share in exports followed by automotive industry. Exports with the EU countries had the highest share in total exports. This was followed by exports with the near east and middle east, the United Arab Emirates in particular which balanced out weak foreign demand from the developed world.

In the beginning of 2008, the compounded yield on the local benchmark bond was 16.63% which was raised to 22.9% in 3rd of July than hit its four year high of 25% compound on 27 October, it was retrieved back to 20.17% compound as of end November and closed the year around 16.5%. Central Bank surprised the markets for the second consecutive month by cutting its O/N borrowing rate by 125 bps to 15% in December.

Due to syndication loan payments of banks in the last few months of 2008, there was an outflow of USD 2.5 billion in the net credits by banks of which USD1.6 were long-term loan repayments. Comparing 2007 and 2008, although there was no major decline in credits received by banks the credit in 2008 was mainly short-term whereas it was mainly long-term in 2007. There was a serious slowdown in non banking sector credit which makes up the highest share in financing of current account deficit due to weak economic activity.



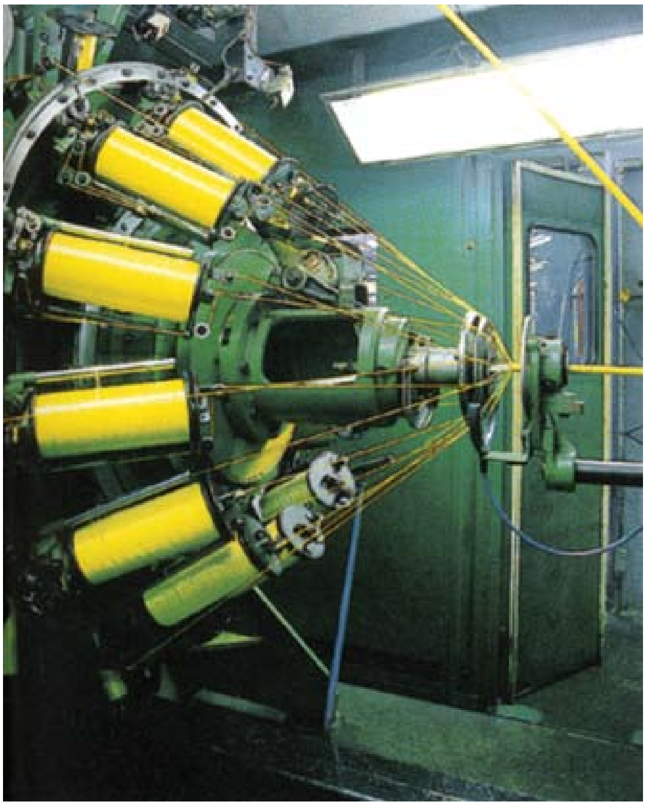
PRYSMIAN CABLES & SYSTEMS

2009 Economic Expectations

Besides the global risk appetite, the main determinants of the movements in the market were the Central Bank's rate decision and the expectations related to an IMF deal at the beginning of 2009. Although the IMF talks have been suspended, the markets gave no significant reaction to this, due to the strong expectations that there will be an agreement soon.

The Central Bank's move was mainly a measure against the intensified slowdown in the domestic economy. The bond market favoured the Central Bank's signal of short-term easing in the January inflation report and compounded yield tested 15%. All core indicators continued to improve in January and signaled continuation of disinflation, like many other institutions our company has revised inflation expectation to 8% however the Central Bank expects inflation to fall 6.8% in 2009. Monetary easing potential has been supportive of bond yields so far and there seems to be no major reason to expect a reversal an the near term except a disappointment in the IMF deal and political side ahead of the March local elections or a new wave of global volatility.

The IMF has cut its growth forecast for the worlds economy to 0.5% for 2009 the lowest level since World War II. Growth ratio may be more negative than the Fund for advanced economies while for emerging markets the picture is slightly the reverse, any development which will improve domestic demand will support growth outlook for this year. Tight credit conditions are likely to restrain domestic demand for the first half of 2009 but some recovery in consumption spending can be expected in the second half of the year.



Sector Analysis

The Turkish Cable industry, becoming one of the major global suppliers, has started a very fast moving 2008. After spending a good nine months, it has shrunk sharply by the last quarter of the year, when towards the end of the year, several projects has been put on hold and the number of new investments has reduced significantly, esp. at the construction industry, and the financial mechanisms has slowed down. However due to the dynamics of the industry, the actual effects of this recession was not fully reflected to the relevant period.

In 2008, the total purchasing amount of the most important governmental institutions, the Turkish energy sector, TEIAŞ (Turkey Electricity Transmission Inc.) and TEDAŞ (Turkey Electricity Distribution Inc.), has been reduced compared to the previous year. Due to budget allocations, only few of their planned investments could have been realized and many of them has been postponed to the coming years.

In 2008 many Turkish Cable manufacturers has increased the export sales further, to fill their available capacity. According to the data provided by the IMMIB (Istanbul Mineral and Metals Exporters' Association), the total cable export sales in 2008 has almost reached 1,5 billion USD, with an increase of 25% compared to the previous year. Exporting almost 40% of the total production to 150 different countries, mainly to European and Middle East countries, more and more cable manufacturers have been manufacturing according to the international standards.

Despite the increase in sales volumes, in 2008 the market prices has been reduced further, since the total installed capacity was still lower than the total demand. The recent market analysis indicates that this trend will continue.

The biggest buyer at the telecom cable market, the Turkish Telecom Inc., has further increased its ongoing infrastructure modernization and improvement investments in 2008, mostly by using Fiber Optic cables, to increase the voice quality and the band-width. Overhead lines has continued to be installed underground and Turkish Telecom has continued its FTTH (fiber to the home) applications at several pilot areas. All this investments in 2008 caused a positive growth in the Telecom Cable market, compared to the previous year. Among other projects, the most important telecommunication project of the year was the installation of Fiber Optic Cables all along the Black Sea Coast, to improve the communication within in the region and with the neighboring countries such as Georgia and Russia.

The price of the Copper, which constitutes almost half of the total cable material cost, has continued its excessive increase during the first 9 month of 2008. However during October, the Copper prices has fallen sharply, down to the levels of 4 - 5 years ago, causing a significant decrease on the sales values and on the net profits.

Poor quality productions, lack of a complete awareness of quality among the consumers and unfinished privatizing projects still remains as main obstacles of the cable industry.

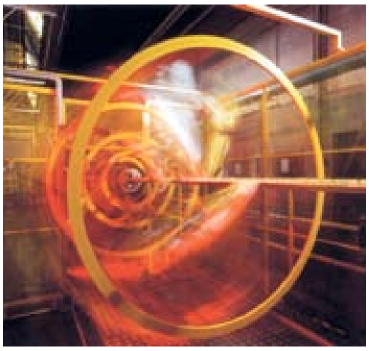
It is anticipated, that the ongoing recession will continue through out the first half of 2009 and then the industry will start a long term period with its new (reduced) dimensions.

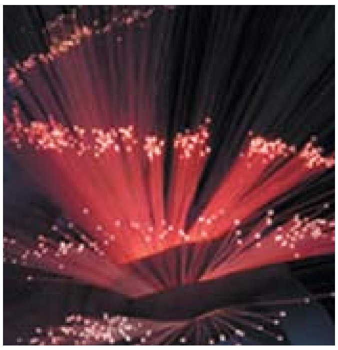
Value, Sales Revenue and Sales Conditions and Efficiency

Since the sales prices are determined by applying different discount rates on to the list prices, which vary depending on the actual raw material prices and exchange rates, any changes on raw material prices and exchange rates effects the sales prices directly.

The main factors behind the preservation of the previous years momentum, during the first nine months, are mainly the intensity of the existing order portfolio and the ongoing improvements on the sales strategies. However during the last months of the year there has been a significant reduction on the number of new projects and orders throughout the whole industry. Since the decrease on cash flow on the markets and payment terms, pressure both the buyer and the seller, we are going through a period where an absolute prudence is necessary.

However, due to the taken measures and improvements, our efficiency and productivity tends to positive direction, compared to the previous year.





Financial Analysis

The detailed Balance Sheet and Income Statement for 2008 are enclosed. The explanations as regards assets and liabilities and income statement are given below.

Assets

Cash holdings amount to TL7,677, of which TL1,321 is in Turkish Liras and the remainder in foreign currency.

Deposits in banks total TL20,002,661, of which TL2,706,270 is held in Turkish Lira accounts and TL17,296,391 in foreign currency accounts. Cheques received amount to TL2,155,571.

Short term trade receivables reached the sum of TL129,964,327. In this group, customer accounts amount to TL100,565,972, of which TL49,149,101 is from domestic customers and TL51,416,871 from customers outside Turkey in foreign currency. The average collection period of our receivables was 60 days.

Rediscount on notes receivable to the sum of TL30,755,610 was calculated as TL1,357,255. The provision for doubtful domestic and foreign receivables is TL13,276,663.

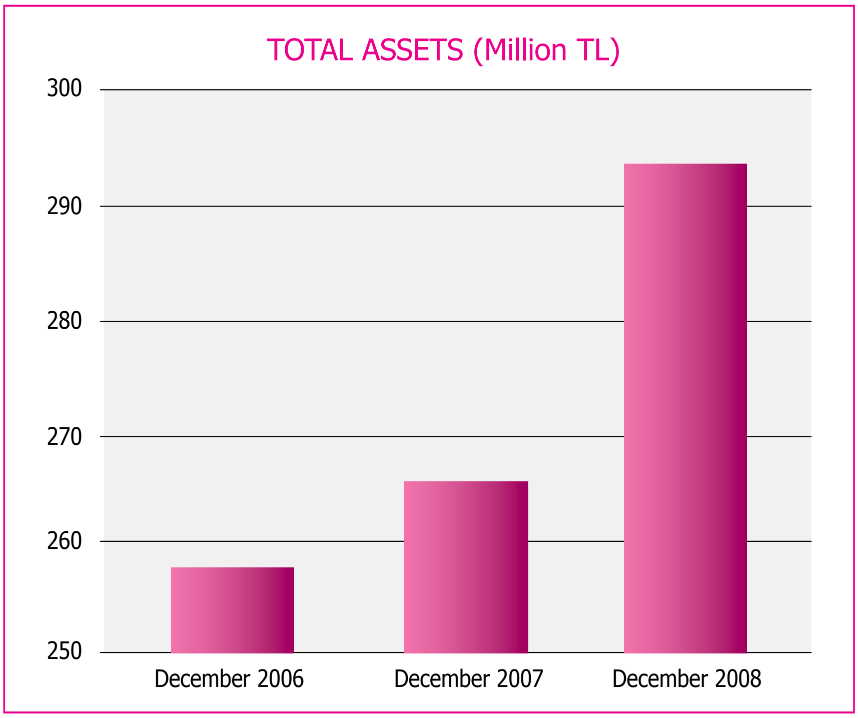
Amount due from related parties is TL6,767,442 of which TL6,591,807 is due from group companies and TL175,635 due from company personnel.

Receivables on construction contracts is TL2,023,974 as of 31 December 2008.

Our inventories decreased by 1% over the previous year and totalled the sum of TL64,506,011. The total of raw materials and materials existing in the inventories amounted to TL16,021,986, semi-finished goods to TL22,732,432, commercial goods to TL1,597,593, and finished goods to TL26,483,815. The other inventories to the sum of TL135,927 consist of scrap inventories. Provision for the inventories is TL2,465,742.

Other receivables total TL3,347,614, and consist of VAT receivable to the sum of TL2,488,189, expenses for the coming months and other receivables to the sum of TL785,915.

During the year, the expenses for tangible fixed assets amounted to TL7,325,705 and the amount of tangible fixed assets which had been sold totalled TL8,406,915. Net asset value was calculated as TL56,384,236 by adding the additions of fixed tangible assets to the value of fixed tangible assets at the beginning of the year, deducting disposals and the accumulated depreciation. An important item within intangible fixed assets to the sum of TL116,345 is the SAP software.



Liabilities

There is no bank loans indicated in financial debts in 2008 and 2007.

Trade payables increased by 27% as compared to last year and were realized at TL117,586,387. In trade payables, debts to domestic suppliers amounted to TL71,748,177, debts to related party suppliers amounted to TL5,744,155 and debts to other foreign suppliers totaled TL40,385,788.

Other current payables total TL10,626,837 consist of order advances received to the sum of TL10,617,705 and dividends due to shareholders from previous years to the sum of TL9,132.

Other current liabilities reached the sum of TL1,063,929. Out of this sum, TL498,869 consists of payables to the personnel, and the remainders are for other short term liabilities to be paid.

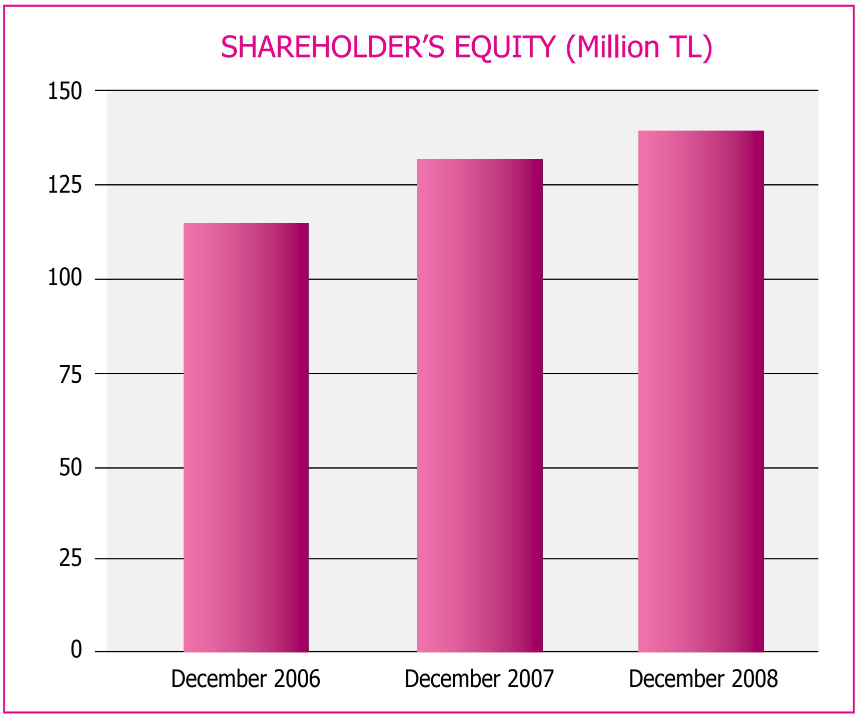
Provision for corporate tax for 2008 is TL3,251,755.

In cases where the Labor Act deems it suitable, provision for severance indemnity payable to our personnel is TL6,291,785 as of the end of the accounting period, the severance indemnity being calculated on the ceiling value of TL2,260.05.

As regards legal reserves, first legal reserve is kept aside in proportion of 5% every year until it reaches 20% of the paid in capital. Within this framework, at the end of the year, legal reserves amounted to TL1,574,368.

At the end of the year, Inflation Adjustment to Shareholder Capital amounted to TL72,921,652. Inflation adjustment differences to share capital amounted to TL8,462,823 and Inflation adjustments differences to legal reserves totaled TL64,474,692.

Net profit for the period increased by 5% compared to the previous year and was realized at TL18,004,730.



Financial Analysis

Income Statement

Our gross sales increased by 1.35% as compared to last year, and reached the sum of TL743,114,816. Our domestic sales totalled TL488,402,397, and our exports TL239,724,315. Other sales amounted to TL13,939,058 of which TL1,049,046 consists of interest charged on credit sales.

Total sales deductions amounted to TL109,200,971, of which TL3,224,552 consisted of sales returns and TL105,976,419 corresponded to sales discounts.

The cost of the goods sold totalled TL550,592,017 which corresponded to 87% of our net sales. The cost of the goods sold included the cost of raw materials and auxiliary materials, direct labour, expenditures for general production, overheads and depreciation, and changes in the inventories of semi-finished and finished goods.

During the year, operational expenses amounted to 9% of our net sales. Within this scope, in line with the importance accorded to research and development, our R&D expenses constituted 02% of our net sales revenue and reached the sum of TL1,133,585.

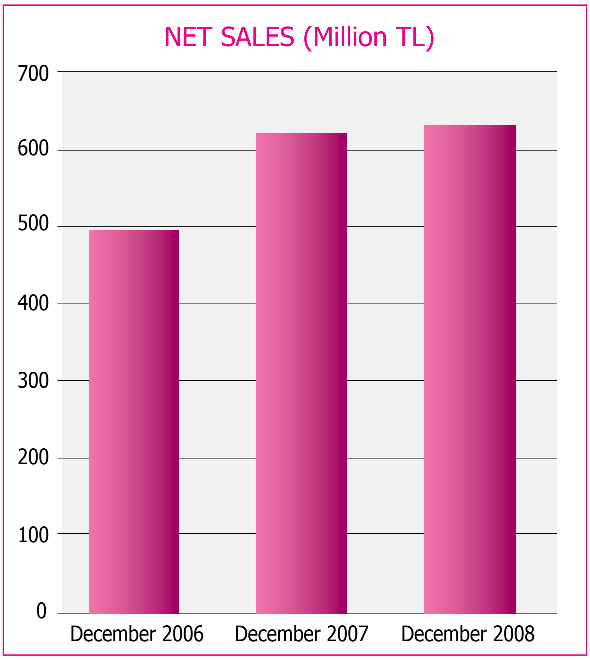
Marketing, sales and distribution expenses accounted for 5% of the net sales and totalled TL33,758,313, whereas general administrative expenses to the sum of TL21,480,839 accounted for 3% of the net sales revenue.

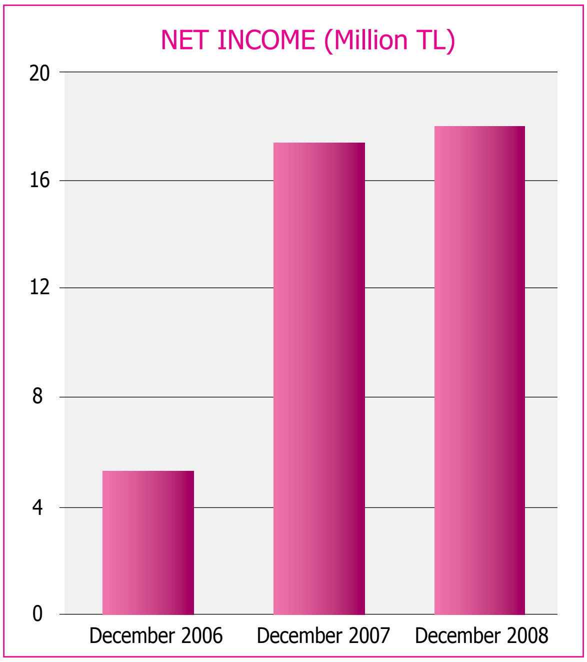
Our other operating income decreased as compared to the previous year and reached the sum of TL6,551,876, of which TL3,936,185 was generated by the reversal of impairment loss and TL882,129 by purchasing bonuses, TL163,688 consisted of income from previous year, TL389,532 consisted of income from reserved provisions, TL825,824 consisted of rediscount income, TL85,812 consisted of research and development grants and TL268,706 consisted of other income.

Our other operating expenses decreased by 77% as compared to the previous year and reached the sum of TL3,518,367, of which TL1,703,125 consisted of provision expenses, TL1,303,006 consisted of rediscount expenses and TL512,236 consisted of other expenses.

Financial expenses amounted to TL8,669,946, of which TL8,148,308 consisted of interest on bank deposits and losses originated from buying and selling our marketable securities as well as interest revenue limited as of the end of accounting period and TL521,638 consisted of exchange rate losses.

The Board of Directors
February 23, 2009





Profit Distribution on 2008 Net Income

It has been resolved in the Board of Directors meeting held on March 9, 2009, the profit distribution on 2008 net income of YTL18,004,730 be according to the CMB regulations and taking into consideration the terms of the Company's Articles of Association as it is summarized in the below table, and be submitted for the approval of the Ordinary Shareholders' Meeting, to be held on March 26, 2009.

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş. STATEMENT OF PROFIT DISTRIBUTION FOR 2008 (TL)					
1- Share Capital					39,312,000
2- Total Legal Reserves (According to Official Records)					33,037,750
Information in the articles of incorporation related to profit distribution for preferred shareholders					-
		According to CMB Records		**According to Official Records**	
3-	**Period Profit**		21,312,654		22,090,583
4-	**Taxes On Income (-)**		(3,307,924)		(3,251,755)
5-	**Net Income For The Year (=)**		18,004,730		18,838,828
6-	**Prior Years' Losses (-)**		-		-
7-	**First Legal Reserves (-)**		(941,941)		(941,941)
8-	**NET DISTRIBUTABLE PERIOD PROFIT (=)**		17,062,789		17,896,887
9-	Donations made during the year (+)		31,473		
10-	**Net Distributible Period Profit with Donations**		17,094,262		
11-	First Dividend to Shareholders (-)		(3,418,852)		(3,418,852)
	- Cash	(3,418,852)		(3,418,852)	
	- Bonus Share	-		-	
	- Total	(3,418,852)		(3,418,852)	
12-	Dividend to preferred shareholders (-)		-		-
13-	Dividends to the Board of Directors (-)		-		-
14-	Dividend to Publicly Offered Dividend Right Certificate Holders (-)		-		-
15-	Second Dividend to Shareholders (-)		-		-
16-	Second Legal Reserves (-)		(145,325)		(145,325)
17-	Statutory Reserves (-)		-		-
18-	Special Reserves (-)		(2,952,139)		(2,952,139)
19-	**EXTRAORDINARY RESERVES**		(10,546,473)		(11,380,571)
20-	**Distribution from Other Reserves**		-		-
	- Prior Years' Profit		-		-
	- Extraordinary Reserves		-		-
	- Other Distributable Reserves Based on Law and Articles of Incorporation		-		-

INFORMATION RELATED TO PROFIT DISTRIBUTION			
DIVIDENDS PER SHARE INFORMATION	**AMOUNT OF THE TOTAL DIVIDEND (TL)**	**DIVIDENDS FOR NOMINAL VALUE (TL1) SHARE**	
		AMOUNT (TL)	**RATE (%)**
GROSS	3,418,852	0.086967135	8.70%
NET	2,906,024	0.073922065	7.39%
THE RATE OF TOTAL DIVIDEND DISTRUBUTED AGAINST THE NET DISTRIBUTUBLE PERIOD PROFIT WITH DONATIONS			
TOTAL DIVIDEND TO BE DISTIBUTED TO SHAREHOLDERS (TL)	**THE RATE OF TOTAL DIVIDEND DISTRUBUTED AGAINST THE NET DISTRIBUTUBLE PERIOD PROFIT WITH DONATIONS (%)**		
3,418,852	**20%**		

A dividend of TL3,418,852 will be distributed in cash to our shareholders who represent the capital of TL39,312,000 at the rate of Capital Market Board's minimum profit distribution (20%), by giving TL0.008696713 (net amount TL0.007392206 is calculated by deduction of 15% tax from gross amount) for each share as from April 8, 2009.

Auditors' Review Report

TO THE GENERAL ASSEMBLY OF
TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.

Company Title	: Türk Prysmian Kablo ve Sistemleri A.Ş.
Head Office	: Mudanya
Capital	: TL39,312,000.00
Activity	: Manufacturing of energy and telecommunication cables, insulted conductors.
Auditors' names and duration of their appointment, their relation to the Company (partners or not)	: Hikmet TÜRKEN and Raşit YAVUZ appointed to the accounting year 2008, both are not the employees.
Number of Board of Directors meetings participated	: No participation took place in Board of Directors meetings.
Extent of audit made on the Company's accounts, books and documents and conclusions reached	: During audits, it has been observed that the records were kept in accordance with the documents and accounting principles.
Counts made at the Company treasury according to Article 353/1-3 of the Turkish Commercial Law and their results	: The records for the Period January 1, 2008 - December 31, 2008 have been inspected, it was observed that the cash balance was in accordance with the actual records.
Dates of audits made at the company treasury according to Article 353/1-4 of the Turkish Commercial Law and their results	: The obligatory monthly inspections of the records of securities were conducted and audits showed that the assets were existing and corresponded to the records kept.
Denunciations or irregularities reported to the Board of Directors and measures taken	: No complaints or denunciations of any kind have been made to the Board of Auditors.

We have audited the accounts and the operations of Türk Prysmian Kablo ve Sistemleri A.Ş. for the period January 1, 2008 - December 31, 2008 in accordance with Turkish Commercial Law, the Company's Articles of Association and other legislation, as well as according to the generally accepted accounting principles and standards.

In our opinion, the appended Balance Sheet, established on December 31, 2008 the contents of which we have approved, reflects the Company's real financial situation during the considered period and that the Income Statement for the period January 1, 2008 - December 31, 2008 reflects the real results of the activities for the considered period.

We submit for the ratification the Balance Sheet and the Income Statement as well as the acquittal of the Board of Directors.

THE BOARD OF AUDITORS

Hikmet TÜRKEN Raşit YAVUZ

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi
No:48 B Blok Kat 9 Akaretler
Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr
Telephone +90 (212) 326 6060
Facsimile +90 (212) 326 6050

To the Board of Directors of Türk Prysmian Kablo ve Sistemleri A.Ş.

1. We have audited the accompanying financial statements of Türk Prysmian Kablo ve Sistemleri A.Ş. ("the Company") which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB.

Without qualifying our conclusion we draw your attention to the following matter:

5. As explained in Note 41, the Company received 'Tax investigation report' and 'Tax penalty declarations' related with 2002 on 31 December 2007. In the mentioned tax investigation report, it was stated that there were irregularities related with purchases from one supplier in 2002. It was also stated in the report that although the Company had no wrong intention by the usage of the documents which cause the irregularities, Tax Office calculated a VAT loss and penalty amounting to total TL10,183,104. The Company opened a lawsuit related with this tax investigation report in Bursa Tax Court. The lawsuit is pending as of the date of this report. Also, the Company received a further 'Tax investigation report' on 27 October 2008 related with the year 2003. In the mentioned tax investigation report, it was stated that there were again irregularities related with the VAT of the purchases from the same supplier performed in 2003. It was also stated in the report that although the Company had no wrong intention by the usage of the documents which cause the irregularities, Tax Office calculated a VAT loss and penalty amounting to total TL20,721,064. Company management is applied for reconciliation with the tax authority related with the mentioned 'Tax investigation report' and waiting for the determination of reconciliation date.

   There is an uncertainty related with the outcomes of the above tax penalties at the report date and no provision has been accounted for in the financial statements as of 31 December 2008.

6. Additional paragraph for convenience translation into English:

   The effects of differences between accounting principles issued by CMB and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

ORIGINAL TURKISH VERSION WAS SIGNED OFF
Coşkun Şen, SMMM
Partner

İstanbul, 23 February 2009

Financial Statements

Türk Prysmian Kablo ve Sistemleri A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2008 AND 31 DECEMBER 2007

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(AUDITED) 31 December 2008	(AUDITED) 31 December 2007
ASSETS			
Current Assets		**234,965,525**	**204,405,167**
Cash and cash equivalents	6	22,165,909	15,580,851
Financial investments	7	-	-
Trade receivables	10, 37	129,964,327	107,041,947
Receivables on construction contracts	15	2,023,974	-
Receivables from finance activities	12	-	-
Other current receivables	11	3,347,614	1,503,234
Inventories	13	64,506,011	65,226,673
Other current assets	26	12,957,690	15,052,462
Subtotal		*234,965,525*	*204,405,167*
Assets held for sale	34	-	-
Non-current assets		**58,171,386**	**61,136,709**
Trade receivables	10, 37	-	-
Receivables form finance activities	12	-	-
Other non-current receivables	11	-	-
Financial investments	7	-	2,920,351
Investments valued at equity method	16	-	-
Investment properties	17		-
Property, plant and equipment	18	56,384,236	56,289,064
Intangible assets	19	116,345	81,574
Goodwill	20	-	-
Deferred tax assets	35	650,419	706,588
Other non-current assets	26	1,020,386	1,139,132
TOTAL ASSETS		**293,136,911**	**265,541,876**

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

Financial Statements

	Notes	(AUDITED) 31 December 2008	(AUDITED) 31 December 2007
LIABILITIES			
Current liabilities		**141,471,885**	**124,842,830**
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10, 37	117,586,387	92,350,676
Construction contracts acquisition value	15	-	77,300
Other current payables	11	10,626,837	4,695,312
Payables due to finance activities	12		-
Government grants	21	-	-
Tax liabilities	35	3,251,755	6,058,621
Provisions	22	8,942,977	15,705,587
Other current liabilities	26	1,063,929	5,955,334
Subtotal		*141,471,885*	*124,842,830*
Liabilities related to assets held for sale	34	-	-
Non-current liabilities		**11,613,893**	**10,790,243**
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10, 37	-	-
Other non-current payables	11	-	-
Payables due to finance activities	12	-	-
Government grants	21	-	-
Provisions	22	4,036,105	3,084,396
Benefits to personnel	24	7,577,788	7,705,847
Deferred tax liabilities	35	-	-
Other non-current liabilities	26	-	-
SHAREHOLDERS' EQUITY		**140,051,133**	**129,908,803**
Shareholders' Equity of Parent Company			
Paid-in capital	27	39,312,000	39,312,000
Paid-in capital inflation adjustment differences	27	8,462,823	8,462,823
Share premium	27	-	-
Revaluation fund	27	-	-
Foreign currency translation differences	27	-	-
Restricted reserves	27	1,616,684	480,901
Retained earnings	27	72,654,896	64,569,574
Net income/(loss) for the period	27	18,004,730	17,083,505
Minority interests		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**293,136,911**	**265,541,876**

These financial statements as at and for the period ended 31 December 2008 were approved by Board of Directors on 23 February 2009.
The accompanying notes form an integral part of these financial statements.

Financial Statements

Türk Prysmian Kablo ve Sistemleri A.Ş.

STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(AUDITED) 1 January- 31 December 2008	(AUDITED) 1 January- 31 December 2007
CONTINUING OPERATIONS			
Sales Income	28	633,913,846	623,469,304
Cost of Sales (-)	28	(550,592,018)	(540,237,867)
Gross operating profit/ (loss)		**83,321,828**	**83,231,437**
GROSS PROFIT/ (LOSS)		**83,321,828**	**83,231,437**
Marketing, Sales and Distribution Expenses (-)	29, 30	(33,758,313)	(33,940,145)
General Administrative Expenses (-)	29, 30	(21,480,839)	(19,936,343)
Research and Development Expenses (-)	29, 30	(1,133,585)	(973,633)
Other Operating Income	31	6,551,876	12,845,346
Other Operating Expenses (-)	31	(3,518,367)	(15,232,380)
OPERATING PROFIT/ (LOSS)		**29,982,600**	**25,994,282**
Profit/(Loss) From Investments Valued at Equity Method	-	-	-
Financial Income	32	36,344,444	18,992,527
Financial Expenses (-)	33	(45,014,390)	(21,771,156)
INCOME/ (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES		**21,312,654**	**23,215,653**
Taxes on (income)/loss		**(3,307,924)**	**(6,132,148)**
- Taxes on income/(loss) for the period	35	(3,251,755)	(6,058,621)
- Deferred tax income/(loss)	35	(56,169)	(73,527)
NET INCOME/ (LOSS) FROM CONTINUING OPERATIONS		**18,004,730**	**17,083,505**
NET INCOME/ (LOSS) FOR THE PERIOD		**18,004,730**	**17,083,505**
Earnings Per Share	**36**	**0.46**	**0.43**
Diluted Earnings per Share		**-**	**-**
Earnings per Share from Operations		**0.46**	**0.43**
Diluted Earnings per Share from Operations		**-**	**-**

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

Financial Statements

Türk Prysmian Kablo ve Sistemleri A.Ş.

STATEMENTS OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(AUDITED) 1 January - 31 Dec. 2008		(AUDITED) 1 January - 31 Dec. 2007	
A. CASH FLOWS FROM OPERATING ACTIVITIES			**20,020,219**		**8,459,660**
Net profit before taxation (+)		**21,312,654**		**23,215,653**	
Adjustments:					
Depreciation (+)	18, 19	7,229,015		5,253,024	
Impairment reversals on fixed assets	18	-		(8,803,069)	
Employment termination benefits	24	1,347,596		1,456,121	
Interest income (-)	32	(273,017)		(691,063)	
Interest expense (+)	33	5,349,306		238,109	
Gains on sales of long-term financial assets	7	(3,936,185)		-	
Change in provision for doubtful receivables	10	2,926,605		(1,779,934)	
Change in deferred financial income	10	307,000		39,468	
Change in deferred financial expense	10	170,182		455,722	
Changes in assets and liabilities:					
Change in trade receivables	10, 37	(26,155,985)		(7,747,148)	
Change in other receivables	11	(1,844,380)		5,659,832	
Change in inventories	13	720,662		2,410,603	
Change in other current assets	26	4,338,476		-	
Change in other long-term receivables	26	118,746		860,764	
Change in trade payables	10, 37	22,964,255		856,844	
Change in short term provisions	22	(6,762,610)		-	
Change in other short-term liabilities	26	357,340		(2,011,275)	
Change in other long-term liabilities	26	951,709		919,952	
Taxes paid	35	(8,302,325)		(10,962,836)	
Employment termination benefits paid	24	(798,825)		(911,107)	
Net cash generated from operating activities		**20,020,219**		**8,459,660**	
B. CASH FLOW FROM INVESTEMENT ACTIVITIES			**(502,422)**		**(5,157,544)**
Fixed asset additions (-)	18	(7,391,183)		(5,382,592)	
Proceeds from sale of property, plant and equipment (+)	18	32,225		225,048	
Proceeds from the sale of financial investments (+)	7	6,856,536		-	
Net cash used in investment activities		**(502,422)**		**(5,157,544)**	
C. CASH FLOW FROM FINANCIAL ACTIVITIES			**(12,932,739)**		**(1,890,126)**
Interest paid (-)	33	(5,349,306)		(238,109)	
Interest received (+)	32	273,017		691,063	
Increase in investment and property sales gains to be transferred to share capital	27	-		15,640	
Dividends paid	27	(7,856,450)		(2,358,720)	
Net cash used in financial activities		**(12,932,739)**		**(1,890,126)**	
Net increase in cash and cash equivalents		**6,585,058**	**6,585,058**	**1,411,990**	**1,411,990**
Cash and cash equivalents at the beginning of the period	**6**		**15,580,851**		**14,168,861**
Cash and cash equivalents at the end of the period	**6**		**22,165,909**		**15,580,851**

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

Financial Statements

Türk Prysmian Kablo ve Sistemleri A.Ş.

STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 AND 2007

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Dipnotlar	Share Capital	Inflation Adjustment to Share Capital	Company's Own Shares	Share Premium	Revaluation Fund	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Income / (Loss) for the Period	Accumulated Profit / (Loss)	**Total**
1 January 2007		**39,312,000**	**8,462,823**	**-**	**-**	**-**	**-**	**15,863**	**-**	**10,813**	**62,085,423**	**5,281,456**	**115,168,378**
Net income for the period	27	-	-	-	-	-	-	-	-	-	-	17,083,505	**17,083,505**
Dividends paid	27	-	-	-	-	-	-	-	-	-	-	(2,358,720)	**(2,358,720)**
Transfers	27	-	-	-	-	-	-	438,585	110,745	-	2,373,406	(2,922,736)	**-**
Investment and property sales gains to be transferred to share capital	27	-	-	-	-	-	-	-	-	15,640	-	-	**15,640**
31 December 2007		**39,312,000**	**8,462,823**	**-**	**-**	**-**	**-**	**454,448**	**110,745**	**26,453**	**64,458,829**	**17,083,505**	**129,908,803**
1 January 2008		**39,312,000**	**8,462,823**	**-**	**-**	**-**	**-**	**454,448**	**110,745**	**26,453**	**64,458,829**	**17,083,505**	**129,908,803**
Net income for the period	27	-	-	-	-	-	-	-	-	-	-	18,004,730	**18,004,730**
Dividends paid	27	-	-	-	-	-	-	-	-	-	-	(7,862,400)	**(7,862,400)**
Transfers	27	-	-	-	-	-	-	1,135,783	8,085,322	-	-	(9,221,105)	**-**
31 December 2008		**39,312,000**	**8,462,823**	**-**	**-**	**-**	**-**	**1,590,231**	**8,196,067**	**26,453**	**64,458,829**	**18,004,730**	**140,051,133**

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

Notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

The primary operations of Türk Prysmian Kablo ve Sistemleri A.Ş. ("the Company"), established and operating in Turkey are the production, import, export and trading of cables, conductors, machinery, apparatus, their spare parts and accessories. The Company was established in 1964. The main shareholder of the Company is Prysmian Cable Holding B.V. (83.75%). The Company is registered with the Capital Markets Board ("CMB") and 15.55% of its shares have been quoted on the Istanbul Stock Exchange ("ISE").

The Company's previous name "Türk Pirelli Kablo ve Sistemleri A.Ş." was changed to "Türk Prysmian Kablo ve Sistemleri A.Ş." with respect to the General Assembly decision dated on 26 September 2005. The new name had been registered to T.C. Bursa Trade Register Office on 27 September 2005.

Company is operating in one sector, cable production and sale, and in one geographical region. Product range of the Company includes all energy cables up to 220 kVolt, copper conductive communication cables up to 3600 duplex and fiber optic cables. The factory of the Company is situated in Bursa Mudanya, and it contains thermic, mechanic, chemical, and electrical scientific research and test laboratories which have Turkish Standards Institute (TSI) adequacy, and a high level of technology.

The address of the registered office is Bursa Yolu No:1 16941 Mudanya Bursa. The average number of employees of the Company as f the period is stated as follows:

31 December 2008

Personnel Type	Union	Union Name	None-Union
Blue Collar	319	Birleşik Metal İş Sendikası	1
White Collar	-	-	83
TOTAL	**319**		**84**

31 December 2007

Personnel Type	Union	Union Name	None-Union
Blue Collar	331	Birleşik Metal İş Sendikası	13
White Collar	-	-	83
TOTAL	**331**		**96**

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation:

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

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

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

In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

Notes

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

The Company does not have any consolidated financial assets.

2.2 Changes in Accounting Policies:

There is not any accounting policy changed or planned to be changed in the period. All accounting policies applied are consistent with the prior periods' policies.

Changes and interpretations that became effective in 2008 and that does not have an impact on the financial statements of the Company:

- IFRIC 11, "Share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments"
- IFRIC 12, "Service Concession Arrangements"
- IFRIC 13, "Customer Loyalty Programs"
- IFRIC 14, "IAS 19 Employee Benefits : Limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan"
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"

Changes in the current standards and interpretations of new standards that have not been effective yet and that have not been early adopted by the Company:

Following are the changes and interpretations related with the current standards which will be effective for the periods after 1 January 2009 and which will not have an impact on the financial statements of the Company:

- IAS 1, "Presentation of Financial Statements", comprehensive changes related with the items directly booked to shareholders' equity
- IAS 23, "Borrowing Costs", comprehensive changes that prevent booking expenses directly
- IAS 27, "Consolidated and Stand Alone Financial Statements", changes in the investment costs in the first implementation of IFRS
- IAS 28, "Investments in Associates"
- IAS 32 "Financial Instruments: Presentation" changes related with Effective date of amendments for puttable instruments and obligations arising on liquidation
- IAS 39, "Financial Instruments: Recognition and Measurement", changes related with the items that will be subject for financial risk
- IAS 40, "Investment properties"
- IFRS 1, "First time Adoption of International Financial Reporting Standards", changes in the investment costs in the first implementation of IFRS
- IFRS 2, "Share-based Payment", changes related with progress payments and their cancellation
- IFRS 8, "Operating Segments"
- IFRIC 15, "Agreements for the Construction of Real Estate"
- IAS 27, "Consolidated and Stand Alone Financial Statements"
- IAS 31, "Interests in Joint Ventures", comprehensive change related with the application of the purchase method
- IFRS 3, "Business Combinations"
- IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

2.2.1 Comparative information and reclassifications to the prior period financial statements:

Financial statements of the Company include comparative financial information to enable development of an understanding on the trends in the financial position and performance. Company has prepared balance sheet dated 31 December 2008 in comparison with the balance sheet dated 31 December 2007, income statement, shareholders' equity and cash flow statements for the period 1 January - 31 December 2008 in comparison with the income statement, shareholders' equity and cash flow statements for the period 1 January - 31 December 2007.

Furthermore, in accordance with the Communiqué No: XI-29 (Principles of Financial Reporting in Capital Markets) which declares the formats of financial statements and notes, the Company has made the following reclassifications in the prior period financial statements.

According to this, the Company has presented;

I) Intercompany trade receivables amounting to TL2,565,104 previously disclosed in "intercompany receivable balance" are presented in trade receivables, receivables from personnel amounting to TL116,795 previously disclosed in "intercompany receivable balance" are presented in other receivables,

II) Deposits and guarantees given amounting to TL17,616 previously disclosed in "trade receivables" are presented in other current receivables,

III) VAT receivable amounting to TL6,313,093 previously disclosed in "other receivables" are presented in other current liabilities as net off with the VAT payable,

IV) Prepaid taxed amounting to TL6,873,862 previously disclosed in "other receivables" are presented in other current assets,

V) Personnel advances amounting to TL3,110 previously disclosed in "other receivables" are presented in other current assets,

Notes

VI) Trade receivables amounting to TL47 previously disclosed in "non-current trade receivables" are presented in other receivables,

VII) Order advances given amounting to TL6,956,053 previously disclosed in "inventories" are presented in other current assets,

VIII) Prepaid expenses amounting to TL180,638 previously disclosed in "non-current other receivables" are presented in other current assets,

IX) Advances for tangible assets amounting to TL958,494 previously disclosed in "tangible assets" are presented in other current assets,

X) Intercompany trade payables amounting to TL10,096,172 previously disclosed in "intercompany payable balance" are presented in trade payables, due to shareholders amounting to TL3,182 previously disclosed in "intercompany payable balance" are presented in other payables,

XI) Corporate tax provision amounting to TL6,058,621 previously disclosed in "provisions" are presented in trade payables in tax liabilities,

XII) Provisions amounting to TL15,705,587 previously disclosed in "other current liabilities" are presented in current provisions,

XIII) VAT payable amounting to TL9,576,711 previously disclosed in "other current liabilities" are presented in other current liabilities as net off with the VAT receivable,

XIV) Miscellaneous payables amounting to TL1,465,195 previously disclosed in "other liabilities" are presented in other current liabilities,

XV) Taxes and other charges to be paid amounting to TL1,226,524 previously disclosed in "other liabilities" are presented in other current liabilities,

XVI) Due to personnel amounting to TL1,962,833 previously disclosed in "other liabilities" are presented in benefits to personnel balance,

XVII) Employment termination benefits amounting to TL5,743,014 previously disclosed in "other non-current liabilities" are presented in benefits to personnel balance,

XVIII) Paid in capital inflation adjustments amounting to TL8,462,823 previously disclosed under "inflation adjustment differences" are presented in the same account and other inflation adjustments to share capital amounting to TL64,474,692 previously disclosed under "inflation adjustment differences" are presented in retained earnings,

XIX) Inflation adjustment differences amounting to TL94,882 previously disclosed under "reserves" presented in retained earnings,

Necessary adjustments have been made in the notes to the financial statements in order to provide consistency with the current period financial statements and notes to financial statements.

2.3 Changes in accounting estimates and errors:

Material changes in accounting policies or material errors are corrected, retrospectively; restating the prior period financial statements. Effects of changes in accounting estimates are recognized prospectively; i.e. the effects of such changes on current and future periods are recognized in the current and future periods.

2.4 Summary of significant accounting policies:

2.4.1 Revenue recognition:

Net revenues represent the invoiced value of goods shipped. Revenues are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of consideration received or receivable. Construction type contracts revenue are presented in the financial statements based on the percentage of completion method (Note 2.4.17). When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.4.2 Inventories:

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. The cost of inventories is determined on a process costing basis, the first in first out (FIFO) method. Inventories comprise of all raw material, direct labor, and other direct and indirect production costs. Financial expenses are not capitalized and are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 13).

The Company performs monthly stock counts. Cost of inventories include total purchase costs and other costs incurred in bringing the inventories to their present location and condition.

Notes

2.4.3 Tangible Assets:

Property, plant and equipment are carried at cost less accumulated depreciation (Note 18). Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets, except for land. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows;

	Economic Life	Method
Buildings	20-50 years	Straight-line Method
Machinery and equipment	5-15 years	Straight-line Method
Vehicles	5 years	Straight-line Method
Furniture and fixture	2-5 years	Straight-line Method
Special costs	5-10 years	Straight-line Method
Rights	8-20 years	Straight-line Method

Lands are not depreciated due to its infinite economic life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Expenses for repair and maintenance of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

2.4.4 Intangible assets:

Intangible assets comprise acquired computer software and development costs. They are recorded at their acquisition cost and amortized using the straight-line method over their estimated useful lives for a period not exceeding five years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 19).

2.4.5 Impairment of assets:

Tangible and intangible non-current assets are examined for any impairment resulting from an event or change, which leads the carrying amount to exceed its recoverable amount. An impairment loss is charged to income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use.

In case that increase in the recoverable amount of the asset is related with a situation that has occurred in the period subsequent to the period in which the impairment of an asset is booked, impairment amount can be reversed. Reversal amount cannot be greater than the impairment amount that has been booked before.

6.6.6 Trade Receivables:

Trade receivables that are originated by the Company by providing goods or services directly to a debtor are carried at amortized cost using the effective yield method. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

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

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

2.4.7 Financial liabilities:

Financial liabilities are recognized initially at proceeds received, net of transaction costs incurred. Financial liabilities are subsequently stated at amortized cost using the effective yield method. Any difference between the proceeds and redemption value is recognized in the statements of income over the period of the borrowings.

2.4.8 Financial instruments:

a) Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Material trade receivable balances comprise of receivables from dealers and intercompanies. The Company has established an effective control system, which is monitored by the management. Guarantees taken from dealers is another tool used in credit risk management (Note 10).

Notes

Liquidity risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate, committed funding lines from high quality lenders (Note 10).

The Company does not have any bank loans, bonds issued and financial leasing liabilities. Explanations related with the liquidity risk arising from trade payables and other payables are presented in Note 10.

Interest-rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to local currency (Note 38). These risks are monitored and limited by the analysis of the foreign currency position.

b) Fair value of the financial instruments

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using the following assumptions:

Monetary asset

The fair values of balances denominated in foreign currencies, which are translated at year-end bid rates declared by Central Bank of Turkey are considered to approximate its carrying value.

Financial assets including cash and amounts due from banks are considered to approximate their respective carrying values since they are translated at bid rates declared by the Central Bank of Turkey.

The carrying value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair values.

Monetary liabilities

The fair values of short-term bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long term borrowings and trade payables, which are denominated in foreign currencies, are translated at period-end ask rates declared by the Central Bank of Turkey and accordingly their carrying amounts approximate their fair values. Since long-term borrowings which are denominated in foreign currencies, are translated at period-end rates, their fair values are considered to approximate their respective carrying values.

2.4.9 Business Combinations:

None (2007: None).

2.4.10 Foreign currency transactions:

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets denominated in foreign currencies have been translated into Turkish Lira at the ask rates prevailing at the balance sheet dates. Payables denominated in foreign currencies have been translated into Turkish Lira at the bid rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the statements of income.

2.4.11 Earnings per share:

Earnings per share disclosed in the statements of income are determined by dividing net income by the weighted average number of shares in existence during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus share issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

2.4.12 Subsequent events:

There are no subsequent events resulting in an adjustment to financial statements.

Notes

2.4.13 Provisions, contingent assets and liabilities:

Provisions are recognized when the Company has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Warranty expenses are recorded as a result of repair and maintenance expenses based on statistical information for possible future warranty services (Note 22).

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial tables and treated as contingent assets or liabilities (Note 41).

2.4.14 Leasing

None (2007: None).

2.4.15 Related parties:

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, investments, associated companies and joint venture partners are considered and referred to as related parties (Note 37).

2.4.16 Segment reporting:

None (2007: None).

2.4.17 Construction type contracts:

Construction type contracts are presented in the financial statements based on the percentage of completion method.

2.4.18 Discontinued operations:

None (2007: None).

2.4.19 Government grants and incentives:

Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received. A forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. Even if the state incentives are obtained either by offsetting an obligation or in cash, they are recognized in the same method in financial statements.

2.4.20 Investment property:

None (2007: None).

2.4.21 Taxes on income:

Corporation tax is payable at a rate of 20% for the year 2008 (2007: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

2.4.22 Deferred income taxes:

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

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

Deferred tax assets and deferred tax liabilities, related to income taxes levied by the same taxation authority, are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities (Note 35).

2.4.23 Employment termination benefits:

Provision for employment termination benefit represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law (Note 24).

2.4.24 Cash and cash equivalents:

Cash and cash equivalents are valued with their nominal values. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid assets, whose maturity at the time of purchase is less than six months (Note 6).

Notes

2.4.25 Capital and Dividends:

Ordinary shares are classified as equity. Dividends receivable are recognized as income in the period when the right to receive payment is established and dividends payable are recognized as an appropriation of profit in the period in which they are declared (Note 27).

2.4.26 Financial assets:

All the financial investments are initially valued over their costs which are the fair value of the acquisition including acquisition costs related to the investment. With respect to the financial assets where the Company has an interest below 20% or subsidiaries which are not included in the consolidation, when the financial investments do not have any quoted fair value; other methods to identify the fair value are not applicable; or a reasonable estimate cannot be performed, the face value of the financial asset is calculated by deducting, if any, the impairment provision from the cost. Gains and losses resulting from the changes in the fair values of held for sale financial assets are indicated in the end of period results (Note 7).

2.4.27 Statement of cash flow:

The cash and cash equivalents represented in cash flow statement comprise of cash in hand and, bank deposits, with a maturity of less than three months, and reverse repo agreements with banks.

2.5 Significant accounting estimates and assumptions:

Preparation of financial statements requires use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of balance sheet date, contingent assets and liabilities disclosed and amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Group management's best knowledge about the current events and transactions, actual outcome may vary from those estimates and assumptions.

NOTE 3 - BUSINESS COMBINATIONS

There are no business combinations as of the balance sheet dates. (2007: None).

NOTE 4 - BUSINESS PARTNERSHIP

There are no business partnerships as of the balance sheet dates. (2007: None).

NOTE 5 - SEGMENT REPORTING

The Company operates in one business (cable production and sale) and one geographical segment. Therefore, segment reporting is not required (2007: None).

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2008	31 December 2007
Cash - TL	1,321	2,738
Cash - Foreign Currency	6,356	6,390
Bank - Demand Deposit	53,085	20,631
Bank - TL - Time Deposit	2,653,185	5,620,509
Bank - Export Foreign Currency	153,421	-
Bank - Foreign Currency	51,422	20,204
Bank - USD - Time Deposit	9,361,353	3,033,113
Bank - EURO - Time Deposit	7,730,195	2,945,719
Cheques Received	2,155,571	3,931,547
TOTAL	**22,165,909**	**15,580,851**

Maturities and interest rates for the time deposits are as follows:

	31 December 2008		31 December 2007	
	Maturity	Interest rate (%)	Maturity	Interest rate (%)
TL Time Deposits	O/N	16	7 Days	18.15
TL Time Deposits	O/N	15.25	13 Days	18.25
TL Time Deposits	-	-	O/N	16.00
Time Deposits USD	O/N	2.75	O/N	4.60
Time Deposits USD	5 Days	3.50	O/N	4.50
Time Deposits EURO	O/N	4	O/N	3.75

Notes

NOTE 7 - FINANCIAL INVESTMENTS

	31 December 2008		31 December 2007	
Name:	**Rate %**	**Amount**	**Rate %**	**Amount**
Entek Elektrik Üretimi A.Ş.	-	-	3.81	2,920,351

Main business of the Entek Elektrik is, producing electricity by using natural gas and supplying electicity to its shareholders. Purpose of the Company in acquiring the shares of Entek is to obtain electricity under market prices. However price of natural gas has been losing its advantage over the electricity prices recently. As a result, the Company has not been able to obtain electricity from Entek at lower prices of the market. Also, the Company has not been able to obtain dividends from Entek because of the fore mentioned reason. Since purposes in acquiring the shares of Entek has not been realized, Company management decided to sell the investment.

As it is approved on the Extraordinary General Meeting of Shareholders on 5 December 2008 that, 3.81% shares of Entek Eletktirk Üretimi A.Ş. whose nominal value amounts to TL3,768,000 is sold and transferred to Aygaz A.Ş. at a price of TL6,856,536. Sales price has been received in cash. TL3,936,185 profit has been obtained as a result of this sale. The Company has not yet determined on any investment for the obtained amount.

NOTE 8 - FINANCIAL LIABILITIES

The Company does not have any bank loans as of 31 December 2008 (2007: None).

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2007: None).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables:

	31 December 2008	31 December 2007
Trade Receivables (Domestic)	49,149,101	37,027,279
Trade Receivables (Foreign)	44,825,064	29,212,547
Trade Receivables (Foreign Related Parties) (Note 37)	6,591,807	2,565,104
Notes Receivables	30,755,610	39,287,270
Doubtful Receivables	13,276,663	10,350,058
Provision for Doubtful Receivables	(13,276,663)	(10,350,058)
Unearned Financial Income	(1,357,255)	(1,050,253)
TOTAL	**129,964,327**	**107,041,947**

Foreign exchange differences accrued for foreign currency doubtful receivables are included in the provision and reflected to the foreign exchange income/loss.

Movement of the provision for doubtful receivables during the periods is as follows:

	2008	2007
1 January	**10,350,058**	**12,129,992**
Additions and collections	71,668	90,631
Changes due to the foreign exchange rate differences	2,854,937	(1,870,565)
31 December	**13,276,663**	**10,350,058**

Aging analysis of Notes Receivables:

	31 December 2008	31 December 2007
0-30 Days Maturity	18,446,731	26,905,669
31-60 Days Maturity	9,161,693	8,734,772
61-90 Days Maturity	2,458,629	3,060,314
91 Days and Over	688,557	586,515
TOTAL	**30,755,610**	**39,287,270**

Guarantees received regarding trade receivables:

The Company minimizes all risks regarding trade receivables by effective controls and by guarantees received. A trade relationship is formed between the Company and its customer after guarantees are obtained from the customers. All guarantee terms are kept under control both before order date and shipment date. As of 31 December 2008 the Company has TL32,599,701 (31 December 2007: TL30,977,835) of guarantees for its trade receivables. All of the mentioned guarantees have been obtained from third parties, there are no guarantees obtained from intercompanies.

Notes

Aging analysis of trade receivables:

As of 31 December 2008, maturities of trade receivables, for which no bad debt provision has been accounted, are as follows;

	31 December 2008	31 December 2007
Overdue receivables (*)	7,684,777	4,355,807
0-30 Days Maturity	39,193,259	26,291,732
31-60 Days Maturity	34,309,245	21,748,057
61-90 Days Maturity	4,647,368	603,634
91-120 Days Maturity	-	-
121 Days and Over	14,731,323	15,805,700
TOTAL	**100,565,972**	**68,804,930**

(*) Overdue days	31 December 2008	31 December 2007
0-1 Month	6,516,989	4,088,499
1-3 Month	979,235	104,914
3 Months and Over	188,553	162,394
TOTAL	**7,684,777**	**4,355,807**

b) Short-Term Trade Payables:

	31 December 2008	31 December 2007
Trade Payables (Domestic)	71,748,177	42,345,455
Trade Payables (Foreign)	40,385,788	40,370,963
Trade Payables (Foreign Related Parties) (Note 37)	5,744,155	10,096,173
Deferred Financial Expenses	(291,733)	(461,915)
TOTAL	**117,586,387**	**92,350,676**

Non-derivative financial liabilities as of 12.31.2008						
Expected terms	**Net book value**	**Expected total cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Trade Payables	117,586,387	117,878,120	81,420,904	36,457,216	-	-
Other Payables	10,626,837	10,626,837	8,554,456	1,944,788	127,256	337

Non-derivative financial liabilities as of 12.31.2007						
Expected terms	**Net book value**	**Expected total cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Trade Payables	92,350,676	92,812,591	71,289,126	21,523,465	-	-
Other Payables	4,695,312	4,695,312	3,589,438	1,062,544	42,608	722

	Receivables				
31.12.2008	**Trade Receivables**		**Other Receivables**		**Bank Deposits**
	Related Parties	**Other Parties**	**Related Parties**	**Other Parties**	
Maximum risk on receivables as of reporting date (A+B+C+D+E)	**6,591,807**	**123,372,521**	**-**	**3,347,614**	**20,002,662**
Guaranteed Portion of the Maximum Risk	-	-	-	-	-
A. Net book value of the assets that are not due or provision (impairment) has not been accounted for	4,882,018	117,397,533	-	3,347,614	20,002,662
B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired	-	-	-	-	-
C. Book value of the overdue assets that provision (impairment) has not been accounted for	1,709,789	5,974,988	-	-	-
- Guaranteed Portion	-	2,228,375	-	-	-
D. Net book value of the assets that impaired(provision has been accounted for)	**-**	**-**	**-**	**-**	**-**
Overdue (gross book value)	-	13,276,663	-	-	-
Impairment (-)	-	(13,276,663)	-	-	-
Guaranteed Portion of the Net Book Value	-	-	-	-	-
Not Due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed Portion of the Net Book Value	-	-	-	-	-
E. Off balance sheet items that pose credit risk	-	-	-	-	-

Notes

31.12.2007	Receivables				
	Trade Receivables		Other Receivables		Bank Deposits
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum risk on receivables as of reporting date (A+B+C+D+E)	**2,565,101**	**104,476,846**	**-**	**1,503,234**	**11,640,176**
Guaranteed Portion of the Maximum Risk	-	-	-	-	-
A. Net book value of the assets that are not due or provision (impairment) has not been accounted for	1,988,056	100,698,084	-	1,503,234	11,640,176
B. Value of the financial assets that circumstances have been renegotiated, otherwise will be overdue or impaired	**-**	**-**	-	-	-
C. Book value of the overdue assets that provision (impairment) has not been accounted for	577,045	3,778,762	-	-	-
- Guaranteed Portion	-	1,177,972	-	-	-
D. Net book value of the assets that impaired (provision has been accounted for)	**-**	**-**	**-**	**-**	**-**
Overdue (gross book value)	-	10,350,058	-	-	-
Impairment (-)	-	(10,350,058)	-	-	-
Guaranteed Portion of the Net Book Value	-	-	-	-	-
Not Due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
Guaranteed Portion of the Net Book Value	-	-	-	-	-
E. Off balance sheet items that pose credit risk	-	-	-	-	-

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

	31 December 2008	31 December 2007
VAT Receivable from Direct Export Sales	533,608	1,229
VAT Receivable from Export Sales	1,954,581	1,117,747
Receivables from Employees	175,635	116,795
Other Doubtful Receivables	32,695	32,695
Provisions for Other Doubtful Receivables	(32,695)	(32,695)
Deposits and Warranties Given	28,674	17,663
Other Miscellaneous Receivables	655,116	249,800
TOTAL	**3,347,614**	**1,503,234**

b) Other Payables:

	31 December 2008	31 December 2007
Due to Shareholders	9,132	3,182
Order Advances Received (Domestic)	10,617,705	4,663,591
Order Advances Received (Foreign)	-	28,539
TOTAL	**10,626,837**	**4,695,312**

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE ACTIVITIES

None (2007: None).

NOTE 13 - INVENTORIES

	31 December 2008	31 December 2007
Raw Materials and Supplies	16,021,986	12,557,726
Semi-finished Goods	22,732,432	18,738,929
Finished Goods	26,483,815	32,664,810
Trade Goods	1,597,593	1,942,788
Other Inventories	135,927	286,401
Provision for Diminution in Value of Inventories	(2,465,742)	(963,981)
TOTAL	**64,506,011**	**65,226,673**

Notes

As of 1 January - 31 December 2008, TL484,659,202 (1 January-31 December 2007: TL480,127,317) of cost of goods sold is related raw material usage (Note: 28).

Movement for the provision of obsolete inventory:	**2008**	**2007**
1 January	**963,981**	**1,675,165**
Additions and Deductions During the Period	1,501,761	(711,184)
31 December	**2,465,742**	**963,981**

NOTE 14 - BIOLOGICAL ASSETS

None (2007: None).

NOTE 15 - ASSETS RELATED TO CONSTRUCTION CONTRACTS

The Company applies percentage of completion method for construction type contracts for revenue and cost recognition. There are seven different contracts that the Company has signed in this respect.

a) Karadeniz Coastal Way and 2,500 km Fiber Project:

Bidding Company : Türk Telekomünikasyon A.Ş. (TÜRK TELEKOM)
Contract Date / Amount : 10 September 2007 / USD10,651,778
Project Term : June 2009 (Provisional acceptance for 4 parts of the whole 18 parts is made in 2008)
Progress Payments : There are 14 progress payments as of 31 December 2008.

The Company has completed 77% of the project as of 31 December 2008 and revenues and costs are allocated to the financial statements on this portion.

	Current Period	**Prior Periods**	**TOTAL**
Additions to Sales Revenue	7,686,464	-	**7,686,464**
Additions to Cost of Sales	7,409,426	-	**7,409,426**
Net Income /(loss) on Financial Statements	277,038	-	**277,038**

There are no detained progress payments related with the current period and advances received. Net receivable amount related with the project is TL2,200,987 as of 31 December 2008.

b) Dudullu TM- Paşaköy TM 154 Kv Underground Cable Connection Project:

Bidding Company : Türkiye Elektrik İletim A.Ş. (TEİAŞ)
Contract Date/Amount : 12 February 2008 / TL19,498,865
Project Term : April 2009
Progress Payments : There are 4 progress payments as of 31 December 2008.

The Company has completed 89% of the project as of 31 December 2008 and revenues and costs are allocated to the financial statements on this portion.

	Current Period	**Prior Periods**	**TOTAL**
Additions to Sales Revenue	19,078,175	-	**19,078,175**
Additions to Cost of Sales	13,893,069	-	**13,893,069**
Net Income /(loss) on Financial Statements	**5,185,106**	-	**5,185,106**

Detained progress payments related with the current period amount to TL3,475,724. There are no advances received related with the current period. Net receivable amount related with the project is TL177,011 as of 31 December 2008.

c) Edirnekapı - Topkapı Railway Route 154 kV Energy Cable Deplacement Project:

Bidding Company : İstanbul Elektrik Tramvay ve Tünel İşletmeleri Genel Müdürlüğü (İETT)
Contract Date/Amount : 18 April 2008 / EURO1,831,360 + VAT
Project Term : 31 December 2008
Progress Payments : There are 2 progress payments as of 31 December 2008.

The Company has completed 89% of the project as of 31 December 2008 and revenues and costs are allocated to the financial statements on this portion.

	Current Period	**Prior Periods**	**TOTAL**
Additions to Sales Revenue	3,792,831	-	**3,792,831**
Additions to Cost of Sales	2,854,842	-	**2,854,842**
Net Income /(loss) on Financial Statements	937,989	-	**937,989**

There are no detained progress payments and advances received related with the current period.

Notes

d) Atışalanı - Bağcılar 154kV Turnkey Underground Cable Connection Project:

Bidding Company : Türkiye Elektrik İletim Genel Müdürlüğü (TEİAŞ)
Contract Date/Amount : 27 December 2006 / USD8,504,736 + TL9,429,082
Temporary Acceptance Date : 29 January 2008

The project has been completed 100% in 2008 and temporary acceptance reports have been approved.

	Current Period	Prior Periods	TOTAL
Additions to Sales Revenue	372,055	19,105,959	**19,478,014**
Additions to Cost of Sales	277,326	15,933,613	**16,210,939**
Net Income /(loss) on Financial Statements	94,729	3,172,346	**3,267,075**

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in this time interval. Total amount of detained progress payments, related with the current period is TL1,064,123 and there are no advances received within the current period.

e) İsdemir 154 Kv GIS and 154 kV Power Station/ GPP Cable Connection and Montage Project:

Bidding Company : İskenderun Demir ve Çelik A.Ş.
Contract date/Amount : 15 March 2007 / EURO5,829,850
Temporary Acceptance Date : 22 January 2008

The project has been completed 100% in 2008 and temporary acceptance reports have been approved.

	Current Period	Prior Periods	TOTAL
Additions to Sales Revenue	1,373,801	8,633,345	**10,007,146**
Additions to Cost of Sales	1,054,828	6,575,275	**7,630,103**
Net income / (loss) on Financial Statements	318,973	2,058,070	**2,377,043**

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in this time interval. There are no detained progress payments and advances received related with the current period.

f) Davutpaşa-İkitelli 380kV Turnkey Underground Cable Connection Project:

Bidding Company : Türkiye Elektrik İletim Genel Müdürlüğü (TEİAŞ)
Contract date/Amount : 09 November 2005 / EURO13,183,172 + TL17,196,838
Temporary Acceptance Date : 22 August 2007

The project has been completed 100% in 2007 and temporary acceptance reports have been approved.

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in this time interval. There are no detained progress payments and advances received related with the current period.

g) Hisar-Hasköy 89/154 kV Turnkey Underground Cable Connection Project:

Bidding Company : Türkiye Elektrik İletim Genel Müdürlüğü (TEİAŞ)
Contract Date/Amount : 17 June 2004 / TL12,207,437 + (Additional Order Amount: TL1,577,381)
Temporary Acceptance Date : 3 May 2007

The project has been completed 100% in 2007 and temporary acceptance reports have been approved.

Operational acceptance date is 24 months after the temporary acceptance and Company's responsibilities related with the project continue to exist in this time interval. Total amount of detained progress payments, related with the current period is TL727,361 and there are no advances received within the current period.

NOTE 16 - INVESTMENTS VALUED AT EQUITY METHOD

None (2007: None).

NOTE 17 - INVESTMENT PROPERTIES

None (2007: None).

Notes

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

2008	31.12.2007	Additions	Disposals	31.12.2008
Cost				
Land	3,780,040	-	-	3,780,040
Buildings	43,615,327	497,992	-	44,113,319
Machinery and equipment	208,274,706	6,349,499	(8,199,745)	206,424,460
Motor vehicles, furniture and fixtures	22,799,294	478,214	(207,170)	23,070,338
Special costs	77,543	-	-	77,543
Total	**278,546,910**	**7,325,705**	**(8,406,915)**	**277,465,700**
Accumulated Depreciation				
Buildings	(21,019,800)	(761,528)	-	(21,781,328)
Machinery and equipment	(180,534,877)	(5,855,108)	8,199,745	(178,190,240)
Motor vehicles, furniture and fixtures	(20,625,654)	(581,672)	174,945	(21,032,381)
Special costs	(77,515)	-	-	(77,515)
Total	**(222,257,846)**	**(7,198,308)**	**8,374,690**	**(221,081,464)**
Net Book Value	**56,289,064**	**127,397**	**(32,225)**	**56,384,236**

As of 31 December 2008, the Company has TL7,229,015 depreciation expense; TL7,198,308 for tangible assets and TL30,707 for intangible assets. TL6,457,739 of the current period depreciation expense is allocated to cost of goods sold and TL771,276 of the depreciation expense is allocated to operating expenses.

2007	31.12.2006	Additions	Disposals	Impairment reversal	31.12.2007
Cost					
Land	3,780,040	-	-	-	3,780,040
Buildings	43,685,613	-	(54,758)	(15,528)	43,615,327
Machinery and equipment	204,016,929	4,086,039	-	171,738	208,274,706
Motor vehicles, furniture and fixtures	22,372,114	768,145	(422,691)	81,726	22,799,294
Special costs	77,543	-	-	-	77,543
Total	**273,932,239**	**4,854,184**	**(477,449)**	**237,936**	**278,546,910**
Accumulated Depreciation					
Buildings	(20,271,701)	(756,233)	5,053	3,081	(21,019,800)
Machinery and equipment	(185,092,748)	(3,766,030)	-	8,323,901	(180,534,877)
Motor vehicles, furniture and fixtures	(20,598,435)	(477,237)	247,348	202,670	(20,625,654)
Special costs	(77,527)	-	-	12	(77,515)
Total	**(226,040,411)**	**(4,999,500)**	**252,401**	**8,529,664**	**(222,257,846)**
Net Book Value	**47,891,828**	**(145,316)**	**(225,048)**	**8,767,600**	**56,289,064**

As of 31 December 2007, the Company has TL5,015,088 depreciation expense; TL4,999,500 for tangible assets and TL15,588 for intangible assets. TL4,389,045 of the current period depreciation expense is allocated to cost of goods sold and TL626,043 of the depreciation expense is allocated to operating expenses.

The Company performed an impairment test as of 31 December 2004. As a result of the impairment test, impairment on fixed assets except land and buildings amounting to TL16,897,330 was accounted for.

As a result of the impairment test performed by the Company as of 31 December 2007, it is understood that the impairment amount on fixed assets on the prior years' financial statements does not exist anymore and there is no additional impairment to be accounted for. Consequently, prior years' impairment charges which sum up to TL8,803,069 have been reversed as of 31 December 2007.

Notes

NOTE 19 - INTANGIBLE ASSETS

2008	31.12.2007	Additions	Disposals	31.12.2008
Cost	903,895	65,478	-	969,373
Accumulated amortization	(822,321)	(30,707)	-	(853,028)
Net Book Value	**81,574**	**34,771**	**-**	**116,345**

2007	31.12.2006	Additions	Disposals	31.12.2007
Cost	903,684	-	211	903,895
Accumulated amortization	(841,991)	(15,588)	35,258	(822,321)
Net Book Value	**61,693**	**(15,588)**	**35,469**	**81,574**

NOTE 20 -GOODWILL

None (2007: None).

NOTE 21 - GOVERNMENT GRANTS

a) Investment incentive:

Investment allowances utilized within the scope of investment incentive certificates granted prior to 24 April 2003 are eligible for investment incentive allowance of 40%. There are no stoppages calculated related to these investment allowances. If the income of the Company is not enough, investment incentive can be transferred to the following years. "Investment incentive document" is a must in order to make use of the investment incentive. A 19.8% stoppage is paid for the investment incentives received in accordance with the law before 24 April 2003.

In respect with investment incentive law which was valid until 24 April 2003, the Company has used its investment incentives. Starting from 1 January 2006, in respect with the change in Income Tax Law Article 19, investment incentive regulation was abolished and the Company did not use any investment incentive in 2007 and 2008.

In the scope of the investment certificate, the Company has an exemption from custom taxes for imports from the countries except European Union Members and VAT exemption related to foreign and domestic investment goods purchases. Company has the Investment Incentive Certificate details of which are below as of 31 December 2008.

INFORMATION ABOUT THE INVESTMENTS WITH INVESTMENT INCENTIVE CERTIFICATE	
Subject of the investment:	TELECOM AND ENERGY CABLES (AIR-GUARD, AFUMEX AND MV / HV)
Type of investment:	EXPANSION - MODERNISATION
Incentive no:	5161
Date of incentive:	25 April 2008
Date of start/end:	15 April 2008 / 15 April 2010
Total amount :	TL4,434,788

The Company's investment completion visa, which falls into the scope of the encouragement certificate dated 4644 and expired on April 11, 2008, was prepared with the Turkish Treasury's letter dated July 16, 2008.

b) Research and development tax incentive:

In accordance with the Income Tax Law 89/9 and Corporate Tax Law 14/6, which has been changed through a law no 5228, starting from 31 July 2004, 40% of the research and development (R&D) expenditures on technology and knowledge research made by the Company itself are exempt from corporate tax. Stoppage is not applied on R&D expenditure allowance.

In order for an expense to be considered as a subject to R&D tax exemption, it has to be an expense realized in the structure of the enterprise for the exclusive use of new technology and information research. In other words, the expense has to be made within the scope of an R&D activity. An R&D exemption is not calculated over payments from the depreciation amounts calculated for the economical assets subject to depreciation, and expenses not directly linked with R&D activities. There is tax allowance amounting to TL489,325 (2007:TL237,026) subject to research and development expenses as of 31 December 2008.

Notes

c) Research and development TÜBİTAK support:

The Company makes periodical applications to Turkish Scientific and Technical Research Association (TÜBİTAK) for the R&D project named as "CABLES MAKING LIFE EASIER" in order to obtain R&D grant in the scope of Communiqué related to Research and Development Grants, No 98/10 dated 4 November 1998 of the Monetary and Credit Coordination Board, obtained based on the authority granted by Article 4 of decision related to State Aids for Exports, no 94/6401 dated 27 December 1994, of the Council of Ministers.

As of 31 December 2008, TÜBİTAK support related with the expenditures in 2007/1 amounting to TL85,812 are shown in financial statements. Evaluation of expenditures that is spent for research and development in 2007/2 and 2008/1 is still in progress, there is no grant accounted for in the financial statements as a result of such expenditures as of 31 December 2008 (2007: None).

NOTE 22 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Short Term Provisions:

	31 December 2008	31 December 2007
Expense accruals related with construction type contracts	2,650,079	7,583,616
Provision for service and goods that invoices are not received	3,743,339	3,452,293
Expense accruals of order commissions	1,694,314	855,554
Expense accruals for warranty costs	81,969	1,195,812
Expense accruals of foreign service contracts	121,103	1,292,598
Expense accruals of forward contracts	652,173	1,152,286
Expense accruals of dealer sales premiums	-	173,428
TOTAL	**8,942,977**	**15,705,587**

b) Long Term Provisions:

	31 December 2008	31 December 2007
Provisions for court cases	2,965,079	1,849,613
Provisions for Warranty Expenses	637,505	430,262
Provision for Disabled Workers	433,521	433,521
Anadolu Bakır Share Transfer Court Provision (*)	-	371,000
TOTAL	**4,036,105**	**3,084,396**

(*) 20% shares of Anadolu Bakır Metal San. ve Tic. A.Ş. owned by the Company which are considered as long term financial assets of the Company were transferred to the litigant and deducted from long term financial assets. Transfer cost of USD200,000 whose equivalent is TL371,000 has been collected from the litigant and has been included in the financial statements. TL371,000 provision which was accounted in 2007 since the case was at appeal, has been cancelled in 2008.

NOTE 23 - COMMITMENTS

	31 December 2008	31 December 2007
Bank Guarantee Letters Given	69,976,384	40,612,043
TOTAL	**69,976,384**	**40,612,043**

Guarantee letters given sum up to total of TL69,976,384. Bank guarantee letters given include performance letters that were given the customs, authorities of different competitive biddings and customs due to sale contracts. The Company does not have any export commitments as of 31 December 2008 (2007: None).

All the guarantee letters given are related with the third parties, there are no guarantee letters obtained from related parties.

NOTE 24 - BENEFITS TO PERSONNEL

	31 December 2008	31 December 2007
Provision for employment termination benefits	6,291,785	5,743,014
Accruals related with personnel bonuses	960,261	1,677,803
Accruals related with personnel vacations	325,742	285,030
TOTAL	**7,577,788**	**7,705,847**

Employment Termination Benefits:

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who achieves the retirement age (58 for women and 60 for men) and whose employment is terminated without due cause, is called up for military service, dies. Since legislation was changed on 23 May 2002 there are certain transitional provisions relating to lengthen of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL2,173.18 for each year of service as of 31 December 2008 (31 December 2007: TL2,030.19).

Notes

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2008	31 December 2007
Discount rate (%)	6.26	5.71
Turnover rate to estimate the probability of retirement (%)	97.19	97.16

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the ceiling for employee termination benefits is calculated twice a year, provision for employee termination benefits is calculated by using amounts applied at 1 January 2009 which is TL2,260.05 (1 January 2007: TL2,087.92). Movements of the provision for employment termination benefits during the period are as follows:

	2008	2007
1 January	**5,743,014**	**5,198,000**
Paid during the year	(798,825)	(911,107)
Increase during the year	1,347,596	1,456,121
31 December	**6,291,785**	**5,743,014**

The Collective Bargaining Agreement related to the periods 1 September 2008 - 31 August 2010 has been signed on 23 December 2008. According to this, the wage increases will be as follows:

I. Salary Increase: As of 1 September 2008, first 4% increase is made to the hourly wages received by workers on 31 August 2008, addition to this TL/hour0,19 salary increase is made.
II. Salary Increase: An increase as the 50% rate of Consumer Price Index (CPI) between 1 September 2008 - 28 February 2009 is made to the hourly wages of the workers which are received on 28 February 2009. Other 50% is multiplied by the average wage of the business and salary increase is made according to this calculation.
III. Salary Increase: On 1 September 2009, an increase as the rate of increase in Consumer Price Index (CPI) between 1 March 2009 - 31 August 2009 is made to the hourly wages of the workers which are received on 31 August 2009.
IV. Salary Increase: On 1 March 2010, an increase as the rate of increase in Consumer Price Index (CPI) between 1 September 2009 - 28 February 2010 is made to the hourly wages of the workers which are received on 28 February 2010.

NOTE 25 - RETIREMENT PLANS

The Company does not have any retirement plans, except the employment termination benefits as disclosed in Note 24 (2007: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

a) Other Current Assets:

	31 December 2008	31 December 2007
Prepaid Taxes	3,317,008	6,873,862
Taxes, Dues and Other Receivables	2,737,336	-
Order Advances Given Related with Inventories	6,032,873	6,956,053
Job Advances	644,300	1,107,992
Prepaid Expenses	225,251	110,426
Personnel Advances	-	3,110
Other Current Assets	922	1,019
TOTAL	**12,957,690**	**15,052,462**

b) Other Non-Current Assets:

	31 December 2008	31 December 2007
Advances Given for Purchase of Fixed Assets	918,261	958,494
Prepaid Expenses	102,125	180,638
TOTAL	**1,020,386**	**1,139,132**

Notes

c) Other Liabilities:

	31 December 2008	31 December 2007
Taxes, Dues and Other Payables (*)	-	4,490,144
Payables to the Personnel	498,869	288,151
Other Miscellaneous Payables	527,102	1,144,115
Other Liabilities	37,958	32,924
TOTAL	**1,063,929**	**5,955,334**

(*) Taxes, Dues and Other Payables consisted of value added tax, stamp duty, withholding tax and social security payables in 2007. Since the Company has tax receivables in 2008, these receivables are classified in Other Current Assets (2008: TL2,737,336).

NOTE 27 - SHAREHOLDERS' EQUITY

a) Paid-in Capital:

Shareholders who hold 5% or more of the shares of the Company as of 31 December 2008 and 31 December 2007 are as follows;

31 December 2008

Description	Percentage (%)	Amount (TL)
Prysmian (Dutch) Holdings B.V.	83.75	32,922,392
Other	16.25	6,389,608
	100.00	**39,312,000**
Inflation Adjustment Differences		8,462,823
TOTAL		**47,774,823**

31 December 2007

Description	Percentage (%)	Amount (TL)
Prysmian (Dutch) Holdings B.V.	83.75	32,922,392
Other	16.25	6,389,608
	100.00	**39,312,000**
Inflation Adjustment Differences		8,462,823
TOTAL		**47,774,823**

Prysmian S.p.A. possesses 100% of Prysmian Cavi e Energia S.r.l.'s shares. Prysmian Cavi e Energia S.r.l possesses 100% of shares of Prysmian (Dutch) Holdings B.V. who possesses 83.75% shares of Turk Prysmian Kablo Sistemleri A.Ş. All shares of Prysmian S.p.A. belong to Prysmian (Lux) II S.a.r.l.

Adjustment to share capital represents the restatement effect of cash contributions to share capital as of 31 December 2004 purchasing power. There are 39,312,000,000 (31 December 2007: 39,312,000,000) shares with nominal value of TL1,000 each (31 December 2007: TL1,000).

b) Restricted Reserves:

Retained earnings as per the statutory financial statements, other than legal reserve requirements, are available for distribution subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

In accordance with Capital Market Board Financial Reporting Standards, above-mentioned amounts should be classified under "Restricted Reserves". "Restricted Reserves" amount to TL1,616,684 as of 31 December 2008 (31 December 2007: TL480,901).

In accordance with the CMB requirements, effective up to 1 January 2008, the accumulated deficit amount arising from the first application of inflation accounting used to be deducted, when computing the distributable profit in line with CMB's profit distribution regulations. However, it was possible to offset such accumulated deficit initially against net income and retained earnings, and the remaining amount of deficit against extraordinary reserves, legal reserves and shareholders' equity restatement differences.

Notes

Furthermore, in accordance with the CMB implementations, effective up to 1 January 2008, items in statutory shareholders' equity such as "share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves", used to be presented at their historical amounts and the total difference between the amounts adjusted for the effect of inflation and historical amounts of these items was presented under shareholders' equity inflation adjustment differences.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference is arising from the "Paid-in Capital" and not been transferred to capital yet, it shall be classified under the "Inflation Adjustment To Share Capital";

- the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings/(Accumulated Losses)".

The other capital components are shown with their evaluated sums in accordance with CMB Financial Reporting Standards.

Share capital adjustment differences can only be added to share capital.

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

In addition, based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

Following is the decision of the Company the General Assembly held on 28 March 2008 to distribute a total cash dividend:

"The Company had TL23,215,653 profit before tax for the year ended 31 December 2007. After taxes on income (TL6,132,148) are deducted; TL17,083,505 remained as net income. According to the generally accepted accounting principles published by CMB, from net income of TL17,083,505, TL546,103 first legal reserves is set aside and from the remaining amount of TL16,537,505, dividends will be distributed starting from 21 April 2008. From the distributable profit, the Company will pay dividends (TL7,862,400) amounting to 20% of TL39,312,000 paid-in capital. For TL1 nominal valued shares, the shareholders who are subject to withholding tax (Withholding tax rate: 15%) are paid TL0.17 (net). According to Turkish Commercial Code Law No: 466, since the distributable dividend amount of the Company is more than 5% of the paid-in capital, the Company will set aside TL589,680 as second legal reserves and the remaining balance of TL8,085,322 as extraordinary reserves."

As a result of the decision taken at the General Assembly, the Company started to pay dividends to shareholders which represent the TL39,312,000 paid-in capital at 21 April 2008. For TL1 nominal valued shares, the shareholders who are subject to withholding tax are paid TL0.17 (net), the shareholders who are not subject to withholding tax are paid TL0.20 (gross).

None of the Company shareholders have preferential or privileged voting right, all of the votes have equal value. Because there is no beneficial share class in the capital of the Company, there exists no privilege related to the participation in the Company's profit.

According to the aforementioned principles above and in line with Comminiqé No: 29 shareholders' equity accounts of the Company as of 31 December 2008 and 31 December 2007 are as follows;

	31 December 2008	31 December 2007
Paid-in Capital	**39,312,000**	**39,312,000**
Paid-in Capital Inflation Adjustment Differences	**8,462,823**	**8,462,823**
Retained Earnings	**72,654,896**	**64,569,574**
Shareholders' Equity Restatement Differences (*)	*64,458,829*	*64,458,829*
Extraordinary Reserves	*8,196,067*	*110,745*
Restricted Reserves	**1,616,684**	**480,901**
Legal Reserves	*1,574,368*	*438,585*
Legal Reserves Inflation Adjustment Differences	*15,863*	*15,863*
Investment and Property Sales Gains to be Transferred to the Share Capital (**)	*26,453*	*26,453*
Net Income/Loss for the Period	**18,004,730**	**17,083,505**
TOTAL SHAREHOLDERS' EQUITY	**140,051,133**	**129,908,803**

Notes

(*) The Company has offset "the Previous Year Losses" against other equity accounts in its inflation adjusted financial statements in accordance with the decision taken in the General Assembly on 25 October 2004. After the offset of the historic values of the other equity accounts, remaining inflation adjustment balances amounting to TL64,458,829 have been represented as shareholders' equity restatement differences.

(**) In accordance with the new Corporate Tax Law no 5520, exemptions on gain from sales of estates were rearranged and the obligation of the addition of those exemptions to the capital was abolished, which is different than the old Corporate Tax Law no 5422. Accordingly, 75% of the gain from the sales should be followed in a special fund account for 5 years from the beginning of the year in which the sales was realized. While during this period or at the end of it, the addition of this fund to capital is possible, the amount hold in the fund can also be used freely at the end of the fifth year.

NOTE 28 - SALES AND COST OF SALES

	1 January - 31 December 2008	1 January - 31 December 2007
Domestic Sales	488,402,397	523,971,131
Export Sales	239,724,315	196,432,138
Other Sales	13,939,058	12,188,019
Other Operating Income	1,049,046	591,759
Sales Discounts	(109,200,971)	(109,713,743)
Cost of Sales	(550,592,017)	(540,237,867)
TOTAL	**83,321,828**	**83,231,437**

Cost of sales as of 31 December 2008 and 31 December 2007 are as follows;

	1 January - 31 December 2008	1 January - 31 December 2007
Direct Material Costs	484,659,202	480,127,317
General Production Costs	15,741,745	14,861,588
Cost of Trade Goods Sold	18,978,209	16,884,329
Cost of Other Sales	13,460,806	13,100,900
Direct Labor Costs	11,294,316	10,874,689
Depreciation	6,457,739	4,389,045
TOTAL	**550,592,017**	**540,237,867**

Changes in quantity of groups of goods sold and services to be provided during the period are as follows;

Group of sales	Terms of quantity	1 January - 31 December 2008	1 January - 31 December 2007
Telecom cables	Core-Km	5,622,334	5,813,116
Energy cables	Cable-Ton	51,239	49,895
Fiber optic cables	Faser-Km	210,039	125,701

NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES; MARKETING, SALES AND DISTRIBUTION EXPENSES; GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2008	1 January - 31 December 2007
Selling and Marketing Expenses	33,758,313	33,940,145
General Administrative Expenses	21,480,839	19,936,343
Research and Development Expenses	1,726,085	973,633
TOTAL	**56,965,237**	**54,850,121**

NOTE 30 - EXPENSES BY TYPE

a) Selling and Marketing Expenses:

	1 January - 31 December 2008	1 January - 31 December 2007
Packaging Expenses	13,130,352	11,383,576
Sales and Guarantee Letters Commissions	6,185,974	10,386,307
Transportation Expenses	9,600,780	8,138,687
Personnel Expenses	2,708,229	2,692,617
Other Sales and Distribution Expenses	2,098,511	1,280,154
Depreciation Expenses	34,467	58,804
TOTAL	**33,758,313**	**33,940,145**

Notes

b) General and Administrative Expenses:

	1 January - 31 December 2008	1 January - 31 December 2007
License Expenses	13,909,374	13,125,795
Personnel Expenses	3,992,307	4,152,464
Other Administrative Expenses	2,423,415	1,825,842
Depreciation Expenses	684,053	529,379
Outsourced Service Expenses	471,690	302,863
TOTAL	**21,480,839**	**19,936,343**

c) Research and Development Expenses:

	1 January - 31 December 2008	1 January - 31 December 2007
Personnel Expenses	712,445	649,361
Project Costs	109,396	7,441
Depreciation Expenses	52,756	37,860
Other Expenses	258,988	278,971
TOTAL	**1,133,585**	**973,633**

NOTE 31 - OTHER INCOME/EXPENSES

	1 January - 31 December 2008	1 January - 31 December 2007
Income from sales of financial investments	3,936,185	-
Rediscount income	825,824	774,872
Closed provisions	389,532	866,224
Prior period income	163,688	995,570
Gains from impairment reversal on property, plant and equipment	-	8,803,069
Purchase premium gains	882,129	1,126,611
Research and development incentive income	85,812	154,566
Other income	268,706	124,434
Other Operating Income and Profits	**6,551,876**	**12,845,346**
Rediscount expense	(1,303,006)	(1,270,062)
Provision expenses	(1,703,125)	(37,134)
Legal service miscellaneous expenses	-	(12,853,644)
Other expense (*)	(512,236)	(1,071,540)
Other Operating Expense and Losses	**(3,518,367)**	**(15,232,380)**

(*) All of the contributions and aids amounting to TL54,131 given to different associations, foundations, corporations and enterprises in the current period has been included in the Other Expenses.

NOTE 32 - FINANCIAL INCOME

	1 January - 31 December 2008	1 January - 31 December 2007
Foreign exchange difference income	34,983,130	18,301,464
Financial income from forward contracts	1,088,297	-
Interest income	273,017	691,063
TOTAL	**36,344,444**	**18,992,527**

NOTE 33 - FINANCIAL EXPENSE

	1 January - 31 December 2008	1 January - 31 December 2007
Foreign exchange difference expense	(35,504,768)	(20,565,218)
Financial expense from forward contracts	(3,277,774)	(811,689)
Bank transaction commissions and other financial expense	(814,103)	(135,177)
Interest expense	(5,349,306)	(238,109)
Guarantee letter expenses	(68,439)	(20,963)
TOTAL	**(45,014,390)**	**(21,771,156)**

NOTE 34 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2007: None).

Notes

NOTE 35 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

a) Current period tax charge:

Corporate tax law was changed with the law no 5520 dated 13 June 2006. Many of the provisions of the law no 5520 came into effect effective from 1 January 2006. Accordingly corporate tax is payable at a rate of 20% in 2008 (2007: %20). After adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance utilized within the scope of the Income Tax Law Temporary Article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains paid advance tax amount, it may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira In accordance with the law in question, cumulative inflation rate for the last 36 months, and inflation rate for the last 12 months must exceed (DIE WPI increase rate) 100% and 10% respectively. Since these conditions in question were not fulfilled in 2008 and 2007, no inflation adjustment was performed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods.

There are a lot of exemptions in the Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Exemption for dividend income

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Investment Allowance Exception

Investment allowance which was calculated as 40% of the fixed asset purchases that exceed a defined limit was annulled on 30 March 2006 by Law No 5479.

	1 January - 31 December 2008	1 January - 31 December 2007
- Current period corporate tax	(3,251,755)	(6,058,621)
- Deferred tax income/expense	(56,169)	(73,527)
Total tax expense	**(3,307,924)**	**(6,132,148)**

	1 January - 31 December 2008	1 January - 31 December 2007
Income before tax	**21,312,654**	**23,215,653**
Corporate tax provision calculated with 20% tax rate (2007: 20%)	4,262,531	4,643,131
Non-deductible expenses	1,587,407	4,192,861
Non-taxable income	(2,959,410)	(1,530,374)
Non-deductible expenses base for deferred tax	417,396	(1,173,470)
Total tax provision	**3,307,924**	**6,132,148**

b) Deferred tax assets and liabilities:

The Company calculates deferred tax assets and liabilities based on temporary differences between the financials prepared in accordance with the CMB Communiqué No: XI-29 and financial statements prepared according to the Turkish tax legislation. Deferred income taxes are calculated using a principal tax rate of 20% (2007: 20%) on temporary differences that are expected to be realized or settled in the following periods. Details of the cumulative temporary differences and deferred tax assets and liabilities calculated by the current tax rate as of 31 December 2008 is as follows;

Notes

	Cumulative Temporary Differences		Deferred Tax Assets / (Liabilities)	
	31 December 2008	**31 December 2007**	**31 December 2008**	**31 December 2007**
Deferred Tax Assets				
Net difference between the tax base and carrying value of inventories	4,410,573	3,221,271	882,115	644,254
Provision for doubtful receivables	773,066	730,140	154,613	146,028
Deferred credit finance expense	1,065,521	588,339	213,104	117,668
Expense accruals	18,198,983	20,651,662	3,639,796	4,130,332
	24,448,143	**25,191,412**	**4,889,628**	**5,038,282**
Deferred Tax Liabilities				
Net difference between the tax base and the carrying value of property, plant and equipment	14,023,093	17,177,754	2,804,619	3,435,551
Construction type contracts income accruals	6,524,238	4,237,335	1,304,848	847,467
Other income accruals	648,709	243,378	129,742	48,676
	21,196,040	**21,658,467**	**4,239,209**	**4,331,694**
Net Deferred Tax Assets	**3,252,103**	**3,532,945**	**650,419**	**706,588**

	1 January 2008	Charged to income statement	31 December 2008
Deferred Tax Assets	**5,038,282**	**(148,654)**	**4,889,628**
Net difference between the tax base and carrying value of inventories	644,254	237,861	882,115
Provision for doubtful receivables	146,028	8,585	154,613
Deferred credit finance expense	117,668	95,436	213,104
Expense accruals	4,130,332	(490,536)	3,639,796
Deferred Tax Liabilities	**4,331,694**	**(92,485)**	**4,239,209**
Net difference between the tax base and the carrying value of property, plant and equipment	3,435,551	(630,932)	2,804,619
Construction type contracts income accruals	847,467	457,381	1,304,848
Other income accruals	48,676	81,066	129,742
Net Deferred Tax Assets	**706,588**	**(56,169)**	**650,419**

NOTE 36 - EARNINGS PER SHARE

	1 January - 31 December 2008	1 January - 31 December 2007
Net profit for the period (TL)	18,004,730	17,083,505
Number of shares with a nominal value TL0.10 each	393,120,000	393,120,000
Earnings per share (TL)	**0.46**	**0.43**

NOTE 37 - RELATED PARTY DISCLOSURES

Amounts due from and due to related parties at the end of the period and transactions with the related parties during the period are summarized below:

	31 December 2008	31 December 2007
Due from group companies	6,591,807	2,565,104
Due from personnel	175,635	116,795
Due from related parties	**6,767,442**	**2,681,899**
Due to group companies	5,744,155	10,096,173
Due to shareholders	9,132	3,182
Due to related parties	**5,753,287**	**10,099,355**

Notes

a) Due from group companies:

31 December 2008	Currency	Original Amount	Exchange Rate	Total (TL)
Group Companies				
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EURO	2,390,646	2.1408	5,117,896
Prysmian Kabel und System Deutschland GmbH	EURO	457,436	2.1408	979,279
Prysmian Telecom Cables & Systems UK Ltd.	EURO	114,642	2.1408	245,426
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EURO	61,911	2.1408	132,539
Prysmian Cables Et Systemes France	USD	45,518	1.5123	68,837
Prysmian S.P.A.	EURO	10,053	2.1408	21,521
Prysmian Cables Ltd.	GBP	5,660	2.1924	12,409
Kablo Bratislava Spol S R.O.	EURO	4,801	2.1408	10,278
Prysmian Cavi e Sistemi Energia S.r.l.	EURO	1,692	2.1408	3,622
TOTAL				**6,591,807**

31 December 2007	Currency	Original Amount	Exchange Rate	Total (TL)
Group Companies				
Prysmian Telecom Cables & Systems UK Ltd.	EURO	658,475	1.7102	1,126,124
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EURO	431,673	1.7102	738,247
Prysmian Kabel und System Deutschland GmbH	EURO	397,234	1.7102	679,350
Prysmian Cables Ltd.	GBP	5,578	2.3259	12,974
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EURO	4,917	1.7102	8,409
TOTAL				**2,565,104**

b) Due to group companies:

31 December 2008	Currency	Original Amount	Exchange Rate	Total (TL)
Group Companies				
Prysmian Cavi e Sistemi Energia S.r.l.	EURO	591,200	2.1511	1,271,730
	TL	1,980,999	1.0000	1,980,997
Fibre Ottiche Sud - F.O.S. S.r.l.	EURO	349,984	2.1511	752,851
Prysmian Cavi e Sistemi Telecom S.r.l.	TL	340,981	1.0000	340,981
	EURO	129,761	2.1511	279,129
Prysima Cavi e Sistemi Telecom Italia S.r.l.	EURO	249,925	2.1511	537,614
Prysmian Kabel und System GmbH	EURO	174,259	2.1511	374,849
Prysmian Cavi e Sistemi Energia Italia S.r.l.	EURO	48,535	2.1511	104,403
Prysmian Cables & Systems Limited	USD	45,648	1.5196	69,366
Prysmian Cables & Systems Pte Ltd.	USD	21,213	1.5196	32,235
TOTAL				**5,744,155**

31 December 2007	Currency	Original Amount	Exchange Rate	Total (TL)
Group Companies				
Prysmian Metals Ltd.	EURO	2,055,093	1.7184	3,531,472
Prysmian Cavi e Sistemi Energia S.r.l.	EURO	921,429	1.7184	1,583,384
	TL	1,801,888	1	1,801,889
Eurelectric S.A.	EURO	917,969	1.7184	1,577,438
Prysmian Cavi e Sistemi Telecom S.r.l.	EURO	270,103	1.7184	464,145
	TL	416,829	1	416,829
Prysima Cavi e Sistemi Energia Italia S.r.l.	EURO	174,710	1.7184	300,222
Fibre Ottiche Sud - F.O.S. S.r.l.	EURO	174,105	1.7184	299,182
Prysmian Kabel und System GmbH	EURO	52,561	1.7184	90,321
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	EURO	15,551	1.7184	26,723
Prysmian Cables & Systems Pte Ltd.	USD	3,903	1.1703	4,568
TOTAL				**10,096,173**

Notes

c) Due to shareholders:

	1 January - 31 December 2008	1 January - 31 December 2007
Dividends payable for 2007	5,950	-
Dividends payable for 2006	2,118	2,118
Dividends from previous years	1,064	1,064
TOTAL	**9,132**	**3,182**

d) Sales to Group Companies:

Name	1 January - 31 December 2008	1 January - 31 December 2007
Prysmian Cavi e Sistemi Telecom Italia S.r.l.	52,419,231	15,316,108
Prysmian Telecom Cables & Systems UK Ltd.	5,100,868	8,850,572
Prysmian Kabel und Systeme GmbH	4,752,932	6,442
Prysmian Energie Cables et Systemes Fr. S.A.S.	3,967,110	-
Prysmian Telecom Cables et Systemes Fr. S.A.S.	1,554,737	-
Prysmian Cabluri Si Sisteme S.A.	681,341	-
Prysmian Cavi e Sistemi Energia Italia S.r.l.	354,749	221,658
Kablo Bratislava Spol S R.O.	189,732	202,524
Prysmian Cables and Systems OY	31,319	-
Prysmian Energy C&S Argentina S.A	20,175	52,503
Prysmian Cavi e Sistemi Energia S.r.l.	13,847	-
Prysmian Energia Cabos e Sistemas	3,269	-
Prysmian Telecom Kabel und System GmbH	-	9,170,938
Prysmian Telecom Cables Y S.L.	-	195,761
Prysmian Cables Ltd.	-	482,503
TOTAL	**69,089,310**	**34,499,009**

e) Trade goods, service and fixed asset purchases from Group Companies:

Foreign Purchases: (1 January - 31 December 2008)

Name	Raw Materials and Trade Goods	Service	Fixed Assets	TOTAL
Prysmian Metals Ltd.	50,785,481	-	-	50,785,481
Prysmian Cavi e Sistemi Energia S.r.l.	192,981	11,249,406	-	11,442,387
Prysmian Kabel und System GmbH	11,094,304	-	-	11,094,304
Eurelectric S.A.	4,210,679	-	-	4,210,679
Fibre Ottiche Sud - F.O.S. S.r.l.	3,939,261	-	-	3,939,261
Prysmian Cavi e Sistemi Energia Italia S.r.l	3,045,226	-	-	3,045,226
Prysmian Cavi e Sistemi Telecom S.r.l.	2,659,968	-	-	2,659,968
Prysmian Cavi e Sistemi Tel. Italia S.r.l.	703,531	-	-	703,531
Prysmian Power Cables & Systems, USA	-	121,940	-	121,940
Prysmian Cables Et Systemes SA	103,438	-	-	103,438
Prysmian Cables & Systems Pte Ltd.	-	80,957	-	80,957
Prysmian Telecom Cables&Systems UK Ltd.	74,642	-	-	74,642
Prysmian Cables Y Sistemas SL	61,295	-	-	61,295
Prysmian SPA	-	-	37,827	37,827
Prysmıan Cables & Systems UK Ltd.	-	35,031	-	35,031
Prysmıan Cables & Systems B.V.	31,142	-	-	31,142
TOTAL	**76,901,948**	**11,487,334**	**37,827**	**88,427,109**

Notes

Foreign Purchases: (1 January - 31 December 2007)

Name	Raw Materials and Trade Goods	Service	Fixed Assets	TOTAL
Prysmian Metals Ltd.	58,949,533	-	-	58,949,533
Prysmian Cavi e Sistemi Energia S.r.l.	3,091,805	10,903,411	-	13,995,216
Eurelectric S.A.	7,607,153	-	-	7,607,153
Prysmian Kabel und System GmbH.	5,846,482	-	-	5,846,482
Fibre Ottiche Sud- F.O.S. S.r.l.	2,929,938	-	-	2,929,938
Prysmian Cavi e Sistemi Telecom S.r.l.	-	2,552,159	-	2,552,159
Prysmian Cavi e Sistemi Energia Italia S.r.l.	2,484,735	-	-	2,484,735
Prysmian Energie Cables et Systemes SAS	1,809,989	-	-	1,809,989
Prysmian Cables & Systems Ltd.	-	1,230,833	-	1,230,833
Prysmian Cable Holding B.V.	-	902,891	-	902,891
Prysmian Cavi e Sistemi Tel. Italia S.r.l.	559,869	-	-	559,869
Prysmıan Cables & Systems B.V.	427,384	-	-	427,384
Prysmian Tel. Cables et Syst. France S.A.	-	-	250,977	250,977
Prysmian Telekom Kabel und Syst. GmbH.	-	65,157	-	65,157
Prysmian Telcom Cables&Systems UK Ltd.	-	13,497	-	13,497
Prysmian Cable Systems PTE Ltd.	-	29,272	-	29,272
TOTAL	**83,706,888**	**15,697,220**	**250,977**	**99,655,085**

f) License expense paid to group companies:

	1 January - 31 December 2008	1 January - 31 December 2007
Prysmian Cavi e Sistemi Energia S.r.l.	7,397,823	6,950,414
Prysmian Cavi e Sistemi Telecom S.r.l.	2,100,827	1,162,384
TOTAL	**9,498,650**	**8,112,798**

g) Dividend income:

None (2007: None).

h) Remunerations to key management personnel:

	1 January - 31 December 2008	1 January - 31 December 2007
Short-term Benefits (Salaries, bonus payments, public housing, car, social security, health insurance, permit etc.)	2,197,057	2,071,771
Benefits After Severance (Prescribed payments will be made to key personnel after retirement etc.)	-	-
Other long-term Benefits (Provision for employment termination benefits, long term parts of the allowance provisions, long term bonus plans etc.)	131,019	114,456
Benefits Extended due to Employment Terminations (Severance, termination benefits and other legal amounts paid to redundant managers)	-	-
Share Based Payments	-	-
TOTAL	**2,328,076**	**2,202,364**

PRYSMIAN CABLES & SYSTEMS

NOTE 38 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

The table below summarizes the foreign currency position risk of the Company as at 31 December 2008 and 31 December 2007. TL equivalents of foreign currency denominated assets and liabilities held by Company at 31 December 2008 and 31 December 2007 are as follows:

FOREIGN EXCHANGE POSITION TABLE

	Current Period					Prior Period				
	TL equivalent	**USD**	**EURO**	**GBP**	**CHF**	**TL equivalent**	**USD**	**EURO**	**GBP**	**CHF**
1. Trade Receivables	70,790,983	25,507,053	15,043,095	5,660	-	48,419,081	14,883,134	18,168,472	5,578	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	17,312,852	6,323,979	3,616,870	2,783	-	6,005,426	2,605,643	1,737,009	-	-
2b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	6,546,242	496,619	2,684,953	-	33,048	7,798,600	628,485	4,129,253	545	3,395
4. Current Assets (1+2+3)	**94,650,077**	**32,327,651**	**21,344,918**	**8,443**	**33,048**	**62,223,107**	**18,117,262**	**24,034,734**	**6,123**	**3,395**
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Nonmonetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. TOTAL Assets (4+8)	**94,650,077**	**32,327,651**	**21,344,918**	**8,443**	**33,048**	**62,223,107**	**18,117,262**	**24,034,734**	**6,123**	**3,395**
10. Trade Payables	102,854,203	61,702,520	4,203,782	334	33,048	83,071,792	61,788,698	6,260,790	829	-
11. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
12b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term Liabilities (10+11+12)	**102,854,203**	**61,702,520**	**4,203,782**	**334**	**33,048**	**83,071,792**	**61,788,698**	**6,260,790**	**829**	**-**
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	13,145,614	4,493,017	2,937,113	-	-	9,823,285	3,307,263	3,464,150	-	-
16 b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**13,145,614**	**4,493,017**	**2,937,113**	**-**	**-**	**9,823,285**	**3,307,263**	**3,464,150**	**-**	**-**
18. TOTAL Liabilities (13+17)	**115,999,817**	**66,195,537**	**7,140,895**	**334**	**33,048**	**92,895,077**	**65,095,961**	**9,724,940**	**829**	**-**
19. Net Asset / (Liability) Position of the Off-Balance-Sheet Foreign Exchange Based Derivatives (19a-19b)	**25,219,706**	**34,565,006**	**(12,576,334)**	**-**	**-**	**33,425,580**	**47,016,196**	**(12,410,849)**	**-**	**-**
19a. The Amount of the Asset Type Off-Balance-Sheet Foreign Exchange Based Derivatives (Note 39)	52,272,658	34,565,006	-	-	-	56,298,943	47,016,196	900,000	-	-
19b. The Amount of the Liability Type Off-Balance-Sheet Foreign Exchange Based Derivatives (Note 39)	27,052,953	-	12,576,334	-	-	22,873,363	-	13,310,849	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**3,869,966**	**697,120**	**1,627,689**	**8,109**	**-**	**2,753,610**	**37,497**	**1,898,945**	**5,294**	**3,395**
21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(27,895,982)**	**(34,364,505)**	**11,519,070**	**8,109**	**(33,048)**	**(38,470,570)**	**(47,607,184)**	**10,180,541**	**4,749**	**-**
22. Total Fair Value of the Financial Instruments Used for the Foreign Exchange Hedge	**25,219,706**	**34,565,006**	**(12,576,334)**	**-**	**-**	**33,425,580**	**47,016,196**	**(12,410,849)**	**-**	**-**

	31 December 2008	**31 December 2007**
23. Total Exports (TL)	238,258,558	196,113,206
24. Total Imports (TL)	242,528,787	196,392,164
25. Hedging ratio of foreign currency position (%)	45%	61%

Notes

The Company is mainly exposed to currency risk arising from EURO, USD, GBP and CHF in the current period.

Sensitivity Analysis Table of Foreign Exchange Rate				
31 December 2008				
	Profit/Loss		Shareholders' Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case that USD rate changes by 10%:				
1- USD net asset/liability	(5,170,163)	5,170,163	-	-
2- Portion protected from the USD foreign exchange risk (-)	5,227,266	(5,227,266)	-	-
3- USD Net Effect (1+2)	**57,103**	**(57,103)**	**-**	**-**
In case that EURO rate changes by 10%:				
4- EURO net asset/liability	3,033,442	(3,033,442)	-	-
5- Portion protected from the EURO foreign exchange risk (-)	(2,705,295)	2,705,295	-	-
6- Net EURO Effect (4+5)	**328,147**	**(328,147)**	**-**	**-**
In case that other foreign exchange rates change by 10%:				
7- Other net foreign exchange asset/liability	1,747	(1,747)	-	-
8- The part protected from the other foreign exchange rate risk (-)	-	-	-	-
9- Other Foreign Exchange Assets Net Effect (7+8)	**1,747**	**(1,747)**	**-**	**-**
TOTAL (3+6+9)	**386,996**	**(386,996)**	**-**	**-**

The Company was mainly exposed to currency risk arising from EURO, USD, GBP and CHF in the prior period.

Sensitivity Analysis Table of Foreign Exchange Rate				
31 December 2007				
	Profit/Loss		Shareholders' Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case that USD rate changes by 10%:				
1- USD net asset/liability	(5,508,063)	5,508,063	-	-
2- Portion protected from the USD foreign exchange risk (-)	5,475,976	(5,475,976)	-	-
3- USA Dollar Net Effect (1+2)	**(32,086)**	**32,086**	**-**	**-**
In case that EURO rate changes by 10%:				
4- EURO net asset/liability	2,439,287	(2,439,287)	-	-
5- Portion protected from the EURO foreign exchange risk (-)	(2,441,254)	2,441,254	-	-
6- Net EURO Effect (4+5)	**(1,968)**	**1,968**	**-**	**-**
In case that other foreign exchange rates change by 10%:				
7- Other net foreign exchange asset/liability	1,579	(1,579)	-	-
8- The part protected from the other foreign exchange rate risk (-)	-	-	-	-
9- Other Foreign Exchange Assets Net Effect (7+8)	**1,579**	**(1,579)**	**-**	**-**
TOTAL (3+6+9)	**(32,475)**	**32,475**	**-**	**-**

Notes

NOTE 39 - FINANCIAL INSTRUMENTS (Fair Value Disclosures and Hedging Disclosures)

The Fair Value of Financial Instruments:

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, interpreting the fair values of financial instruments by evaluating the market information requires judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange.

Foreign currency purchases agreement:

As of 31 December 2008, the Company has ongoing forward sale contracts amounting to EURO12,576,334 and ongoing forward purchase contracts amounting to USD34,565,006 and the related income amounting to TL1,175,576 is classified under *"Financial income"*.

As of 31 December 2007, the Company has ongoing forward sale contracts amounting to EURO13,310,849 and ongoing forward purchase contracts amounting to USD47,016,196 and EURO900,000 and the related expense amounting to TL2,282,815 is classified under *"Financial expense"*.

NOTE 40 - SUBSEQUENT EVENTS

None (2007: None).

NOTE 41-DISCLOSURE OF OTHER MATTERS, WITH MATERIAL EFFECT ON FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS

a) Tax Penalty Declarations related to 2002:

The Company received 'Tax investigation report' and 'Tax penalty declarations' from Mudanya tax administration at the date of 31 December 2007. In the mentioned tax investigation report, it was stated that there was irregularity related with purchasing from Ünipek Elektronik Mamulleri İmalat Sanayi ve Tic. Ltd. in 2002. Also it was concluded that Unipek Elektrolikit Bakır İm. Sanayi Tic. Ltd. Şti., a former supplier of the Company, did not pay the VAT on the invoices issued to the Company for the year ended 31 December 2002 and consequently the Company is joint liable to pay the VAT. Mudanya Tax Administration claims a VAT loss amounting to TL4,499,620 due to these invoices and a penalty amounting to TL4,499,620. The Company has total exposure amounting to TL9,025,240 in aggregate. The Company has filed a lawsuit for the cancellation of 'Tax penalty declarations' as of 29 January 2008.

Based on the above mentioned 'Tax investigation report', a further 'Tax penalty declaration' of TL1,157,864 has been presented to the Company as of 30 January 2008. The Company has filed a lawsuit for the cancellation of this 'Tax penalty declaration' as of 31 January 2008.

Related with the tax penalties amounting to TL10,183,104 in the "Tax penalty declarations", Mudanya Tax Administration has levied and execution on the land on which the Company's facilities are located.

Based on the opinion of the Company's tax advisor, who stated that the tax inspection report has no legal grounds and based on the legal advisor's opinion, the Company has decided to not seek a compromise with the tax authority, not to pay any alleged outstanding amounts and to commence with necessary legal action. The management believes that as the Company has a good case regarding non-payment, no provision has been accounted in the financial statements as of 31 December 2007 and 31 December 2008.

b) Tax Penalty Declarations related to 2003:

The Company received 'Tax investigation report' from Bursa Tax Administration on 27 October 2008. In the mentioned tax investigation report, it was claimed that there were irregularities related with the purchases from Ünipek Elektronik Mamulleri İmalat Sanayi ve Tic. Ltd Şti. performed in 2003. Although the Company had no wrong intention by the usage of the documents which cause the irregularities, Tax Administration claims a VAT loss amounting to TL3,295,493 in accordance with Article 30/4-6 of the Law on Tax Procedures numbered 213. Additionally, Tax Administration claims a tax loss for the correction of VAT amounting to TL4,976,933 in accordance with Articles 116-126 of the same law and it also claims a tax fine as one time of the VAT correction in accordance with Articles 341 and 344/1 of the Law on Tax Procedures. A specific irregularity fine amounting TL40,000 is also stated in the report. At 17 November 2008, Company received the mentioned tax fine declaration. According to the tax fine, in summary, the Company has total exposure amounting TL20,721,064 in aggregate which is as follows: Tax loss for the correction of VAT amounting to TL8,272,426, tax loss fine amounting to TL12,408,638 and TL40,000 as specific irregularity fine.

Notes

In respect to the mentioned tax investigation report, the Company demanded reconciliation before payment notification arrival and it was agreed to held the reconciliation meeting on 13 November, Thursday by the Tax Administration. However, The Company cancelled the reconciliation request before payment notification with a written form to Revenues Administration Presidency Bursa Tax Administration Tax Audit Department on 11 November 2008 according to the following regulation: *"Before the agreed meeting date, the tax payer demanding reconciliation before assessment might inform in written form the parties preparing the report or the unit providing secretarial services to the commission that it has relinquished its demand. In such a case, operations are carried out as if the tax payer did not ask for reconciliation before assessment."* The result of the evaluations made after, decision of request for settlement has been taken and on 25 November 2008, required written application has been made to Ministry of Finance in Ankara. The company is awaiting for the determination of the settlement date.

c) Payment terms of court cases:

An accord and release protocol was signed on 2 August 2007 regarding the termination of all the lawsuits related with the payment order arising from a note worth USD3,000,000 (TL7,539,387,with accrued interest until the date of legal proceedings), the creditor for which is Hüsrev Akın, and the payment order arising from the note worth USD12,500,000 (TL29,511,577 with accrued interest until the date of the legal proceedings) the creditor for which is Hüsrev Akin and whose execution proceedings were initiated by Ibrahim Aycan. Based on this protocol the Company has concluded lawsuits for the establishment of negative fact and has paid USD7,650,000 in exchange for the execution proceedings of opponents.

The opponents who started the execution proceedings related to the note worth USD3,000,000 (TL7,539,387 with accrued interest until the date of the legal proceedings) and note worth USD12,500,000 (TL29,511,577 with accrued interest until the date of the legal proceedings) have foregone the receivables from these notes.

In addition, the litigant withdrew from the bankruptcy case against the Company. In return for his withdrawal from the bankruptcy case and other related cases, the Company paid USD7,650,000 to İbrahim Aycan as of 3 August 2007. The payment, legal fees, solicitor's costs and other expenses in the amount of TL12,853,644 were classified under *"Other operating income and expense"* in the income statement as of 31 December 2007. As a result of the aforementioned facts, the Company has no risks related with the mentioned executive proceedings.

In order to conclude all the lawsuits related with the execution proceedings, the petitions defined in the accord and release protocol were submitted to the court. In line with these petitions it has been decided that;

a) The bankruptcy case initiated by Hüsrev Akın has been rejected.

b) In the lawsuits for the establishment of a negative fact and lawsuits of restitution filed against İbrahim Aycan and Hüsrev Akın;

- a judgment is unnecessary since the claims related with the lawsuits for the establishment of a negative fact have been foregone.
- a judgment is unnecessary since the claims related with the lawsuits of restitution have been foregone.

Since no appeal was launched within the legal term, those decisions have been finalized. Furthermore, the court has decided that a judgment is unnecessary since İbrahim Aycan declared in the petition that he agrees to forgo all the rights provided by the note. The decisions were not appealed and became certain.

NOTE 42 - CONVENIENCE TRANSLATION INTO ENGLISH

As indicated in Note 2, the accompanying financial statements are prepared and presented in accordance with the accounting and reporting principles issued by the Turkish Capital Market Board, which differ from the accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). The effects of such differences have not been quantified. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in the financial position and cash flows in accordance with the accounting principles generally accepted in such countries and the IFRS.

Compliance Report

Türk Prysmian Kablo ve Sistemleri A.Ş.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Observance Declaration Regarding Corporate Governance Principles

With its 44 years of experience in Turkey, Türk Prysmian Kablo ve Sistemleri A.Ş. is one of the prominent and most experienced companies in its sector. As from its establishment, together with its Board of Directors and Executive Management, it has adopted the corporate structure and governance principles in its relations with the Company's shareholders, and different stakeholders.

Activities are being performed to reshape the company's organization structure and the mode of management in accordance with the general rules specified in the Corporate Governance Principles of the Capital Market Board issued in the resolution of the Capital Market Board dated July 4, 2003 and numbered 35 / 835.

Moreover, since Türk Prysmian Kablo ve Sistemleri A.Ş. is within the Prysmian Cables and Systems Group which has a world - wide network system and company activities, Türk Prysmian is subject to the corporate governance principles of the Prysmian Cables and Systems Group (PC&S).

The Company, at all times, carries out business in consciousness of its social responsibilities as regards to relations with the public, customers and suppliers and by adhering to ethical values of the business world, aims to enhance its studies and activities in this respect.

During the activity period ending as of 31 December 2008, the Company complied with the Corporate Governance Principles published by the Capital Market Board and conducted its activities by adopting these principles with the exception of the following;

- Representation of Minority shares in the Board of Directors

- Management of Cumulative Voting Rights

- Shareholders Relations Department

- Corporate Governance Committee

- Disclosure of Real Person Dominant Shareholder (s)

- Minimum Number of Independent Members in the Board

The particulars and grounds of non - compliance with the afore listed are clarified in the relevant sections of the report.

Governance Structure: Based on the main parts of the Corporate Governance Principles set out by the Capital Market Board (CMB), the works carried out by the company during the relevant period, along with other efforts and practices, are detailed herein below;

PART I - SHAREHOLDERS

2. Unit for the Relations with the Shareholders

For the time being, the company has not established a "Shareholders Relations Department" due to its size and also due to the fact that the shares presented to the public are at a low level. However, the duties and responsibilities of the "Shareholders Relations Department" are undertaken by the "Financial Management Department". Inquiries in oral or written form addressed to this department, are replied as soon as possible, within the context of public information.

3. Exercise of Rights By The Shareholders To Obtain Information

During the relevant period, we received requests from the shareholders as regards to information about conversion of share certificates, attendance in the General Assembly, distribution of dividends, transfer of shares, change of commercial title and payment terms of court cases. As such requests were generally made on the phone, statistically, it was not possible to quantify the requests and the responses given to such requests. In its relations with the shareholders and in general, with the finance community, the Company, being conscious of reciprocal roles, makes every endeavor at all times to establish active and transparent dialogue with its shareholders and corporate investors.

The investors can find information about our Company on the web site (www.prysmian.com.tr); for further inquiries, they are directed to the following e-mail address, telephone and fax numbers:

E-mail: tpks@prysmian.com; Telephone No: (0224) 270 30 00; Fax No: (0224) 270 30 24

In the Company's Articles of Association, there is no reference permission given for appointment of an individual auditor; in fact, no demand was made during the activity period for appointment of a special auditor.

Compliance Report

4. Information about the General Assembly

The General Assembly meets as an Ordinary and as an Extra-ordinary General Assembly. The Ordinary General Assembly may convene either in the Company's Head Office (Mudanya) or in İstanbul within a period of 3 months following the company's accounting period. These meetings can be observed by the stakeholders and press organs.

During the year 2008, the General Assemblies convened two times in the Company's Head Office, one in the forms of ordinary meeting (28 March 2008) and the other one in the forms of Extra-ordinary meeting. The shareholders representing more than 83.75% of the shares attended to the said meetings.

The shareholders are invited to the General Assembly by indicating the place, the time and the agenda of the meeting, and also by advertisement. The invitation is effected at least 14 days before the meeting. The date of the invitation and the date of the meeting are not included in these 14 days. As a legal requirement, the invitation is made to the holders of registered shares by pre-paid registered mail. Moreover, the agenda of the meeting, copy of the proxy, and amended form of Company's Articles of Association (if any) are published in the Trade Registry Gazette, one of the newspapers with circulation all over Turkey and also, in a local newspaper.

No period is designated for registration in the shareholders' book by the holders of registered shares who will attend the General Assembly meeting. Within the frame of the preparations for the General Assembly, letters from Central Registry Agency (MKK), concerned bank and other intermediary organs showing blocking of share certificates, or certifying ownership status are requested 1 week before the date of the General Assembly meeting.

In the General Assembly meeting, the shareholders exercise the right to ask questions and to submit their recommendations. Such questions are answered by the company management, and the recommendations (if any) are taken into consideration as well.

As indicated in the Company's Articles of Association, the General Assembly is authorized to make the decisions indicated below:

1- Acceptance of the Board of Directors' Report and the Auditor's Report,

2- Review and approval of the Balance Sheet, Profit and Loss Account and the use of net profit and determination of profit share subject to distribution,

3- Determination of number of Directors; and election, dismissal, removal re-election and remuneration of the same.

4- Determination of number of auditors; and election and remuneration of the same.

Performance of the activities listed below requires prior or subsequent approval or acceptance of the General Assembly.

1- Annual investment and finance plan prepared by the Board of Directors;

2- Purchase and sale of real estate and mortgage of Company's real estate;

3- Establishment of branches and partnerships (sub-branches), and acquisition or sale of participations;

4- Starting to work in new production areas;

5- Other businesses and transactions required in the Turkish Commercial Code.

The shareholders may have access to the minutes of the General Assembly meeting in the Company's Head Office, the Internet site and also in the İstanbul Stock Exchange Bulletins.

5. Voting and Minority Rights

None of the shareholders of Türk Prysmian Kablo ve Sistemleri A.Ş. has a preferential or privileged voting right; all the votes have the same weight. Minority rights are arranged according to the relevant provisions of the Turkish Commercial Code.

The shareholders may be represented in the General Assembly by other shareholders or by third parties. However, the regulations of the Capital Market Board as regards to voting by proxy are reserved.

The cumulative voting right in order to ensure representation of minorities in the Board of Directors is not included in the Company's Articles of Association. As a matter of fact, since there is not any general tendency about the use of cumulative voting rights in the practices of the companies, the risks or benefits of the said method could not be observed.

6. Profit Distribution Policy and Profit Distribution Time

There is no privilege as regards to participation in the company's profit and Profit Distribution Policy as determined in the meeting of the Board of Directors dated 27 March 2007 is indicated below;

"The Board of Directors passes its resolutions relating to distribution of profit in the direction of Company's financial state, period profit and strategic targets. No real person is entitled to receive privileged share from the Company's distributable profit. Company's profit distribution policy aims distribution of 20% or higher portion of distributable profit as determined in the Ordinary General Assembly meeting. In case the periodical distributable profit remains less than 20% of the Company's paid-up capital, the Board may decide-in compliance with the applicable law- not to distribute any share from the profit.

It is aimed to pay the profit share in cash through the authorized banks and intermediary agencies within 60 days as of the Ordinary General Assembly meeting. Following this date, the Shareholders may apply to the Company's Head Office in order to collect their profit share. Company does not consider distribution of profit share in advance. Company aims to give donations to all kinds of social institutions, primarily to those located in the Company's territory, in such a manner not to exceed 1% of the profit base and in any case, to be subject to the approval of the General Assembly."

Compliance Report

7. Transfer of Shares

There is no provision in the Company's Articles of Association restricting transfer of shares; provisions of Articles 416 - 418 of the Turkish Commercial Code are applied in case of any demand by a shareholder for transfer of whole or part of registered shares owned by him.

PART II - PUBLICITY AND TRANSPARENCY

8. Company's Information Policy

Any and all kinds of communication with external sources regarding to Company's documents and information is performed - at all times in consultation with the General Manager - by the Public Relations in respect of communications with the press, and by the Financial Management as regards to corporate investors, competent authorities and shareholders.

The Company undertakes to ensure equal treatment for all categories of shareholders by avoiding any preferential treatment. With the exception of those considered as trade secrets, the Company responds all the questions pursuant to the equity and impartiality principles and ensures establishment of constant communication between the management and the shareholders in accordance with the existing legislation.

Publicity policy is disclosed for the first time to public in the Company's activity report accompanied by Corporate Governance Report for the year 2004, as well as in the investor relations section of Internet site.

9. Declaration of Special Status

Number of Declarations Issued on Special Status during 2008: **34**
Number of Additional Declaration Requests made by the CMB and ISE: **None**

There is no sanction (written warning) applied by the Capital Market Board or İstanbul Stock Exchange Market's Board against failure to provide declaration on special status in time.

Since the company shares are not quoted abroad, no special status declaration has been made at a stock exchange, other than the İstanbul Stock Exchange.

10. Company's Internet Site and It's Content

The investors may have access to the relevant documents such as the Company's Annual Report and Ethical Code both in Turkish and in English on the web site (www.prysmian.com.tr). Moreover, our Internet site under the following titles is presented to the attention of the investors.

- Trade registry information,
- Latest status of partnership structure,
- Latest status of Board of Directors, Members of Auditors' Board and top level executives,
- Latest status of the Company's Articles of Association (AOA) and date / number of the Trade Registry Gazette where the amended form of the AOA is published,
- Annual Reports for the last four years,
- Declaration of Special Status,
- Corporate Governance Observance Report,
- Attendance list, agenda and minutes of General Assembly meetings held during the last four years,
- Proxy format,
- Periodical financial tables and independent audit reports,
- Public offering explanations and circulars,
- News and frequently asked questions.

Due to inapplicability of the remaining provisions of clause 1.11.5 Section II of the Corporate Governance Principles of the Capital Market Board, they are not included in the Internet site.

11. Disclosure of the Real Person Dominant Shareholder(s)

There is no special status regarding the Company's real persons and owners which may affect the investors if disclosed to public; our studies for collection of detailed information on this subject are in progress.

12. Disclosure of the Persons Having Potential for Insider Trading

None of the employees of Türk Prysmian Kablo ve Sistemleri A.Ş. is allowed to deal in purchase and sale of share certificates belonging to Türk Prysmian Kablo ve Sistemleri A.Ş. on the basis of the information obtained by virtue of office.

The names of the BOD Directors, Members of Auditors' Board and Top Level Executives are listed in the Company's Activity Report and Investor Relations Section of the Internet site.

Compliance Report

The names of the persons having the potential for insider trading as of the date of the report are given herein below;

Mahmut Tayfun Anık	: Chairman of the BOD and Member of Audit Committee
Valerio Battista	: Vice - Chairman
Pier Francesco Facchini	: Board Member and Member of Audit Committee
Ennio Bernasconi	: Board Member
Fabio Ignazio Romeo	: Board Member
Giovanni Battista Scotti	: Board Member
Hikmet Türken	: The Board of Auditor
Raşit Yavuz	: The Board of Auditor
Hakan Özmen	: CEO
Ercan Karaismailoğlu	: CFO
Halil İ. Kongur	: Factory Director
Erkan Aydoğdu	: Logistics Manager
İ. Etem Bakaç	: Domestic Sales&Marketing Manager
Esat Baykal	: Quality Manager
İdris Çolakgil	: Information Technology Manager
Abdurrahman Güngör	: R&D and Quality Assurance Manager
Faik Kürkçü	: Utilities Sales Manager
Sabri Levent Özçengel	: Human Resurces Manager
Murat Tezcan	: Export Sales Manager
Law. Yiğit Türsoy	: Legal Affairs Manager
Okay Yıldız	: Technical Service Manager
Sevda Yücel	: Purchasing Manager
Anıl Kovalı	: Chief of General Accounting
Haluk Erdem	: Partner
Adem Kefelioğlu	: Auditor
Cihan Yıldırım	: Audit Assistant
Coşkun Şen	: Partner
Cem Karakapıcı	: Senior Audit Manager
Hazel Tiryaki	: Audit Assistant
Gamze Şen	: Audit Assistant
Çağdaş Acar	: Audit Assistant
Law. Semih Erbay	: Lawyer
Law. Mustafa Kayhan	: Lawyer
Law. Hüseyin Yarsuvat	: Lawyer
Law. Mehmet Yaşar Nur	: Lawyer
Law. Savaş İnandıoğlu	: Lawyer
Law. Cem Topdemir	: Lawyer
Law. Cüneyt Büyükyaka	: Lawyer

PART III - STAKEHOLDERS

13. Notification of Stakeholders Basic Management Principles

The basic management principles
The basic management principles which regulate the relations between the Executive Management, shareholders, employees of the Company and third parties (customers, suppliers and any person or organization with which the company has relation) are indicated below.

Honesty : We make every endeavour to ensure strict adherence to the honesty principles in all our business activities and our relations with our clients, employees, shareholders and other companies, institutions and organizations.

Reliability : We furnish understandable, rational and correct information to our customers, shareholders and employees, and provide all the services as required by our undertakings.

Impartiality : We do not have sexual, religious, lingual, racial and ethnical prejudice against our customers, suppliers, employees and shareholders.

Observance : We respect all laws, legislations and standards.

Secrecy : Excluding the authorities designated by the law, we do not share with any person or organization the information relating to the transactions executed with respect of our Shareholders, customers, suppliers, employees and business partners.

Compliance Report

Transparency : Excluding the information considered as trade secret and those not yet disclosed to public, we publicize all information whether of financial nature or not in the most accurate, complete, rational, interpretable and accessible manner according to the relevant legislation.

Social Responsibility : In our practices and investments, utmost attention is given to the particulars such as social benefits and improvement of our sector and conservation of reliability, as well as effective Company image and the activities are carried out in full respect to all the arrangements made protection of environment, consumer and public health. The stakeholders are notified through the Internet site and the İstanbul Stock Exchange by issuing special status declaration. Further to this announcement, the agenda of the General Assembly is informed to the attendants in the Trade Registry Gazzete and by registered mail; the decisions passed in the meeting are also published in the Trade Registry Gazzete in the most distinct and understandable manner. Moreover, information is given to the Capital Market Board (SPK) Ministry of Industry and Undersecreteriat of Treasury and application is made by the Company and the necessary permissions are obtained from the said authorities. The public announcements relating to the General Assembly meetings are made in one of the local and national newspapers. Additionally, the Company employees are notified through intranet system, general circulations by e-mail and annual presentation meetings.

Please see: 8. Company's Information Policy
Please see: PC&S Group Values and Ethical Code / Article 9 - Information

14. Participation of Stakeholders in the Management

Participation of stakeholders in the management is enabled in the General Assembly meetings according to the principles set out by the Capital Market Board for the shareholders; as to suppliers and customers, necessary arrangement is made in the meetings with the suppliers, customers and dealers, also paying visits to the same. With regards to employees, meetings are held at least two times a year to evaluate the Company's activities and to furnish information about the Company's targets and strategies and to receive feed back as well.

Moreover, by encouraging team work to develop work conduct procedures and processes undertaken by the Company's employees, special project groups are created.

15. Human Resources Policy

In Türk Prysmian Kablo ve Sistemleri A.Ş., Human Resources Policy is based on fundamentals such as "Promptness, Innovation, Professional Excellence, Transparency, Integration". Our policy is to form a structure which will ensure constant improvement of business, individuals and organization in the direction of the company's strategies.

By adopting "equal opportunity" principle, our Company awards the same learning, training, development and career opportunities to its employees of different religion, language, culture and sex.

In our organizational structure; positions, limits of authority and responsibilities are explicitly and literally determined within the frame of job descriptions, and they are presented to the attention of all of our employees through the Company's intranet system.

Within the concept of human resources, Personnel Management is responsible for intra - company communication under the leadership of the CEO.

No verbal or written complaint is raised by the Company's employees about discrimination or other issues.

Please see: PC&S Group Values and Ethical Code / Article 6 - Human Resources

16. Information Regarding Relations with the Customers and Suppliers

Please see: PC&S Group Values and Ethical Code / Article 4 - Customers

17. Social Responsibility

Türk Prysmian Kablo ve Sistemleri A.Ş. is the holder of ISO 14001 Environment Management System certificate since 1997. The environmental affect of business activities, and the services purchased by our Company are determined within the frame of ISO 14001 Environment Management System and studies are carried out continuously for elimination or minimization of these affects. All of these studies are performed with the philosophy of continuous improvement and in full compliance with the Türk Prysmian Kablo ve Sistemleri A.Ş. Environment Policy defined by the top management.

The legal obligations relating to environment are followed and fulfilled at all times, without failure. Türk Prysmian Kablo ve Sistemleri A.Ş. holds all the legal permissions required in respect of environment. These permissions may be listed as Emission Permission, Opening License for the 1st Class Non - Sanitary Establishments and Provisional Storage Permission for hazardous refuses.

The activities carried out by Türk Prysmian Kablo ve Sistemleri A.Ş. are not within the scope of Environmental Affect Evaluation Regulations (EAER). There exists an official letter obtained from the Bursa Provincial Office / Environment and Forestry Directorate, in charge of environmental affairs, indicating that our Company is not subject to preliminary survey in respect of EAER.

No law suit has been filed against our Company for causing environmental pollution. Our company provides for the recycling (if applicable), or the disposal (if recycling is not applicable) of all of the wastes attributable to the Company in accordance with the related regulations within the scope of environmental legislation.

Our Company performs its duties within the scope of social responsibilities by supporting social, cultural and various sporting activities in compliance with the principles set out by Prysmian Cables and Systems Group and also, by participating in and making contributions, both in cash and in rem, to the public institutions and organizations.

Please see: 13. Notification of Stakeholders / Social responsibilities
Please see: PC&S Group Values and Ethical Code / Article 5 - Community - Article 7 - Environment

Compliance Report

PART IV - BOARD OF DIRECTORS

18. Structure of the Board of Directors, its Formation, and Independent Members

In the Company's Articles of Association, it is expressly stated that the tasks and responsibilities of the Board of Directors are subject to the basic provisions defined pursuant to Turkish Commercial Code and the adaptations in the Company's Articles of Association. The formalities relating to appointment, re-election, qualification and replacement of the Board of Directors are performed according to the Company's Articles of Association and the provisions of Turkish Commercial Code.

Structure of the Board of Directors

POZITION	MEMBERS	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Chairman	Mahmut Tayfun Anık		X	
Vice Chairman	Valerio Battista		X	
Board Member	Pier Francesco Facchini		X	
Board Member	Giovanni Battista Scotti		X	
Board Member	Fabio Ignazio Romeo		X	
Board Member	Ennio Bernasconi		X	

POZITION	MEMBERS	FIRST APPOINTMENT	LATEST APPOINTMENT
Chairman	Mahmut Tayfun Anık	27 July 2006	29 March 2007
Vice Chairman	Valerio Battista	28 March 2002	29 March 2007
Board Member	Pier Francesco Facchini	29 March 2007	29 March 2007
Board Member	Giovanni Battista Scotti	27 July 2006	29 March 2007
Board Member	Fabio Ignazio Romeo	22 August 2005	29 March 2007
Board Member	Ennio Bernasconi	27 July 2006	29 March 2007

As a result of the activities initiated for filling the vacancies in the Board of Directors upon the sudden resignation of the independent members on 26 July 2006; it was understood that the persuasion of independent members bearing the same qualifications to take office in the Board of Directors in the place of the members that resigned would not yield to any short-term healthy results; therefore, it was stipulated that the Board of Directors should continue to take office without independent members for a temporary period. Since the members are already registered in the cadre as the staff working in the Prysmian Group companies, they cannot work in another company as per the related Labour Law.

19. Characteristics of the Board Members

Age Profile of the Board Members;

AGE GROUP	18 - 30	31 - 40	41 - 50	51 - 60	61 - 65	66 - 70	71 & Over
Number of Persons	-	1	2	2	1	-	-

The Board of Directors is composed of members who have knowledge and ability to understand and analyze the financial tables, and legal know - how to conduct daily operations and the long term activities of the Company, which includes specialization in various fields in such a way to declare opinion relating to Company's management.

The Board Members are nominated among the persons with higher education and who have knowledge on the Company's field of activity and adequate experience gained through services in private sector.

The credentials required for the Board Members are not set out in the Company's Articles of Association.

20. Mission, Vision and Strategic Targets of the Company

Please see: PC&S Group Values and Ethical Code / Targets and Values

21. Risk Management and Internal Audit Mechanism

In order to ensure effective conduct of risk management, Risk Management Division has been put into operation as of 2002. This division developed processes for effective risk management applicable within the Company's body and Prysmian Cables and Systems Group and implemented projects in this context.

The internal audit system of the Company is organized in such a way to provide appropriate clarification on all the Company's activities and to ensure an adequate auditing system. The responsibility regarding internal auditing system lies with the Board of Directors, and the Board of Directors, besides providing the major guidelines of the system, undertakes verification of sufficiency and effectiveness of the audit system.

The Audit Committee comprises of two Directors. Two Directors holding office in the Audit Committee are the persons who are not directly engaged in Company's activities and management. The Audit Committee meets regularly as indicated in the relevant communiqué of the Capital Market Board and the representative of the External Auditing Company may be invited to these meetings.

Compliance Report

The aim of the Audit Committee is to provide assistance to the Board of Directors during fulfilment of long-term obligations as regards to accounting and finance reporting applications, policies and procedures, as well as evaluation of quality and risk management of Company's internal auditing systems.

The internal auditing and periodical audit activities ensure accomplishment of necessary controls to observe whether compliance with the procedures, policies and strategies is achieved or not. Apart from the audit functions of the Internal Audit Division, the Internal Audit Department of Prysmian Cables and Systems Group performs internal auditing of Türk Prysmian Kablo ve Sistemleri A.Ş., in addition to the auditing services rendered regularly by the External Audit Company.

Moreover, there is also a Planning and Control Division which presents detailed monthly reports to the Managing Director and Executive Management and provides useful and comprehensive information for the following specific activities.

Information regarding to relations with PWC, independent audit company: http://www.pwc.com/tr,
and Information regarding to BDO, tax audit company: http://www.denet.com.tr

22. Authorities and Responsibilities of the Board Members and Executives

The Board of Directors performs the following tasks:

- Review and approval of strategic, corporate, industrial and financial plans,

- Delegation of necessary powers to the Managing Director, withdrawal of authorization, and determination of limits of authority as well as form and duration of authorization,

- Regular comparison of the results with the budgets, and by taking into account the information received from the Internal Audit Committee and Managing Director, and giving special attention to conflicts of interest, observation of general performance in this field,

- Passing of resolutions relating to immovable property, in kind,

- Issuance of share certificates and debentures,

- Establishment of partnerships in the newly incorporated or existing corporations and institutions,

- Review and approval of the transactions having economical and financial affect, or special influence on equity capital by showing due consideration to the transactions of the relevant parties,

- As organized by the Managing Director, verification of the organizational status and the adequacy of the administrative structure of the Company,

- Furnishing of information to the shareholders about the General Assembly meetings.

The powers and responsibilities of the Board of Directors are clearly defined in Article 10 of Articles of Association; as the powers and responsibilities conferred upon the Board of Directors may be subject to change at any time bound to dynamic structure of the Company and the business life, it is deemed necessary to detail the powers and responsibilities in the corporate signature circular.

23. Fundamentals Regarding To Activities of Board of Directors

The Board of Directors meets at least in quarterly periods. Unless otherwise is agreed, the Board Members are equipped with necessary documents and information within a reasonable time before the meeting in order to allow them to express their opinion about the issues subject to argument.

There is a Board Secretariat responsible for supply of information to the Board Members and establishment of communication with the directors. Although our Company has no reserve about inscription of the detailed and reasonable justification of negative vote and notification of company auditors and public opinion at times when different opinion is declared in the Board meeting and /or opposition is raised to the resolution passed by the Board; since such a situation was not encountered, no such application was effected.

Company pays careful attention to actual participation to Board Meetings on the matters specified in article 2.17.4 of section IV of the CMB corporate Governance Principles. Questions of the members raised during the meeting are reflected in the resolution. In order to ensure equal positioning among members, no member has been granted the right to veto or weighted vote. Board of Directors has convened 16 times during the year 2008.

24. Restriction of Competition and Transactions With the Company

In the Ordinary General Assembly which takes place every year, the Board Members are liberated by our shareholders according to Articles 334 and 335 of the Turkish Commercial Code.

25. Ethical Code

A pyramid structure is adopted in our system in respect of applicable principles and procedures, and this system can be summarized as follows:

Ethical Code: These rules encompass the general principles - transparency, equity and loyalty - which form the business relations of the Company in every level. Our Company, with the belief that business ethics must be pursued alongside business success, carries out its internal and external transactions in accordance with the principles set out in this Code.

Compliance Report

Internal Audit System: This system is a population of "instruments" with a view to reaching reasonably the targets regarding operational efficiency and effectiveness, reliability of financial and administrative information, observance to laws and legislation, and even protection of the Company's assets against possible fraud. The internal audit system which is based on common practices and defined within this frame, is applied to all corporate levels.

Lines of Conduct: The Lines of Conduct stipulate special rules concerning relations with the representatives of the Public Administration, and these rules classify good lines of conduct as "performable", and bad lines of conduct as "non-performable", and by this way, provide clear definition of major operational practices stipulated in the Ethical Principles.

Internal Executive Procedures and Policies of the Company: These items cover the main business areas as a natural extension of the internal audit system. Therefore, they determine the internal rules concerning the main activities of the Company.

Türk Prysmian determines organizational principles and intra-structure relating to employees and executives by adopting procedures and policies covering Personnel rights, Recruitments, Purchasing / Sales activities, Investments, Protection of Environment, Information Systems, Inventory, and Intellectual Property Rights.

All the procedures and policies are presented to the employees in the updated form on the intranet page of the Company.

Also, please see: PC&S Group Values and Ethical Code

26. Number and Structure of the Committees Formed Within Board of Directors and Liberty of Action

Title of the Committee	Number of Annual Meetings (Min.)	Number of Members	Number of Independent Members
Audit Committee	**4**	**2**	**-**

Members of Audit Committee: Mahmut Tayfun Anık, Pier Francesco Facchini.

The Corporate Governance Committee and other committees are not formed as of 31 December 2008. The company is carrying out its activities to form the corporate Governance Committee.

27. Financial Rights of the Board of Directors

The rights of the BOD Members are agreed upon in the General Assembly meeting; no award is considered in determination of financial rights of the BOD Members depending on their individual performance, or reflecting the performance of the Company.

There are no payments effected in favor of BOD Members and other executive bodies during the year 2008.

Chairman of the Board of Directors

Mahmut Tayfun ANIK

Prysmian Ethical Code

Türk Prysmian Kablo ve Sistemleri A.Ş.

ETHICAL CODE

Ethical business conduct is critical to our business and a shared responsibility of all members of the Prysmian Group. Each employee is responsible for protecting our most valuable asset - our reputation. This Code of Ethics (the "Code") applies to anyone conducting business on behalf of Prysmian or any of its subsidiaries, including but not limited to all managers, officers, employees, agents, representatives, lobbyists, interns, contractors, suppliers, andconsultants ("Covered Parties"), and seeks to guide our legal and ethical responsibilities, to deter wrongdoing, and to promote:

• compliance with applicable laws, rules and regulations;

• honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

• the integrity of our financial information, which influences the decisions of management and our Board of Directors, as well as the ways in which the outside world perceives and evaluates us;

• full, fair, accurate, timely and understandable disclosure in reports and documents we file with or submit to government authorities and in other public communications; and

• accountability for adherence to this Code, including prompt internal reporting of any suspected violations.

To meet these objectives, this Code encourages Covered Parties to express any concerns they may have relating to corporate accountability. No discrimination or retaliation against any person who, in good faith, reports such concerns will be tolerated. Anyone who retaliates against an individual under such circumstances will be subject to disciplinary action, up to and including termination of employment.

All Covered Parties must read, understand, and adhere to this Code and all other applicable company policies. Violations of law, this Code or other Company policies or procedures can lead to disciplinary action, up to and including termination of employment and / or termination of business relations.

ARTICLE 1 - PREMISE

The Prysmian Group structures its own internal and external activities according to the principles set forth in this Code, with the conviction that ethics in the conduct of business activities must be pursued at the same time and with equal emphasis as the economic success of the business. The Prysmian Group is committed to conducting its business in accordance with the highest standards of ethical behaviour, complying with all applicable laws and regulations, avoiding even the appearance of unethical or illegal conduct.

ARTICLE 2 - OBJECTIVES AND VALUES

The primary objective of the Prysmian Group is to create value for the shareholders. Industrial and financial strategies and the resulting operative conduct, based on the efficient use of resources, are oriented to achieving this goal.

In pursuing this objective Prysmian Group Companies and all Covered Parties must unfailingly comply with the following principles:

• as active and responsible members of the communities in which we operate, we are committed to respecting all applicable laws wherever we do business, and to following all commonly accepted principles of business ethics, such as transparency, honesty and loyalty;

• we refuse to engage in any illegitimate, unfair, or in any way questionable behavior (vis-à-vis the community, public authorities, customers, employees, investors and competitors) to achieve economic targets, which we pursue only through excellent performance, quality, competitive products and services, based on experience, customer care and innovation;

• we establish organizational controls designed to prevent Covered Parties from violating these requirements of lawfulness, transparency, honesty and loyalty, and supervise their observance and implementation;

• we impose consequences for any violations of these policies and principles;

• we maintain accurate books and records, and assure the investors and the community in general total transparency about our activities;

• we are committed to fair competition, which benefits us as well as all market operators, customers and stakeholders;

• we pursue excellence and competitiveness in the market place, offering quality services and products;

• we safeguard and enhance the value of all our employees;

• we respect the environment and use natural resources responsibly, with the goal of advancing sustainable development and protecting the rights of future generations.

Prysmian Ethical Code

ARTICLE 3 - SHAREHOLDERS

The Prysmian Group is committed to guaranteeing equal treatment to all classes of shareholders, and to avoiding preferential treatment of any class or company. We pursue the reciprocal benefits that derive from belonging to a group of companies while respecting all applicable laws and regulations and the independent interest of each Company as it seeks to create value.

ARTICLE 4 - CUSTOMERS

The excellence of the products and services offered by the Prysmian Group depends on customer care and the readiness to satisfy customer requirements. We therefore seek to assure an immediate, qualified and competent response to customer needs, through honesty, courtesy and cooperation.

ARTICLE 5 - COMMUNITIES

The Prysmian Group contributes to the economic welfare and growth of the communities in which it operates by delivering efficient and technologically advanced services. We are a citizen of each locality where we are established to do business, and like individual citizens, we have a responsibility to support the community. It is our goal to take part in projects to further the welfare of our local communities and thus be a good and contributing citizen.

Group Companies adhere to all applicable laws and regulations and maintain good relations with local, national and super-national Authorities, based on by full and active cooperation and on transparency. Consistent with these objectives and with the responsibilities they have assumed toward different stakeholders, Group Companies recognize research and innovation as priority conditions for growth and success.

Group Companies view favorably and, when necessary, support social, cultural and educational initiatives directed at enhancing the individual and improving his / her living conditions.

Group Companies do not disburse contributions, advantages or other conveniences or things of value to government officials (including employees of state-owned or controlled entities or enterprises), political parties or trade union organizations, nor to their representatives or candidates, except as permitted by applicable laws and by the provisions of this Code and other applicable Prysmian Group policies.

ARTICLE 6 - HUMAN RESOURCES

The Prysmian Group recognizes the central role of human resources; the professional contribution of employees, in a framework of mutual loyalty and trust, is the essential ingredient for success in every business concern.

Group Companies safeguard safety and health in working environments and consider the respect of worker rights fundamental to the carrying out of business activities. Employment contracts and Group policy guarantee equal opportunities and favor the professional growth of each individual.

ARTICLE 7 - ENVIRONMENT

The Prysmian Group believes in a global sustainable growth in the common interest of all stakeholders, present and future. Their investment and business choices are consequently fashioned to respect the environment and public health.
Without prejudice to compliance with specificenforceable regulations, Group Companies take environmental issues into consideration when defining their choices, also by adopting - if operationally and economically feasible eco-compatible production technologies and methods, with the objective of reducing the environmental impact of their activities.

ARTICLE 8 - ANTI-BRIBERY POLICY

Bribery of public officials is prohibited.

• No Covered Party may provide, either directly or indirectly, anything of value to any Public Officialinordertoobtainor retain business or to obtain an improper business advantage.

• The term "Public Official" is defined very broadly, and includes anemployee of a government owned or controlled entity or a public international organization, any political party, any candidate for public office. Whenever dealing with entities or persons connected with a government entity, Prysmian employees shall comply with the principles set forth in this Code which govern our conducts and strictly adhere to the Prysmian policies and procedures.

Commercial bribery is prohibited.

• No Covered Party may provide, either directly or indirectly, anything of value to any person in order to obtain or retain business, confidential information, or an improper business advantage.

• No Covered Party may accept anything of value in exchange for awarding business, providing confidentialinformation,or an improper business advantage.

Prysmian Ethical Code

The Anti-Bribery Policy requires adherence to other Group Policies and Procedures promulgated from time to time concerning.

• Offering, paying, or accepting gifts, courtesies, entertainment or travel expenses to, from, or on behalf of a Public Official or any supplier, customer, or competitor; and

• engaging consultants, agents, lobbyists, joint venture partners or other third parties.

ARTICLE 9 - INFORMATION - BOOKS AND RECORDS

The Prysmian Group are aware of the importance of correct information on their own activities for the investors and the community in general.

Consequently, to the extent compatible with the confidentiality requirements inherent in conducting a business, Group Companies strive for transparency in their relations with all stakeholders. In particular, Group Companies communicate with the investors according to principles of honesty, clarity and equal access to information.

Group Companies maintain books, records and accounts in reasonable detail to accurately and fairly reflect all of their transactions, and to retain relevant documentation in accordance with Group policies concerning record retention.

Group Companies and Covered Parties must never, under any circumstance, engage in inaccurate, false or misleading record keeping, even if one might reasonably believe the consequences of the inaccuracy would be harmless. This policy of full, fair, accurate and timely recording of information extends to time reports, expense reports and other personal Company records.

No false or artificial entries shall be made in the books and records of the Prysmian Group. No undisclosed or unrecorded funds may be established. "Off the books" payments are prohibited. No individual shall ever engage in any arrangement that results in a prohibited act.

ARTICLE 10 - EXPORT CONTROLS AND ECONOMIC SANCTIONS

It is the policy of the Prysmian Group to comply with all applicable export control laws. All Prysmian Group employees must comply with these laws. Under no circumstances are Prysmian Group employees permitted to make a transfer, export, re-export, sale, or disposal of any product, technical data or service contrary to applicable export control laws.

The Prysmian Group will comply with all applicable economic sanctions laws against certain entities and countries, including applicable economic sanctions imposed by the UN, the EU, the USA, and other jurisdictions in which the Prysmian Group conducts business.

ARTICLE 11 - OBSERVANCE OF CODE

All Group Companies, Corporate bodies, and Covered Parties must strictly adhere to this Code, to all applicable laws and regulations, and to all policies and procedures that the Group may promulgate from time to time to implement this Code.

The Prysmian Group is committed to implementing and enforcing specific procedures, regulations and instructions to ensure that all Group companies and Covered Parties adhere to the values and requirements set forth in this Code.

Violations of this Code, any of the implementing policies and procedures or other Group policies, or of any applicable law or regulation will be grounds for serious disciplinary action, including possible termination of employment and / or termination of business relations.

As part of its commitment to ethical and legal behavior, the Prysmian Group requires Covered Parties to report any actual or apparent violations of law or this Code or ethical standards so that they can be investigated and dealt with appropriately. This obligation extends to any instance where one suspects, but is uncertain whether, a violation may be occurring.

Failure to comply with the duty to come forward is a violation of this Code and can result in serious disciplinary action, including possible termination of employment and / or termination of business relations. The Prysmian Group will investigate all reports made and will not tolerate any kind of retaliation for reports or complaints made in good faith.

All persons subject to this Code have a duty not only to report violations but also to cooperate fully in the investigation of any alleged violation. An employee may be subject to disciplinary action, which may include possible termination of employment, for failing to cooperate or deliberately providing false or misleading information during an investigation.

Türk Prsymian Kablo ve Sistemleri A.Ş.

Headquarters: Haktan İş Merkezi, No: 39, K.2, Setüstü 34427 Kabataş - İSTANBUL
Tel: +90 212 393 77 00 (pbx), Fax: +90 212 393 77 62

Factory: Ömerbey Mah. Bursa Asfaltı Cad. No: 51 - 16941 Mudanya - BURSA
Tel: +90 224 270 30 00, Fax: +90 224 270 30 24

www.prysmian.com.tr