

**VESTEL BEYAZ EŐYA SANAYİ VE TİCARET
ANONİM ŐİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30
SEPTEMBER 2014**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2014

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2014

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF
30 SEPTEMBER 2014 AND 31 DECEMBER 2013

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

	Notes	30 September 2014	Audited 31 December 2013
ASSETS			
Current assets			
Cash and cash equivalents	4	175.202	18.576
Derivative financial instruments	22	30.614	-
Trade receivables		652.362	539.936
Related parties	6	315	527.940
Other parties	7	652.047	11.996
Other receivables		49.719	63.472
Other parties	8	49.719	63.472
Inventories	9	287.619	324.125
Prepaid expenses	10	12.833	15.855
Current income tax assets		-	511
Other current assets		364	693
Total current assets		1.208.713	963.168
Non-current assets			
Prepaid expenses	10	5.745	1.901
Property, plant and equipment	11	318.630	329.512
Intangible assets		65.154	58.342
Other intangible assets	12	65.154	58.342
Total non-current assets		389.529	389.755
TOTAL ASSETS		1.598.242	1.352.923

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF
30 SEPTEMBER 2014 AND 31 DECEMBER 2013

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

	Notes	30 September 2014	Audited 31 December 2013
LIABILITIES			
Current liabilities			
Short term financial liabilities	5	86.983	79.906
Trade payables		555.405	452.117
Related parties	6	(214)	19.235
Other parties	7	555.619	432.882
Liabilities for employee benefits	15	16.776	13.043
Other payables		-	-
Related parties	6	-	-
Derivative financial instruments	22	4.909	6.911
Current income tax liabilities	20	3.638	-
Short term provisions		366	366
Other provisions	13	366	366
Liabilities of ongoing projects		51.418	3.987
Total current liabilities		719.495	556.330
Non-current liabilities			
Long term financial liabilities	5	58.589	212.118
Trade payables		-	20.381
Other parties	7	-	20.381
Other payables		122	-
Other parties	6	122	-
Long term provisions		14.390	12.434
Provision for employee benefits	15	14.390	12.434
Derivative financial instruments	22	5.302	9.021
Deferred tax liability	20	7.715	1.835
Total non-current liabilities		86.118	255.789
TOTAL LIABILITIES		805.613	812.119

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF
30 SEPTEMBER 2014 AND 31 DECEMBER 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	30 September 2014	Audited 31 December 2013
EQUITY			
Paid in capital	16	190.000	190.000
Adjustments to share capital	16	9.734	9.734
Share premium	16	109.031	109.031
Other comprehensive income/expense not to be reclassified to profit or loss		(756)	(192)
Revaluation gain/loss		(756)	(192)
- Actuarial gain/loss arising from defined benefit plans		(756)	(192)
Other comprehensive income/expense to be reclassified to profit or loss		24.491	(3.896)
Cash flow hedges		24.491	(3.896)
Restricted reserves	16	41.803	38.886
Accumulated deficit	16	169.515	144.552
Net loss for the period		104.241	52.689
Total equity		648.059	540.804
TOTAL LIABILITIES AND EQUITY		1.453.672	1.352.923

Condensed financial statements for the interim period 1 January – 30 September 2014 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 20 October 2014.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2014 AND 2013

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

	Notes	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- 30 September 2013
Revenue	17	1.735.065	1.556.084	615.713	497.875
Cost of sales		(1.501.038)	(1.417.325)	(534.024)	(456.991)
Gross profit		234.027	138.759	81.689	40.884
Marketing, selling and distribution expenses		(29.806)	(26.671)	(10.102)	(8.334)
General administrative expenses		(25.452)	(23.254)	(8.088)	(6.860)
Research and development expenses		(20.773)	(18.079)	(6.900)	(6.095)
Other operating income	18	60.342	78.969	8.991	39.702
Other operating expense	18	(84.931)	(50.203)	(24.297)	(19.601)
Operating profit		133.407	99.521	41.293	39.696
Financial income	19	36.525	60.064	14.426	20.068
Financial expense	19	(48.619)	(115.030)	(31.014)	(43.501)
Profit before tax		121.313	44.555	24.705	16.263
Tax benefit / (expense)					
Current tax expense	20	(18.148)	(2.175)	(3.633)	(2.175)
Deferred tax benefit	20	1.076	3.149	691	2.959
Net income for the period		104.241	45.529	21.763	17.047
Earnings per 100 shares with a Kr 1 of face value (TL)		0,55	0,24	0,11	0,09

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2014 AND 2013

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

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- 30 September 2013
Other comprehensive income / (loss)				
Items not to be reclassified to profit or loss	(564)	(600)	-	(383)
Actuarial loss arising from defined benefit plans	(705)	(750)	-	(479)
Tax effect of other comprehensive income not to be reclassified to profit or loss	141	150	-	96
Deferred tax income	141	150	-	96
Items to be reclassified to profit or loss	28.387	(23.934)	25.631	(7.869)
Cash flow hedges	35.484	(29.919)	32.040	(9.837)
Tax effect of other comprehensive income/expense to be reclassified to profit or loss	(7.097)	5.985	(6.409)	1.968
Deferred tax income	(7.097)	5.985	(6.409)	1.968
Other comprehensive income/ loss	27.823	(24.534)	25.631	(8.252)
Total comprehensive income/(loss)	132.064	20.995	47.394	8.795

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS
1 JANUARY – 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

				Comprehensive income /(loss) not to be reclassified to profit or loss	Other Comprehensive income /(loss) to be reclassified to profit or loss		Accumulated deficit / Retained Earnings			
	Paid in capital	Adjustments to share capital	Share premium	Actuarial loss on employee benefits	Cash flow hedge fund	Restricted reserves	Accumulated deficit	Net loss for the period	Equity holders of the parent	Total equity
Balances at 1 January 2013	190.000	9.734	109.031	-	-	38.886	162.096	(18.491)	491.256	491.256
Impact of amendment in IAS 19	-	-	-	(947)	-	-	-	947	-	-
Transfer to accumulated deficit	-	-	-	-	-	-	(17.544)	17.544	-	-
Total comprehensive (expense) / income	-	-	-	(600)	(23.934)	-	-	45.529	20.995	20.995
Balances at 30 September 2013	190.000	9.734	109.031	(1.547)	(23.934)	38.886	144.552	45.529	512.251	512.251
Balances at 1 January 2014	190.000	9.734	109.031	(192)	(3.896)	38.886	144.552	52.689	540.804	540.804
Transfer to accumulated deficit	-	-	-	-	-	-	52.689	(52.689)	-	-
Transfer to restricted reserves	-	-	-	-	-	2.917	(2.917)	-	-	-
Amortisation transfer - net	-	-	-	-	-	-	(24.809)	-	(24.809)	(24.809)
Total comprehensive (expense) / income	-	-	-	(564)	28.387	-	-	104.241	132.064	132.064
Balances at 30 September 2014	190.000	9.734	109.031	(756)	24.491	41.803	169.515	104.241	648.059	648.059

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	1 January - 30 September 2014	1 January - 30 September 2013
Operating activities:			
Income before tax		121.313	44.555
Adjustments to reconcile net cash provided from operating activities to (loss) / income before taxes:			
- Depreciation and amortization of fixed assets	11	62.331	54.909
- Provision for lawsuit risks		-	(591)
- Provision for employment termination benefits	15	3.600	5.285
- Provision for impairment on inventories	9	(409)	(2.461)
- Interest expense	19	13.356	20.449
- Interest income	19	(51)	(158)
- (Gain) / loss from sales of tangible and intangible assets		(191)	(59)
- Derivative financial instruments (income) / expense accrual		(851)	11.987
- Unrealized foreign exchange gains / losses		(533)	21.369
Change in blocked cash and cash equivalents	4	(101)	(1.097)
Changes in working capital:			
(Increase) / decrease in trade receivables	7	(112.426)	103.013
(Increase) / decrease in inventories	9	36.915	(60.467)
(Increase) / decrease in other receivables and other current assets		17.104	(203.137)
(Increase) / decrease in other non-current assets		(3.844)	840
Increase / (decrease) in trade payables	7	82.907	41.782
Increase / (decrease) in other payables and other liabilities		51.164	5.508
Cash flows from operating activities			
Employment termination benefits paid	15	(2.349)	(4.050)
Current income tax paid	20	(13.999)	-
Net cash (used in) / provided by operating activities		253.936	37.677

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY – 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	1 January - 30 September 2014	1 January - 30 September 2013
Investing activities:			
Acquisition of tangible assets	11	(44.326)	(70.819)
Cash provided from sales of tangible and intangible assets		1.963	773
Acquisition of intangible assets	12	(15.707)	(13.659)
Net cash used in investing activities		(58.070)	(83.705)
Financing activities:			
Proceeds from bank borrowings		29.570	263.350
Repayment of bank borrowings		(180.274)	(221.291)
Other payables to related parties	6	122	27.209
Dividends paid	6	(24.809)	-
Interest paid		(8.571)	(14.612)
Interest received		51	156
Net cash provided by financing activities		(183.911)	54.812
Net (decrease) / increase in cash and cash equivalents		11.955	8.784
Cash and cash equivalents at the beginning of the period	4	18.040	25.887
Cash and cash equivalents at the end of the period	4	29.995	34.671

The accompanying notes are an integral part of these condensed interim financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the “Company” or “Vestel Beyaz Eşya”) was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul.

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company’s production facilities occupy 346.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 395.000 square meters.

The Company is a member of Vestel Group of Companies which are under the control of the Zorlu Family. The Company performs its foreign sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies.

The Company’s refrigerator and air conditioner sales include the effects of seasonal variations.

The Company is registered to Capital Market Board and its shares have been quoted to Borsa Istanbul (“BİST”) since 21 April 2006.

As of 30 September 2014, the number of personnel employed was 5.293 (31 December 2013: 5.621)

As of balance sheet dates, the shareholders of the Company and their percentage shareholdings were as follows:

	Share %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	94,30
Other shareholders	5,70
	100,00

As of 30 September 2014, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul (“BİST”) (31,5 % of its share capital; 31 December 2013: 31,5 %).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, “Principals of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, interim financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS” / “TFRS”) and its addendum and interpretations (“IFRIC”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Board.

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

The Company prepared its condensed interim financial statements for the period ended 30 September 2014 in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial II, No: 14.1 and its related announcements. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed.

The Company’s condensed interim financial statements do not include all disclosure and notes that should be included at year end financial statements. Therefore the condensed interim financial statements should be examined together with the year end financial statements.

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/IFRS.

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 the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 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.

2.2 Comparative information and restatement of prior period financial statements

Financial statements of the Company have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.3. Amendments in Turkey Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2014 and are adopted by the Company:

- **TAS 32 (amendment), “Financial instruments: Presentation”**, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any impact on the Company’s financial statements.
- **TAS 36 (amendment), “Impairment on Assets”**, is effective for annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of the impaired assets if that amount is based on fair value less cost of disposal.
- **TAS 39 (amendment), “Financial instruments: Recognition and Measurement”**, is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as result of laws or regulation, if specific conditions are met.
- **TFRIC 21 – TAS 37, ‘Levies’**, is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of “Provisions, contingent liabilities and contingent assets” that identifies the obligating event for the recognition of a liability for levy as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation is not applicable to the Company and will not have any impact on the Company’s financial statements.

b) Other new standards, amendments and interpretations issued and effective as of 1 January 2014 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

c) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company:

- **Annual improvements 2012**, Effective for annual periods beginning on or after 1 July 2014. Annual Improvements to TFRSs 2010–2012 Cycle amend the following 7 standards:
 - TFRS 2; Share-based Payment
 - TFRS 3; Business Combinations
 - TFRS 8, Operating Segments
 - TAS 16; Property Plant and Equipment and TMS 38, Intangible Assets
 - TFRS 9; Financial Instruments: TMS 37, Provisions, Contingent Liabilities and Contingent Assets
 - TAS 39, Financial Instruments: Recognition and Measurement

- **Annual improvements 2013**, Effective for annual periods beginning on or after 1 July 2014. Annual Improvements to TFRSs 2011–2013 Cycle amend the following 4 standards:
 - TFRS 1; First-time Adoption of TFRS
 - TFRS 3; Business Combinations
 - TFRS 13; Fair Value Measurement
 - TAS 40; Investment Property

- **TFRS 9 “Financial instruments – classification and measurement”**, Effective for annual periods beginning on or after 1 January 2018. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

- **TFRS 9 (Amendments), “Financial instruments’, regarding general hedge accounting”** Effective for annual periods beginning on or after 1 January 2018. These amendments to IFRS 9, ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

- **TAS 19 (amandments), “Defined benefit plans”,** is effective for annual periods beginning on or after 1 January 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- **TFRS 11 (amandments), “Joint Arrangements”,** is effective for annual periods beginning on or after 1 July 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- **TAS 16 and TAS 38 (amandments), “Tangible Assets”, “Intangible Assets”,** is effective for annual periods beginning on or after 1 July 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- **TFRS 14, “Regulatory deferral accounts”,** is effective for annual periods beginning on or after 1 July 2016. ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS.
- **TFRS 15, “Revenue from contracts with customers”,** is effective for annual periods beginning on or after 1 July 2017. The International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognising revenue and to develop a common revenue standard for IFRS and US GAAP. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new model employs an asset and liability approach, rather than current revenue guidance focuses on an earnings process.

The Company will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and interpretations will not have a significant effect on the financial statements of the Company.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4. Summary of significant accounting policies

2.4.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The Company has transferred to the buyer significant risks and reward of ownership of the goods,
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Company uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipments using the straight-line method based on the estimated useful lives of the assets, except for land due to their indefinite useful life.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are included in other operating income and other operating expense.

Costs, such as repairs and maintenance or part replacement of tangible asstes, are included in the asset’s carrying amount or recognised as a seperate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Company. All other costs are charged to statements of profit or loss during the financial year in which they are incurred.

2.4.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

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Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

b) Rights and other intangible fixed assets

Rights and other intangible assets consist acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight line basis over their expected useful lives which are less than five years.

2.4.5 Financial instruments

a) Financial assets

The Company classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified in this category. Loans and receivables (trade and other receivables, bank deposits, cash and others) are measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for cases when the recognition of interest would be immaterial.

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Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets carried at amortized cost, if the amount of a past impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the impairment is reversed through profit or loss. However, the carrying amount should not be increased to an amount that exceeds what the amortized cost would have been at the date of the reversal had the impairment not been recognized.

For financial assets carried at cost, if there is objective evidence of impairment, the amount of the impairment loss is measured as the difference between carrying amount and the present value of estimated future cash flows discounted at the current rate of return for a similar financial asset. Once an impairment loss has been recognized on a financial asset recognized at cost, it is not permitted to recognize a reversal.

b) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

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Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method is calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

c) Derivative financial instruments and hedge accounting:

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values of derivatives are carried as assets when positive and as liabilities when negative. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Derivative financial instruments held for trading

The Company’s held for trading derivative financial instruments consist of forward foreign currency purchase and sale contracts. Such derivative financial instruments providing effective protection against the risk for the Company economically and due to meeting the conditions for hedge accounting usually, they are accounted as derivative financial instruments held for trading in financial statements. The fair value changes of these derivative instruments are recognized in income statement as financial income / expense.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

Cash flow hedges:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity within cash flow hedge reserves. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within finance income/ expense. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place or portion related to the accrued interest). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized, in the statement of comprehensive income within finance income/ expense. The Company has evaluated its forward contracts and recognized certain contracts as hedging derivative instruments since they have been carrying necessary hedging conditions regarding to TAS 39.

2.4.6 Foreign currency transactions

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. On monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

2.4.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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 events not wholly within the control of the company are not included in the financial statements and treated as contingent assets or liabilities.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4.8 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

2.4.9 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders’ equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4.10 Employee termination benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in statements of income.

2.4.11 Government grants

Government grants, including non-monetary grants at fair value, are recognized in financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in financial statements when they are authorized by the related institutions.

2.4.12 Earnings per share

Earnings per share disclosed in the statement of income is determined by dividing net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

2.4.13 Statement of cash flows

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company’s production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4.14 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

2.4.15 Events after the balance sheet date

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made on the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5. Critical accounting estimates and judgments

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Company management’s best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

i. Income taxes:

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (Note 20).

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NOTE 3 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Company’s chief operating decision maker. The Company Board of Directors has been identified as the Company’s chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Company management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The Management believes that the Company operates in a single industry sector as the risks and returns for the activities do not show any material difference because the scope of activity covers only the production of white goods and the production processes and classes of customers are similar. As a result all information related to the industrial segment has been fully presented in the attached financial statements.

The Management has decided to use geographical segments for segment reporting considering the fact that risks and returns are affected by the differences in geographical regions.

Geographical Segments:

Segment revenue	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- September 2013
Turkey	451.286	468.645	157.892	126.971
Europe	935.218	795.733	342.516	278.740
Other	354.057	292.264	116.027	92.319
Gross sales	1.740.561	1.556.642	616.435	498.030
Discounts (-)	(5.496)	(558)	(722)	(155)
Net sales	1.735.065	1.556.084	615.713	497.875

Other segment sales mainly comprise of sales to Asian and African countries.

The amount of export is TL 1.289.275 for the period ended 30 September 2014 (1 January-30 September 2013: TL 1.087.997). Export sales are denominated in EURO, USD and RUB as 95,6%, 3,5% and 0,9% of total export respectively. (1 January-30 September 2013: 92% EUR, 6,2% USD, 1,8% RUB)

The carrying value of segment assets and costs incurred in order to obtain these assets are not separately disclosed since all assets of the company are located in Turkey.

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NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2014	31 December 2013
Cash	119	63
Bank deposits		
- Demand deposits	170.374	918
- Time deposits	4.072	17.059
Blocked deposits	637	536
Cash and cash equivalents	175.202	18.576

Effective interest rates

	30 September 2014	31 December 2013
EUR	0,50%	0,62%
TL	8,50%	-
USD	0,50%	0,50%

NOTE 5 - FINANCIAL LIABILITIES

	30 September 2014	31 December 2013
Short - term financial liabilities		
Short term bank loans	25.199	-
Short term portion of long term bank loans	61.784	79.906
	86.983	79.906
Long - term financial liabilities		
Long term bank loans	58.589	212.118
	58.589	212.118

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NOTE 5 - FINANCIAL LIABILITIES (Cont'd)

Details of the Company’s short term financial liabilities is given below:

Currency	30 September 2014			31 December 2013		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	1,95%	8.452	24.438	-	-	-
- TL	-	761	761	-	-	-
			25.199			-

Details of the Company’s long term financial liabilities are given below:

Currency	30 September 2014			31 December 2013		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	-	-	-	3,14%	774	1.653
- EUR	3,09%	12.245	35.406	5,03%	25.269	74.201
- TL	8,24%	26.378	26.378	8,27%	4.052	4.052
Short term portion			61.784			79.906
- USD	0,00%	-	-	3,46%	33.305	71.082
- EUR	4,15%	3.706	10.715	3,52%	24.222	71.127
- TL	8,26%	47.874	47.874	8,26%	69.909	69.909
Long term portion			58.589			212.118
			120.373			292.024

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NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

The redemption schedule of the Company’s long term financial liabilities are given below:

	30 September 2014	31 December 2013
One to two years	54.172	139.208
Two to three years	4.417	68.579
Three to four years	-	4.331
Four to five years	-	-
	58.589	212.118

Total amount of Company’s floating rate loans is TL 22.786. (31 December 2013: TL 11.777).

Guarantees given for the bank loans obtained are disclosed in note 13.

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short-term trade receivables from related parties

	30 September 2014	31 December 2013
Vestel Ticaret A.Ş.	-	528.505
Vestel CIS Limited	-	47
Other related parties	315	18
	315	528.570
Unearned interest on receivables (-)	-	(630)
	315	527.940

The receivables result from the Company’s foreign and domestic sales performed via Vestel Ticaret A.Ş. which is also a member of Vestel Group Companies.

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NOTE 6 - RELATED PARTY DISCLOSURES (Cont’d)

b) Short-term trade payables to related parties

	30 September 2014	31 December 2013
Vestel Elektronik Sanayi ve Ticaret A.Ş.	-	3.761
Vestel Holland B.V.	-	14.924
Other related parties	-	556
	-	19.241
Unearned interest on payables (-)	(214)	(6)
	(214)	19.235

c) Other short-term liabilities to related parties

Vestel Ticaret A.Ş.	-	-
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The maturity of other short term liabilities is three months and annual interest rate for EUR denominated liability is %1,08.

d) Other long-term liabilities to related parties

Vestel Elektronik Sanayi ve Ticaret A.Ş.	122	-
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The last installment of other long term liabilities will pay in March 2020 and interest rate for EUR denominated liability is %Libor+3,20.

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NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)

e) Transactions with related parties

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- 30 September 2013
Sales				
Vestel Ticaret A.Ş.	(19.492)	1.531.131	(1.125.907)	488.870
Vestel Elektronik Sanayi ve Ticaret A.Ş.	-	7.500	(4.195)	2.097
Other related parties	-	110	(60)	3
	(19.492)	1.538.741	(1.130.162)	490.970
Operating expenses				
Vestel Holland B.V.	-	359.806	(161.712)	104.330
Vestel Elektronik Sanayi ve Ticaret A.Ş.	-	36.905	(26.410)	11.506
Other related parties	2.948	6.862	-	2.025
	2.948	403.573	(188.122)	117.861

The Company performs part of its raw material purchases via Vestel Holland B.V which is also a member of Vestel Group Companies.

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- 30 September 2013
Other operating income				
Vestel Ticaret A.Ş.	-	66.126	(45.178)	33.984
Other related parties	5.195	2.816	-	1.362
	5.195	68.942	(45.178)	35.346
Other operating expense				
Vestel Ticaret A.Ş.	-	3.698	(48.450)	-
Other related parties	2.534	1.878	-	686
	2.534	5.576	(48.450)	686

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NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- 30 September 2013
Dividend Paid				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	23.215	-	-	-
Other	1.594	-	-	-
	24.809	-	-	-

f) Guarantees received from and given to related parties are disclosed in note 13.

g) **Compensation paid to key management including directors, the Chairman of Board of Directors, general managers and assistant general managers.**

Compensation paid to key management for the nine months period ended 30 September 2014 is TL 3.323 (1 January.-30 September 2013: TL 2.293).

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	30 September 2014	31 December 2013
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	315	528.570
- Other parties	653.681	9.462
Cheques and notes receivables	-	2.900
	653.996	540.932
Unearned interest expense (-)		
- Related parties (note 6)	-	(630)
- Other parties	(1.461)	(193)
Allowance for doubtful receivables (-)	(173)	(173)
Total short - term trade receivables	652.362	539.936

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NOTE 7- TRADE RECEIVABLES AND PAYABLES (Cont'd)

	30 September 2014	31 December 2013
Short term trade payables		
Trade payables		
- Related parties (note 6)	-	19.241
- Other parties	557.274	434.007
	557.274	453.248
Unearned Interest Income (-)		
- Related parties (note 6)	(214)	(6)
- Other parties	(1.655)	(1.125)
Total short term trade payables	555.405	452.117
Long term trade payables		
Trade payables		
- Other parties	-	20.381
Total long term trade payables	-	20.381

NOTE 8 - OTHER RECEIVABLES

	30 September 2014	31 December 2013
Short - term other receivables		
VAT receivable	44.229	60.435
Deposits and guarantees given	5.002	2.765
Other	488	272
	49.719	63.472

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NOTE 9 - INVENTORIES

	30 September 2014	31 December 2013
Raw materials	184.901	173.041
Work in process	7.233	11.417
Finished goods	97.141	141.647
Merchandise	-	29
Other	-	56
	289.275	326.190
Provision for impairment on inventories (-)	(1.656)	(2.065)
	287.619	324.125

As of 30 September 2014 the Company does not have inventories pledged as security for liabilities (31 December 2013: None).

Movement of obsolescence provision on inventory is as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
Opening balance, 1 January	2.065	4.397
Current year additions	1.656	448
Realised due to sale of inventory	(2.065)	(2.909)
Balance at 30 September	1.656	1.936

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NOTE 10 - PREPAID EXPENSES

	30 September 2014	31 December 2013
Prepaid expenses in current assets		
Order advances given	5.853	11.645
Prepaid expenses	6.927	4.204
Business advances given	53	6
	12.833	15.855
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	4.708	1.869
Prepaid expenses	1.037	32
	5.745	1.901

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January				30 September
	2014	Additions	Disposals	Transfers	2014
Cost or revaluation					
Land	6.547	-	-	-	6.547
Land improvements	2.792	90	(4)	177	3.055
Buildings	65.506	335	(2)	70	65.909
Leasehold improvements	3.099	574	-	-	3.673
Plant and machinery	661.011	27.370	(6.299)	27.037	709.119
Motor vehicles	396	-	-	-	396
Furniture and fixtures	32.588	3.326	(36)	14	35.892
Construction in progress	25.081	12.631	-	(27.298)	10.414
	797.020	44.326	(6.341)	-	835.005
Accumulated depreciation					
Land improvements	2.063	154	(2)	-	2.215
Buildings	25.893	771	(1)	-	26.663
Leasehold improvements	1.784	142	-	-	1.926
Plant and machinery	416.648	51.207	(5.891)	-	461.964
Motor vehicles	113	45	-	-	158
Furniture and fixtures	21.007	2.476	(34)	-	23.449
	467.508	54.795	(5.928)	-	516.375
Net book value	329.512				318.630

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Cont’d)

	1 January				30 September
	2013	Additions	Disposals	Transfers	2013
Cost					
Land	6.547	-	-	-	6.547
Land improvements	2.660	132	-	-	2.792
Buildings	63.194	741	-	302	64.237
Leasehold improvements	2.634	375	(99)	-	2.910
Plant and machinery	583.257	31.349	(1.711)	32.048	644.943
Motor vehicles	340	35	(11)	-	364
Furniture and fixtures	30.054	1.988	(896)	64	31.210
Construction in progress	24.064	36.199	-	(32.414)	27.849
	712.750	70.819	(2.717)	-	780.852
Accumulated depreciation					
Land improvements	1.860	154	-	-	2.014
Buildings	24.950	697	-	-	25.647
Leasehold improvements	1.664	100	(18)	-	1.746
Plant and machinery	356.940	45.565	(1.417)	-	401.088
Motor vehicles	74	36	(11)	-	99
Furniture and fixtures	18.699	2.362	(825)	-	20.236
	404.187	48.914	(2.271)	-	450.830
Net book value	308.563				330.022

Additions to property, plant and equipment in the period 1 January – 30 September 2014 and 2013 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker and dishwasher factories.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Useful lives of property, plant and equipment is as follows:

	<u>Useful Life</u>
Land improvements	8-35 years
Buildings	25-50 years
Leasehold improvements	5 years
Plant and machinery	5-20 years
Motor vehicles	5 years
Furniture and fixtures	5-10 years

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
Cost of good sold	52.926	46.844
Research and development expenses	8.903	7.671
Marketing, selling and distribution expenses	214	192
General administrative expenses	288	202
	62.331	54.909

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2014	Additions	Disposals	30 September 2014
Cost				
Rights	6.376	-	-	6.376
Development cost	87.011	14.514	(1.359)	100.166
Other intangible assets	6.596	1.193	-	7.789
	99.983	15.707	(1.359)	114.331
Accumulated amortization				
Rights	6.345	3	-	6.348
Development cost	32.791	7.173	-	39.964
Other intangible assets	2.505	360	-	2.865
	41.641	7.536	-	49.177
Net book value	58.342			65.154

	1 January 2013	Additions	Disposals	30 September 2013
Cost				
Rights	6.376	-	-	6.376
Development cost	70.346	12.687	(268)	82.765
Other intangible assets	5.132	972	-	6.104
	81.854	13.659	(268)	95.245
Accumulated amortization				
Rights	6.342	1	-	6.343
Development cost	24.893	5.705	-	30.598
Other intangible assets	2.118	289	-	2.407
	33.353	5.995	-	39.348
Net book value	48.501			55.897

Development costs, incurred by the Company on development projects relating to refrigerators, split air conditioners, washing machines, cookers and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

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NOTE 12 - INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets is as follows:

	<u>Useful Life</u>
Rights	3-15 years
Development cost	2-10 years
Other intangible assets	2-15 years

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	<u>30 September 2014</u>	<u>31 December 2013</u>
Short - term provisions		
Provision for litigation	366	366
	366	366

b) Guarantees received by the Company

Guarantee letters, collaterals, cheques and notes received

	<u>30 September 2014</u>	<u>31 December 2013</u>
Guarantee letters	6.761	5.461
Cheques and notes	8.821	8.054
Collaterals and pledges	2.656.740	2.809.689
	2.672.322	2.823.204

Vestel Elektronik Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts and bank borrowings.

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NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

c) Collaterals, pledges and mortgages (“CPM’s”) given by the Company are as follows:

CPM's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
30 September 2014				
A. CPM's given on behalf of its own legal entity	-	2.000	7.395	13.178
B. CPM's given on behalf of fully consolidated subsidiaries (*)	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.563.550	176.060	2.384.171	6.456.405
i. Total amount of CPM's given on behalf of the parent company	1.168.696	89.017	1.633.286	4.554.011
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	394.854	87.043	750.885	1.902.394
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.563.550	178.060	2.391.566	6.469.583

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NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

CPM's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
31 December 2013				
A. CPM's given on behalf of its own legal entity	-	2.000	9.013	14.886
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.589.492	155.260	1.812.816	5.661.190
i. Total amount of CPM's given on behalf of the parent company	1.150.721	78.898	1.251.364	3.939.032
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	438.771	76.362	561.452	1.722.158
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.589.492	157.260	1.821.829	5.676.076

The Company has given collaterals to various banks on behalf of Vestel Elektronik Sanayi and Ticaret A.Ş. Vestel Ticaret A.Ş. Vestel Germany GmbH and Vestel Holland BV for their forward contracts and bank loans obtained.

Proportion of other CPM's given by the Company to its equity is 996% as of 30 September 2014 (31 December 2013: 1.047%)

NOTE 14 – COMMITMENTS

Due to the export and investment incentive certificates obtained, as of 30 September 2014 the Company has committed to realize exports amounting to USD 491.250 thousand (31 December 2013: USD 568.886 thousand).

As of 30 September 2014 the Company has forward foreign currency purchase contract that amounts to USD 260.115 thousand, EUR 20.296 thousand, TL 36.259 thousand against forward foreign currency sales contract that amounts to USD 25.617 thousand, EUR 203.460 thousand, RUB 245.553 thousand and TL 8.868 thousand. (31 December 2013 : USD 234.434 thousand, EUR 635 thousand and TL 50.208 thousand purchase contract against USD 4.342 thousand, EUR 177.969 thousand, RUB 349.499 thousand and TL 8.186 thousand sales contract).

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NOTE 15 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 September 2014	31 December 2013
Due to personnel	12.277	9.474
Social security payables	4.499	3.569
	16.776	13.043

Long term provisions for employee benefits:

	30 September 2014	31 December 2013
Provision for employment termination benefits	14.390	12.434

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due caus. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 06 March 1981, No.2422 and 25 August 1999, No.4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month’s gross salary for each year of service and is limited to a maximum of TL 3.438,22/year as of 30 September 2014 (31 December 2013: TL 3.254,44/year).

The provision for employee termination benefits is not funded.

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. Turkish Accounting Standards No: 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which is described below:

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. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 September 2014 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 September 2014 provision is calculated based on real discount rate of %4,54 (31 December 2013: 4,54%) assuming 6,50% annual inflation rate and 11,56% discount rate.

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NOTE 15 – EMPLOYEE BENEFITS (Cont’d)

The movements in the provision for employment termination benefit are as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
Balance at 1 January	12.434	12.607
Increase during the year	2.554	4.716
Payments during the year	(2.349)	(4.050)
Actuarial cost	705	750
Interest expense	1.046	569
Balance at 30 September	14.390	14.592

NOTE 16 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 September 2014	31 December 2013
Shares of par value Kr 1 each		
Issued share capital	190.000	190.000

As of 30 September 2014 and 31 December 2013 the shareholding structure is as follows:

	Shareholding %		Amount	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Vestel Elektronik Sanayi ve Ticaret A.Ş. (with board of Directors Members)	94,30%	87,65%	179.175	166.535
Shares held by public	5,70%	12,35%	10.825	23.465
	100%	100%	190.000	190.000

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NOTE 16 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

b) Adjustments to share capital

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

	30 September 2014	31 December 2013
Adjustment to share capital	9.734	9.734

c) Share Premium

Share premium account refers the difference between par value of the company’s shares and the amount of the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase

Share premium	109.031	109.031
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d) Restricted reserves (“Legal reserves”)

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code (“TCC”). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. Under 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.

Legal reserves	41.803	38.886
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e) Accumulated income

	30 September 2014	31 December 2013
Extraordinary reserves	122.432	122.432
Previous year’s loss	47.083	22.120
	169.515	144.552

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NOTE 16 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

f) Dividend distribution

For quoted companies dividends are distributed in accordance with the Communiqué Serial II:-19.1 on “Principals Regarding Distribution of Interim Dividends” issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

On the other hand, in accordance with the Articles of Association of the Company, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to %3 of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to %5 of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to %5 of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

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NOTE 17 - SALES

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- September 2014	1 July- September 2013
Domestic sales	451.286	468.645	157.892	126.971
Overseas sales	1.289.275	1.087.997	458.543	371.059
Gross sales	1.740.561	1.556.642	616.435	498.030
Less: Sales discounts (-)	(5.496)	(558)	(722)	(155)
Net sales	1.735.065	1.556.084	615.713	497.875
Cost of sales	(1.501.038)	(1.417.325)	(534.024)	(456.991)
Gross profit	234.027	138.759	81.689	40.884

NOTE 18 - OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- September 2014	1 July- September 2013
Credit finance gains arising from trading activities	13.858	12.922	6.045	4.707
Foreign exchange gains arising from trading activities	43.003	63.063	1.694	34.205
Reversals of provisions	-	669	-	-
Other income	3.481	2.315	1.252	790
	60.342	78.969	8.991	39.702

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NOTE 18 – OTHER OPERATING INCOME AND EXPENSE (Cont’d)

b) Other expense from operating activities:

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- September 2014	1 July- September 2013
Debit finance charges arising from trading activities	14.800	6.732	6.142	867
Foreign exchange expenses arising from trading activities	67.763	39.989	17.582	17.535
Other expenses	2.368	3.482	573	1.199
	84.931	50.203	24.297	19.601

NOTE 19 – FINANCIAL EXPENSE AND FINANCIAL INCOME

a) Financial expense:

Foreign exchange losses	6.832	41.633	3.401	19.677
Losses on derivative financial instruments	28.254	52.236	23.297	16.903
Interest expense	13.356	20.449	4.237	6.870
Other finance expenses	177	712	79	51
	48.619	115.030	31.014	43.501

b) Financial Income:

Foreign exchange gains	9.921	12.742	(423)	6.158
Gains on derivative financial instruments	26.553	47.164	14.844	13.842
Interest income	51	158	5	68
	36.525	60.064	14.426	20.068

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NOTE 20 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 September 2014	31 December 2013
Corporation and income taxes	18.148	1.669
Prepaid taxes (-)	(14.510)	(2.180)
Current income tax liabilities - net	3.638	(511)

In Turkey, beginning from 1 January 2006, the corporate tax rate is 20%.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting other exempt income. In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed at the rate of % 15, except for companies receiving dividends who are resident companies in Turkey. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 10th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

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NOTE 20 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

As of 1 January - 30 September 2014 and 2013 tax benefit in the statement of income is as follows:

	30 September 2014	31 December 2013
Current period tax expense	(18.148)	(2.175)
Deferred tax benefit	1.076	3.149
Total tax (expense) / benefit	(17.072)	974

Deferred tax assets and liabilities

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

Tax rate used in the calculation of deferred tax assets and liabilities based on the liability method is 20% as of 30 September 2014. (31 December 2013:%20).

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary differences		Deferred tax	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Deferred tax assets				
Employment termination benefits	(14.390)	(12.434)	2.689	2.298
Unearned interest expense	(1.460)	(735)	292	147
Provision for impairment on inventories	(1.656)	(2.065)	331	413
Derivative financial instruments	-	(15.932)	-	3.186
Other	(6.505)	(5.465)	1.301	1.093
			4.613	7.137

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NOTE 20 - TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	Cumulative temporary differences		Deferred tax	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Deferred tax liabilities				
Useful life and valuation differences on property, plant and equipment and intangible assets	39.000	43.275	(7.800)	(8.655)
Derivative financial instruments	20.403	-	(4.081)	-
Revaluation of tangible fixed assets				
Other	2.235	1.585	(447)	(317)
			(12.328)	(8.972)
Deferred tax liabilities - net			(7.715)	(1.835)

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
Opening balance, 01 January	(1.835)	(3.527)
Current period deferred tax expense	1.076	3.149
Tax recognized directly in the shareholder's equity	(6.956)	6.135
Deferred tax (liabilities) / assets at the end of the period, net	(7.715)	5.757

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NOTE 21 – EARNINGS PER SHARE

	1 January - 30 September 2014	1 January - 30 September 2013	1 July- 30 September 2014	1 July- 30 September 2013
Net (loss) / income attributable to equity holders of the parent	104.241	45.529	21.763	17.047
Weighted number of ordinary shares with a Kr 1 of face value (thousand shares)	190.000	190.000	190.000	190.000
	0,55	0,24	0,11	0,09

NOTE 22 – DERIVATIVE INSTRUMENTS

	30 September 2014		31 December 2013	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Held for trading				
Forward foreign currency transactions	103.765	(4.909)	61.329	(7.669)
Foreign currency swap contracts	50.000	(5.302)	50.000	(3.393)
Cash flow hedge				
Forward foreign currency transactions	592.775	30.614	491.095	(4.870)
	746.540	20.403	602.424	(15.932)

NOTE 23 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk:

The Company is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Company mainly prefers using foreign exchange forward contracts.

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NOTE 23 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

30 September 2014	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	9.238	165.851	25.763	526.357
2a. Monetary financial assets (including cash and cash equivalents)	57.230	788	101	132.801
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	66.468	166.639	25.864	659.158
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	66.468	166.639	25.864	659.158
10. Trade payables	108.325	48.706	21	387.711
11. Financial liabilities	-	20.697	-	59.843
12a. Other monetary liabilities	-	15.806	-	45.701
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	108.325	85.209	21	493.255
14. Trade payables	-	-	-	-
15. Financial liabilities	-	3.706	-	10.716
16a. Other monetary liabilities	-	50.000	-	144.570
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	53.706	-	155.286
18. Total liabilities (13+17)	108.325	138.915	21	648.541
19. Off-balance sheet derivative instrument net asset (liability) position (19a+19b)	234.498	(183.164)	(5.257)	(460)
19a. Hedged total assets	260.115	20.296	8.823	660.283
19b. Hedged total liabilities	(25.617)	(203.460)	(14.080)	(660.743)
20. Net foreign currency asset/ (liability) position (9-18+19)	192.641	(155.440)	20.586	10.157
21. Net foreign currency monetary asset, (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(41.857)	27.724	25.843	10.617
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	20.403
23. Export	20.977	421.800	21.880	1.289.275
24. Import	149.095	137.122	676	723.472

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NOTE 23 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

31 December 2013	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	8.315	137.102	34.196	454.543
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	164	5.711	-	17.120
2b. Non-monetary financial assets	-	-	-	-
3. Other	1	-	-	2
4. Current assets (1+2+3)	8.480	142.813	34.196	471.665
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	8.480	142.813	34.196	471.665
10. Trade payables	98.720	31.167	-	302.220
11. Financial liabilities	774	25.269	-	75.854
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	99.494	56.436	-	378.074
14. Trade payables	-	6.941	-	20.382
15. Financial liabilities	33.305	24.222	-	142.211
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	33.305	31.163	-	162.593
18. Total liabilities (13+17)	132.799	87.599	-	540.667
19. Off-balance sheet derivative instrument net asset (liability) position (19a+19b)	230.092	(177.334)	(22.641)	(52.297)
19a. Hedged total assets	234.434	635	-	502.217
19b. Hedged total liabilities	(4.342)	(177.969)	(22.641)	(554.514)
20. Net foreign currency asset/ (liability) position (9-18+19)	105.773	(122.120)	11.555	(121.299)
21. Net foreign currency monetary asset, (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(124.320)	55.214	34.196	(69.004)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(15.932)
23. Export	42.807	564.446	24.448	1.462.637
24. Import	246.029	206.993	1.963	984.446

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NOTE 23 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

As of 30 September 2014 and 31 December 2013, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
30 September 2014				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(9.539)	9.539	(9.539)	9.539
Secured portion from USD risk (-)	(5.837)	5.837	53.385	(53.385)
USD net effect	(15.376)	15.376	43.846	(43.846)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	8.016	(8.016)	8.016	(8.016)
Secured portion from EUR risk (-)	3.242	(3.242)	(52.968)	52.968
EUR net effect	11.258	(11.258)	(44.952)	44.952
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	2.584	(2.584)	2.584	(2.584)
Secured portion from other currency risk (-)	(526)	526	(526)	526
Other currency net effect	2.058	(2.058)	2.058	(2.058)

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NOTE 23 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2013				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(26.534)	26.534	(26.534)	26.534
Secured portion from USD risk (-)	-	-	49.066	(49.066)
USD net effect	(26.534)	26.534	22.532	(22.532)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	16.214	(16.214)	16.214	(16.214)
Secured portion from EUR risk (-)	(2.474)	2.474	(52.027)	52.027
EUR net effect	13.740	(13.740)	(35.813)	35.813
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	3.420	(3.420)	3.420	(3.420)
Secured portion from other currency risk (-)	(2.264)	2.264	(2.264)	2.264
Other currency net effect	1.156	(1.156)	1.156	(1.156)