VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2013 (ORIGINALLY ISSUED IN TURKISH)

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ CONDENSED INTERIM BALANCE SHEETS AS OF 30 SEPTEMBER 2013 AND 31 DECEMBER 2012

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

	Notes	30 September 2013	Audited 31 December 2012
ASSETS			
Current assets			
Cash and cash equivalents	4	37.099	27.218
Trade receivables		532.596	635.609
Related parties	22	517.723	622.071
Third parties	7	14.873	13.538
Other receivables		261.321	49.916
Related parties	22	207.900	-
Third parties	8	53.421	49.916
Inventories	9	284.211	221.283
Prepaid expenses		11.105	17.743
Current income tax assets		25	2.997
Other current assets		1.342	-
Total current assets		**1.127.699**	**954.766**
Non-current assets			
Property, plant and equipment	10	330.022	308.563
Intangible assets	11	55.897	48.501
Other non-current assets		55.897	48.501
Prepaid expenses		2.557	3.397
Deferred tax asset	20	5.757	-
Total non-current assets		**394.233**	**360.461**
TOTAL ASSETS		**1.521.932**	**1.315.227**

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 2013 AND 31 DECEMBER 2012

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

	Notes	30 September 2013	Audited 31 December 2012
LIABILITIES			
Current liabilities			
Financial liabilities	6	337.836	287.817
Financial liabilities to related parties	6	27.209	-
Trade payables		454.788	413.006
Related parties	22	17.447	7.587
Third parties	7	437.341	405.419
Provision for employment benefits		10.950	6.313
Derivative financial instruments	5	50.577	8.673
Current income tax liabilities		2.175	-
Short term provisions		337	928
Other short term provisions		337	928
Other short term liabilities		4.273	3.402
Total current liabilities		**888.145**	**720.139**
Non-current liabilities			
Financial liabilities	6	106.944	87.698
Other financial liabilities			
Long term provisions		14.592	12.607
Provision for employment benefits	13	14.592	12.607
Deferred tax liability	20	-	3.527
Total non-current liabilities		**121.536**	**103.832**
TOTAL LIABILITIES		**1.009.681**	**823.971**

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 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	30 September 2013	Audited 31 December 2012
EQUITY			
Paid in capital	14.a	190.000	190.000
Adjustments to share capital	14.b	9.734	9.734
Share premium	14.c	109.031	109.031
Other comprehensive income not to be reclassified to profit or loss		(1.547)	(947)
Revaluation gain / loss		(1.547)	(947)
- Actuarial gain / loss arising from defined benefit plans		(1.547)	(947)
Other comprehensive income to be reclassified to profit or loss		(23.934)	-
Derivative instruments gain / loss		(23.934)	-
Restricted reserves	14.d	38.886	38.886
Accumulated profit		144.552	162.096
Net income / (loss) for the period		45.529	(17.544)
Total equity		**512.251**	**491.256**
TOTAL LIABILITIES AND EQUITY		**1.521.932**	**1.315.227**

Condensed financial statements for the interim period 1 January - 30 September 2013 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 28 October 2013.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2013	1 July - 30 September 2012
Revenue	15	1.556.084	1.409.720	497.875	493.144
Cost of sales		(1.417.325)	(1.371.958)	(456.991)	(491.360)
Gross profit		**138.759**	**37.762**	**40.884**	**1.784**
Marketing, selling and distribution expenses		(26.671)	(23.955)	(8.334)	(8.726)
General administrative expenses		(23.254)	(19.229)	(6.860)	(7.176)
Research and development expenses		(18.079)	(14.490)	(6.095)	(5.327)
Other operating income	16	78.969	83.301	39.702	17.220
Other operating expense	17	(50.203)	(63.350)	(19.601)	(8.292)
Operating profit / (loss)		**99.521**	**39**	**39.696**	**(10.517)**
Financial income	18	60.064	82.038	20.068	33.982
Financial expense	19	(115.030)	(85.511)	(43.501)	(49.175)
Profit / (loss) before tax		**44.555**	**(3.434)**	**16.263**	**(25.710)**
Tax benefit / (expense)					
Current tax benefit / (expense)	20	(2.175)	-	(2.175)	916
Deferred tax benefit / (expense)	20	3.149	310	2.959	2.089
Net income / (loss) for the period		**45.529**	**(3.124)**	**17.047**	**(22.705)**
Earnings / (Loss) per share (TL, full) with 1 TL face value	21	**0,24**	**(0,02)**	**0,09**	**(0,12)**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	1 January - 30 September 2013	**1 January - 30 September 2012**	**1 July - 30 September 2013**	**1 July - 30 September 2012**
Other comprehensive income / (loss)				
Items not be reclassified to profit and loss	**(600)**	**-**	**(383)**	**-**
Actuarial loss arising from defined benefit plans	(750)	-	(479)	-
Tax effect other comprehensive income not to be reclassified to profit or loss	150	-	96	-
Deferred tax income / loss	150	-	96	-
Items to be reclassified to profit or loss	**(23.934)**	**-**	**(7.869)**	**-**
Cash flow hedges	(29.919)	-	(9.837)	-
Tax effect of other comprehensive income to be reclassified to profit or loss	5.985	-	1.968	-
Deferred tax income / loss	5.985	-	1.968	-
Other comprehensive income / (loss)	**(24.534)**	**-**	**(8.252)**	**-**
Total comprehensive (loss) / income for the period	**20.995**	**(3.124)**	**8.795**	**(22.705)**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

				Other comprehensive income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss		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 income / (loss) for the period	Total equity
Balances at 1 January 2012	**190.000**	**9.734**	**109.031**	**-**	**-**	**37.921**	**142.916**	**20.145**	**509.747**
Transfer to accumulated deficit	-	-	-	-	-	-	20.145	(20.145)	-
Transfer to restricted reserves	-	-	-	-	-	965	(965)	-	-
Total comprehensive income	-	-	-	-	-	-	-	(3.124)	(3.124)
Balances at 30 September 2012	**190.000**	**9.734**	**109.031**	**-**	**-**	**38.886**	**162.096**	**(3.124)**	**506.623**
Balances at 1 January 2013	**190.000**	**9.734**	**109.031**	**(947)**	**-**	**38.886**	**162.096**	**(17.544)**	**491.256**
Transfer to accumulated deficit	-	-	-	-	-	-	(17.544)	17.544	-
Total comprehensive income	-	-	-	(600)	(23.934)	-	-	45.529	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**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 30 September 2013	1 January - 30 September 2012
Operating activities:			
Net income for the period		**45.529**	**(3.124)**
Adjustments to reconcile net cash provided from operating activities to income before taxes:			
- Depreciation and amortization of fixed assets		54.909	46.738
- Warranty and assembly provisions		-	(19.627)
- Changes in other provisions		(591)	551
- Provision for employment termination benefits	13	5.285	3.976
- Changes in provision for impairment on inventories	9	(2.461)	3.113
- Interest expense	19	20.449	15.985
- Interest income	18	(158)	(629)
- Tax loss / income adjustments		(974)	(310)
- (Gain) / loss from sales of tangible and intangible assets		(59)	(147)
- Derivative financial instruments (income) / expense accrual		11.987	2.860
- Unrealized foreign exchange gain / loss		21.369	3.161
Change in blocked cash and cash equivalents	4	(1.097)	-
Changes in working capital:			
(Increase) / decrease in trade receivables		103.013	(12.920)
(Increase) / decrease in inventories		(60.467)	(40.960)
(Increase) / decrease in other receivables and other current assets		(203.137)	(26.447)
(Increase) / decrease in other non-current assets		840	-
(Decrease) / increase in trade payales		41.782	(26.737)
(Decrease) / increase in other payales and other liabilities		5.508	1.891
Cash flows from operations			
Employement termination benefits paid	13	(4.050)	(1.401)
Current income taxes paid	20	-	(2.896)
Net cash provided by / (used in) operating activities		**37.677**	**(56.923)**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Investing activities:	**Notes**	**1 January - 30 September 2013**	**1 January - 30 September 2012**
Acquisition of tangible assets	10	(70.819)	(47.407)
Cash provided from sales of tangible and intangible assets		773	327
Acquisition of intangible assets	11	(13.659)	(13.715)
Net cash used in investing activities		**(83.705)**	**(60.795)**
Financing activities:			
Proceeds from bank borrowings		263.350	291.500
Repayment of bank borrowings		(221.291)	(147.384)
Repayment of borrowings from related parties		27.209	-
Interest paid		(14.612)	(11.810)
Interest received		156	629
Net cash provided by financing activities		**54.812**	**132.935**
Net (decrease) / increase in cash and cash equivalents before currency translation differences		**8.784**	**15.217**
Net (decrease) / increase in cash and cash equivalents		**8.784**	**15.217**
Cash and cash equivalents at the begninning of the period	4	**25.887**	**7.216**
Cash and cash equivalents at the end of the period		**34.671**	**22.433**

(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 Zorlu Plaza, 34310 Avcılar / Istanbul.

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 312.000 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 (note 22).

As of 30 September 2013, the number of personnel employed was 5.838 (31 December 2012: 5.886).

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

	Share %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	85,41
Other shareholders	14,59
	100,00

As of 30 September 2013, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul ("BİST") (31,5 % of its share capital; 31 December 2012: 31,5 %).

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying condensed interim 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.

The Company prepared its condensed interim financial statements for the period ended 30 September 2013 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.

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 condensed interim financial statements, except for the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These condensed interim 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/TFRS. According to CMB Communiqué Serial II, No: 14.1 and its related announcements, entities presenting condensed financial statements in the interim periods are obliged to disclose their foreign currency positions, total export and import amounts and hedged portion of their total foreign currency risks (note 23).

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, 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.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2.2. Summary of significant accounting policies

The accounting policies used in the preparation of these condensed interim financial information are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2012 except for the following:

Provision for taxation on income at interim periods is calculated by considering the effective tax rate on the annual results. Expenses that are incurred unevenly during the financial year are anticipated or deferred for interim reporting purposes if it is also appropriate to anticipate or defer those type of costs as at the end of the financial year.

The condensed interim financial information for the period 1 January – 30 September 2013 should be evaluated together with the annual financial statements for the year ended at 31 December 2012.

2.3. Amendments in International Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2013 and are adopted by the Company:

- IAS 19 (Amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Actuarial gains and losses arising from the calculations of provision for employment termination benefits will be classified under other comprehensive income without having an effect on the net profit/ loss for the year.

  Interest cost incurred in employment termination benefits is classified as financial expense instead of operational expenses in the income statement.

  As a result of retrospective application of these amendments, actuarial loss classified as general administrative expenses in Company's statement of comprehensive income as of 31 December 2012 amounting to 1.184 TL is restated by presenting in other comprehensive expense and actuarial loss fund in the balance sheet; interest cost classified as general administrative expenses amounting to 858 TL is revised by presenting in financial expenses.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

As a result of the restatement, the Company made necessary correction in the financial statements as of 31 December 2012, the earliest date at which actuarial gain/ loss can be calculated. Net loss of the Company is decreased by 947 TL as a result of actuarial loss and deferred tax effect related to employment termination benefits as of 31 December 2012 whereas the restatement has no effect on total comprehensive expenses and equity. There is no actuarial gain/loss related with the employment termination benefits as of 30 September 2012, and interest cost classified as general administrative expenses in the statement of comprehensive income amounting to 644 TL is classified as financial expenses. This reclassification has no effect on the net profit of the Company as of and for the year ended 30 September 2012.

- Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income, 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

  The amendment does not have a significant impact on the Company's condensed interim financial statements.

- IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.

  The amendment does not have a significant impact on the Company's condensed interim financial statements.

- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

  The amendment does not have a significant impact on the Company's condensed interim financial statements.

b) New standards, amendments and interpretations issued and effective as of 1 January 2013 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM 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:

- IFRS 9, “Financial instruments” is not applicable until 1 January 2015 but is available for early adoption. This standard is the first step in the process to replace IAS 39, “Financial instruments: Recognition and Measurement”. IFRS 9 introduces new requirements for classifying and measuring financial assets. "Impairment of financial assets" and IAS 39 hedge accounting provisions relating to the implementation are ongoing.

- IAS 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 IAS 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 interim financial statements.

  The amendments do not have significant impact on the Company’s interim financial statements.

2.4. Comparative information and restatement of prior period financial statements

Condensed interim 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.

The Company has made reclassifications in the statement of comprehensive income as of 30 September 2012 between the net sales and cost of sales related to the supplier industry transactions that amounts to 191.269 TL; between net sales and other operating income related to term sales transactions that amounts to 12.636 TL; between cost of sales and other operating expenses related to term purchases transactions that amounts to 10.179 TL. These reclassifications have no effect on the retained earnings and current year income of the Company.

The Company has made below reclassifications in prior period condensed interim financial statements in line with the illustrative financial statements and disclosures guidance issued by CMB with the decision taken on the meeting held on 7 June 2013, numbered 20/670.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

The Company has made reclassification between financial income and other income amounting to 47.293 TL, between financial expense and other expense amounting to 51.827 TL in 30 September 2012 financial statements. For financial statements of 31 December 2012, reclassifications are between other current assets and prepaid expense amounting to 17.743 TL, between other current assets and current tax assets amounting to 2.997 TL, between other non-current assets and prepaid expenses amounting to 3.397 TL, between employee termination benefits and debt provision amounting to 6.313 TL. Those reclassifications have no effect on retained earnings and current period income.

2.5. Significant accounting estimates and judgments

Preparation of condensed interim 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).

ii. Derivative financial instruments and cash flow hedges:

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative financial instruments are disclosed under assets if their fair value is positive, and under liabilities if their fair value is negative. The income and losses recognition of derivative financial instruments vary on the basis on which they are classified and whether they are designated to provide effective economic hedges.

The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated, and effectiveness of the hedge consistent with the documented risk management strategy.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

a) Derivative financial instruments held for trading:

The Company's held for trading derivative financial instruments consist of forward foreign currency purchase and sale contracts. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognized as financial income / expense in the income statement.

b) Cash flow hedge:

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves". The gains and losses related to the ineffective portion are immediately transferred to comprehensive income as financial income / expense. The amounts recognized under hedging reserves are transferred to the income statement in the period in which the hedged item affects the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the hedged item affects profit or loss. Accordingly the Company has designated and accounted some of its derivative contracts which are entered into on and after 1 April 2013 as cash flow hedges which qualify for hedge accounting under the specific rules of IAS 39.

i. Research and development cost

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.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

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.

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2.6. Additional paragraph for convenience translation into English of financial statements originally issued in Turkish

The financial reporting standards described in note 2 (defined as "CMB Financial Reporting Standards") to the financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

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 strategical 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.

Segment revenue	**1 January - 30 September 2013**	**1 January - 30 September 2012**	**1 July- 30 September 2013**	**1 July- 30 September 2012**
Turkey	468.645	348.421	126.971	110.308
Europe	795.733	741.323	278.740	230.799
Other	292.264	321.193	92.319	152.887
Gross sales	1.556.642	1.410.937	498.030	493.994
Discounts (-)	(558)	(1.217)	(155)	(850)
Net sales	**1.556.084**	**1.409.720**	**497.875**	**493.144**

The amount of export is 1.087.997 TL for the period 1 January - 30 September 2013 (1 January-30 September 2012: 1.062.516 TL). Export sales are denominated in EURO, USD and RUB as %92, %6,2 and %1,8 of total export respectively. (1 January-30 September 2012: %89 EUR, %7,9 USD, %3,1 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.

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2013	31 December 2012
Cash	71	36
Bank deposits		
- Demand deposits	6.017	367
- Time deposits	28.583	25.484
Blocked deposits	2.428	1.331
Cash and cash equivalents	**37.099**	**27.218**

Effective interest rates

	30 September 2013	31 December 2012
EUR	1,04%	0,50%
TL	-	6,00%
USD	0,50%	0,75%

The maturity of time deposits is 1 October 2013 for the period ended 30 September 2013 (31 December 2012: 2 January 2013).

NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2013		31 December 2012	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Held for trading				
Forward transactions	599.854	(17.711)	1.363.384	(9.310)
Foreign currency swap contracts	50.000	(2.949)	20.000	637
Cash flow hedge				
Forward transactions	328.675	(29.917)	-	-
	978.529	**(50.577)**	**1.383.384**	**(8.673)**

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

NOTE 6 – FINANCIAL LIABILITIES

	30 September 2013	31 December 2012
Short - term financial liabilities		
Short - term bank loans	266.907	264.839
Short - term portion of long - term bank loans	70.929	22.978
Financial liabilities from related parties (note 22)	27.209	-
	365.045	**287.817**
Long - term financial liabilities		
Long - term bank loans	106.944	87.698
	106.944	**87.698**

Summary of the Company's short term financial liabilities is given below:

	30 September 2013			31 December 2012		
Currency	**Weighted average effective annual interest rate**	**Original amount**	**TL Amount**	**Weighted average effective annual interest rate**	**Original amount**	**TL Amount**
- USD	3,14%	25.212	51.286	4,62%	50.092	89.294
- EUR	3,45%	18.158	49.905	4,62%	13.099	30.804
- TL	6,39%	165.716	165.716	5,42%	144.741	144.741
			266.907			**264.839**

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

NOTE 6 – FINANCIAL LIABILITIES (Cont'd)

Summary of the Company's long term financial liabilities is given below:

	30 September 2013			31 December 2012		
Currency	**Weighted average effective annual interest rate**	**Original amount**	**TL Amount**	**Weighted average effective annual interest rate**	**Original amount**	**TL Amount**
- EUR	4,62%	24.363	66.959	4,35%	8.755	20.588
- TL	8,26%	3.970	3.970	13,51%	2.390	2.390
Short term			**70.929**			**22.978**
- USD	4,37%	8.583	17.460	-	-	-
- EUR	4,62%	7.633	20.979	4,35%	29.767	70.004
- TL	8,26%	68.505	68.505	13,51%	17.694	17.694
Long term			**106.944**			**87.698**
			177.873			**110.676**

Summary of the maturity schedule of Company's long term financial liabilities is given below:

	30 September 2013	**31 December 2012**
One to two years	35.536	72.931
Two to three years	67.398	7.677
Three to four years	4.010	3.806
Four to five years	-	3.284
	106.944	**87.698**

Total amount of Company's floating rate loans is 32.693 TL. (31 December 2012: 32.928 TL).

The letters of guarantees obtained for bank loans are explained in note 12.a.

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 September 2013	31 December 2012
Short - term trade receivables		
Trade receivables		
- Related parties (note 22)	518.530	624.535
- Third parties	15.040	13.151
Cheques and notes receivables	-	520
	533.570	638.206
Unearned interest expense (-)		
- Related parties (note 22)	(807)	(2.464)
- Third parties	(129)	(95)
Allowance for doubtful receivables (-)	(38)	(38)
Total short - term trade receivables	**532.596**	**635.609**

	30 September 2013	31 December 2012
Short - term trade payables		
Trade payables		
- Related parties (note 22)	17.453	7.589
- Third parties	438.275	406.082
	455.728	413.671
Unearned interest income (-)		
- Related parties (note 22)	(6)	(2)
- Third parties	(934)	(663)
Total short - term trade payables	**454.788**	**413.006**

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

NOTE 8 – OTHER RECEIVABLES

	30 September 2013	31 December 2012
Short - term other receivables		
VAT receivable	49.026	47.688
Receivables from related parties (note 22)	207.900	--
Deposits and guarantees given	4.023	2.055
Allowance for doubtful receivables (-)	372	173
	261.321	**49.916**

NOTE 9 – INVENTORIES

	30 September 2013	31 December 2012
Raw materials	191.324	132.539
Work in process	8.709	7.327
Finished goods	82.649	84.580
Merchandise	91	27
Other	3.374	1.207
	286.147	225.680
Provision for impairment on inventories (-)	(1.936)	(4.397)
	284.211	**221.283**

Allocation of provision for impairment on inventories in terms of inventory type is as follows:

	30 September 2013	31 December 2012
Raw materials	1.514	1.278
Finished goods and merchandise	422	3.119
	1.936	**4.397**

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

NOTE 9 – INVENTORIES (Cont'd)

Movement of provision for diminution in value of inventories is as follows:

	1 January - 30 September 2013	1 January - 30 September 2012
Opening balance, 01 January	**4.397**	**3.210**
Current year additions	448	6.323
Realised due to sale of inventory	(2.909)	(3.210)
Closing balance, 30 September	**1.936**	**6.323**

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2013	Additions	Disposals	Transfers	30 September 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**

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2012	Additions	Disposals	Transfers	30 September 2012
Cost					
Land	6.547	-	-	-	6.547
Land improvements	2.660	-	-	-	2.660
Buildings	62.140	624	-	171	62.935
Leasehold improvements	2.146	275	-	117	2.538
Plant and machinery	499.407	33.973	(393)	38.278	571.265
Motor vehicles	212	278	(168)	-	322
Furniture and fixtures	25.417	2.321	(54)	243	27.927
Construction in progress	37.924	9.936	-	(38.809)	9.051
	636.453	**47.407**	**(615)**	**-**	**683.245**
Accumulated depreciation					
Land improvements	1.708	116	-	-	1.824
Buildings	22.480	1.840	-	-	24.320
Leasehold improvements	1.571	65	-	-	1.636
Plant and machinery	303.605	39.595	(300)	-	342.900
Motor vehicles	204	26	(168)	-	62
Furniture and fixtures	15.836	2.172	(24)	-	17.984
	345.404	**43.814**	**(492)**	**-**	**388.726**
Net book value	**291.049**				**294.519**

The Company's policy is to trace all material and significant fixed asset additions under construction in progress and transfer to the related fixed asset accounts when the construction process is completed. Construction-in-progress balance represented investment made to increase its first and second refrigerator, washing machine, cooker and dishwasher factories.

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

NOTE 11 – INTANGIBLE ASSETS

	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**

	1 January 2012	Additions	Disposals	30 September 2012
Cost				
Rights	6.395	48	-	6.443
Development cost	53.680	12.140	(58)	65.762
Other intangible assets	3.217	1.527	-	4.744
	63.292	**13.715**	**(58)**	**76.949**
Accumulated amortization				
Rights	6.339	2	-	6.341
Development cost	20.890	2.687	-	23.577
Other intangible assets	1.787	235	-	2.022
	29.016	**2.924**	**-**	**31.940**
Net book value	**34.276**			**45.009**

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.

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

NOTE 12 – CONTINGENT ASSETS AND LIABILITIES

a) Contingent assets

As of the balance sheet date guarantee letters obtained from customers and suppliers are given below:

	30 September 2013	31 December 2012
Guarantee letters	4.244	5.777
Cheques and notes	14.621	12.793
Collaterals and pledges (*)	2.608.921	1.978.924
	2.627.786	**1.997.494**

(*) Vestel Elektronik Sanayi ve Ticaret A.Ş. has given guarantees to various banks on behalf of the Company for its forward contracts.

b) Commitments and contingencies

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 2013				
A. CPM's given on behalf of its own legal entity	-	2.000	8.174	13.671
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	1.678.762	222.363	1.342.278	5.368.358
i. Total amount of CPM's given on behalf of the parent company	1.350.789	85.000	893.400	3.874.789
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	327.973	137.363	448.878	1.493.569
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.678.762**	**224.363**	**1.350.452**	**5.382.029**

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

NOTE 12 – CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2012				
A. CPM's given on behalf of its own legal entity	-	2.000	10.970	15.673
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	1.553.886	169.700	829.915	3.998.955
i. Total amount of CPM's given on behalf of the parent company	1.298.000	65.000	581.739	3.048.414
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	255.886	104.700	248.176	950.541
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.553.886**	**171.700**	**840.885**	**4.014.628**

Proportion of other CPM's given by the Company to its equity is % 1.048 as of 30 September 2013 (31 December 2012: 814 %).

- Due to the export and investment incentive certificates obtained, as of 30 September 2013 the Company has committed to realize exports amounting to 370.136 thousand USD (31 December 2012: 332.845 thousand USD).

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

- The payment of VAT and SCT on certain export sales may be postponed and later cancelled by the tax office subject to clearance of certain routine formalities in due course. Responsibility of the Company continues until such clearance however no liability has arisen in the past and no liability is reasonably expected for the future. As of 30 September 2013 the amount of postponed VAT and SCT is 62.122 TL (31 December 2012: 66.421 TL).

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

NOTE 12 – CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Derivative financial instruments

As of 30 September 2013 the Company has forward foreign currency purchase contract that amounts to 139.871 thousand USD, 81.054 thousand EUR, 420.564 TL, 299 thousand CHF against forward foreign currency sales contract that amounts to 77.267 thousand USD, 222.000 thousand EUR, 434.437 thousand RUB, 299 thousand CHF and 176.426 TL (31 December 2012 :383.667 thousand USD, 140.241 thousand EUR, 48.832 thousand RUB and 339.247 TL purchase contract against 62.478 thousand USD, 418.885 thousand EUR, 808.282 thousand RUB and 219.974 TL sales contract).

NOTE 13 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 September 2013	31 December 2012
Provision for employment termination benefits	**14.592**	**12.607**

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 06.03.1981, No.2422 and 25.08.1999, 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 3.254,44 TL/year as of 30 September 2013 (31 December 2012: 3.033,98 TL/year).

The Company has no other obligation for employee termination other than the retirement pay above.
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 2013 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 2013 provision is calculated based on real discount rate of %3,83 (31 December 2012: 3,83%) assuming 5,00% annual inflation rate and 9,02% discount rate.

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

NOTE 13 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Cont'd)

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

	1 January - 30 September 2013	1 January - 30 September 2012
Balance at 1 January	**12.607**	**9.461**
Increase during the year	4.716	3.334
Payments during the year	(4.050)	(1.401)
Actuarial loss	750	-
Interest expense	569	642
Balance at 30 September	**14.592**	**12.036**

NOTE 14 – EQUITY

a) Paid in capital

	30 September 2013	31 December 2012
Shares of par value TL 1 each		
Issued share capital	190.000	190.000

As of 30 September 2013 and 31 December 2012 the shareholding structure is as follows:

	Shareholding %		Amount	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Vestel Elektronik Sanayi ve Ticaret A.Ş. (Includes the board of directors)	85,41%	75,28%	162.279	143.023
Shares open to public (BİST)	14,59%	24,72%	27.721	46.977
	100%	**100%**	**190.000**	**190.000**

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

NOTE 14 – EQUITY (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 2013	31 December 2012
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 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**

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	**38.886**	**38.886**

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

NOTE 15 – SALES AND COST OF SALES

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Domestic sales	468.645	348.421	126.971	110.308
Foreign sales	1.087.997	1.062.516	371.059	383.686
Gross sales	**1.556.642**	**1.410.937**	**498.030**	**493.994**
Less: Sales discounts (-)	(558)	(1.217)	(155)	(850)
Net sales	**1.556.084**	**1.409.720**	**497.875**	**493.144**
Cost of sales	(1.417.325)	(1.371.958)	(456.991)	(491.360)
Gross profit	**138.759**	**37.762**	**40.884**	**1.784**

NOTE 16 – OTHER OPERATING INCOME

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Interest income from trading activities	12.922	14.420	4.707	5.021
Foreign exchange gains from trading activities	63.063	45.509	34.205	11.880
Provisions released (*)	669	19.627	-	-
Other	2.315	3.745	790	319
	78.969	**83.301**	**39.702**	**17.220**

(*) In accordance with the Board of Directors' decision of the Company in 1 January 2012 and Vestel Ticaret A.Ş., warranty provisions which arises from the production sales of Vestel Ticaret A.Ş. , has been released in 30 September 2012 and accounted under "Other income" due to the transfer of warranty liabilities to Vestel Ticaret A.Ş. .

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

NOTE 17 – OTHER OPERATING EXPENSE

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Interest expense from trading activities	6.732	12.152	867	3.562
Foreign exchange loss from trading activities	39.989	47.413	17.535	4.076
Other	3.482	3.785	1.199	654
	50.203	**63.350**	**19.601**	**8.292**

NOTE 18 – FINANCIAL INCOME

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Foreign exchange gains	12.742	25.672	6.158	8.433
Gains on derivative financial instruments	47.164	55.737	13.842	25.458
Interest income	158	629	68	91
	60.064	**82.038**	**20.068**	**33.982**

NOTE 19 – FINANCIAL EXPENSE

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Foreign exchange loss	41.633	19.395	19.677	13.461
Losses on derivative financial instruments	52.236	49.412	16.903	28.184
Interest expense	20.449	15.985	6.870	7.279
Other	712	719	51	251
	115.030	**85.511**	**43.501**	**49.175**

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

NOTE 20 – TAX ASSETS AND LIABILITIES

Company's tax liabilities as of the balance sheet dates are as follows:

	30 September 2013	31 December 2012
Corporation and income taxes	(2.175)	-
Prepaid taxes (-)	-	-
Current income tax liabilities - net	**(2.175)**	**-**
Deferred tax liability	-	(3.527)
Deferred tax asset	5.757	-
	3.582	**(3.527)**

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 with the intention to be utilized in a share capital increase within five years from the date of the sale.

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.

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

NOTE 20 – TAX ASSETS AND LIABILITIES (Cont'd)

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% (31 December 2012:%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 2013	**31 December 2012**	**30 September 2013**	**31 December 2012**
Deferred tax assets				
Employment termination benefits	(14.592)	(12.607)	2.918	2.521
Trade receivable rediscount expense	(936)	(2.559)	187	512
Provision for impairment on inventories	(1.936)	(4.397)	387	879
Derivative financial instruments	(50.577)	(8.673)	10.115	1.735
Other	(5.097)	(2.175)	1.019	435
			14.626	**6.082**

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

NOTE 20 – TAX ASSETS AND LIABILITIES (Cont'd)

	Cumulative temporary differences		Deferred tax	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Deferred tax liabilites				
Property, plant and equipment and intangible assets	42.847	47.298	(8.569)	(9.460)
Other	(1.500)	745	(300)	(149)
			(8.869)	**(9.609)**
Deferred tax assets / (liabilites) - net			**5.757**	**(3.527)**

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

	1 January - 30 September 2013	1 January - 30 September 2012
Opening balance, 01 January	**(3.527)**	**(3.725)**
Tax expense recognized in income statement	3.149	310
Tax recognized directly in the shareholders' equity	6.135	-
Deferred tax (liabilities) / assets - net at the end of the period	**5.757**	**(3.415)**

NOTE 21 – EARNINGS PER SHARE

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Net income attributable to equity holders of the parent	45.529	(3.124)	17.047	(22.705)
Weighted average number of ordinary shares (thousand shares)	190.000	190.000	190.000	190.000
	0,24	**(0,02)**	**0,09**	**(0,12)**

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

NOTE 22 – RELATED PARTY DISCLOSURES

a) Short-term trade receivables from related parties

	30 September 2013	31 December 2012
Vestel Ticaret A.Ş.	518.236	621.861
Vestel CIS Limited	268	2.655
Other related parties	26	19
	518.530	624.535
Unearned interest on receivables (-)	(807)	(2.464)
	517.723	**622.071**

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.

b) Short-term trade payables to related parties

	30 September 2013	31 December 2012
Vestel Elektronik Sanayi ve Ticaret A.Ş.	3.998	1.958
Vestel Holland B.V.	12.967	5.288
Other related parties	488	343
	17.453	7.589
Unearned interest on payables (-)	(6)	(2)
	17.447	**7.587**

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

NOTE 22 – RELATED PARTY DISCLOSURES (Cont'd)

c) Other short-term receivables from related parties

	30 September 2013	31 December 2012
Vestel Ticaret A.Ş.	207.900	-

The annual interest rate of the other payables to Vestel Ticaret A.Ş. is %10,2 for TL and maturity is 30 December 2013.

d) Financial liabilities from related parties

	30 September 2013	31 December 2012
Vestel Ticaret A.Ş.	27.209	-

As of 30 September 2013, financial liabilities from Vestel Ticaret A.Ş. is related to the loans obtained from Vestel Ticaret A.Ş. from various financial institutions and transferred to the Company with the same conditions. The annual average effective interest rate of the loans transferred from Vestel Ticaret A.Ş. is %5 for TL.

e) Transactions with related parties

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Sales				
Vestel Ticaret A.Ş.	1.531.131	1.380.827	488.870	483.081
Vestel Elektronik Sanayi ve Ticaret A.Ş.	7.500	6.835	2.097	2.306
Vestel CIS Limited	93	-	-	-
Other related parties	17	3.560	3	56
	1.538.741	**1.391.222**	**490.970**	**485.443**

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

NOTE 22 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Purchases and operating expenses				
Vestel Holland BV	359.806	272.365	104.330	73.549
Vestel Elektronik Sanayi ve Ticaret A.Ş.	36.905	25.539	11.506	5.798
Other related parties	6.862	6.980	2.025	1.355
	403.573	**304.884**	**117.861**	**80.702**

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 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Other operating income				
Vestel Ticaret A.Ş.	66.126	10.875	33.984	4.467
Other related parties	2.816	1.446	1.362	736
	68.942	**12.321**	**35.346**	**5.203**

	1 January - 30 September 2013	1 January - 30 September 2012	1 July- 30 September 2013	1 July- 30 September 2012
Other operating expense				
Vestel Ticaret A.Ş.	3.698	36.622	-	-
Other related parties	1.878	1.798	686	888
	5.576	**38.420**	**686**	**888**

f) 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 2013 is 2.893 TL (1 January.-30 September 2012: 1.539 TL).

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

NOTE 23 – FOREIGN CURRENCY POSITION

30 September 2013	USD	EUR	Other Currencies (TL Equivalent)	TL Equivalent
1. Trade receivables	11.983	122.893	37.019	399.154
2a. Monetary financial assets (including cash and cash equivalents)	303	10.222	5.288	33.999
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	**12.286**	**133.115**	**42.307**	**433.153**
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)	**12.286**	**133.115**	**42.307**	**433.153**
10. Trade payables	112.375	32.580	175	318.311
11. Financial liabilities	25.212	42.521	-	168.150
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**137.587**	**75.101**	**175**	**486.461**
14. Trade payables	-	-	-	-
15. Financial liabilities	8.583	7.633	-	38.439
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**8.583**	**7.633**	**-**	**38.439**
18. Total liabilities (13+17)	**146.170**	**82.734**	**175**	**524.900**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**62.604**	**(138.946)**	**(27.100)**	**(281.630)**
19a. Hedged total assets	139.871	81.054	-	507.294
19b. Hedged total liabilities	(77.267)	(220.000)	(27.100)	(788.925)
20. Net foreign currency asset/ (liability) position (9-18+19)	**(71.280)**	**(88.565)**	**15.032**	**(373.377)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(133.884)**	**50.381**	**42.132**	**(91.747)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(50.577)**
23. Export	35.914	420.159	19.250	1.087.997
24. Import	193.078	165.355	47.992	762.159

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2013
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

31 December 2012	USD	EUR	Other Currencies (TL Equivalent)	TL Equivalent
1. Trade receivables	16.048	152.229	45.709	432.313
2a. Monetary financial assets (including cash and cash equivalents)	426	518	36	2.014
2b. Non-monetary financial assets	-	-	-	-
3. Other	11.220	4.511	107	30.716
4. Current assets (1+2+3)	**27.694**	**157.258**	**45.852**	**465.043**
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)	**27.694**	**157.258**	**45.852**	**465.043**
10. Trade payables	105.968	39.624	118	282.200
11. Financial liabilities	50.092	21.853	-	140.686
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**156.060**	**61.477**	**118**	**422.886**
14. Trade payables	-	-	-	-
15. Financial liabilities	-	29.767	-	70.004
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**29.767**	**-**	**70.004**
18. Total liabilities (13+17)	**156.060**	**91.244**	**118**	**492.890**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**321.189**	**(278.644)**	**(44.109)**	**(126.844)**
19a. Hedged total assets	383.667	140.241	2.836	1.016.566
19b. Hedged total liabilities	(62.478)	(418.885)	(46.945)	(1.143.410)
20. Net foreign currency asset/ (liability) position (9-18+19)	**192.823**	**(212.630)**	**1.625**	**(154.691)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(139.586)**	**61.503**	**45.627**	**(58.563)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(8.673)**
23. Export	59.498	570.162	35.144	1.455.670
24. Import	251.244	218.536	1.360	955.284

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

	Gain / Loss		Equity	
30 September 2013	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(27.235)	27.235	(27.235)	27.235
Secured portion from USD risk (-)	(2.081)	2.081	12.913	(12.913)
USD net effect	**(29.316)**	**29.316**	**(14.322)**	**14.322**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	13.847	(13.847)	13.847	(13.847)
Secured portion from EUR risk (-)	(3.389)	3.389	(39.375)	39.375
EUR net effect	**10.458**	**(10.458)**	**(25.528)**	**25.528**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	4.213	(4.213)	4.213	(4.213)
Secured portion from other currency risk (-)	(2.715)	2.715	(2.715)	2.715
Other currency net effect	**1.498**	**(1.498)**	**1.498**	**(1.498)**

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

	Gain / Loss		Equity	
31 December 2012	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(24.883)	24.883	(24.883)	24.883
Secured portion from USD risk (-)	57.255	(57.255)	57.255	(57.255)
USD net effect	**32.372**	**(32.372)**	**32.372**	**(32.372)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	14.464	(14.464)	14.464	(14.464)
Secured portion from EUR risk (-)	(65.529)	65.529	(65.529)	65.529
EUR net effect	**(51.065)**	**51.065**	**(51.065)**	**51.065**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(4.564)	4.564	(4.564)	4.564
Secured portion from other currency risk (-)	4.411	(4.411)	4.411	(4.411)
Other currency net effect	**(153)**	**153**	**(153)**	**153**