

**VESTEL BEYAZ EŐYA SANAYİ VE
TİCARET ANONİM ŐİRKETİ
CONDENSED INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2012 TOGETHER WITH
AUDITOR'S REVIEW REPORT**

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012
TOGETHER WITH AUDITOR'S REVIEW REPORT

Vestel Beyaz EŐya Sanayi ve Ticaret A.Ő.
To the Shareholders and Board of Directors of

We have reviewed the accompanying statement of condensed interim financial position of Vestel Beyaz EŐya Sanayi ve Ticaret A.Ő. (the "Company") as at 30 June 2012, and the statements of condensed interim comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with financial reporting standards published by the Capital Markets Board. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with auditing standards published by the Capital Markets Board, Communiqué: X No: 22. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information of Vestel Beyaz EŐya Sanayi ve Ticaret A.Ő. is not prepared, in all material respects, in accordance with financial reporting standards published by the Capital Market Board.

EREN Bağımsız Denetim ve Yeminli Mali MüŐavirlik A.Ő.
Member Firm of Grant Thornton International

Nazım Hikmet
Partner

Istanbul, 15.08.2012

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2012

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VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS
AS OF 30 JUNE 2012 AND 31 DECEMBER 2011

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 30.06.2012	Audited 31.12.2011
Assets			
Current assets			
Cash and cash equivalents	5	88.075	7.321
Trade receivables			
-Related parties	15	561.409	601.607
-Third parties		7.520	3.960
Other receivables		46.455	33.989
Inventories		301.293	229.778
Derivative financial instruments	6	9.208	12.557
Other assets		16.379	4.471
Total current assets		1.030.339	893.683
Non-current assets			
Property, plant and equipment	8	296.928	291.049
Intangible assets	9	41.456	34.276
Other assets		8.341	--
Total non-current assets		346.725	325.325
Total assets		1.377.064	1.219.008

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 JUNE 2012 AND 31 DECEMBER 2011

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 30.06.2012	Audited 31.12.2011
Liabilities and equity			
Current liabilities			
Financial liabilities	7	363.505	187.867
Trade payables			
-Related parties	15	15.951	18.278
-Third parties		409.787	423.960
Provisions	10	1.240	20.183
Other liabilities		11.351	9.435
Total current liabilities		801.834	659.723
Non-current liabilities			
Financial liabilities	7	29.320	36.352
Provision for employment termination benefits		11.076	9.461
Deferred tax liability		5.506	3.725
Total non-current liabilities		45.902	49.538
Equity			
Paid in capital		190.000	190.000
Adjustments to share capital		9.734	9.734
Share premium		109.031	109.031
Restricted reserve		38.886	37.921
Retained earnings		162.096	142.916
Net profit for the period		19.581	20.145
Total equity		529.328	509.747
Total liabilities and equity		1.377.064	1.219.008

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 PERIOD ENDED 30 JUNE 2012 AND 30 JUNE 2011

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 01.01.- 30.06.2012	Audited 01.01.- 30.06.2011	01.04.- 30.06.2012	01.04.- 30.06.2011
Continuing operations					
Revenue	4	1.054.151	893.158	599.871	531.541
Cost of sales (-)		(1.016.038)	(802.506)	(577.649)	(479.163)
Gross profit		38.113	90.652	22.222	52.378
Marketing, selling and distribution expenses (-)		(15.229)	(31.562)	(9.026)	(17.294)
General administrative expenses (-)		(12.481)	(11.081)	(6.686)	(5.947)
Research and development expenses (-)		(9.163)	(11.332)	(4.816)	(6.630)
Other income	11	23.053	1.254	1.763	902
Other expense (-)		(767)	(853)	96	(656)
Operating profit		23.526	37.078	3.553	22.753
Financial income	12	81.728	94.710	31.582	47.889
Financial expense (-)	13	(82.978)	(110.614)	(36.074)	(59.687)
Income /(loss) before tax		22.276	21.174	(939)	10.955
Tax (expense) / benefit					
Current tax expense (-)		(916)	(5.216)	2.035	(1.715)
Deferred tax benefit		(1.779)	1.945	(1.285)	34
Net income /(loss) from continuing operations		19.581	17.903	(189)	9.274
Other comprehensive income		--	--	--	--
Total comprehensive income/ (loss)		19.581	17.903	(189)	9.274
Earnings per share (TL, full)	14	0,10	0,09	(0,00)	0,05

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 EQUITY
FOR THE PERIOD ENDED 30 JUNE 2012 AND 30 JUNE 2011

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Paid in capital	Adjustments to share capital	Share premium	Restricted reserve	Retained earnings	Net income for the period	Total equity
Balances at 01.01.2011	190.000	9.734	109.031	35.067	142.916	25.258	512.006
Transfer to retained earnings	--	--	--	--	25.258	(25.258)	--
Transfer to restricted reserve	--	--	--	2.854	(2.854)	--	--
Dividend paid	--	--	--	--	(22.404)	--	(22.404)
Net income for the period	--	--	--	--	--	17.903	17.903
Balances at 30.06.2011	190.000	9.734	109.031	37.921	142.916	17.903	507.505
Balances at 01.01.2012	190.000	9.734	109.031	37.921	142.916	20.145	509.747
Transfer to retained earnings	--	--	--	--	20.145	(20.145)	--
Transfer to restricted reserve	--	--	--	965	(965)	--	--
Net income for the period	--	--	--	--	--	19.581	19.581
Balances at 30.06.2012	190.000	9.734	109.031	38.886	162.096	19.581	529.328

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 PERIOD ENDED 30 JUNE 2012 AND 30 JUNE 2011

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Note	Reviewed 01.01.- 30.06.2012	Audited 01.01.- 30.06.2011
Income before tax		22.276	21.174
Adjustments to reconcile net cash provided from operating activities to income before taxes	17	33.620	41.624
Net cash flow from operating activities before changes in operating assets and liabilities		55.896	62.798
Changes in operating assets and liabilities	17	(81.230)	(123.777)
Corporate taxes paid		(2.896)	(3.510)
Net cash flows used in operating activities		(28.230)	(64.489)
Cash flows from investing activities			
Changes in financial assets held for trading		--	14.947
Acquisitions of property, plant and equipment	8	(42.758)	(29.022)
Cash provided from sale of property, plant and equipment and intangible assets		337	728
Acquisitions of intangible assets	9	(9.035)	(5.621)
Net cash used in investing activities		(51.456)	(18.968)
Cash flows from financing activities			
Proceeds from bank borrowings		263.771	218.055
Repayment of bank borrowings		(98.981)	(111.698)
Dividend paid		--	(22.404)
Interest paid		(4.783)	(2.331)
Interest received		538	262
Net cash provided by financing activities		160.545	81.884
Net increase (decrease) in cash and cash equivalents		80.859	(1.573)
Cash and cash equivalent as of 01 January		7.216	19.552
Cash and cash equivalent as of 30 June	5	88.075	17.979

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 – ORGANISATION AND NATURE OF ACTIVITIES

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 Ahmet Nazif Zorlu family. The Company performs its foreign sales and domestic sales via Vestel Dış Ticaret A.Ş. and Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş., respectively, which are also members of Vestel Group of Companies.

The Company is registered to Capital Market Board and its shares have been quoted to Istanbul Stock Exchange since 21 April 2006.

As of 30.06.2012, the composition of shareholders and their respective percentage ownership are summarized as follows:

	Shareholding %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	68,5
Shares held by public (ISE)	
Vestel Elektronik Sanayi ve Ticaret A.Ş.	5,9
Other shareholders	25,6
	100,0

As of 30 June 2012, the number of personnel employed was 5.940 (31.12.2011: 4.860).

The financial statements for the period ended 30 June 2012 (including comparatives) were approved by the Board of Directors on 15.08.2012.

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for 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.

In accordance with the Communiqué No: XI-29, entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, "Interim Financial Reporting". In this respect, the Company has preferred to prepare condensed financial statements in the interim periods and prepared the aforementioned condensed financial statements in compliance with CMB Financial Reporting Standards.

As the differences of the IAS / IFRS endorsed by EU from the ones issued by the IASB have not been announced by TASB as of the date of the preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No. 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS / IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB with the announcements dated 14 April 2008 and 9 January 2009 including the compulsory disclosures.

2.2. Going Concern

Company prepared financial statements in accordance with the going concern assumption.

2.3. Functional and presentation currency

The accompanying financial statements have been presented in Turkish Lira which is also the functional currency of the Company.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2.4. Offsetting

Financial assets and liabilities are offset and the net amount reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the asset and settle the liabilities simultaneously.

2.5. Comparatives and restatement of prior periods' financial statements

The financial statements of the Company include comparative financial information to enable the determination of the balance sheet and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year financial statements and the significant changes are explained.

For the comparability of the current financial statements, these financial statements are reclassified if necessary.

As of 31.12.2011, "Deferred tax asset" amounting to TL 7.908 was netted off with "Deferred tax liability".

As of 31.12.2011, "Unearned interest on payables" amounting to TL 4.827 netted off with "Unearned interest on receivables".

2.6. Restatement and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior periods' financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.7. Critical accounting estimates, assumptions and judgments

The preparation of financial statements requires management to make estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, explanations for the contingent assets and liabilities and the amounts of revenues and expenses realized in the reporting period. Actual results may differ from these estimates. The estimates are reviewed on an ongoing basis, revisions to accounting estimates are recognized in the period in which the revision is made.

The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the following financial reporting periods are set out below:

- Physical inventory verifications are performed periodically and allowance for diminution in value is provided for items which are determined to be unsellable by the technical personnel. All stocks are subjected to review and their usage possibility ascertained on basis of the opinion of the technical personnel; provisions are set aside for items expected not to have usage possibility. Net realizable value of the inventory is determined based on the estimated selling prices, and estimated expenses to be incurred to make the sale. When the net realizable value of inventory is less than its cost, the inventory is written-down to the net realizable value and the expense is included in the statement of income in the period the write-down occurred.
- In accordance with the accounting policies stated in note 2.8, property, plant and equipment and intangible assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their useful lives, using the straight line method. The estimated useful lives are reviewed at each balance sheet date with the effect of any changes in the estimate accounted for on a prospective basis.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2.8. Summary of significant accounting policies

The condensed interim financial information for the period ended 30 June 2012 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with financial reporting standards published by the Capital Market Board.

2.9. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

2.9.1 Standards, amendments and interpretations effective in 2012:

- IAS 12 (Amendment) "Income Taxes: Recovery of Underlying Assets"
- IFRS 7 (Amendment) "Financial Instruments-Disclosures –Transfer of Financial Assets"

2.9.2 Standards, amendments and interpretations in issue but not yet effective and not early adopted by the Company:

- IAS 1 (Amendment) "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"
- IAS 19 (Amendment) "Employee Benefits"
- IAS 27 (Amendment) "Separate Financial Statements"
- IAS 28 (Amendment) "Investments in Associates and Joint Ventures"
- IAS 32 (Amendment) "Financial Instruments: Presentation- Offsetting of Financial Assets and Financial Liabilities"
- IFRS 7 (Amendment) "Financial Instruments-Disclosures-Offsetting of Financial Assets and Financial Liabilities"
- IFRS 9 "Financial Instruments- Classification and measurement"
- IFRS 10 "Consolidated Financial Statements"
- IFRS 11 "Joint Arrangements"
- IFRS 12 "Disclosure of Interests in Other Entities"
- IFRS 13 "Fair Value Measurement"
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

Management of the Company anticipates that all of the pronouncements detailed in 2.9.2 above will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Management of the Company has decided that these new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - SEASONALITY

The Company produces washing machines, dishwashers, refrigerators, air conditioning units, water heaters and cookers. White goods sales generated by washing machines, cookers and dishwashers are not affected by seasonal fluctuations. However refrigerators and air conditioning units which have cooling characteristics are seasonally affected; during the summer months may exceed the sales in winter months by 2 to 3 times.

NOTE 4 - SEGMENT INFORMATION

The Management has decided to include the industrial sections in the first phase of the reporting as risks and returns of the Company are affected by developments in the white goods sector. 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 first stage reporting has been fully presented in the attached financial statements

The Management has decided to use the geographical sections in the second stage of the reporting taking into account that risks and returns are affected by the differences in each region.

Geographical segments	01.01.- 30.06.2012	01.01.- 30.06.2011	01.04.- 30.06.2012	01.04.- 30.06.2011
Turkey	375.688	349.858	216.335	214.780
Europe	537.858	411.659	320.919	233.336
Other	140.972	132.519	62.853	83.876
Gross sales	1.054.518	894.036	600.107	531.992
Sales discount (-)	(367)	(878)	(236)	(451)
Net sales	1.054.151	893.158	599.871	531.541

The amount of export is TL 678.830 for the period 01.01.- 30.06.2012. Export sales are denominated in EURO, USD and RUR as 88,8% ,7,8% and 3,4% of total export respectively.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5- CASH AND CASH EQUIVALENTS

	30.06.2012	31.12.2011
Cash	43	35
Bank deposits		
- Demand deposit	6.482	1.558
- Time deposit	81.550	5.728
	88.075	7.321
Bank overdrafts (-)	--	(105)
Cash and cash equivalents presented in cash flow statement	88.075	7.216

As of balance sheet dates, the maturity date of time deposit account was July 2012 (31.12.2011: January 2012) and the interest rates are given below:

- TL	--	%9,5
- USD	--	%1,5
- EUR	%1,0	%1,5

NOTE 6 –DERIVATIVE FINANCIAL INSTRUMENTS

	30.06.2012			31.12.2011		
	Contract Amount	Fair Value		Contract Amount	Fair Value	
	Assets	Liabilities		Assets	Liabilities	
Held for trading						
Forward foreign exchange contracts	856.584	9.208	--	500.062	12.557	--

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 – FINANCIAL LIABILITIES

	30.06.2012	31.12.2011
Current financial liabilities		
Bank borrowings		
- TL	181.110	16.249
- USD	80.154	63.620
- EUR	102.241	107.998
	363.505	187.867
Non-current financial liabilities		
Bank borrowings		
- TL	17.687	--
- USD	--	7.623
- EUR	11.633	28.729
	29.320	36.352
Maturity schedule of Company's total current and non-current financial liabilities is as follows:		
Due in one year	363.505	187.867
One to two years	23.012	21.187
Two to three years	5.194	5.792
Three to four years	1.114	5.543
Four to five years	--	3.645
Over five years	--	185
	392.825	224.219

The Company obtained various loans denominated in EUR from non-Turkish financial institutions with a maturity of 5 years in years between 2005-2008 for financing investments in production machinery and equipment. As of 30.06.2012, short term payable of TL 6.025 (EUR 2.649 thousand) (31.12.2011: TL 9.704 (EUR 3.791 thousand)) and long term payable of these loans amounted to TL 11.633 (EUR 5.115 thousand) (31.12.2011: TL 15.165 (EUR 6.206 thousand)). The principal amounts of these loans are repayable at six months intervals and the last repayment date is December 2015. The annual interest rate is between Euribor + 0,3% and 0,75%.

As of 30.06.2012, The Company also obtained various Turkish Lira and foreign currency bank loans for operational purposes which included a short term payable of TL 357.480 (TL 181.110, EUR 42.308 thousand, USD 44.370 thousand), (31.12.2011: TL 171.062 (TL 9.147, EUR 40.222 thousand, USD 33.681 thousand)), and long term payable of TL 17.687(31.12.2011: TL 21.187, (EUR 5.500 thousand and USD 4.036 thousand)). The annual interest rate is 12,00% - 13,51 % for TL, 1,71 % - 4,63 % for EUR and 2,27% - 5,50 % for USD.

The Company has given various letters of guarantees to financial institutions for obtained bank loans (note 10).

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 –PROPERTY, PLANT AND EQUIPMENT

The amount of property, plant and equipment purchased during the six month period ended 30.06.2012 amounts to TL 42.758 (30.06.2011: TL 29.022).

The cost of property, plant and equipment sold during the six month period ended 30.06.2012 amounts to TL 612 (30.06.2011: TL 3.815).

Leased assets included in the table above comprise plant and machinery amounting to TL 3.936 net of accumulated depreciation (31.12.2011: TL 5.205).

As of 30.06.2012, property, plant and equipment were insured for TL 929.660 (31.12.2011: TL 914.212).

NOTE 9 –INTANGIBLE ASSETS

The amount of intangible assets purchased during the six month period ended 30.06.2012 amounts to TL 9.035 (30.06.2011: TL 5.621).

The cost of intangible assets sold during the six month period ended 30.06.2012 amounts to TL 58 (30.06.2011:Nil).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2012

(All amounts in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 – PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES

a) Provision for expenses

	30.06.2012	31.12.2011
Current		
Warranty provision	--	19.627
Provision for legal claims	1.240	556
	1.240	20.183

Movement of provision for expenses is as follows:

	Warranty provision	Legal claims	Total
Opening balance, 01.01	19.627	556	20.183
Additions	--	684	684
Disposals(-)	(19.627)	--	(19.627)
Ending balance, 30.06	--	1.240	1.240

In accordance with the Board of Directors' Decision of Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. ("Vestel Dayanıklı"), warranty provisions which arises from the sales of Vestel Dayanıklı, has been released and accounted under "other income" due to the transfer of warranty expenses to Vestel Dayanıklı.

b) Contingent asset

As of the balance sheets date's letters of guarantee obtained from customers and suppliers is shown below:

	30.06.2012	31.12.2011
Letters of guarantee	4.592	2.563
Cheques and notes	6.433	8.948
Guarantees received from related companies	1.758.303	1.322.577

- Vestel Elektronik Sanayi ve Ticaret A.S. has guarantee to Royal Bank of Scotland PLC and HSBC Bank A.S. in favour of Vestel White for derivative operations.

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c) Commitments and contingencies

Collaterals, Pledges, Mortgages ("CPM") given by the Company are as follows:

CPM's given by the Company	USD ('000)	EUR ('000)	TL ('000)	Total TL equivalent
30.06.2012				
A. On behalf of its own legal entity	--	2.021	6.743	11.339
B. On behalf of fully consolidated subsidiaries	--	--	--	--
C. CPM's given on behalf of third parties for ordinary course of business	--	--	--	--
D. Other contingent liabilities	1.470.543	154.700	718.723	3.727.078
i. Total amount of CPM's given on behalf of the parent company	1.239.970	50.000	415.098	2.768.814
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	230.573	104.700	303.625	958.264
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	--	--	--	--
Total	1.470.543	156.721	725.466	3.738.417
31.12.2011				
A. On behalf of its own legal entity	--	2.000	5.194	10.082
B. On behalf of fully consolidated subsidiaries	--	--	--	--
C. CPM's given on behalf of third parties for ordinary course of business	--	--	--	--
D. Other contingent liabilities	1.163.924	80.066	348.549	2.742.750
i. Total amount of CPM's given on behalf of the parent company	1.108.132	14.686	132.493	2.261.533
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	55.792	65.380	216.056	481.217
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	--	--	--	--
Total	1.163.924	82.066	353.743	2.752.832

As of 30.06.2012, the Company's CPM to equity ratio is 704% (31.12.2011: 538%).

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- Due to the export and investment incentive certificates obtained for tax purposes, the Company has committed to realize exports amounting to USD 104.183 thousand (31.12.2011: USD 102.598 thousand) as of 30.06.2012.
- The Company is the guarantor for the bank loans which have been borrowed by Vestel CIS Ltd and OOO Vestel Trade Ltd. from Citibank.
- The Company has given guarantee to Royal Bank of Scotland PLC in favour of Vestel Germany GMBH, Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş., Vestel Dış Ticaret A.Ş. and Vestel Elektronik Sanayi ve Ticaret A.Ş. for forward contracts.
- The Company has given guarantee to HSBC Bank A.Ş. in favour of Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. and Vestel Elektronik Sanayi ve Ticaret A.Ş. for forward contracts.
- The payment of VAT 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 30.06.2012, the amount of VAT is TL 51.650 (31.12.2011: TL 39.112).
- The value of ongoing consumer lawsuits TL 1.062 (31.12.2011: TL 226) and there are no any lawsuits which have been finalized in favour of the Company as of 30.06.2012 (31.12.2011: TL 252).
- As of the balance sheet dates operational lease commitments are as follows:

	30.06.2012	31.12.2011
Less than one year	148	186
More than one year and less than four years	29	194
	177	380

d) Derivatives

As of 30.06.2012, the Company has entered in forward exchange contracts amounting to USD 139.788 thousand, EUR 115.447 thousand and TL 353.150, on a fixed amount USD 50.767 thousand, EUR 245.638 thousand, RUR 475.117 thousand, CHF 603 thousand and TL 179.215.

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NOTE 11 – OTHER INCOME

	01.01.- 30.06.2012	01.01.- 30.06.2011	01.04.- 30.06.2012	01.04.- 30.06.2011
Grant income	754	488	685	458
Profit on sale of property, plant and equipment	206	275	181	132
Income on insurance claims	848	6	61	6
Provisions released (*)	19.627	--	--	--
Other	1.618	485	836	306
	23.053	1.254	1.763	902

(*) In accordance with the Board of Directors' Decision of Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. ("Vestel Dayanıklı"), warranty provisions which arises from the sales of Vestel Dayanıklı, has been released and accounted under "other income" due to the transfer of warranty expenses to Vestel Dayanıklı.

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NOTE 12 – FINANCIAL INCOME

	01.01.- 30.06.2012	01.01.- 30.06.2011	01.04.- 30.06.2012	01.04.- 30.06.2011
Foreign exchange gain	50.868	83.631	12.797	44.195
Gains on financial assets held for trading	--	538	--	1
Unearned interest on payables	--	--	(71)	--
Interest income from term sales	43	1	1	--
Interest income from bank deposits	538	262	167	71
Gains on forward exchange contracts	30.279	10.278	18.688	3.622
	81.728	94.710	31.582	47.889

NOTE 13 – FINANCIAL EXPENSE

Foreign exchange loss	49.271	78.420	23.685	45.292
Losses on financial assets held for trading	--	249	--	6
Unearned interest on receivables	1.014	4.907	1.014	3.737
Bank loans interest expense	8.706	2.847	5.481	1.377
Letters of credit expenses	2.364	1.472	1.040	1.258
Losses on forward exchange contracts	21.228	22.259	4.555	7.854
Interest expense from term purchases	355	406	277	125
Bank commission expenses	29	22	16	11
Other financial expenses	11	32	6	27
	82.978	110.614	36.074	59.687

NOTE 14 – EARNING PER SHARE

Net profit attributable to shareholders	19.581	17.903	(189)	9.274
Weighted average number of ordinary shares in issue	190.000.000	190.000.000	190.000.000	190.000.000
Earnings per share – TL, full	0,10	0,09	(0,00)	0,05

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NOTE 15 –RELATED PARTY DISCLOSURE

a) Trade receivables- current

	30.06.2012	31.12.2011
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	227.582	222.562
Vestel CIS Limited	6.122	2.679
Vestel Dış Ticaret A.Ş.	333.573	381.305
Other related parties	26	27
	567.303	606.573
Unearned interest on receivables (-)	(5.894)	(4.966)
	561.409	601.607

b) Trade payables- current

Vestel Elektronik Sanayi ve Ticaret A.Ş.	3.782	4.333
Vestel Holland B.V.	11.258	13.603
Other related parties	917	361
	15.957	18.297
Unearned interest on payables (-)	(6)	(19)
	15.951	18.278

The company performs its foreign and domestic sales via Vestel Dış Ticaret A.Ş. and Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. respectively which are Vestel Group companies.

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c) Transactions carried out with related parties are given below:

	01.01.- 30.06.2012	01.01.- 30.06.2011	01.04.- 30.06.2012	01.04.- 30.06.2011
Sales				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	4.529	2.889	2.661	1.757
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	222.863	226.228	131.632	140.481
Vestel Dış Ticaret A.Ş.	674.883	542.823	383.066	316.930
Other	3.504	463	443	453
	905.779	772.403	517.802	459.621
Purchases and operating income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	7.368	3.486	5.275	1.904
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	738	17.832	731	10.347
Vestel Dış Ticaret A.Ş.	2.004	2.770	1.238	922
Other	1.965	878	1.340	619
	12.075	24.966	8.584	13.792
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	2	242	--	240
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	40	166	29	125
Vestel Dış Ticaret A.Ş.	6.368	68.116	1.459	37.364
Other	708	581	336	246
	7.118	69.105	1.824	37.975
Financial expenses				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	31	13	25	3
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	5.891	312	5.891	97
Vestel Dış Ticaret A.Ş.	30.731	27.873	14.043	13.641
Other	879	178	723	104
	37.532	28.376	20.682	13.845

The company performs its foreign and domestic sales via Vestel Dış Ticaret A.Ş. and Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. respectively which are Vestel Group companies.

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d) Key management compensation

Total compensation provided management personnel by the Company during the period ended 30.06.2012 amount to TL 957 (01.01.-30.06.2011: TL 978).

e) Operational lease

The Company has operational lease commitment from Deniz Destek Oto Kiralama A.Ő., a subsidiary of Zorlu Holding A.Ő.. As of the balance sheet date the amount of operational lease commitments to be paid is TL 177.

e) Guarantees and commitments

The Company had taken various letters of guarantees for Vestel Elektronik Sanayi ve Ticaret A.Ő. and other subsidiaries (note 10).

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NOTE 16 –FOREIGN CURRENCY RISK

The net currency position of the Company as of the balance sheet dates are shown below:

30.06.2012	USD	EUR	GBP	CHF	RUR	Other	TL
	('000)	('000)	('000)	('000)	('000)		equivalent
1. Trade receivables	17.291	119.819	--	20	660.073	--	339.734
2a. Monetary financial assets	551	37.271	1	--	4.887	--	86.026
2b. Non-monetary financial assets	--	--	--	--	--	--	--
3. Other	2.828	2.316	12	21	--	--	10.449
4. Current assets (1+2+3)	20.670	159.406	13	41	664.960	--	436.209
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)	20.670	159.406	13	41	664.960	--	436.209
10. Trade payables	101.983	45.180	2	--	--	--	286.986
11. Financial liabilities	44.370	44.957	--	--	--	--	182.395
12a. Other monetary liabilities	--	--	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--
13. Current liabilities (10+11+12)	146.353	90.137	2	--	--	--	469.381
14. Trade payables	--	--	--	--	--	--	--
15. Financial liabilities	--	5.115	--	--	--	--	11.633
16a. Other monetary liabilities	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--	--
17. Non-current liabilities (14+15+16)	--	5.115	--	--	--	--	11.633
18. Total liabilities (13+17)	146.353	95.252	2	--	--	--	481.014
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a-19b)	89.021	(130.191)	--	(603)	(475.117)	--	(162.292)
19a. Hedged total assets	139.788	115.447	--	--	--	--	515.077
19b. Hedged total liabilities	(50.767)	(245.638)	--	(603)	(475.117)	--	(677.369)
20. Net foreign currency asset/ (liability) (position (9-18+19))	(36.662)	(66.037)	11	(562)	189.843	--	(207.097)
21. Net foreign currency monetary asset/ (liability) Position							
(=1+2a+5+6a-10-11-12a-14-15-16a)	(128.511)	61.838	(1)	20	664.960	--	(55.254)
22. Fair value of financial instruments used in foreign currency hedging	89.021	(130.191)	--	(603)	(475.117)	--	(162.292)
23. Export	29.584	259.777	--	104	398.134	--	678.830
24. Import	145.159	111.901	25	11	--	1.462	521.876

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31.12.2011	USD	EUR	GBP	CHF	RUR	TL
	('000)	('000)	('000)	('000)	('000)	Equivalent
1. Trade receivables	20.324	136.290	--	161	209.881	383.984
2a. Monetary financial assets	2.330	623	1	--	5.617	6.253
2b. Non-monetary financial assets	--	--	--	--	--	--
3. Other	--	--	--	--	--	--
4. Current assets (1+2+3)	22.654	136.913	1	161	215.498	390.237
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)	22.654	136.913	1	161	215.498	390.237
10. Trade payables	127.974	37.148	--	--	--	332.512
11. Financial liabilities	33.681	44.193	--	--	--	171.618
12a. Other monetary liabilities	--	--	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--	--	--
13. Current liabilities (10+11+12)	161.655	81.341	--	--	--	504.130
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	4.036	11.756	--	--	--	36.352
16a. Other monetary liabilities	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--	--
17. Non-current liabilities (14+15+16)	4.036	11.756	--	--	--	36.352
18. Total liabilities (13+17)	165.691	93.097	--	--	--	540.482
19. Off-balance sheet derivative instruments net asset (liability) position (19a-19b)	104.106	(77.607)	--	(1.459)	--	4.063
19a. Hedged total assets	129.406	62.479	--	146	--	397.414
19b. Hedged total liabilities	(25.300)	(140.086)	--	(1.605)	--	(393.351)
20. Net foreign currency asset / (liability) position (9-18+19)	(38.931)	(33.791)	1	(1.298)	215.498	(146.182)
21. Net foreign currency monetary asset / (liability) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(143.037)	43.816	1	161	215.498	(150.245)
22. Fair value of financial instruments used in foreign currency hedging	104.106	(77.607)	--	(1.459)	--	4.063
23. Export	36.389	513.316	--	1.449	45	1.265.269
24. Import	227.793	207.025	48	--	--	857.701

In accordance with Turkish financial reporting standards, inventories are accounted for in Turkish Lira even if they obtained are through import, hence are not subject to foreign currency valuation. If the stocks were valued as foreign currency asset, the net open foreign currency position of the Company would have been lower.

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NOTE 17 – SUPPLEMENTARY CASH FLOW INFORMATION

	01.01.- 30.06.2012	01.01.- 30.06.2011
Depreciation and amortisation expense	30.203	27.187
Provision for employment termination benefits	2.272	1.490
Provision for diminution in value of inventories, net	2.871	967
Profit / (loss) on sale of property, plant and equipment, net	(159)	467
Warranty provision (released)	(19.627)	6.194
Provision for legal claims	684	102
Forward expense accruals	9.208	2.632
Interest income, note 12	(538)	(262)
Interest expense, note 13	8.706	2.847
	33.620	41.624
Trade receivables	36.638	(136.127)
Inventories	(74.386)	(136.519)
Other assets	(19.033)	(3.187)
Trade payables	(16.500)	159.926
Other liabilities	(7.292)	(7.032)
Payments of employee termination benefits	(657)	(838)
	(81.230)	(123.777)
Depreciation expense and amortization charged to:		
Cost of sales	27.429	22.234
Marketing and selling expenses	2.468	4.716
General and administrative expenses	166	128
Development expenses	140	109
	30.203	27.187