VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2019 (TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT)

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS **PAGE**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

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

	Footnotes	Reviewed 30 June 2019	Audited 31 December 2018
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	74.655	120.847
Trade Receivables		1.498.651	1.480.213
Trade Receivables Due From Related Parties	6	1.496.218	1.476.111
Trade Receivables Due From Unrelated Parties	7	2.433	4.102
Other Receivables		680.528	867.676
Other Receivables Due From Related Parties	6	543.740	703.884
Other Receivables Due From Unrelated Parties	8	136.788	163.792
Derivative Financial Assets		-	2.028
Derivative Financial Assets Held for Trading	26	-	2.028
Inventories	9	786.595	579.054
Prepayments		23.537	12.623
Prepayments to Unrelated Parties	10	23.537	12.623
Other Current Assets		20.692	830
Other Current Assets Due From Unrelated Parties	17	20.692	830
TOTAL CURRENT ASSETS		**3.084.658**	**3.063.271**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

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

	Footnotes	Reviewed 30 June 2019	Audited 31 December 2018
NON-CURRENT ASSETS			
Other Receivables		2.046	-
Other Recevables Due From Unrelated Parties		2.046	-
Property, Plant and Equipments		1.456.701	1.435.364
Land and Premises	11	192.824	192.824
Land Improvements	11	40.268	40.833
Buildings	11	436.835	438.634
Machinery and Equipments	11	704.918	692.549
Vehicles	11	205	221
Fixtures and Fittings	11	26.748	27.102
Leasehold Improvements	11	5.595	5.713
Construction in Progress	11	49.308	37.488
Right of Use Assets	12	68.887	-
Intangible Assets and Goodwill		160.772	146.867
Other Rights	13	65	69
Capitalized Development Costs	13	151.337	137.167
Other Intangible Assets	13	9.370	9.631
Prepayments		75.641	39.590
Prepayments to Unrelated Parties	10	75.641	39.590
TOTAL NON-CURRENT ASSETS		**1.764.047**	**1.621.821**
TOTAL ASSETS		**4.848.705**	**4.685.092**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

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

	Footnotes	Reviewed 30 June 2019	Audited 31 December 2018
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		913.402	366.515
Current Borrowings from Related Parties		3.486	-
Lease Liabilities	6	3.486	-
Current Borrowings From Unrelated Parties		909.916	366.515
Bank Loans	5	902.729	365.864
Lease Liabilities	5	7.187	651
Current Portion of Non-current Borrowings		6.048	287.078
Current Portion of Non-current Borrowings from Unrelated Parties		6.048	287.078
Bank Loans	5	6.048	287.078
Trade Payables		1.994.179	1.901.077
Trade Payables to Related Parties	6	108.707	50.250
Trade Payables to Unrelated Parties	7	1.885.472	1.850.827
Employee Benefit Obligations	16	41.657	31.196
Other Payables		98.028	130.423
Other Payables to Related Parties	6	98.028	130.423
Derivative Financial Liabilities		9.197	20.129
Derivative Financial Liabilities Held for Trading	26	8.577	19.314
Derivative Financial Liabilities Held for Hedging	26	620	815
Current Tax Liabilities, Current	24	1.314	716
Current Provisions		3.190	3.190
Other Current Provisions	14	3.190	3.190
Other Current Liabilities		36.510	6.802
Other Current Liabilities to Unrelated Parties	17	36.510	6.802
TOTAL CURRENT LIABILITIES		**3.103.525**	**2.747.126**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

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

	Footnotes	Reviewed 30 June 2019	Audited 31 December 2018
NON-CURRENT LIABILITIES			
Long Term Borrowings		60.491	111
Long Term Borrowings From Related Parties		36.614	-
Lease Liabilities	6	36.614	-
Long Term Borrowings From Unrelated Parties		23.877	111
Lease Liabilities	5	23.877	111
Trade Payables		14.518	14.531
Trade Payables to Unrelated Parties	7	14.518	14.531
Non-current Provisions		41.809	38.713
Non-current Provisions for Employee Benefits	16	41.809	38.713
Deferred Tax Liabilities	24	66.981	73.036
TOTAL NON-CURRENT LIABILITIES		**183.799**	**126.391**
TOTAL LIABILITIES		**3.287.324**	**2.873.517**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

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

	Footnotes	Reviewed 30 June 2019	Audited 31 December 2018
EQUITY			
Equity Attributable to Owners of Parent		**1.561.381**	**1.811.575**
Issued Capital	18	190.000	190.000
Inflation Adjustments on Capital	18	9.734	9.734
Share Premium (Discount)	18	109.031	109.031
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		405.875	409.958
Gains (Losses) on Revaluation and Remeasurement		405.875	409.958
Increases (Decreases) on Revaluation of Property, Plant and Equipment		414.152	417.527
Gains (Losses) on Remeasurements of Defined Benefit Plans		(8.277)	(7.569)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		(483)	(636)
Gains (Losses) on Hedge		(483)	(636)
Gains (Losses) on Cash Flow Hedges		(483)	(636)
Restricted Reserves Appropriated From Profits		173.938	118.206
Legal Reserves	18	173.938	118.206
Prior Years' Profits or Losses	18	356.097	352.721
Current Period Net Profit Or Loss		317.189	622.561
TOTAL EQUITY		**1.561.381**	**1.811.575**
TOTAL LIABILITIES AND EQUITY		**4.848.705**	**4.685.092**

Financial statements for the period 1 January – 30 June 2019 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 1 August 2019.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 30 JUNE 2019 AND 2018

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

	Footnotes	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
PROFIT OR LOSS					
Revenue	19	3.203.318	2.423.196	1.818.208	1.370.168
Cost of Sales	19	(2.752.161)	(2.053.970)	(1.514.489)	(1.146.934)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**451.157**	**369.226**	**303.719**	**223.234**
GROSS PROFIT (LOSS)		**451.157**	**369.226**	**303.719**	**223.234**
General Administrative Expenses	21	(32.327)	(31.019)	(18.256)	(19.006)
Marketing Expenses	21	(45.904)	(32.139)	(24.989)	(17.540)
Research and Development Expense	21	(24.722)	(19.150)	(13.604)	(10.332)
Other Income from Operating Activities	22	163.716	154.761	48.981	94.051
Other Expenses from Operating Activities	22	(206.896)	(218.339)	(55.019)	(154.565)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**305.024**	**223.340**	**240.832**	**115.842**
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**305.024**	**223.340**	**240.832**	**115.842**
Finance Income	23	210.124	157.938	89.282	110.759
Fınance Costs	23	(202.206)	(172.230)	(102.223)	(101.006)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**312.942**	**209.048**	**227.891**	**125.595**
Tax (Expense) Income, Continuing		4.247	8.648	5.899	7.704
Current Period Tax (Expense) Income	24	(1.674)	(2.490)	(1.133)	(1.584)
Deferred Tax (Expense) Income	24	5.921	11.138	7.032	9.288
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**317.189**	**217.696**	**233.790**	**133.299**
PROFIT (LOSS)		**317.189**	**217.696**	**233.790**	**133.299**
Earnings Per Share with a TL 1 of Par Value	25	**1,67**	**1,15**	**1,23**	**0,70**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY – 30 JUNE 2019 AND 2018

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

	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(708)	(302)	(96)	(27)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(885)	(377)	(120)	(33)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	177	75	24	6
Taxes Relating to Remeasurements of Defined Benefit Plans	177	75	24	6
Other Comprehensive Income that will be Reclassified to Profit or Loss	153	16.219	(2.207)	26.853
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	196	20.794	(2.830)	34.426
Gains (Losses) on Cash Flow Hedges	196	20.794	(2.830)	34.426
Taxes Relating to Components of Other Comprehensive Income	(43)	(4.575)	623	(7.573)
Taxes Relating to Cash Flow Hedges	(43)	(4.575)	623	(7.573)
OTHER COMPREHENSIVE INCOME (LOSS)	**(555)**	**15.917**	**(2.303)**	**26.826**
TOTAL COMPREHENSIVE INCOME (LOSS)	**316.634**	**233.613**	**231.487**	**160.125**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY – 30 JUNE 2019 AND 2018

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

	Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ments of Defined Benefit Plans	Gains (Losses) on Revaluations and Remeasurem ents	Other Accumulated Compre-hensive Income that will not be Reclassified in Profit or Loss	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Other Accumulated Compre-hensive Income that will be Reclassified in Profit or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Equity
Previous Period																
1 January -30 June 2018																
Equity at Beginning of Period	**190.000**	**9.734**	**109.031**	**-**	**(6.203)**	**(6.203)**	**(6.203)**	**(1.352)**	**(1.352)**	**(1.352)**	**111.627**	**304.066**	**295.234**	**599.300**	**1.012.137**	**1.012.137**
Transfers	-	-	-	-	-	-	-	-	-	-	6.579	288.655	(295.234)	(6.579)	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(302)	(302)	(302)	16.219	16.219	16.219	-	-	217.696	217.696	233.613	233.613
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	217.696	217.696	217.696	217.696
Other Comprehensive Income (Loss)	-	-	-	-	(302)	(302)	(302)	16.219	16.219	16.219	-	-	-	-	15.917	15.917
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(240.000)	-	(240.000)	(240.000)	(240.000)
Equity at End of Period	**190.000**	**9.734**	**109.031**	**-**	**(6.505)**	**(6.505)**	**(6.505)**	**14.867**	**14.867**	**14.867**	**118.206**	**352.721**	**217.696**	**570.417**	**1.005.750**	**1.005.750**
Current Period																
1 January -30 June 2019																
Equity at Beginning of Period	**190.000**	**9.734**	**109.031**	**417.527**	**(7.569)**	**409.958**	**409.958**	**(636)**	**(636)**	**(636)**	**118.206**	**352.721**	**622.561**	**975.282**	**1.811.575**	**1.811.575**
Transfers	-	-	-	-	-	-	-	-	-	-	55.732	566.829	(622.561)	(55.732)	-	-
Total Comprehensive Income (Loss)	-	-	-	(3.375)	(708)	(4.083)	(4.083)	153	153	153	-	3.375	317.189	320.564	316.634	316.634
Profit (Loss)	-	-	-	(3.375)	-	(3.375)	(3.375)	-	-	-	-	3.375	317.189	320.564	317.189	317.189
Other Comprehensive Income (Loss)	-	-	-	-	(708)	(708)	(708)	153	153	153	-	-	-	-	(555)	(555)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(566.828)	-	(566.828)	(566.828)	(566.828)
Equity at End of Period	**190.000**	**9.734**	**109.031**	**414.152**	**(8.277)**	**405.875**	**405.875**	**(483)**	**(483)**	**(483)**	**173.938**	**356.097**	**317.189**	**673.286**	**1.561.381**	**1.561.381**

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2019 AND 2018

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

	Footnotes	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**242.437**	**307.861**
Profit (Loss)		317.189	217.696
Profit (Loss) from Continuing Operations		317.189	217.696
Adjustments to Reconcile Profit (Loss)		**62.184**	**118.628**
Adjustments for Depreciation and Amortisation Expense	11	123.353	74.876
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(1.660)	346
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	(1.660)	346
Adjustments for Provisions		5.141	5.086
Adjustments for (Reversal of) Provisions Related with Employee Benefits	16	5.141	4.463
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	14	-	623
Adjustments for Interest (Income) Expenses		(76.787)	(12.888)
Adjustments for Interest Income	23	(117.266)	(35.369)
Adjustments for Interest Expense	23	40.479	22.481
Adjustments for Unrealised Foreign Exchange Losses (Gains)		47.731	55.256
Adjustments for Fair Value Losses (Gains)		(8.708)	9.763
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(8.708)	9.763
Adjustments for Tax (Income) Expenses		(4.247)	(8.648)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(210)	(479)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(210)	(479)
Other Adjustments to Reconcile Profit (Loss)	4	(22.429)	(4.684)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2019 AND 2018

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

	Footnotes	1 January - 30 June 2019	1 January - 30 June 2018
Changes in Working Capital		**(132.930)**	**(25.758)**
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(18.438)	(410.905)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(20.107)	(410.444)
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties	7	1.669	(461)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		24.958	(7.705)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	8	24.958	(7.705)
Adjustments for Decrease (Increase) in Inventories	9	(205.881)	(109.611)
Decrease (Increase) in Prepaid Expenses	10	(46.965)	3.134
Adjustments for Increase (Decrease) in Trade Accounts		93.089	481.357
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	58.457	11.840
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties	7	34.632	469.517
Increase (Decrease) in Employee Benefit Liabilities	16	10.461	7.257
Other Adjustments for Other Increase (Decrease) in Working Capital		9.846	10.715
Decrease (Increase) in Other Assets Related with Operations	17	(19.862)	3.900
Increase (Decrease) in Other Payables Related with Operations	17	29.708	6.815
Cash Flows from (used in) Operations		**246.443**	**310.566**
Payments Related with Provisions for Employee Benefits	16	(2.930)	(2.857)
Income Taxes refund (Paid)	24	(1.076)	152

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 JUNE 2019 AND 2018

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

	Footnotes	1 January - 30 June 2019	1 January - 30 June 2018
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**8.522**	**91.741**
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		1.150	518
Proceeds from Sales of Property, Plant and Equipment		1.150	518
Purchase of Property, Plant, Equipment and Intangible Assets		(152.772)	(316.212)
Purchase of Property, Plant and Equipment	11	(125.979)	(291.740)
Purchase of Intangible Assets	13	(26.793)	(24.472)
Cash Advances and Loans Made to Other Parties		160.144	407.435
Cash Advances and Loans Made to Related Parties	6	160.144	407.435
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(319.580)**	**(351.445)**
Proceeds from Borrowings		751.164	449.477
Proceeds from Loans		751.446	449.538
Proceeds from Other Financial Borrowings		(282)	(61)
Repayments of Borrowings		(524.349)	(555.649)
Loan Repayments		(524.349)	(555.649)
Decrease in Other Payables to Related Parties		(39.862)	(24.371)
Payments of Lease Liabilities		(11.236)	-
Dividends Paid	6	(566.828)	(240.000)
Interest Paid		(45.735)	(16.271)
Interest Received		117.266	35.369
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(68.621)**	**48.157**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(68.621)**	**48.157**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	103.283	65.190
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**34.662**	**113.347**

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

NOTE 1 – COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

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

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company's production facilities occupy 412.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 483.000 square meters.

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

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

As of 30 June 2019, the number of personnel employed was 7.751 (31 December 2018: 7.401).

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

	Shareholding %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	95,18
Other shareholders	4,82
	100,00

As of 30 June 2019, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul ("BİST") (31,5 % of its share capital; 31 December 2018: 31,5 %).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

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

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

The Company prepared its condensed interim financial statements for the period ended 30 June 2019 in accordance with ("IAS") 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. 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 IAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed.

The Company's condensed interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed interim financial statements should be examined together with 31 December 2018 financial statements.

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

With the decision 11/367 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.

2.2 Comparative information and restatement of prior period financial statements

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

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

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

Disclosures related to impacts of IFRS 9 and IFRS 15 adoption:

Impact of changes in IFRS 9 and IFRS 15 on financial statements as of 30 June 2018 as follows:

Impact on financial statements as of 30 June 2018

	Amounts before the adoption	**Impact of the adoption (*)**	**Amounts after the adoption**
Profit or Loss and Other Comprehensive Income			
Sales	2.388.326	34.870	2.423.196
Cost of Sales	(2.026.262)	(27.708)	(2.053.970)
Other Incomes from Operating Activities	189.631	(34.870)	154.761
Other Expenses from Operating Activities	(246.047)	27.708	(218.339)

(*) Impact of adjustments on forward purchases and sales

Transition to IFRS 16 “Leases":

The Company has applied IFRS 16 “Leases” standard as of 1 January 2019. The Company has accounted the effect of transition based on the simplified approach, therefore, prior year financial statements are not restated. With this approach, all right of use assets have been measured by lease liabilities amount (adjusted by the amount of prepaid or accrued lease payments) as of transition date.

The Company has recognized lease liabilities at the date of initial application for leases previously classified as an operating lease applying IAS 17. The Company has measured that lease liability at the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application.

Impact of IFRS 16 application on balance sheet and profit or loss statement for the six months period ended 30 June 2019 is as follows:

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

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

	Effects Excluded 30 June 2019	IFRS-16 Effects	30 June 2019
ASSETS			
TOTAL CURRENT ASSETS	**3.084.658**	**-**	**3.084.658**
NON-CURRENT ASSETS			
Right of Use Assets	-	68.887	68.887
Non-Current Assets Other than Above	1.695.160	-	1.695.160
TOTAL NON-CURRENT ASSETS	**1.695.160**	**68.887**	**1.764.047**
TOTAL ASSETS	**4.779.818**	**68.887**	**4.848.705**
LIABILITIES			
CURRENT LIABILITIES			
Lease Liabilities	480	10.193	10.673
Current Liabilities Other than Above	3.092.852	-	3.092.852
	3.093.332	**10.193**	**3.103.525**
NON-CURRENT LIABILITIES			
Lease Liabilities	-	60.491	60.491
Deferred Tax Liabilities	67.341	(360)	66.981
Non-Current Liabilities Other than Above	56.327	-	56.327
TOTAL NON-CURRENT LIABILITIES	**123.668**	**60.131**	**183.799**
TOTAL LIABILITIES	**3.217.000**	**70.324**	**3.287.324**
EQUITY			
Current Period Net Profit Or Loss	318.626	(1.437)	317.189
Equity Other than Above	1.244.192	-	1.244.192
TOTAL EQUITY	**1.562.818**	**(1.437)**	**1.561.381**
TOTAL LIABILITIES AND EQUITY	**4.779.818**	**68.887**	**4.848.705**

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

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

	Effects Excluded 30 June 2019	**IFRS-16 Effects**	**30 June 2019**
PROFIT OR LOSS			
Revenue	3.203.318	-	3.203.318
Cost of Sales	(2.756.634)	4.473	(2.752.161)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS	**446.684**	**4.473**	**451.157**
GROSS PROFIT (LOSS)	**446.684**	**4.473**	**451.157**
Operating Expenses	(146.133)	-	(146.133)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**300.551**	**4.473**	**305.024**
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**300.551**	**4.473**	**305.024**
Finance Income	210.124	-	210.124
Fınance Costs	(195.936)	(6.270)	(202.206)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	**314.739**	**(1.797)**	**312.942**
Tax (Expense) Income, Continuing Operations	3.887	360	4.247
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**318.626**	**(1.437)**	**317.189**
PROFIT (LOSS)	**318.626**	**(1.437)**	**317.189**
Earnings Per Share with a TL 1 of Par Value	**1,68**	**(0,008)**	**1,67**

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

2.3 Restatement and errors in the accounting estimates

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.4. Amendments in Turkey Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 30 June 2019:

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **IFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- **Annual improvements 2015-2017,** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', the Company remeasures it's previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', the Company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' the Company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' the Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to IAS 19, 'Employee benefits'** on plan amendment, curtailment or settlement', effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

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

b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2019:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
  i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  ii) clarify the explanation of the definition of material; and
  iii) incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

The Company, will assess the impact of amendments disclosed above and apply as of effective date.

2.5. Summary of significant accounting policies

2.5.1 Revenue

The Company recognizes revenue in accordance with IFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

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

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) Company can identify each party's rights regarding the goods or services to be transferred,
(c) Company can identify the payment terms for the goods or services to be transferred,
(d) The contract has commercial substance,
(e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

2.5.2 Inventories

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

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2018 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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

Property, plant and equipment except for land, land improvements and buildings acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

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

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

Right of use assets:

The cost of the right-of-use asset comprises:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,
c) any initial direct costs incurred by the Company

To apply the cost model, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

2.5.4 Intangible assets

a) Research and development costs

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

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

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.

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

b) Rights and other intangible fixed assets

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

2.5.5 Financial instruments

a) Financial assets

The Company classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Financial assets carried at amortized cost:</u>

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Company's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Company and its expectations for the future indications.

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

<u>Financial assets carried at fair value:</u>

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their far value.

<u>Impairment of financial assets:</u>

Impairment of the financial and contractual assets measured by using "expected credit loss model". The impairment model applies for amortized financial and contractual assets.

Company has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, 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 in the consolidated profit or loss statement.

The hedging transactions of the Company that qualify for hedge accounting are accounted regarding to IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

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

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognized in profit or loss.

2.5.6 Foreign currency transactions

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

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

2.5.7 Provisions, contingent assets and liabilities

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

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

2.5.8 Related parties

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

2.5.9 Taxation on income

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

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

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

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Company will benefit from the related incentive.

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

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

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

2.5.10 Employee benefits

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

2.5.11 Government grants

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

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

2.5.12 Earnings per share

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

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

2.5.13 Statement of cash flows

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

2.5.14 Offsetting

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

2.5.15 Events after the balance sheet date

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

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

2.5.16 Going concern

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

2.6. Critical accounting estimates and judgments

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

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

i. <u>Revaluation of lands, buildings and land improvements</u>

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2018 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 11).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.

- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m^2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

- In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the IAS 36 "Impairment of Assets", and no impairment indicator is identified.

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

NOTE 3 - SEGMENT REPORTING

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

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

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

Geographical segments

Segment revenue	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Turkey	591.153	723.426	409.495	417.190
Europe	1.947.123	1.215.040	1.038.767	700.032
Other	667.664	485.823	371.117	253.698
Gross sales	3.205.940	2.424.289	1.819.379	1.370.920
Discounts (-)	(2.622)	(1.093)	(1.171)	(752)
Net sales	**3.203.318**	**2.423.196**	**1.818.208**	**1.370.168**

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

The amount of export is 2.614.787 thousand TL for the period ended 30 June 2019. (1 January-30 June 2018: 1.700.863 thousand TL). Export sales are denominated in EURO, and USD as 93,5%, and 6,5% of total export respectively (1 January-30 June 2018: 91,5% EUR, 8,5% USD).

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 June 2019	31 December 2018
Cash	188	300
Bank deposits		
- Demand deposits	34.474	102.983
Blocked deposits	39.993	17.564
Cash and cash equivalents	**74.655**	**120.847**

NOTE 5 – FINANCIAL LIABILITIES

	30 June 2019	31 December 2018
Short - term financial liabilities		
Short term bank loans	902.729	365.864
Short term portion of long term bank loans	6.048	287.078
Lease liabilities	10.673	651
	919.450	**653.593**
Long - term financial liabilities		
Lease liabilities	60.491	111
	60.491	**111**

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

NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

Details of the Company's short term bank loans are given below:

	30 June 2019			31 December 2018		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	8,79%	10.005	57.578	-	-	-
- EUR	3,26%	102.851	673.747	1,38%	49.572	298.823
- TL	29,41%	171.404	171.404	24,86%	67.041	67.041
			902.729			**365.864**

Details of the Company's long term bank loans are given below:

	30 June 2019			31 December 2018		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- EUR	-	-	-	3,80%	38.737	233.508
- TL	16,13%	6.048	6.048	18,10%	53.570	53.570
Short term portion			**6.048**			**287.078**

Guarantees given for the bank loans obtained are disclosed in note 14.

As of 30 June 2019 and 30 June 2018, reconciliation of net financial debt is as below:

	30 June 2019	**30 June 2018**
Net financial debt as of 1 January	**550.421**	**466.301**
Cash inflows from loans	751.446	449.538
Cash outflows from loan payments	(537.194)	(555.649)
Payments of lease liabilities	70.402	(61)
Unrealized Fx gain/loss	40.264	40.530
Accrued interest	1.319	6.210
Change in cash and cash equivalents	68.621	(48.157)
Net financial debt at the end of the period	**945.279**	**358.712**

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

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 June 2019	31 December 2018
Vestel Ticaret A.Ş.	1.498.927	1.481.423
	1.498.927	1.481.423
Unearned interest on receivables (-)	(2.709)	(5.312)
	1.496.218	**1.476.111**

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 June 2019	31 December 2018
Vestel Elektronik Sanayi ve Ticaret A.Ş.	67.611	44.299
Vestel Ticaret A.Ş.	-	3.667
Vestel Holland B.V.	40.488	2.738
Other related parties	1.006	420
	109.105	51.124
Unearned interest on payables (-)	(398)	(874)
	108.707	**50.250**

c) Other short term receivables from related parties

	30 June 2019	31 December 2018
Vestel Elektronik Sanayi ve Ticaret A.Ş.	**543.740**	**703.884**

The Company's interest rate of other receivables in TL is 30% (31 December 2018: TL %36).

d) Other short term liabilities to related parties

	30 June 2019	31 December 2018
Vestel Elektronik Sanayi ve Ticaret A.Ş.	**98.028**	**130.423**

The Company's interest rate of other payables in EUR is Euribor +3,20, USD is 9% (31 December 2018: Euribor +3,20).

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

e) Lease liabilities to related parties

	30 June 2019	31 December 2018
Vestel Elektronik Sanayi ve Ticaret A.Ş.	**40.100**	**-**

f) Transactions with related parties

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Sales				
Vestel Ticaret A.Ş.	3.135.375	2.437.004	1.793.734	1.396.822
Vestel Elektronik Sanayi ve Ticaret A.Ş.	34.125	8.360	19.014	4.610
Other related parties	15	58	15	58
	3.169.515	**2.445.422**	**1.812.763**	**1.401.490**
Purchases and operating expenses				
Vestel Holland B.V.	104.584	24.183	86.086	11.407
Vestel Elektronik Sanayi ve Ticaret A.Ş.	154.842	112.378	93.238	61.608
Other related parties	8.040	2.573	4.384	-
	267.466	**139.134**	**183.708**	**73.015**
Other operating income				
Vestel Ticaret A.Ş.	110.598	131.141	40.035	72.193
Other related parties	866	628	(468)	441
	111.464	**131.769**	**39.567**	**72.634**
Other operating expense				
Vestel Ticaret A.Ş.	14.767	14.206	818	9.724
Other related parties	1.073	1.687	924	1.211
	15.840	**15.893**	**1.742**	**10.935**
Dividend paid				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	539.483	227.091	539.483	227.091
Public shares	27.345	12.909	27.345	12.909
	566.828	**240.000**	**566.828**	**240.000**

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	115.052	33.489	55.817	10.082
Other related parties	123	-	123	-
	115.175	**33.489**	**55.940**	**10.082**
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	16.405	22.950	13.066	11.784
	16.405	**22.950**	**13.066**	**11.784**

g) Guarantees received from and given to related parties are disclosed in note 14.

h) 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 six months period ended 30 June 2019 is 2.661 thousand TL (1 January -30 June 2018: 3.496 thousand TL).

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2019	31 December 2018
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	1.498.927	1.481.423
- Other parties	2.724	4.517
	1.501.651	1.485.940
Unearned interest expense (-)		
- Related parties (note 6)	(2.709)	(5.312)
- Other parties	(2)	(139)
Allowance for doubtful receivables (-)	(289)	(276)
Total short - term trade receivables	**1.498.651**	**1.480.213**

The Company provides allowance for doubtful receivables based on historical experience.

	30 June 2019	31 December 2018
Short term trade payables		
Trade payables		
- Related parties (note 6)	109.105	51.124
- Other parties	1.885.685	1.857.966
	1.994.790	1.909.090
Unearned interest income (-)		
- Related parties (note 6)	(398)	(874)
- Other parties	(213)	(7.139)
Total short term trade payables	**1.994.179**	**1.901.077**
Long term trade payables		
Trade payables		
- Other parties	14.837	15.028
	14.837	15.028
Unearned interest income (-)		
- Other parties	(319)	(497)
Total long term trade payables	**14.518**	**14.531**

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

NOTE 8 – OTHER RECEIVABLES

	30 June 2019	31 December 2018
Short - term other receivables		
Other receivables from related parties (note 6)	543.740	703.884
Receivables from government agencies	128.224	155.464
Deposits and guarantees given	7.613	6.849
Other receivables	951	1.479
	680.528	**867.676**

NOTE 9 – INVENTORIES

	30 June 2019	31 December 2018
Raw materials	481.232	362.841
Work in process	15.669	10.344
Finished goods	290.228	208.063
	787.129	581.248
Provision for impairment on inventories (-)	(534)	(2.194)
	786.595	**579.054**

As of 30 June 2019 the Company does not have inventories pledged as security for liabilities (31 December 2018: None).

Cost of the inventory included in the cost of sales for the current period amounts to 2.399.142 thousand TL (1 January – 30 June 2018: 1.730.131 thousand TL).

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

	30 June 2019	31 December 2018
Finished goods and merchandise	534	2.194
	534	**2.194**

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

NOTE 9 – INVENTORIES (Cont'd)

Movement of inventory impairment on inventories is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Opening balance, 1 January	**2.194**	**1.175**
Current year additions	1.976	1.521
Realised due to sale of inventory	(3.636)	(1.175)
Balance at 30 June	**534**	**1.521**

NOTE 10 – PREPAID EXPENSES

	30 June 2019	31 December 2018
Prepaid expenses in current assets		
Order advances given	9.129	6.815
Prepaid expenses	14.388	5.701
Business advances given	20	107
	23.537	**12.623**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	75.070	38.694
Prepaid expenses	571	896
	75.641	**39.590**

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2019	Additions	Disposals	Transfer	30 June 2019
Cost or revaluation					
Land	192.824	-	-	-	192.824
Land improvements	40.833	114	-	-	40.947
Buildings	438.634	4.030	(715)	567	442.516
Leasehold improvements	10.100	155	-	402	10.657
Plant and machinery	1.499.154	84.153	(1.900)	21.025	1.602.432
Motor vehicles	600	26	-	-	626
Furniture and fixtures	69.513	2.802	(201)	885	72.999
Construction in progress	37.488	34.699	-	(22.879)	49.308
				-	
	2.289.146	**125.979**	**(2.816)**	**-**	**2.412.309**
Accumulated depreciation					
Land improvements	-	679	-	-	679
Buildings	-	5.687	(6)	-	5.681
Leasehold improvements	4.387	675	-	-	5.062
Plant and machinery	806.605	92.701	(1.792)	-	897.514
Motor vehicles	379	42	-	-	421
Furniture and fixtures	42.411	4.032	(192)	-	46.251
	853.782	**103.816**	**(1.990)**	**-**	**955.608**
Net book value	**1.435.364**				**1.456.701**

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

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

	1 January 2018	Additions	Disposals	Transfer	30 June 2018
Cost					
Land	39.063	-	-	-	39.063
Land improvements	3.275	-	-	-	3.275
Buildings	71.623	956	-	54.162	126.741
Leasehold improvements	7.514	384	(8)	269	8.159
Plant and machinery	1.056.638	97.300	(9.879)	68.437	1.212.496
Motor vehicles	589	70	-	-	659
Furniture and fixtures	54.285	3.531	(64)	1.075	58.827
Construction in progress	83.051	189.499	-	(123.943)	148.607
	1.316.038	**291.740**	**(9.951)**	**-**	**1.597.827**
Accumulated depreciation					
Land improvements	2.431	30	-	-	2.461
Buildings	30.785	1.356	-	-	32.141
Leasehold improvements	3.444	420	(4)	-	3.860
Plant and machinery	689.240	60.042	(9.846)	-	739.436
Motor vehicles	340	46	-	-	386
Furniture and fixtures	36.596	2.758	(62)	-	39.292
	762.836	**64.652**	**(9.912)**	**-**	**817.576**
Net book value	**553.202**				**780.251**

Additions to property, plant and equipment in the period 1 January – 30 June 2019 and 2018 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories.

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

	Useful life
Land improvements	8 - 35 years
Buildings	25 - 50 years
Leasehold improvements	5 years
Plant and machinery	5 - 20 years
Motor vehicles	5 years
Furniture and fixtures	5 - 10 years

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

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

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 30 June 2019	1 January - 30 June 2018
Cost of sales	106.688	63.134
Research and development expenses	15.519	10.879
Marketing, selling and distribution expenses	303	237
General administrative expenses	843	626
	123.353	**74.876**

NOTE 12 – RIGHT OF USE ASSETS

	1 January 2019	Effect of change in accounting policies	Additions	30 June 2019
Cost				
Land and buildings	-	43.353	-	43.353
Machinery	-	32.297	-	32.297
	-	**75.650**	**-**	**75.650**
Accumulated amortization				
Land and buildings	-	-	2.301	2.301
Machinery	-	-	4.462	4.462
	-	**-**	**6.763**	**6.763**
Net book value	**-**	**75.650**	**-**	**68.887**

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

NOTE 13 – INTANGIBLE ASSETS

	1 January 2019	Additions	Disposals	30 June 2019
Cost				
Rights	6.429	-	-	6.429
Development cost	244.701	26.339	(114)	270.926
Other intangible assets	16.127	454	-	16.581
	267.257	**26.793**	**(114)**	**293.936**
Accumulated amortization				
Rights	6.360	4	-	6.364
Development cost	107.534	12.055	-	119.589
Other intangible assets	6.496	715	-	7.211
	120.390	**12.774**	**-**	**133.164**
Net book value	**146.867**			**160.772**

	1 January 2018	Additions	Disposals	30 June 2018
Cost				
Rights	6.376	-	-	6.376
Development cost	197.197	22.406	-	219.603
Other intangible assets	13.762	2.066	-	15.828
	217.335	**24.472**	**-**	**241.807**
Accumulated amortization				
Rights	6.357	1	-	6.358
Development cost	87.391	9.676	-	97.067
Other intangible assets	5.373	547	-	5.920
	99.121	**10.224**	**-**	**109.345**
Net book value	**118.214**			**132.462**

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 13 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

	Useful life
Rights	3 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2019	31 December 2018
Short - term provisions		
Provision for lawsuit risks	3.190	3.190
	3.190	**3.190**

b) Guarantees received by the Company

	30 June 2019	31 December 2018
Guarantee letters	37.644	27.062
Cheques and notes	5.716	6.879
Collaterals and pledges	6.112.088	5.269.273
	6.155.448	**5.303.214**

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

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

c) Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows:

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
30 June 2019				
A. CPM's given on behalf of its own legal entity	-	7.420	33.184	81.790
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	1.008.140	44.487	907.894	7.001.260
i. Total amount of CPM's given on behalf of the parent company	722.288	-	667.835	4.824.673
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	44.487	240.059	2.176.587
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.008.140**	**51.907**	**941.078**	**7.083.050**

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

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2018				
A. CPM's given on behalf of its own legal entity	-	7.420	41.916	86.642
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	1.008.140	44.487	907.894	6.479.785
i. Total amount of CPM's given on behalf of the parent company	722.288	-	667.835	4.467.720
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	44.487	240.059	2.012.065
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.008.140**	**51.907**	**949.810**	**6.566.427**

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

Proportion of other CPM's given by the Company to its equity 448 % as of 30 June 2019 (31 December 2018: 358%).

NOTE 15 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to 679.150 thousand USD (31 December 2018: 615.687 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2019 the Company has forward foreign currency purchase contract that amounts to 28.933 thousand TL, 42.518 thousand EUR and 104.588 thousand USD against forward foreign currency sales contract that amounts to 43.392 thousand EUR, 1.936 thousand USD and 633.379 thousand TL (31 December 2018: 347.064 thousand TL, 41.714 thousand EUR and 158.639 thousand USD against forward foreign currency sales contract that amounts to 109.555 thousand EUR, 23.681 thousand USD and 669.358 thousand TL sales contracts).

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

NOTE 16 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 June 2019	31 December 2018
Due to personnel	32.229	23.224
Social security payables	9.428	7.972
	41.657	**31.196**

Long term provisions for employee benefits:

	30 June 2019	31 December 2018
Provision for employment termination benefits	**41.809**	**38.713**

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 6 March 1981, No. 2422 and 25 August 1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's gross salary for each year of service and is limited to a maximum of TL 6.017,60 TL / year as of 30 June 2019 (31 December 2018: 5.434,42 TL/year).

The provision for employee termination benefits is not funded.

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 June 2019 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 June 2019 provision is calculated based on real discount rate of 5,45% (31 December 2018: 5,45%) assuming 10 % annual inflation rate and 15,99% discount rate.

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

NOTE 16 – EMPLOYEE BENEFITS (Cont'd)

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

	1 January - 30 June 2019	1 January - 30 June 2018
Balance at 1 January	**38.713**	**31.749**
Increase during the year	1.847	2.537
Payments during the year	(2.930)	(2.857)
Actuarial (gain) /loss	885	377
Interest expense	3.294	1.926
Balance at 30 June	**41.809**	**33.732**

NOTE 17 – OTHER ASSETS AND LIABILITIES

	30 June 2019	31 December 2018
Other current assets		
VAT carried forward	137	221
Receivables from government agencies	19.327	-
Other	1.228	609
	20.692	**830**
Other current liabilities		
Taxes and dues payable	5.405	6.280
Advances received	26.157	108
Other	4.949	414
	36.511	**6.802**

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

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 June 2019	31 December 2018
Shares of par value TL 1 each		
Issued share capital	190.000	190.000

As of 30 June 2019 and 31 December 2018 the shareholding structure is as follows:

	Shareholding		Amount	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Vestel Elektronik Sanayi ve Ticaret A.Ş.	95,18%	95,18%	180.834	180.834
Shares held by public	4,82%	4,82%	9.166	9.166
	100,00%	**100,00%**	**190.000**	**190.000**

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 June 2019	31 December 2018
Adjustment to share capital	**9.734**	**9.734**

c) Share Premium

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

	30 June 2019	31 December 2018
Share premium	**109.031**	**109.031**

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

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)

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.

	30 June 2019	31 December 2018
Legal reserves	**173.938**	**118.206**

e) Retained earnings

	30 June 2019	31 December 2018
Extraordinary reserves	282.356	282.356
Previous year’s profits	73.741	70.365
	356.097	**352.721**

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

f) Dividend distribution

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

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

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

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

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

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

NOTE 19 – SALES

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Domestic sales	591.153	723.426	409.495	417.369
Overseas sales	2.614.787	1.700.863	1.409.884	953.551
Gross sales	**3.205.940**	**2.424.289**	**1.819.379**	**1.370.920**
Less: Sales discounts	(2.622)	(1.093)	(1.171)	(752)
Net sales	**3.203.318**	**2.423.196**	**1.818.208**	**1.370.168**
Cost of sales	(2.752.161)	(2.053.970)	(1.514.489)	(1.146.934)
Gross profit	**451.157**	**369.226**	**303.719**	**223.234**

NOTE 20 – EXPENSES BY NATURE

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Raw materials, supplies and finished goods	2.486.632	1.811.588	1.374.660	975.977
Changes in finished goods, work in process and trade goods	(87.490)	(26.041)	(33.236)	25.516
Personnel expenses	222.819	169.590	118.146	92.863
Depreciation and amortization	123.353	74.876	63.035	39.206
Other	109.800	106.265	48.733	60.250
	2.855.114	**2.136.278**	**1.571.338**	**1.193.812**

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

NOTE 21 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Personnel expenses	5.839	6.361	3.124	4.315
Consultancy and IT expenses	11.449	8.914	5.853	4.605
Rent and office expenses	3.671	2.644	2.100	1.352
Travelling expense	902	611	454	325
Energy expenses	439	367	259	166
Depreciation and amortization	843	626	425	319
External benefits and services	140	270	103	242
Other	9.044	11.226	5.938	7.682
	32.327	**31.019**	**18.256**	**19.006**

b) Marketing expenses:

Personnel expenses	9.720	7.509	5.284	4.122
Transportation expenses	25.669	17.297	14.193	9.370
Tax and duties	5.495	3.475	3.040	1.990
Insurance expenses	1.007	790	509	429
Depreciation and amortization	303	237	151	122
Other	3.710	2.831	1.812	1.507
	45.904	**32.139**	**24.989**	**17.540**

c) Research and development expenses:

Depreciation and amortization	15.519	10.879	8.144	5.625
Personnel expenses	4.161	4.061	2.179	2.381
Other	5.042	4.210	3.281	2.326
	24.722	**19.150**	**13.604**	**10.332**

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

NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income	**1 January - 30 June 2019**	**1 January - 30 June 2018**	**1 April - 30 June 2019**	**1 April - 30 June 2018**
Credit finance gains arising from trading activities	12.897	2.249	5.756	1.772
Foreign exchange gains arising from trading activities	147.248	147.416	41.287	88.432
Other income	3.571	5.096	1.938	3.847
	163.716	**154.761**	**48.981**	**94.051**

b) Other operating expenses

	1 January - 30 June 2019	**1 January - 30 June 2018**	**1 April - 30 June 2019**	**1 April - 30 June 2018**
Debit finance charges arising from trading activities	14.753	15.191	4.819	9.018
Foreign exchange expenses arising from trading activities	176.882	197.823	39.256	141.960
Other expenses	15.261	5.325	10.944	3.587
	206.896	**218.339**	**55.019**	**154.565**

NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 June 2019	**1 January - 30 June 2018**	**1 April - 30 June 2019**	**1 April - 30 June 2018**
Foreign exchange gains	18.767	12.353	3.547	10.636
Gains on derivative financial instruments	74.091	110.216	29.746	88.770
Interest income	117.266	35.369	55.989	11.353
	210.124	**157.938**	**89.282**	**110.759**

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

NOTE 23 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2019	1 April - 30 June 2018
Foreign exchange losses	65.309	95.793	25.267	50.483
Losses on derivative financial instruments	96.320	53.932	53.983	39.317
Interest expense	40.479	22.481	22.893	11.232
Other finance expenses	98	24	80	(26)
	202.206	**172.230**	**102.223**	**101.006**

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2019	31 December 2018
Corporation and income taxes	1.674	5.512
Prepaid taxes	(360)	(4.796)
Current income tax liabilities - net	**1.314**	**716**
Deffered tax liabilities	(66.981)	(73.036)
Deferred tax assets / (liabilities)	**(66.981)**	**(73.036)**

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 14th 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, 50% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

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

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 30 June 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

As of 1 January – 30 June 2019 and 2018 tax expense in the statement of income is as follows:

	1 January - 30 June 2019	**1 January - 30 June 2018**
Current period tax expense	(1.674)	(2.490)
Deferred tax benefit / (expense)	5.921	11.138
Total tax income	**4.247**	**8.648**

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Company has reduced rate of corporate tax advantage.

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.

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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 June 2019	**31 December 2018**	**30 June 2019**	**31 December 2018**
Deferred tax assets				
Employment termination benefits	(41.809)	(38.713)	8.362	7.743
Maddi ve maddi olmayan duran varlıkların kayıtlı değerleri ile vergi matrahları arasındaki net fark	(14.690)	-	2.938	-
Provision for impairment on inventories	(532)	(2.194)	117	483
Derivative financial instruments	(9.197)	(20.129)	2.023	4.428
Other	(22.068)	(13.114)	4.855	2.885
			18.295	**15.539**

	Cumulative temporary differences		**Deferred tax**	
	30 June 2019	**31 December 2018**	**30 June 2019**	**31 December 2018**
Deferred tax liabilites				
Useful life and valuation differences on property, plant and equipment and intangible assets	-	8.480	-	(1.696)
Revaluation of tangible fixed assets	498.468	502.688	(84.316)	(85.161)
Derivative financial instruments	-	2.028	-	(446)
Other	4.800	6.360	(960)	(1.272)
			(85.276)	**(88.575)**
Deferred tax assets / (liabilities) - net			**(66.981)**	**(73.036)**

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

NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

	1 January - 30 June 2019	1 January - 30 June 2018
Opening balance, 1 January	**(73.036)**	**5.681**
Tax expense recognized in income statement	5.921	11.138
Recognized in shareholders' equity	134	(4.500)
Deferred tax liabilities at the end of the period, net	**(66.981)**	**12.319**

NOTE 25– EARNINGS PER SHARE

	1 January - 30 June 2019	1 January - 30 June 2018
Net (loss) / income attributable to equity holders of the parent	317.189	217.696
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	190.000	190.000
	1,67	**1,15**

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

NOTE 26 – DERIVATIVE INSTRUMENTS

	30 June 2019		31 December 2018	
	Contract amount	**Fair Value Assets / (Liabilities)**	**Contract amount**	**Fair Value Assets / (Liabilities)**
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	8.188	-	287.560	2.028
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	688.304	(8.577)	1.000.866	(19.314)
Cash flow hedge				
Forward foreign currency transactions	212.881	(620)	144.675	(815)
	909.373	**(9.197)**	**1.433.101**	**(18.101)**

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk:

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

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

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

30 June 2019	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	11.786	132.835	32	938.024
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	35	11.046	44	72.604
2b. Non-monetary financial assets	-	-	-	-
3. Other	150	6.195	-	41.445
4. Current assets (1+2+3)	**11.971**	**150.076**	**76**	**1.052.073**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.061	4.478	-	52.705
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**4.061**	**4.478**	**-**	**52.705**
9. Total assets (4+8)	**16.032**	**154.554**	**76**	**1.104.778**
10. Trade payables	150.468	99.244	576	1.516.652
11. Financial liabilities	10.005	102.851	-	731.325
12a. Other monetary liabilities	615	14.424	-	98.027
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**161.088**	**216.519**	**576**	**2.346.004**
14. Trade payables	-	2.094	-	13.717
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**2.094**	**-**	**13.717**
18. Total liabilities (13+17)	**161.088**	**218.613**	**576**	**2.359.721**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**102.652**	**(874)**	**-**	**585.047**
19a. Hedged total assets	104.588	42.518	-	880.437
19b. Hedged total liabilities	(1.936)	(43.392)	-	(295.390)
20. Net foreign currency asset/ (liability) position (9-18+19)	**(42.404)**	**(64.933)**	**(500)**	**(669.896)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(149.267)**	**(74.732)**	**(500)**	**(1.349.093)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(9.197)**
23. Export	29.955	384.756	-	2.614.787
24. Import	136.494	82.191	474	1.287.634

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2018	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	13.135	195.171	-	1.245.593
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	183	12.657	80	77.339
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	**13.318**	**207.828**	**80**	**1.322.932**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	160	2.783	-	17.618
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**160**	**2.783**	**-**	**17.618**
9. Total assets (4+8)	**13.478**	**210.611**	**80**	**1.340.550**
10. Trade payables	185.034	83.146	519	1.475.168
11. Financial liabilities	-	88.309	-	532.325
12a. Other monetary liabilities	-	21.636	-	130.422
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**185.034**	**193.091**	**519**	**2.137.915**
14. Trade payables	-	2.261	-	13.629
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**2.261**	**-**	**13.629**
18. Total liabilities (13+17)	**185.034**	**195.352**	**519**	**2.151.544**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**134.958**	**(67.841)**	**-**	**301.055**
19a. Hedged total assets	158.639	41.714	-	1.086.036
19b. Hedged total liabilities	(23.681)	(109.555)	-	(784.981)
20. Net foreign currency asset/ (liability) position (9-18+19)	**(36.598)**	**(52.582)**	**(439)**	**(509.939)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(171.716)**	**12.476**	**(439)**	**(828.612)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(18.101)**
23. Export	74.243	711.036	-	4.477.939
24. Import	305.596	197.115	1.878	2.545.901

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 30 June 2019 and 31 December 2018, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		**Equity**	
30 June 2019	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(85.904)	85.904	(85.904)	85.904
Secured portion from USD risk (-)	37.728	(37.728)	58.942	(58.942)
USD net effect	**(48.176)**	**48.176**	**(26.962)**	**26.962**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(48.955)	48.955	(48.955)	48.955
Secured portion from EUR risk (-)	20.170	(20.170)	(1.105)	1.105
EUR net effect	**(28.785)**	**28.785**	**(50.060)**	**50.060**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(50)	50	(50)	50
Secured portion from other currency risk (-)	-	-	-	-
Other currency net effect	**(50)**	**50**	**(50)**	**50**

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

NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
31 December 2018	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(90.338)	90.338	(90.338)	90.338
Secured portion from USD risk (-)	56.569	(56.569)	70.977	(70.977)
USD net effect	**(33.769)**	**33.769**	**(19.361)**	**19.361**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	7.520	(7.520)	7.520	(7.520)
Secured portion from EUR risk (-)	(26.755)	26.755	(41.244)	41.244
EUR net effect	**(19.235)**	**19.235**	**(33.724)**	**33.724**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(44)	44	(44)	44
Secured portion from other currency risk (-)	-	-	-	-
Other currency net effect	**(44)**	**44**	**(44)**	**44**