

**VESTEL ELEKTRONİK SANAYİ VE TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY- 30 SEPTEMBER 2017**

(ORIGINALLY ISSUED IN TURKISH)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 SEPTEMBER 2017

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND
31 DECEMBER 2016

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

		30 September	Audited 31 December
	Footnotes	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1.596.751	1.264.003
Trade Receivables		3.212.214	2.434.816
Trade Receivables Due From Related Parties	8	35.147	38.045
Trade Receivables Due From Unrelated Parties	9	3.177.067	2.396.771
Other Receivables		266.208	280.962
Other Receivables Due From Related Parties	8	-	52.282
Other Receivables Due From Unrelated Parties	10	266.208	228.680
Derivative Financial Assets		61.076	150.982
Derivative Financial Assets Held for Trading	27	57.019	44.454
Derivative Financial Assets Held for Hedging	27	4.057	106.528
Inventories	11	3.115.324	1.817.869
Prepayments		56.335	31.098
Prepayments to Unrelated Parties	12	56.335	31.098
Current Tax Assets		13.887	6.252
Other Current Assets		30.306	37.870
Other Current Assets Due From Unrelated Parties	18	30.306	37.870
TOTAL CURRENT ASSETS		8.352.101	6.023.852

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND
31 DECEMBER 2016

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

		30 September	Audited 31 December
	Footnotes	2017	2016
NON-CURRENT ASSETS			
Financial Investments		43.897	11.896
Financial Assets Available-for-Sale	6	43.897	11.896
Trade Receivables		134.319	122.901
Trade Receivables Due From Unrelated Parties	9	134.319	122.901
Other Receivables		1.440.111	1.123.117
Other Receivables Due From Related Parties	8	1.439.027	1.121.832
Other Receivables Due From Unrelated Parties	10	1.084	1.285
Property, Plant and Equipments		1.773.738	1.642.927
Land and Premises	13	277.111	241.478
Land Improvements	13	57.480	58.799
Buildings	13	701.272	697.185
Machinery and Equipments	13	576.531	527.529
Vehicles	13	889	1.212
Fixtures and Fittings	13	84.085	83.128
Leasehold Improvements	13	25.636	25.761
Construction in Progress	13	50.732	7.832
Other Property, Plant and Equipment	13	2	3
Intangible Assets and Goodwill		634.509	593.018
Goodwill		197.793	197.793
Other Rights	14	18.221	20.393
Capitalized Development Costs	14	365.439	331.486
Other Intangible Assets	14	53.056	43.346
Prepayments		76.492	63.501
Prepayments to Unrelated Parties	12	76.492	63.501
Deferred Tax Asset	25	140.287	62.559
Other Non-current Assets		5.969	7.444
Other Non-Current Assets Due From Unrelated Parties	18	5.969	7.444
TOTAL NON-CURRENT ASSETS		4.249.322	3.627.363
TOTAL ASSETS		12.601.423	9.651.215

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND
31 DECEMBER 2016

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

		30 September	Audited 31 December
	Footnotes	2017	2016
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		1.543.853	342.397
Current Borrowings From Unrelated Parties		1.543.853	342.397
Bank Loans	7	1.542.930	318.694
Leasing Debts	7	923	-
Other Current Borrowings	7	-	23.703
Current Portion of Non-current Borrowings		2.325.192	518.099
Current Portion of Non-current Borrowings from Unrelated Parties		2.325.192	518.099
Bank Loans	7	2.325.192	518.099
Trade Payables		5.379.191	3.683.188
Trade Payables to Related Parties	8	5.695	6.440
Trade Payables to Unrelated Parties	9	5.373.496	3.676.748
Employee Benefit Obligations	17	110.080	91.229
Other Payables		54.358	46.379
Other Payables to Related Parties	8	4.996	-
Other Payables to Unrelated Parties		49.362	46.379
Derivative Financial Liabilities		121.347	235.398
Derivative Financial Liabilities Held for Trading	27	21.322	235.398
Derivative Financial Liabilities Held for Hedging	27	100.025	-
Current Tax Liabilities	25	1.079	3.959
Current Provisions		335.785	275.367
Other Current Provisions	15	335.785	275.367
Other Current Liabilities		241.091	181.276
Other Current Liabilities to Unrelated Parties	18	241.091	181.276
TOTAL CURRENT LIABILITIES		10.111.976	5.377.292

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND
31 DECEMBER 2016

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

		30 September	Audited 31 December
	Footnotes	2017	2016
NON-CURRENT LIABILITIES			
Long Term Borrowings		409.830	2.233.073
Long Term Borrowings From Unrelated Parties		409.830	2.233.073
Bank Loans	7	402.542	2.228.870
Leasing Debts	7	7.288	4.203
Trade Payables		1.959	-
Trade Payables to Unrelated Parties		1.959	-
Non-current Provisions		166.195	153.260
Non-current Provisions for Employee Benefits	17	82.489	76.463
Other Non-current Provisions	15	83.706	76.797
Deferred Tax Liabilities	25	41.359	48.465
Other Non-current Liabilities		6.427	-
Other Non-current Liabilities to Unrelated Parties		6.427	-
TOTAL NON-CURRENT LIABILITIES		625.770	2.434.798
TOTAL LIABILITIES		10.737.746	7.812.090

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND
31 DECEMBER 2016

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

		30 September	Audited 31 December
	Footnotes	2017	2016
EQUITY			
Equity Attributable to Owners of Parent		1.803.117	1.779.236
Issued Capital	19	335.456	335.456
Inflation Adjustments on Capital		688.315	688.315
Share Premium (Discount)		103.165	103.165
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		540.407	551.864
Gains (Losses) on Revaluation and Remeasurement		540.407	551.864
Increases (Decreases) on Revaluation of Property, Plant and Equipment	19	552.178	561.662
Gains (Losses) on Remeasurements of Defined Benefit Plans		(11.771)	(9.798)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		10.378	59.698
Exchange Differences on Translation		47.375	10.038
Gains (Losses) on Hedge		(40.897)	48.184
Gains (Losses) on Cash Flow Hedges		(40.897)	48.184
Gains (Losses) on Revaluation and Reclassification		3.900	1.476
Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	19	3.900	1.476
Restricted Reserves Appropriated From Profits		46.195	41.029
Legal Reserves	19	46.195	41.029
Prior Years' Profits or Losses	19	4.027	(168.010)
Current Period Net Profit Or Loss		75.174	167.719
Non-controlling Interests		60.560	59.889
TOTAL EQUITY		1.863.677	1.839.125
TOTAL LIABILITIES AND EQUITY		12.601.423	9.651.215

Condensed consolidated financial statements for the period 1 January - 30 September 2017, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 30 October 2017.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2017 AND 2016

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

	Footnotes	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
PROFIT OR LOSS					
Revenue	20	8.234.481	6.764.675	2.893.182	2.116.955
Cost of Sales	20	(6.573.235)	(5.307.908)	(2.331.729)	(1.693.404)
GROSS PROFIT (LOSS)		1.661.246	1.456.767	561.453	423.551
General Administrative Expenses	22	(205.658)	(146.328)	(65.787)	(44.803)
Marketing Expenses	22	(1.008.307)	(847.605)	(378.480)	(274.257)
Research and Development Expense	22	(132.609)	(106.793)	(49.753)	(37.745)
Other Income from Operating Activities	23	683.511	277.948	186.175	56.462
Other Expenses from Operating Activities	23	(598.821)	(272.145)	(198.874)	(83.216)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		399.362	361.844	54.734	39.992
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		399.362	361.844	54.734	39.992
Finance Income	24	786.599	611.146	217.829	285.061
Finance Costs	24	(1.153.307)	(677.618)	(360.307)	(221.146)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		32.654	295.372	(87.744)	103.907
Tax (Expense) Income, Continuing		54.209	(13.695)	34.320	(9.229)
Current Period Tax (Expense) Income	25	(8.013)	(21.676)	(2.687)	(6.523)
Deferred Tax (Expense) Income	25	62.222	7.981	37.007	(2.706)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		86.863	281.677	(53.424)	94.678
PROFIT (LOSS)		86.863	281.677	(53.424)	94.678
Profit (loss), attributable to					
Non-controlling Interests		11.689	15.288	3.694	4.678
Owners of Parent		75.174	266.389	(57.118)	90.000
Earnings per 1000 share with a Kr 1 of Par Value (TL)	26	0,22	0,79	(0,17)	0,27

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2017 AND 2016

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

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(1.996)	(2.119)	(1.406)	(953)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(2.495)	(2.649)	(1.758)	(1.192)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	499	530	352	239
Taxes Relating to Remeasurements of Defined Benefit Plans	499	530	352	239
Other Comprehensive Income that will be Reclassified to Profit or Loss	(50.854)	11.698	22.022	(6.026)
Exchange Differences on Translation	37.337	22.081	13.512	10.867
Gains (Losses) on Exchange Differences on Translation	37.337	22.081	13.512	10.867
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets	3.030	(240)	1.440	(480)
Gains (losses) on Remeasuring Available-for-sale Financial Assets	3.030	(240)	1.440	(480)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(113.269)	(12.739)	9.197	(20.636)
Gains (Losses) on Cash Flow Hedges	(113.269)	(12.739)	9.197	(20.636)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to	22.048	2.596	(2.127)	4.223
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for- sale Financial Assets	(606)	48	(288)	96
Taxes Relating to Cash Flow Hedges	22.654	2.548	(1.839)	4.127
OTHER COMPREHENSIVE INCOME (LOSS)	(52.850)	9.579	20.616	(6.979)
TOTAL COMPREHENSIVE INCOME (LOSS)	34.013	291.256	(32.808)	87.699
Total Comprehensive Income Attributable to				
Non-controlling Interests	10.132	15.275	3.913	4.363
Owners of Parent	23.881	275.981	(36.721)	83.336

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 30 SEPTEMBER 2017 AND 2016

(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 Remeasurements of Defined Benefit Plans	Gains (Losses) Revaluations and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	Gains (Losses) on Revaluation and Reclassification	Other Accumulated Comprehensive 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	Non-controlling interests	
Previous Period																				
1 January -30 September 2016																				
Equity at Beginning of Period	335.456	688.315	103.165	574.004	(10.702)	563.302	563.302	(47.686)	19.256	19.256	2.052	2.052	(26.378)	28.314	(227.257)	59.620	(167.637)	1.524.537	49.271	1.573.808
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59.620	(59.620)	-	-	-	-
Total Comprehensive Income (Loss)	-	-	-	(8.635)	(2.097)	(10.732)	(10.732)	22.081	(10.200)	(10.200)	(192)	(192)	11.689	-	8.635	266.389	275.024	275.981	15.275	291.256
Profit (Loss)	-	-	-	(8.635)	-	(8.635)	(8.635)	-	-	-	-	-	-	-	8.635	266.389	275.024	266.389	15.288	281.677
Other Comprehensive Income (Loss)	-	-	-	-	(2.097)	(2.097)	(2.097)	22.081	(10.200)	(10.200)	(192)	(192)	11.689	-	-	-	-	9.592	(13)	9.579
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.042)	(7.042)
Equity at End of Period	335.456	688.315	103.165	565.369	(12.799)	552.570	552.570	(25.605)	9.056	9.056	1.860	1.860	(14.689)	28.314	(159.002)	266.389	107.387	1.800.518	57.504	1.858.022
Current Period																				
1 January -30 September 2017																				
Equity at Beginning of Period	335.456	688.315	103.165	561.662	(9.798)	551.864	551.864	10.038	48.184	48.184	1.476	1.476	59.698	41.029	(168.010)	167.719	(291)	1.779.236	59.889	1.839.125
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	5.166	162.553	(167.719)	(5.166)	-	-	-
Total Comprehensive Income (Loss)	-	-	-	(9.484)	(1.973)	(11.457)	(11.457)	37.337	(89.081)	(89.081)	2.424	2.424	(49.320)	-	9.484	75.174	84.658	23.881	10.132	34.013
Profit (Loss)	-	-	-	(9.484)	-	(9.484)	(9.484)	-	-	-	-	-	-	-	9.484	75.174	84.658	75.174	11.689	86.863
Other Comprehensive Income (Loss)	-	-	-	-	(1.973)	(1.973)	(1.973)	37.337	(89.081)	(89.081)	2.424	2.424	(49.320)	-	-	-	-	(51.293)	(1.557)	(52.850)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9.461)	(9.461)
Equity at End of Period	335.456	688.315	103.165	552.178	(11.771)	540.407	540.407	47.375	(40.897)	(40.897)	3.900	3.900	10.378	46.195	4.027	75.174	79.201	1.803.117	60.560	1.863.677

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2017 AND 2016

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

	Footnotes	1 January - 30 September 2017	1 January - 30 September 2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		115.917	199.878
Profit (Loss)		86.863	281.677
Profit (Loss) from Continuing Operations		86.863	281.677
Adjustments to Reconcile Profit (Loss)		477.748	425.457
Adjustments for Depreciation and Amortisation Expense	13	271.699	239.487
Adjustments for Impairment Loss (Reversal of Impairment Loss)		10.494	(22.116)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables		3.741	(24.605)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	6.753	2.489
Adjustments for Provisions		85.541	43.035
Adjustments for (Reversal of) Provisions Related with Employee Benefits	17	18.214	14.586
Provisions	15	(5.443)	970
Adjustments for (Reversal of) Warranty Provisions	15	44.596	25.929
Adjustments for (Reversal of) Other Provisions		28.174	1.550
Adjustments for Interest (Income) Expenses		135.166	177.412
Adjustments for Interest Income	24	(152.856)	(84.057)
Adjustments for Interest Expense	24	288.022	261.469
Adjustments for Unrealised Foreign Exchange Losses (Gains)		120.014	44.364
Adjustments for Fair Value Losses (Gains)		(137.414)	(68.634)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(137.414)	(68.634)
Adjustments for Tax (Income) Expenses		(54.209)	13.695
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(2.253)	(1.686)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(2.253)	(1.686)
Other Adjustments to Reconcile Profit (Loss)	5	48.710	(100)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2017 AND 2016

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

	Footnotes	1 January - 30 September 2017	1 January - 30 September 2016
Changes in Working Capital		(417.843)	(504.457)
Decrease (Increase) in Financial Investments	6	(32.001)	(4.274)
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(792.557)	275.453
Decrease (Increase) in Trade Accounts Receivables from Related Parties		2.898	(7.753)
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties		(795.455)	283.206
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(37.327)	154.176
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		(37.327)	154.176
Adjustments for Decrease (Increase) in Inventories		(1.305.172)	379.512
Decrease (Increase) in Prepaid Expenses		(38.228)	(27.612)
Adjustments for Increase (Decrease) in Trade Accounts Payable		1.697.962	(1.323.523)
Increase (Decrease) in Trade Accounts Payables to Related Parties		(745)	4.333
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		1.698.707	(1.327.856)
Increase (Decrease) in Employee Benefit Liabilities		18.851	(7.876)
Adjustments for Increase (Decrease) in Other Operating Payables		2.983	(2.659)
Increase (Decrease) in Other Operating Payables to Unrelated Parties		2.983	(2.659)
Other Adjustments for Other Increase (Decrease) in Working Capital		67.646	52.346
Decrease (Increase) in Other Assets Related with Operations		1.404	20.265
Increase (Decrease) in Other Payables Related with Operations		66.242	32.081
Cash Flows from (used in) Operations		146.768	202.677
Payments Related with Provisions for Employee Benefits	17	(14.683)	(12.162)
Income Taxes Refund (Paid)	25	(16.168)	9.363

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY – 30 SEPTEMBER 2017 AND 2016

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

	Footnotes	1 January - 30 September 2017	1 January - 30 September 2016
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(684.329)	(635.185)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		5.168	3.178
Proceeds from Sales of Property, Plant and Equipment		5.168	3.178
Purchase of Property, Plant, Equipment and Intangible Assets		(424.584)	(256.585)
Purchase of Property, Plant and Equipment	13	(310.575)	(160.162)
Purchase of Intangible Assets	14	(114.009)	(96.423)
Cash Advances and Loans Made to Other Parties		(264.913)	(381.778)
Cash Advances and Loans Made to Related Parties	8	(264.913)	(381.778)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		925.661	484.093
Proceeds from Borrowings		1.871.860	1.626.031
Proceeds from Loans		1.871.860	1.626.031
Repayments of Borrowings		(912.627)	(992.030)
Loan Repayments		(892.932)	(992.030)
Cash Outflows from Other Financial Liabilities		(19.695)	-
Increase in Other Payables to Related Parties		4.996	-
Dividends Paid		(9.461)	(7.042)
Interest Paid		(181.963)	(226.923)
Interest Received		152.856	84.057
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		357.249	48.786
Effect of Exchange Rate Changes on Cash and Cash Equivalents		24.209	(17.168)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		381.458	31.618
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.210.714	675.290
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1.592.172	706.908

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / İstanbul. The Group's production facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone, Poland and Russia.

The Group's refrigerator and air conditioner sales include the effects of seasonal variations whilst television and electronic devices and other segment sales are not materially affected by seasonality.

The ultimate controller of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa İstanbul ("BİST") since 1990. As of 30 September 2017, 35,59% of the Company's shares are publicly traded (2016: 35,59%).

As of 30 September 2017 the number of personnel employed at Group is 15.830 (31 December 2016: 15.371).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Sales
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany GmbH	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel Benelux BV	Holland	Sales
Vestel UK Ltd.	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
OY Vestel Scandinavia AB	Finland	Sales
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales
Vestel Polska Technology Center sp. z o.o.	Poland	Production/Sales
Vestel Electronics Gulf DMC	UAE	Sales

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Cont’d)

Investments accounted for using equity method	Country	Nature of operations
Vestel Savunma Sanayi A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying consolidated 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, consolidated financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS” / “TFRS”) and its addendum and interpretations (“IFRIC”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Board.

The Group prepared its condensed interim consolidated financial statements for the period ended 30 September 2017 in accordance with (“TAS”) 34 “Interim Financial Reporting” in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

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

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

The Company and its subsidiaries operating in Turkey 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 consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

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

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with CMB Financial Reporting Standards. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

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

2.1.2 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction). Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under the shareholders' equity.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 SEPTEMBER 2017

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

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

The balance sheet date rates and average rates used for translation of income statement items for the related periods are as follows:

<u>Period End:</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Turkish Lira/EUR	0,2385	0,2695
Turkish Lira/GBP	0,2106	0,2315
Turkish Lira/RUB	16,385	17,446
Turkish Lira/PLN	1,0273	1,1870
	<u>1 January -</u>	<u>1 January -</u>
<u>Average:</u>	<u>30 September 2017</u>	<u>30 September 2016</u>
Turkish Lira/EUR	0,2503	0,3057
Turkish Lira/GBP	0,2187	0,2447
Turkish Lira/RUB	16,305	22,382
Turkish Lira/PLN	1,0667	1,3303

2.1.3 Basis of consolidation

The consolidated financial statements include the accounts of the parent, Company, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 SEPTEMBER 2017

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

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

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as “non-controlling interest” in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders’ equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50% which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group’s interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group’s share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group’s interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Since Vestel Savunma and Aydın Yazılım has net liability position as of 30 September 2017 and 31 December 2016, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets.

The Group’s voting rights and effective ownership rates in Vestel Savunma and Aydın Yazılım are 35% and 21% respectively (31 December 2016: 35%, 21%).

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.2 Comparatives

Consolidated financial statements of the Group 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 consolidated financial statements.

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 the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

2.4 Amendments in International Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective as of 30 September 2017 and are adopted by the Group:

- **Amendments to IAS 7 ‘Statement of cash flows’** on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- **Amendments IAS 12 ‘Income Taxes’**, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

- **Annual improvements 2014–2016**, effective from annual periods beginning on or after 1 January 2017:
 - IFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
 - IFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
 - IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- b) **Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group:**
 - **IFRS 9 ‘Financial instruments’**, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
 - **IFRS 15 ‘Revenue from contracts with customers’**, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
 - **Amendment to IFRS 15, ‘Revenue from contracts with customers’**, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

- **IFRS 16 ‘Leases’**, effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied. 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. This standard is allowed to early adoption with IFRS 15 ‘Revenue from contract with customers’.
- **Amendment to IAS 40, Investment property** relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence
- **Amendments to IFRS 2, ‘Share based payments’** on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.

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

- **IFRIC 22, 'Foreign currency transactions and advance consideration'**, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- **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.

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

- c) **Other new standards, amendments and interpretations issued and effective as of 1 January 2017 have not been presented since they are not relevant to the operations of the Group or have insignificant impact on the financial statements.**

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

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

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

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

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

Where necessary, contract revenue is recognized in proportion to stage of completion of a fixed fee contract.

Service income and other income are recorded using accrual accounting assumptions about the fair value of the amount that is obtained or that can be obtained in the event that the service is rendered or items relating to the income are realized or risks and benefits are transferred and it is possible for the economic benefits relating to the transactions to flow into the Company.

Interest income is accrued in the relevant period at the effective interest rate, which reduces the remaining principal balance and the estimated cash inflow, to be obtained from the relevant financial asset throughout its life, and the book value of the asset.

Sales are recorded at the amount that remains after estimated discounts and returns are deducted from the price determined in the sales agreements during the sales. Customers have the right to return products in consistency with the market practice. Previous experiences are used for the estimation of discounts and returns. Discounts are determined by taking the performed yearly sales into consideration.

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

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. Group 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 2015 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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.

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

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.

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.

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

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

- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

b) Rights and other intangible assets

Rights and other intangible assets consist of 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 fifteen years.

c) Goodwill

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized. Within the scope of TFRS 3 "Business Combinations", beginning from 1 January 2005 the Group has stopped amortizing goodwill. Goodwill recognized on acquisitions before 31 December 2004 was being amortized until 31 December 2004 on a straight line basis over their useful lives not to exceed twenty years.

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. Goodwill arising on acquisitions measured at cost less any impairment losses.

Impairment losses calculated on goodwill cannot be reversed in the statement of income even if the impairment ceases to exist in the following periods. Goodwill is linked to cash generating units during the impairment test.

In case the consideration transferred in a business combination includes any contingent considerations, the Group recognizes the acquisition date fair value of the contingent consideration as part of the consideration transferred. During the measurement period, contingent considerations recognized at the acquisition date fair value are retrospectively adjusted when necessary. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination. This period shall not exceed one year from the acquisition date.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

2.5.5 Financial instruments

a) Financial assets

The Group 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.

Financial assets as at fair value through profit or loss

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

Loans and receivables

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

Available for sale financial assets

Available for sale financial assets are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured.

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Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Impairment of financial assets

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

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

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

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

For available for sale financial assets, a significant or prolonged decline in the fair value of the assets below its cost is considered as an objective indicator of impairment. Cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is removed from equity and recognized in profit or loss shall be the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

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b) Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

c) Derivative financial instruments and hedge accounting:

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

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

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Derivative financial instruments held for trading

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

Cash flow hedges

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

2.5.6 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. 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period. Exchange differences arising are recognized in other comprehensive income and in equity.

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On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group 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 consolidated financial statements and treated as contingent assets or liabilities.

2.5.8 Warranty and assembly expenses provision

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

2.5.9 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.

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2.5.10 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 Group'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 Group will benefit from the related incentive.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

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2.5.11 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 Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

2.5.12 Government grants

Government grants, including non-monetary grants at fair value, are recognized in consolidated 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 consolidated financial statements when they are authorized by the related institutions.

2.5.13 Earnings per share

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

2.5.14 Statement of cash flows

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

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2.5.15 Segment reporting

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

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under three industrial segments:

- Television and electronic devices
- White goods
- Other

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

2.5.16 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.

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

2.5.17 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 occur subsequent to the balance sheet date, the Group 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.

2.6. Critical accounting estimates and judgements

Preparation of consolidated 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 Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Group management are as follows:

i. Income Taxes:

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (Note 25).

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ii. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2015 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 13).

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 m2 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 Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

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NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 30 September 2017 and 31 December 2016 the Group’s major subsidiaries are as follows:

Consolidated subsidiaries	30 September 2017		31 December 2016	
	Voting rights	Effective ownership	Voting rights	Effective ownership
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	94,6	94,6	94,6	94,6
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH	100	100	100	100
Cabot Communications Ltd.	90,8	90,8	90,8	90,8
Vestel Benelux BV	100	100	100	100
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
OY Vestel Scandinavia AB	100	100	100	100
Intertechnika LLC	99,9	99,9	99,9	99,9
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z o.o.	100	100	100	100
Vestel Polska Technology Center sp. z o.o.	100	100	100	100

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	30 September 2017	31 December 2016
Accumulated non-controlling interests	58.394	57.723
Comprehensive income attributable to non-controlling interests	10.132	17.660

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group’s accounting policies applied in preparation of the consolidated financial statements.

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NOTE 3 - INTERESTS IN OTHER ENTITIES (Cont'd)

Condensed balance sheet:

	30 September 2017	31 December 2016
Current assets	2.212.075	1.818.709
Non-current assets	809.599	647.612
Current liabilities	(1.786.521)	(1.002.241)
Non-current liabilities	(163.440)	(391.157)
Net assets	1.071.713	1.072.923

Condensed statement of comprehensive income:

	1 January - 30 September 2017	1 January - 30 September 2016
Net sales	2.828.740	2.126.028
Income / (loss) before tax	214.805	294.248
Tax benefit / (expense)	(7.059)	(11.761)
Net income / (loss) for the period	207.746	282.487
Total comprehensive income	206.189	283.922

Condensed statement of cash flows:

Operating activities:

Changes in working capital	(321.444)	(167.387)
Net cash provided by operating activities	8.330	228.595

Investing activities:

Net cash used in investing activities	(12.838)	(239.819)
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Financing activities:

Proceeds from bank borrowings	418.421	286.858
Repayment of bank borrowings	(166.913)	(193.323)
Dividends paid	(180.000)	(130.877)
Net cash (used in) / provided by financing activities	8.700	(36.587)

Cash and cash equivalents at the beginning of the period	11.840	88.665
Cash and cash equivalents at the end of the period	3.444	37.624

Other financial information of Group's subsidiaries are not presented on the grounds of materiality.

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NOTE 4 - SEGMENT REPORTING

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

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

Industrial segments

	Television and electronic devices	White goods	Other	Total
1 January -30 September 2017				
Revenue	4.499.950	3.673.161	61.370	8.234.481
Cost of sales	(3.686.806)	(2.825.485)	(60.944)	(6.573.235)
Gross profit	813.144	847.676	426	1.661.246
Depreciation and amortization	172.449	99.188	62	271.699
1 January -30 September 2016				
Revenue	4.007.543	2.757.132	-	6.764.675
Cost of sales	(3.258.053)	(2.049.855)	-	(5.307.908)
Gross profit	749.490	707.277	-	1.456.767
Depreciation and amortization	155.575	83.812	100	239.487

	Television and electronic devices	White goods	Other	Total
1 July-30 September 2017				
Revenue	1.559.159	1.334.023	-	2.893.182
Cost of sales	(1.301.446)	(1.030.283)	-	(2.331.729)
Gross profit	257.713	303.740	-	561.453
Depreciation and amortization	59.723	34.513	21	94.257

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NOTE 4 - SEGMENT REPORTING (Cont'd)

	Television and electronic devices	White goods	Other	Total
1 July-30 September 2016				
Revenue	1.156.281	960.674	-	2.116.955
Cost of sales	(985.382)	(708.022)	-	(1.693.404)
Gross profit	170.899	252.652	-	423.551
Depreciation and amortization	51.159	30.937	38	82.134

Capital expenditure

	Television and Electronical devices	White goods	Other	Total
1 January -30 September 2017	193.236	231.348	-	424.584
1 January -30 September 2016	165.813	90.772	-	256.585

Geographical segments:

Segment revenue	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Turkey	3.353.660	2.616.769	1.211.359	828.128
Europe	4.872.823	4.133.769	1.730.961	1.296.035
Other	770.217	572.561	263.172	184.073
Gross segment sales	8.996.700	7.323.099	3.205.492	2.308.236
Discounts (-)	(762.219)	(558.424)	(312.310)	(191.281)
Net sales	8.234.481	6.764.675	2.893.182	2.116.955

The amount of export for the period 1 January - 30 September 2017 is 5.643.040 thousand TL (1 January - 30 September 2016: 4.706.330 thousand TL). Export sales are denominated in EUR, USD and other currencies as 63,2%, 29,4%, and 7,4% of total exports respectively. (1 January – 30 September 2016: 64,1% EUR, 31,3% USD, 4,6 % other)

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

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NOTE 5 - CASH AND CASH EQUIVALENTS

	30 September 2017	31 December 2016
Cash	952	1.166
Bank deposits		
- Demand deposits	254.412	299.157
- Time deposits	1.118.268	827.814
Cheques and notes	155.333	45.185
Other	63.207	37.392
Blocked deposits	4.579	53.289
Cash and cash equivalents	1.596.751	1.264.003

Effective interest rates

	30 September 2017	31 December 2016
TL	13,68%	10,40%
EUR	-	0,60%

As of 30 September 2017 and 31 December 2016 the Group's time deposits have an average maturity of less than 3 months.

NOTE 6 – FINANCIAL ASSETS

		Ownership		Amount	
	Country	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Financial assets available for sale:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	12.506	4.776
Tursoft A.Ş.	Turkey	7%	7%	11	11
Zorlu Endüstriyel Enerji A.Ş.	Turkey	1%	1%	51	51
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	-	-	200	-
				12.779	4.849

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NOTE 6 – FINANCIAL ASSETS (Cont'd)

		Ownership		Amount	
		30 September 2017	31 December 2016	30 September 2017	31 December 2016
Non-consolidated subsidiaries :	Country				
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	28.952	6.290
Vestel Electronics Gulf DMC	UAE	100%	100%	1.409	-
Vestel Electronica SRL	Romania	100%	100%	1.778	1.778
Vestel Electronics Shanghai Trading Co. Ltd	China	100%	100%	751	751
Uts-United Technical Services, S.R.O	Slovakia	100%	100%	6	6
				32.896	8.825
Impairment of subsidiaries (-)					
Vestel Electronica SRL				(1.778)	(1.778)
				31.118	7.047

NOTE 7 – FINANCIAL LIABILITIES

	30 September 2017	31 December 2016
Short term financial liabilities		
Short term bank loans	1.542.930	318.694
Short term portion of long term bank loans	2.325.192	518.099
Leasing debts	923	-
Other	-	23.703
	3.869.045	860.496
Long term financial liabilities		
Long term bank loans	402.542	2.228.870
Leasing debts	7.288	4.203
	409.830	2.233.073

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NOTE 7 - FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2017			31 December 2016		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
Currency						
- USD	2,23%	130.569	463.793	-	-	-
- EUR	2,25%	151.707	636.017	0,77%	21.895	81.230
- TL	16,38%	443.120	443.120	10,47%	237.464	237.464
			1.542.930			
				318.694		

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

30 September 2017				31 December 2016		
	Weighted average of			Weighted average of		
Currency	effective interest rates per annum	Original currency	TL Equivalent	effective interest rates per annum	Original currency	TL Equivalent
- USD	4,99%	52.393	186.104	4,62%	25.897	91.138
- EUR	3,62%	91.415	383.249	3,34%	56.995	211.447
- TL	14,71%	1.755.839	1.755.839	15,58%	215.514	215.514
Short term portion			2.325.192	518.099		
- USD	5,06%	49.313	175.163	4,67%	73.947	260.236
- EUR	3,57%	36.626	153.549	3,54%	119.161	442.077
- TL	15,51%	73.830	73.830	14,58%	1.526.557	1.526.557
Long term portion			402.542	2.228.870		
			2.727.734	2.746.969		

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NOTE 7 - FINANCIAL LIABILITIES (Cont'd)

The maturity schedule of Group's long term bank loans is given below:

	30 September 2017	31 December 2016
One to two years	272.429	1.933.173
Two to three years	106.741	201.137
Three to four years	23.372	72.002
Four years and over	-	22.558
	402.542	2.228.870

Total amount of Group's floating bank loans is 416.423 thousand TL (31 December 2016: 547.963 thousand TL)

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	30 September 2017	31 December 2016
6 months or less	416.423	547.963
	416.423	547.963

Fair values of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

Guarantees given for the bank loans obtained are presented in note 15.

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NOTE 8 - RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 September 2017	31 December 2016
UTS- United Technical Services, Spol S.R.O.	17.433	13.915
Vestel Elektronika S.R.L.	6.940	8.341
Other related parties	10.826	15.839
	35.199	38.095
Unearned interest on receivables (-)	(52)	(50)
	35.147	38.045

b) Short term trade payables to related parties

	30 September 2017	31 December 2016
ABH Turizm Temsilcilik ve Ticaret A.Ş.	2.301	1.113
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Tic. A.Ş.	57	2.795
Other related parties	3.362	2.559
	5.720	6.467
Unearned interest on payables (-)	(25)	(27)
	5.695	6.440

c) Other short term receivables from related parties

	30 September 2017	31 December 2016
Vestel Savunma Sanayi A.Ş.	-	52.282
	-	52.282

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NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

d) Other long term receivables from related parties

	30 September 2017	31 December 2016
Z.F.S. Financial Services Ireland	41.956	40.049
Zorlu Holding A.Ş.	1.215.371	1.081.783
Vestel Savunma Sanayi A.Ş.	181.700	-
	1.439.027	1.121.832

As of 30 September 2017, the annual average effective interest rate of other receivables in USD is between 5% - 6%, average effective interest rate of other receivables in TL is 18% (31 December 2016: 5% - 6%).

e) Other payables to related parties

	30 September 2017	31 December 2016
Vestel Ventures A.Ş.	4.996	-
	4.996	-

f) Transactions with related parties

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Sales				
Zorlu Solar Enerji Tedarik ve Ticaret A.Ş.	61.370	-	-	-
UTS- United Technical Services, Spol S.R.O.	6.425	9.449	2.546	3.423
Zorlu Yapı Yatırım A.Ş.	1.275	1.950	285	445
Vestel Electronica S.R.L.	6.549	11.556	2.753	4.404
Other related parties	11.899	7.951	3.462	2.949
	87.518	30.906	9.046	11.221

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NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş.	21.350	21.027	7.470	5.769
Zorlu Holding A.Ş.	16.848	15.998	5.339	4.899
Other related parties	11.261	8.933	3.966	3.405
	49.459	45.958	16.775	14.073
Other income from operating activities				
Other related parties	4.070	2.258	1.118	1.218
	4.070	2.258	1.118	1.218
Other expense from operating activities				
Other related parties	1.406	54	1.313	(65)
	1.406	54	1.313	(65)
Financial income				
Z.F.S. Financial Services Ireland	2.522	5.468	1.833	4.016
Zorlu Holding A.Ş.	99.844	72.487	28.449	39.263
Vestel Savunma Sanayi A.Ş.	17.569	1.300	7.670	859
	119.935	79.255	37.952	44.138
Financial expense				
Z.F.S. Financial Services Ireland	615	1.452	615	1.452
Zorlu Holding A.Ş.	35.559	4.911	(5.564)	(10.536)
	36.174	6.363	(4.949)	(9.084)
Dividends paid				
Other related parties	9.461	7.042	-	-
	9.461	7.042	-	-

g) Guarantees received from and given to related parties are disclosed in note 15.

h) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers

Compensation paid to key management for the nine months period ended 30 September 2017 is 25.397 thousand TL(1 January -30 September 2016: 22.081 thousand TL)

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NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 September 2017	31 December 2016
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	35.199	38.095
- Other parties	3.060.735	2.107.894
Cheques and notes receivables	190.674	340.560
Other	35.938	34.087
	3.322.546	2.520.636
Unearned interest expense (-)		
- Related parties (note 8)	(52)	(50)
- Other parties	(49.246)	(28.904)
Allowance for doubtful receivables (-)	(61.034)	(56.866)
Total short term trade receivables	3.212.214	2.434.816
Long term trade receivables		
Receivables from other parties	121.930	119.698
Cheques and notes receivables	14.565	3.632
Unearned interest expense (-)	(2.176)	(429)
Total long term trade receivables	134.319	122.901

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

	1 January - 30 September 2017	1 January - 30 September 2016
Opening balance, 1 January	56.866	102.883
Current year additions	8.592	7.855
Doubtful receivables written-off	(4.851)	(32.460)
Currency translation differences	427	613
Balance at 30 September	61.034	78.891

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NOTE 9 – TRADE RECEIVABLES AND PAYABLES (Cont'd)

	30 September 2017	31 December 2016
Short term trade payables		
Trade payables		
- Related parties (note 8)	5.720	6.467
- Other parties	5.382.008	3.679.252
Notes payables		
- Other parties	45	1.319
Other	38	268
	5.387.811	3.687.306
Unearned interest income (-)		
- Related parties (note 8)	(25)	(27)
- Other parties	(8.595)	(4.091)
Total short term trade payables	5.379.191	3.683.188

NOTE 10 – OTHER RECEIVABLES

	30 September 2017	31 December 2016
Short term other receivables		
VAT receivable	220.759	197.371
Receivables from related parties (note 8)	-	52.282
Deposits and guarantees given	41.481	29.498
Other	93.344	91.187
	355.584	370.338
Allowance for doubtful receivables (-)	(89.376)	(89.376)
	266.208	280.962

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NOTE 10 - OTHER RECEIVABLES (Cont'd)

	30 September 2017	31 December 2016
Long term other receivables		
Deposits and guarantees given	1.084	1.285
Receivables from related parties (note 8)	1.439.027	1.121.832
Other	8.278	8.278
	1.448.389	1.131.395
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	1.440.111	1.123.117

The Group provides allowance for doubtful receivables.

NOTE 11 - INVENTORIES

	30 September 2017	31 December 2016
Raw materials	1.590.876	778.014
Work in process	102.615	65.015
Finished goods	1.228.358	859.097
Merchandise	218.432	135.071
Other	3.916	1.828
	3.144.197	1.839.025
Provision for impairment on inventories (-)	(28.873)	(21.156)
	3.115.324	1.817.869

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January - 30 September 2017 is 5.783.670 thousand TL (2016: 4.560.547 thousand TL).

As of 30 September 2017 the Group does not have inventories pledged as security for liabilities (31 December 2016: None)

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NOTE 11 – INVENTORIES (Cont'd)

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

	30 September 2017	31 December 2016
Raw materials	9.771	8.529
Finished goods and merchandise	19.102	12.627
	28.873	21.156

Movement of provision for impairment on inventories is as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Opening balance, 1 January	21.156	17.938
Current year additions	21.288	15.865
Realised due to sale of inventory	(14.535)	(13.376)
Currency translation differences	964	1.319
Balance at 30 September	28.873	21.746

NOTE 12 – PREPAID EXPENSES

	30 September 2017	31 December 2016
Prepaid expenses in current assets		
Order advances given	17.107	15.569
Prepaid expenses	37.401	14.625
Business advances given	1.827	904
	56.335	31.098
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	71.891	44.434
Prepaid expenses	4.601	19.067
	76.492	63.501

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2017	Additions	Disposals	Currency translation differences	Transfers	30 September 2017
Cost or revaluation						
Land	241.478	32.516	(12)	3.129	-	277.111
Land improvements	61.976	6	-	791	21	62.794
Buildings	722.232	4.798	(3)	19.856	1.913	748.796
Leasehold improvements	139.456	8.656	(320)	251	352	148.395
Plant and machinery	1.900.703	183.087	(22.886)	9.969	10.189	2.081.062
Motor vehicles	6.244	201	(520)	265	5	6.195
Furniture and fixtures	321.300	23.288	(1.894)	2.172	2.605	347.471
Other tangible assets	849	-	-	-	-	849
Construction in progress	7.832	58.023	-	3	(15.126)	50.732
	3.402.070	310.575	(25.635)	36.436	(41)	3.723.405
Accumulated depreciation						
Land improvements	3.177	1.970	-	167	-	5.314
Buildings	25.047	18.164	(2)	4.315	-	47.524
Leasehold improvements	113.695	9.106	(221)	138	41	122.759
Plant and machinery	1.373.174	145.346	(22.131)	8.136	6	1.504.531
Motor vehicles	5.032	513	(488)	249	-	5.306
Furniture and fixtures	238.172	25.409	(1.646)	1.457	(6)	263.386
Other tangible assets	846	1	-	-	-	847
	1.759.143	200.509	(24.488)	14.462	41	1.949.667
Net book value	1.642.927					1.773.738

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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2016	Additions	Disposals	Currency translation differences	Transfers	30 September 2016
Cost or revaluation						
Land	223.359	-	-	1.212	-	224.571
Land improvements	58.609	13	-	1.410	-	60.032
Buildings	624.996	3.181	-	18.606	1.362	648.145
Leasehold improvements	130.534	5.598	(90)	86	68	136.196
Plant and machinery	1.699.568	124.204	(14.697)	10.878	4.871	1.824.824
Motor vehicles	5.516	28	(117)	67	-	5.494
Furniture and fixtures	297.112	16.242	(981)	884	894	314.151
Other tangible assets	849	-	-	-	-	849
Construction in progress	5.670	10.896	-	-	(7.301)	9.265
	3.046.213	160.162	(15.885)	33.143	(106)	3.223.527
Accumulated depreciation						
Land improvements	-	1.814	-	273	-	2.087
Buildings	-	15.065	-	3.673	-	18.738
Leasehold improvements	103.490	7.335	(60)	43	-	110.808
Plant and machinery	1.202.180	129.844	(14.359)	7.446	-	1.325.111
Motor vehicles	4.096	662	(89)	62	-	4.731
Furniture and fixtures	206.936	22.809	(845)	662	-	229.562
Other tangible assets	845	1	-	-	-	846
	1.517.547	177.530	(15.353)	12.159	-	1.691.883
Net book value	1.528.666					1.531.644

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Additions to property, plant and equipment in the period 1 January – 30 September 2017 mainly consist of machinery and equipment investments made to television and electronic devices factory, first and second refrigerator, cooker, dishwasher, washing machine and tumbler drier factories.

As of 30 September 2017 the Group does not have property, plant and equipment pledged (2016: None)

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

	Useful life
Land improvements	5 - 35 years
Buildings	25 - 50 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 25 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Allocation of current year depreciation and amortization expenses is as follows:

	1 January - 30 September 2017	1 January - 31 December 2016
Cost of sales	149.299	134.817
Research and development expenses	78.157	68.544
Marketing, selling and distribution expenses	23.822	21.628
General administrative expenses	15.159	11.604
Other operating expense (idle capacity depreciation expense)	5.262	2.894
	271.699	239.487

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NOTE 14 - INTANGIBLE ASSETS

	1 January 2017	Additions	Disposals	Currency translation differences	Transfers	30 September 2017
Cost						
Rights	64.279	564	-	410	(570)	64.683
Development cost	677.726	99.589	(1.789)	-	-	775.526
Other intangible assets	109.712	13.856	-	3.255	528	127.351
	851.717	114.009	(1.789)	3.665	(42)	967.560
Accumulated amortization						
Rights	43.886	2.251	-	366	(41)	46.462
Development cost	346.240	63.847	-	-	-	410.087
Other intangible assets	66.366	5.092	(21)	2.858	-	74.295
	456.492	71.190	(21)	3.224	(41)	530.844
Net book value	395.225					436.716

	1 January 2016	Additions	Disposals	Currency translation differences	Transfers	30 September 2016
Cost						
Rights	61.858	2.294	(100)	138	(188)	64.002
Development cost	566.290	81.548	(907)	-	-	646.931
Other intangible assets	91.227	12.581	-	99	294	104.201
	719.375	96.423	(1.007)	237	106	815.134
Accumulated amortization						
Rights	40.451	2.333	(47)	135	(21)	42.851
Development cost	271.885	56.699	-	-	-	328.584
Other intangible assets	62.070	2.925	-	33	21	65.049
	374.406	61.957	(47)	168	-	436.484
Net book value	344.969					378.650

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NOTE 14 - INTANGIBLE ASSETS (Cont'd)

Development costs, incurred by the Group on development projects relating to television and electronic devices, 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.

Useful lives of intangible assets are as follows:

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

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2017	31 December 2016
Short term provisions		
Warranty and assembly provision	180.054	147.020
Other provisions	131.217	98.390
Provision for lawsuit risks	24.514	29.957
	335.785	275.367
Long term provisions		
Warranty and assembly provision	51.434	39.872
Other provisions	32.272	36.925
	83.706	76.797

There are various cases filed and continuing against the Group domestically and in foreign countries. No provision is provided for those that are expected to be finalized in favor of the Group. As of 30 September 2017, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is 24.514 thousand TL (31 December 2016: 29.957 thousand TL).

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NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

As of 30 September movements of warranty and assembly provisions are as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Opening balance, 1 January	186.892	145.878
Current year additions	219.135	218.387
Provisions no longer required	(174.539)	(192.458)
Balance at 30 September	231.488	171.807

b) Waste Electrical and Electronic Equipment Directive

Legal regulation prepared in conformity with European Union Waste Electrical and Electronic Equipment Directive ("WEEE") has been effective in Turkey since 2012. The Directive set collection, recycling and recovery targets for all types of electrical and electronic goods upon manufacturers. The Group fulfills these obligations.

c) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	30 September 2017	31 December 2016
Guarantee letters	476.549	300.175
Cheques and notes	143.476	442.201
Collaterals and pledges	1.180.078	1.026.964
	1.800.103	1.769.340

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized.

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NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

d) Collaterals, pledges and mortgages ("CPM's") given by the Group

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
30 September 2017				
A. CPM's given on behalf of its own legal entity	15.692	37.673	110.666	324.346
B. CPM's given on behalf of fully consolidated subsidiaries (*)	1.967.445	503.416	2.506.357	11.605.440
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	33.168	-	17.375	135.191
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	33.168	-	17.375	135.191
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	2.016.305	541.089	2.634.398	12.064.977

(*)Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

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NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2016				
A. CPM's given on behalf of its own legal entity	24.428	31.870	83.720	287.922
B. CPM's given on behalf of fully consolidated subsidiaries	1.952.014	344.515	2.588.419	10.736.063
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	40.596	-	35.075	177.940
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	40.596	-	35.075	177.940
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	2.017.038	376.385	2.707.214	11.201.925

As of 30 September 2017 proportion of other CPM's given by the Group to its equity is 7% (31 December 2016: 10%).

NOTE 16 - COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 473.784 thousand USD (31 December 2016: 1.384.676 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 September 2017 the Group has forward foreign currency purchase contract that amounts to 1.451.414 thousand USD, 331.777 thousand EUR, 7.893 thousand GBP, 3.813 thousand PLN, 103 thousand CHF and 779.675 thousand TL against forward foreign currency sales contract that amounts to 471.558 thousand USD, 704.109 thousand EUR, 65.734 thousand GBP, 1.346 thousand CHF, 1.201.072 thousand RUB, 8.869 thousand RON, 165.738 thousand PLN, 21.472 thousand SEK and 2.219.224 thousand TL. (31 December 2016: 1.236.701 thousand USD, 398.335 thousand EUR, 49.227 thousand GBP, 178.366 thousand CHF, 80.211 thousand PLN, 24.978 thousand RON and 1.523.431 thousand TL against forward foreign currency purchase contract; 1.016.871 thousand USD, 525.956 thousand EUR, 83.445 thousand GBP, 178.600 thousand CHF, 845.977 thousand RUB, 24.978 thousand RON, 79.852 thousand PLN, 12.811 thousand SEK and 1.682.263 thousand TL against forward foreign currency sales contract).

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NOTE 16 - COMMITMENTS (Cont'd)

As of 30 September 2017 the Group does not have foreign currency purchase contracts. (31 December 2016: 355.140 thousand TL and 462.000 thousand USD against put options that amount to 1.394.726 thousand TL and 112.300 thousand USD).

NOTE 17 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 September 2017	31 December 2016
Due to personnel	62.292	62.572
Social security payables	47.788	28.657
	110.080	91.229

Long term provisions for employee benefits:

	30 September 2017	31 December 2016
Provision for employment termination benefits	82.489	76.463

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due cause. 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 salary for each year of service and is limited to a maximum of 4.732,48 TL/year as of 30 September 2017 (31 December 2016: 4.297,21 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. TAS 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 are described below:

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NOTE 17 - EMPLOYEE BENEFITS (Cont'd)

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 of 30 September 2017, the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 September 2017 provision is calculated based on real discount rate of 4,79% (31 December 2016: 4,79%) assuming 6,5% annual inflation rate and 11,60% discount rate.

The movement in the provision for employment termination benefit is as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Balance at 1 January	76.463	68.311
Increase during the year	13.110	9.449
Payments during the year	(14.683)	(12.162)
Actuarial (gain) /loss	2.495	2.649
Interest expense	5.104	5.137
Balance at 30 September	82.489	73.384

NOTE 18 - OTHER ASSETS AND LIABILITIES

	30 September 2017	31 December 2016
Other current assets		
VAT carried forward	15.523	29.626
Other	14.783	8.244
	30.306	37.870
Other non - current assets		
Assets held for sale	5.969	7.444
	5.969	7.444

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NOTE 18 - OTHER ASSETS AND LIABILITIES (Cont'd)

	30 September 2017	31 December 2016
Other current liabilities		
Advances received	64.679	34.393
Tax payables	62.676	59.813
Other	113.736	87.070
	241.091	181.276

NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 September 2017	31 December 2016
Shares of par value Kr 1 each		
limit on registered share capital	1.000.000	1.000.000
Issued share capital	335.456	335.456

As of 30 September 2017 and 31 December 2016 the shareholding structures are as follows:

	Shareholding		Amount	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Zorlu Holding A.Ş.	64,41%	64,41%	216.054	216.054
Shares held by public				
Other shareholders	22,46%	22,46%	75.355	75.355
Zorlu Holding A.Ş.	13,13%	13,13%	44.047	44.047
	100%	100%	335.456	335.456

b) Adjustment 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.

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NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

c) Share premium

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

d) 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 September 2017	31 December 2016
Legal reserves	46.195	41.029
e) Revaluation reserve		
Fair value gains on financial assets	3.900	1.476
Revaluation of property, plant and equipment	552.178	561.662
	556.078	563.138
f) Accumulated deficit		
Extraordinary reserves	512.541	415.036
Previous year's loss	(628.232)	(702.764)
Other inflation adjustment of share capital	119.718	119.718
	4.027	(168.010)

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NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

g) 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, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a)** As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b)** A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c)** After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d)** After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e)** One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

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NOTE 20 – SALES

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Domestic sales	3.353.660	2.616.769	1.211.359	828.128
Overseas sales	5.643.040	4.706.330	1.994.133	1.480.108
Gross sales	8.996.700	7.323.099	3.205.492	2.308.236
Sales discounts (-)	(762.219)	(558.424)	(312.310)	(191.281)
Net sales	8.234.481	6.764.675	2.893.182	2.116.955
Cost of sales	(6.573.235)	(5.307.908)	(2.331.729)	(1.693.404)
Gross profit	1.661.246	1.456.767	561.453	423.551

NOTE 21 – EXPENSES BY NATURE

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Raw materials, supplies and finished goods	6.273.892	4.290.310	2.367.227	1.321.047
Changes in finished goods, work in process, trade goods	(490.222)	269.939	(321.937)	104.261
Personnel expenses	640.663	563.107	227.044	192.078
Depreciation and amortization	266.437	236.593	92.348	81.006
Warranty and assembly expenses	219.135	218.387	88.313	75.566
Transportation expenses	207.981	127.309	80.856	30.977
Advertising expenses	82.454	52.389	28.900	16.984
Other	719.469	650.600	262.998	228.290
	7.919.809	6.408.634	2.825.749	2.050.209

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NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Personnel expenses	73.181	59.505	19.630	18.121
Depreciation and amortization	15.159	11.604	5.058	4.085
Other	117.318	75.219	41.099	22.597
	205.658	146.328	65.787	44.803

b) Marketing expenses:

Personnel expenses	172.423	135.889	62.090	49.789
Depreciation and amortization	23.822	21.628	8.291	7.516
Other	812.062	690.088	308.099	216.952
	1.008.307	847.605	378.480	274.257

c) Research and development expenses:

Personnel expenses	24.815	18.290	9.373	6.643
Depreciation and amortization	78.157	68.544	27.285	24.742
Other	29.637	19.959	13.095	6.360
	132.609	106.793	49.753	37.745

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NOTE 23 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Credit finance gains arising from trading activities	126.282	86.048	41.973	28.379
Foreign exchange gains arising from trading activities	484.833	138.539	116.346	14.273
Reversals of provisions	16.275	5.055	8.287	238
Other income	56.121	48.306	19.569	13.572
	683.511	277.948	186.175	56.462

b) Other expense from operating activities:

Debit finance charges arising from trading activities	130.590	80.450	53.700	18.123
Foreign exchange expenses arising from trading activities	389.704	132.931	119.610	46.698
Provision expenses	20.379	16.999	1.318	3.686
Other expenses	58.148	41.765	24.246	14.709
	598.821	272.145	198.874	83.216

NOTE 24 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Foreign exchange gains	131.562	102.917	40.218	55.931
Gains on derivative financial instruments	502.181	424.172	122.713	197.538
Interest income	152.856	84.057	54.898	31.592
	786.599	611.146	217.829	285.061

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NOTE 24 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 30 September 2017	1 January - 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Foreign exchange losses	208.634	126.811	59.927	58.601
Losses on derivative financial instruments	656.185	287.507	198.929	63.610
Interest and commision expense	288.022	261.469	101.268	98.319
Other finance expenses	466	1.831	183	616
	1.153.307	677.618	360.307	221.146

NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 September 2017	31 December 2016
Corporation and income taxes	5.653	19.546
Prepaid taxes (-)	(18.461)	(21.839)
Current income tax liabilities - net	(12.808)	(2.293)
Deferred tax liabilities	(41.359)	(48.465)
Deferred tax assets	140.287	62.559

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

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

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

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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

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

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

Russian Federation

In Russia, corporate tax rate applicable is 20% (2016: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income for up to ten years. There are no restrictions on the amounts subject to net off. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Company's operations and activities, can be interpreted by regional and federal authorities in different ways. The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

The tax results of Group's subsidiaries in other countries are not material to consolidated financial statements.

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

As of 1 January - 30 September 2017 and 2016 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Current period tax expense	(8.013)	(21.676)
Deferred tax benefit	62.222	7.981
Total tax (expense) / benefit	54.209	(13.695)

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 Group 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 the Communiqué and tax purposes.

Tax rate used in the calculation of deferred tax assets and liabilities based on the liability method is 20% (31 December 2016:%20).

As of 30 September 2017, the Group has not recognized deferred tax assets arising from its investment incentive certificate, in accordance with conservatism principle of accounting.

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:

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	Cumulative temporary		Deferred tax	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Deferred tax assets				
Employment termination benefits	(80.530)	(74.675)	16.106	14.935
Warranty provision	(127.610)	(111.450)	25.522	22.290
Provision for doubtful receivables	(119.565)	(113.065)	23.913	22.613
Unearned interest expense	(57.415)	(30.715)	11.483	6.143
Provision for impairment on inventories	(6.960)	(8.010)	1.392	1.602
Derivative financial instruments	(60.271)	(84.165)	12.054	16.833
Carryforward tax losses and R&D incentives	(435.875)	(114.290)	87.175	22.858
Other	(206.775)	(127.360)	41.355	25.472
			219.000	132.746
Deferred tax liabilities				
Useful life and valuation differences on property, plant and equipment and intangible assets	63.935	70.240	(12.787)	(14.048)
Revaluation of tangible fixed assets	664.316	676.289	(100.934)	(103.329)
Other	31.755	6.375	(6.351)	(1.275)
			(120.072)	(118.652)
Deferred tax assets / (liabilities) - net			98.928	14.094

As of 30 September 2017, the Group has not recognized deferred tax assets arising from its investment incentive certificate, in accordance with conservatism principle of accounting

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NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	30 September 2017	31 December 2016
Subsidiaries with net deferred tax liabilities	(41.359)	(48.465)
Subsidiaries with net deferred tax assets	140.287	62.559

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

	1 January - 30 September 2017	1 January - 30 September 2016
Opening balance, 1 January	14.094	(29.787)
Tax benefit recognized in income statement	62.222	7.981
Recognized in shareholders' equity	22.547	3.126
Currency translation differences	65	344
Deferred tax (liabilities) / assets at the end of the period, net	98.928	(18.336)

NOTE 26 – EARNINGS / (LOSS) PER SHARE

	1 January - 30 September 2017	1 January - 30 September 2016
Net income / (loss) attributable to equity holders of the parent	75.174	266.389
Weighted number of ordinary shares with a Kr 1 of par value (thousand shares)	33.546.000	33.546.000
	0,22	0,79

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NOTE 27 - DERIVATIVE INSTRUMENTS

	30 September 2017		31 December 2016	
	Contract	Fair Value	Contract	Fair Value
	amount	Assets /	amount	Assets /
		(Liabilities)		(Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	3.439.251	57.019	2.883.369	44.454
Cash flow hedge				
Forward foreign currency transactions	298.694	4.057	1.503.127	106.528
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	1.628.811	(21.322)	3.881.954	(235.398)
Cash flow hedge				
Forward foreign currency transactions	2.000.988	(100.025)	-	-
	7.367.744	(60.271)	8.268.450	(84.416)

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk:

The Group 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 Group mainly prefers using foreign exchange forward contracts.

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

30 September 2017	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	195.955	234.394	289.521	1.968.246
2a. Monetary financial assets (including cash and cash equivalents)	42.545	5.576	5.782	180.283
2b. Non-monetary financial assets	-	-	-	-
3. Other	322	516	-	3.307
4. Current assets (1+2+3)	238.822	240.486	295.303	2.151.836
5. Trade receivables	26.572	-	-	94.386
6a. Monetary financial assets	354.037	-	-	1.257.575
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	50	-	210
8. Non-current assets (5+6+7)	380.609	50	-	1.352.171
9. Total assets (4+8)	619.431	240.536	295.303	3.504.007
10. Trade payables	1.345.573	96.794	5.716	5.191.125
11. Financial liabilities	182.961	243.122	-	1.669.163
12a. Other monetary liabilities	1	-	2.664	2.668
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1.528.535	339.916	8.380	6.862.956
14. Trade payables	-	-	-	-
15. Financial liabilities	49.313	36.626	-	328.712
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	49.313	36.626	-	328.712
18. Total liabilities (13+17)	1.577.848	376.542	8.380	7.191.668
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	979.856	(372.332)	(527.279)	1.392.303
19a. Hedged total assets	1.451.414	331.777	41.557	6.588.067
19b. Hedged total liabilities	(471.558)	(704.109)	(568.836)	(5.195.764)
20. Net foreign currency asset/ (liability) position (9-18+19)	21.439	(508.338)	(240.356)	(2.295.358)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(958.739)	(136.572)	286.923	(3.691.178)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(60.271)
23. Export	430.705	830.877	385.683	5.643.040
24. Import	1.308.088	160.021	1.370	5.343.568

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2016	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	244.448	261.613	246.998	2.077.817
2a. Monetary financial assets (including cash and cash equivalents)	26.411	6.158	16.260	132.051
2b. Non-monetary financial assets	-	-	-	-
3. Other	134	1	1.446	1.921
4. Current assets (1+2+3)	270.993	267.772	264.704	2.211.789
5. Trade receivables	26.253	-	-	92.390
6a. Monetary financial assets	318.852	-	-	1.122.104
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	57	-	211
8. Non-current assets (5+6+7)	345.105	57	-	1.214.705
9. Total assets (4+8)	616.098	267.829	264.704	3.426.494
10. Trade payables	936.418	76.828	9.504	3.589.970
11. Financial liabilities	25.897	78.891	-	383.815
12a. Other monetary liabilities	1	-	135	139
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	962.316	155.719	9.639	3.973.924
14. Trade payables	-	-	-	-
15. Financial liabilities	73.947	119.161	-	702.313
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	73.947	119.161	-	702.313
18. Total liabilities (13+17)	1.036.264	274.880	9.639	4.676.237
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	219.830	(127.621)	(201.720)	98.444
19a. Hedged total assets	1.236.701	398.335	915.035	6.745.016
19b. Hedged total liabilities	(1.016.871)	(525.956)	(1.116.755)	(6.646.572)
20. Net foreign currency asset/ (liability) position (9-18+19)	(200.336)	(134.672)	53.345	(1.151.299)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(420.300)	(7.109)	253.619	(1.251.875)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(84.416)
23. Export	701.958	1.084.310	316.060	6.766.466
24. Import	1.289.514	181.950	1.054	4.501.861

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 30 September 2017 and 31 December 2016 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
30 September 2017				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(340.554)	340.554	(340.554)	340.554
Secured portion from USD risk (-)	172.578	(172.578)	334.537	(334.537)
USD net effect	(167.976)	167.976	(6.017)	6.017
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(57.256)	57.256	(57.256)	57.256
Secured portion from EUR risk (-)	(1.525)	1.525	(162.235)	162.235
EUR net effect	(58.781)	58.781	(219.491)	219.491
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	28.692	(28.692)	28.692	(28.692)
Secured portion from other currency risk (-)	(87.013)	87.013	(87.013)	87.013
Other currency net effect	(58.321)	58.321	(58.321)	58.321

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NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
31 December 2016				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(147.912)	147.912	(147.912)	147.912
Secured portion from USD risk (-)	5.461	(5.461)	80.100	(80.100)
USD net effect	(142.451)	142.451	(67.812)	67.812
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(2.637)	2.637	(2.637)	2.637
Secured portion from EUR risk (-)	11.890	(11.890)	(47.844)	47.844
EUR net effect	9.253	(9.253)	(50.481)	50.481
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	25.362	(25.362)	25.362	(25.362)
Secured portion from other currency risk (-)	(25.120)	25.120	(25.120)	25.120
Other currency net effect	242	(242)	242	(242)