

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015
TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED
REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**

Report on review of interim financial information

To the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.

Introduction

1. We have reviewed the accompanying condensed statement of financial position of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. ("the Company") as at 30 June 2015 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed interim financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers


Mehmet Karakurt, SMMM
Partner

İstanbul, 30 July 2015

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED INTERIM BALANCE SHEETS.....	1-3
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	4-5
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
CONDENSED INTERIM STATEMENTS OF CASH FLOWS.....	7-8

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2015

NOTE 1	COMPANY'S ORGANISATION AND NATURE OF OPERATIONS	9
NOTE 2	BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	9-21
NOTE 3	SEGMENT REPORTING.....	22
NOTE 4	CASH AND CASH EQUIVALENTS.....	23
NOTE 5	FINANCIAL LIABILITIES	23-25
NOTE 6	RELATED PARTY DISCLOSURES.....	25-27
NOTE 7	TRADE RECEIVABLES AND PAYABLES.....	28
NOTE 8	OTHER RECEIVABLES.....	29
NOTE 9	INVENTORIES.....	29-30
NOTE 10	PREPAID EXPENSES.....	30
NOTE 11	PROPERTY, PLANT AND EQUIPMENT.....	31-33
NOTE 12	INTANGIBLE ASSETS.....	34-35
NOTE 13	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	35-37
NOTE 14	COMMITMENTS	37
NOTE 15	EMPLOYEE BENEFITS.....	38-39
NOTE 16	EXPENSES BY NATURE	39
NOTE 17	OTHER ASSETS AND LIABILITIES.....	40
NOTE 18	CAPITAL, RESERVES AND OTHER EQUITY ITEMS	40-42
NOTE 19	SALES	43
NOTE 20	GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES.....	43-44
NOTE 21	OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES.....	44-45
NOTE 22	FINANCIAL INCOME AND FINANCIAL EXPENSE	45
NOTE 23	TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	46-48
NOTE 24	EARNINGS PER SHARE.....	49
NOTE 25	DERIVATIVE INSTRUMENTS	49
NOTE 26	FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	50-53

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2015 AND 31 DECEMBER 2014

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
ASSETS			
Current assets			
Cash and cash equivalents	4	109.639	163.711
Derivative financial instruments	25	4.996	30.312
Trade receivables		770.418	657.750
Related parties	6	762.743	646.554
Other parties	7	7.675	11.196
Other receivables		76.371	50.557
Other parties	8	76.371	50.557
Inventories	9	326.774	229.782
Prepaid expenses	10	9.990	13.325
Other current assets	17	156	100
Total current assets		1.298.344	1.145.537
Non-current assets			
Prepaid expenses	10	2.666	5.694
Property, plant and equipment	11	321.112	330.230
Intangible assets		75.193	67.976
Other intangible assets	12	75.193	67.976
Deferred tax asset	23	5.672	-
Total non-current assets		404.643	403.900
TOTAL ASSETS		1.702.987	1.549.437

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2015 AND 31 DECEMBER 2014

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
LIABILITIES			
Current liabilities			
Short term financial liabilities	5	177.974	60.744
Trade payables		677.174	555.571
Related parties	6	47.191	8.758
Other parties	7	629.983	546.813
Liabilities for employee benefits	15	18.507	17.660
Derivative financial instruments	25	32.696	5.946
Current income tax liabilities	23	11.899	2.601
Short term provisions		1.100	1.100
Other provisions	13	1.100	1.100
Other current liabilities	17	5.579	5.580
Total current liabilities		924.929	649.202
Non-current liabilities			
Long term financial liabilities	5	7.495	58.220
Other payables		150.572	142.372
Related parties	6	150.572	142.372
Long term provisions		28.523	25.382
Provision for employee benefits	15	28.523	25.382
Derivative financial instruments	25	-	5.800
Deferred tax liability	23	-	5.898
Total non-current liabilities		186.590	237.672
TOTAL LIABILITIES		1.111.519	886.874

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2015 AND 31 DECEMBER 2014

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
EQUITY			
Paid in capital	18	190.000	190.000
Adjustments to share capital	18	9.734	9.734
Share premium	18	109.031	109.031
Other comprehensive income/expense not to be reclassified to profit or loss		(9.345)	(9.209)
Revaluation gain/loss		(9.345)	(9.209)
- Actuarial gain/loss arising from defined benefit plans		(9.345)	(9.209)
Other comprehensive income/expense to be reclassified to profit or loss		(862)	20.512
Cash flow hedges		(862)	20.512
Restricted reserves	18	57.354	41.803
Retained earnings	18	180.316	169.515
Net profit for the period		55.240	131.177
Total equity		591.468	662.563
TOTAL LIABILITIES AND EQUITY		1.702.987	1.549.437

Condensed financial statements for the interim period 1 January – 30 June 2015 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 30 July 2015.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE
PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014

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

	No tes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Revenue	19	1.098.353	1.119.352	620.998	606.330
Cost of sales		(931.576)	(967.014)	(514.830)	(530.169)
Gross profit		166.777	152.338	106.168	76.161
Marketing, selling and distribution expenses	20	(18.512)	(19.704)	(9.845)	(10.828)
General administrative expenses	20	(21.018)	(17.364)	(12.235)	(9.010)
Research and development expenses	20	(13.513)	(13.873)	(7.419)	(7.778)
Other operating income	21	69.353	51.351	45.692	6.839
Other operating expense	21	(71.930)	(60.634)	(24.849)	(17.379)
Operating profit		111.157	92.114	97.512	38.005
Financial income	22	130.520	22.099	88.674	14.832
Financial expense	22	(180.101)	(17.605)	(123.697)	(5.107)
Profit before tax		61.576	96.608	62.489	47.730
Tax benefit / (expense)					
Current tax expense	23	(12.528)	(14.515)	(11.948)	(6.648)
Deferred tax benefit	23	6.192	385	4.098	(375)
Net income for the period		55.240	82.478	54.639	40.707
Earnings per 100 shares with a TL 1 of face value (TL)		0,29	0,43	0,29	0,21

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE
PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014

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

	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Other comprehensive income / (loss)				
Items not to be reclassified to profit or loss	(136)	(564)	(136)	(564)
Actuarial gain / (loss) arising from defined benefit plans	(170)	(705)	(170)	(705)
Tax effect of other comprehensive income not to be reclassified to profit or loss	34	141	34	141
Deferred tax income / (loss)	34	141	34	141
Items to be reclassified to profit or loss	(21.374)	2.756	(32.104)	2.476
Cash flow hedges	(26.718)	3.444	(40.130)	3.095
Tax effect of other comprehensive income/expense to be reclassified to profit or loss	5.344	(688)	8.026	(619)
Deferred tax income / loss	5.344	(688)	8.026	(619)
Other comprehensive (loss) / income	(21.510)	2.192	(32.240)	1.912
Total comprehensive income	33.730	84.670	22.399	42.619

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014

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

	Paid in capital	Adjustments to share capital	Share premium	Actuarial loss on employee benefits	Cash flow hedge fund	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Total equity
Balances at 1 January 2014	190.000	9.734	109.031	(192)	(3.896)	38.886	144.552	52.689	540.804
Transfer to accumulated deficit	-	-	-	-	-	-	52.689	(52.689)	-
Transfer to restricted reserves	-	-	-	-	-	2.917	(2.917)	-	-
Dividends	-	-	-	-	-	-	(24.809)	-	(24.809)
Total comprehensive income	-	-	-	(564)	2.756	-	-	82.478	84.670
Balances at 30 June 2014	190.000	9.734	109.031	(756)	(1.140)	41.803	169.515	82.478	600.665
Balances at 1 January 2015	190.000	9.734	109.031	(9.209)	20.512	41.803	169.515	131.177	662.563
Transfer to accumulated deficit	-	-	-	-	-	-	131.177	(131.177)	-
Transfer to restricted reserves	-	-	-	-	-	15.551	(15.551)	-	-
Dividends	-	-	-	-	-	-	(104.825)	-	(104.825)
Total comprehensive income	-	-	-	(136)	(21.374)	-	-	55.240	33.730
Balances at 30 June 2015	190.000	9.734	109.031	(9.345)	(862)	57.354	180.316	55.240	591.468

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014

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

	Notes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014
Operating activities:			
Profit before tax		61.576	96.608
Adjustments to reconcile net cash provided from operating activities to profit before taxes:			
- Depreciation and amortization of fixed assets	11	44.299	41.188
- Provision for employment termination benefits	15	5.290	1.811
- Provision for impairment on inventories	9	(402)	(626)
- Interest expense	22	6.997	9.119
- Interest income	22	(695)	(46)
- (Gain) / loss from sales of tangible and intangible assets		(150)	(37)
- Derivative financial instruments (income) / expense accrual		19.548	(3.202)
- Unrealized foreign exchange gains / losses		3.350	(7.695)
Change in blocked cash and cash equivalents	4	(34)	(101)
Changes in working capital:			
(Increase) / decrease in trade receivables	6,7	(112.668)	(178.143)
(Increase) / decrease in inventories	9	(96.590)	16.297
(Increase) / decrease in other receivables and other current assets		(19.507)	6.405
Increase / (decrease) in trade payables	6,7	121.603	28.483
Increase / (decrease) in other payables and other liabilities		846	4.424
Cash flows from operating activities			
Employment termination benefits paid	15	(2.319)	(2.349)
Current income tax paid	23	(3.230)	(7.320)
Net cash provided by operating activities		27.914	4.816

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014

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

	Notes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014
Investing activities:			
Acquisition of tangible assets	11	(29.477)	(26.334)
Cash provided from sales of tangible and intangible assets		839	1.440
Acquisition of intangible assets	12	(13.610)	(10.005)
Net cash used in investing activities		(42.248)	(34.899)
Financing activities:			
Proceeds from bank borrowings		118.172	29.570
Repayment of bank borrowings		(56.159)	(48.721)
Increase in other receivables from related parties	6	8.200	61.852
Dividends paid	6	(104.825)	(24.809)
Interest paid		(5.855)	(4.473)
Interest received		695	46
Net cash (used in) / provided by financing activities		(39.772)	13.465
Net decrease in cash and cash equivalents		(54.106)	(16.618)
Cash and cash equivalents at the beginning of the period	4	163.089	18.040
Cash and cash equivalents at the end of the period	4	108.983	1.422

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

As of 30 June 2015, the number of personnel employed was 6.006 (31 December 2014: 5.566).

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

	Share (%)
Vestel Elektronik Sanayi ve Ticaret A.Ş.	94,62
Other shareholders	5,38
	100,00

As of 30 June 2015, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul (“BİST”) (31,5 % of its share capital; 31 December 2014: 31,5 %).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

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

The Company prepared its condensed interim financial statements for the period ended 30 June 2015 in accordance with the TAS 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1 and its related announcements. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

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

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

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

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

2.2 Comparative information and restatement of prior period financial statements

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

2.3. Amendments in Turkey Financial Reporting Standards

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

- **TFRS 9 “Financial instruments”**, Effective for annual periods beginning on or after 1 January 2018. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39. The amendments include changes in the classification and measurement of financial assets and liabilities and introduces an “expected credit-loss” model for the measurement of the impairment of financial assets.
- **TFRS 11 (amendments), “Joint Arrangements”**, is effective for annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- **TAS 16 and TAS 38 (amendments), “Tangible Assets”, “Intangible Assets”**, is effective for annual periods beginning on or after 1 January 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- **TFRS 14, “Regulatory deferral accounts”**, is effective for annual periods beginning on or after 1 January 2016. ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS.
- **TFRS 15, “Revenue from contracts with customers”**, is effective for annual periods beginning on or after 1 January 2017. The International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognising revenue and to develop a common revenue standard for IFRS and US GAAP. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new model employs an asset and liability approach, rather than current revenue guidance focuses on an earnings process.

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

- **Annual improvements 2014:** Effective for annual periods beginning on or after 1 January 2016. Annual Improvements amend the following 4 standards
 - TFRS 5, ‘Non-current assets held for sale and discontinued operations’, changes in sales method
 - TFRS 7, ‘Financial Instruments: Disclosures’, with respect to TFRS 1, changes in labor contracts
 - TAS 19, ‘Employee benefits’, changes in discount rates
 - TAS 34, ‘Interim financial reporting’, changes in explanation of information
- **TAS 1, “Presentation of financial statements”,** is effective for annual periods beginning on or after 1 January 2016, address perceived impediments to preparers exercising their judgements in presenting their financial reports.

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

2.4. Summary of significant accounting policies

2.4.1 Revenue

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

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

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

2.4.2 Inventories

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

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

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

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

2.4.3 Property, plant and equipment

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

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

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

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

2.4.4 Intangible assets

a) Research and development costs

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

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

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

b) Rights and other intangible fixed assets

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

2.4.5 Financial instruments

a) Financial assets

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

Impairment of financial assets

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

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

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

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

b) Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

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

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

Derivative financial instruments held for trading

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

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

Cash flow hedges:

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

2.4.6 Foreign currency transactions

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

2.4.7 Provisions, contingent assets and liabilities

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

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

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

2.4.8 Related parties

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

2.4.9 Taxation on income

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

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

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

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

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

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

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

2.4.10 Employee termination benefits

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

2.4.11 Government grants

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

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

2.4.12 Earnings per share

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

2.4.13 Statement of cash flows

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

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

2.4.14 Offsetting

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

2.4.15 Events after the balance sheet date

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

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

2.5. Critical accounting estimates and judgments

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

i. Income taxes:

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (Note 23).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 3 - SEGMENT REPORTING

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

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

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

Geographical segments:

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Segment revenue				
Turkey	262.596	293.394	156.435	162.274
Europe	584.918	592.702	314.342	318.559
Other	252.300	238.030	151.436	127.807
Gross sales	1.099.814	1.124.126	622.213	608.640
Discounts (-)	(1.461)	(4.774)	(1.215)	(2.310)
Net sales	1.098.353	1.119.352	620.998	606.330

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

The amount of export is 837.218 thousand TL for the period 1 January - 30 June 2015 (1 January-30 June 2014: 830.732 thousand TL). Export sales are denominated in EURO, USD and RUB as 96,6%, 3,3% and 0,1% of total export respectively. (1 January-30 June 2014: 95,6% EUR, 3,3% USD, 1,1% RUB)

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2015	31 December 2014
Cash	93	86
Bank deposits		
- Demand deposits	100.288	53.828
- Time deposits	5.602	109.175
Cheques and notes	3.000	-
Blocked deposits	656	622
Cash and cash equivalents	109.639	163.711

Effective interest rates

	30 June 2015	31 December 2014
EUR	-	0,05%
TL	10,25%	9,64%
USD	-	0,71%

As of 30 June 2015 the Company’s time deposits have an average maturity of less than 1 month (31 December 2014: less than 1 month).

NOTE 5 – FINANCIAL LIABILITIES

	30 June 2015	31 December 2014
Short - term financial liabilities		
Short term bank loans	120.465	24.023
Short term portion of long term bank loans	57.509	36.721
	177.974	60.744
Long - term financial liabilities		
Long term bank loans	7.495	58.220
	7.495	58.220

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

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

Currency	30 June 2015			31 December 2014		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	0,89%	8.483	25.299	1,42%	8.495	23.963
- TL	13,41%	95.166	95.166	-	60	60
			120.465			24.023

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

Currency	30 June 2015			31 December 2014		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	3,72%	2.234	6.663	3,25%	11.590	32.691
- TL	8,25%	50.846	50.846	8,26%	4.030	4.030
Short term portion			57.509			36.721
- EUR	4,38%	2.513	7.495	4,63%	3.320	9.365
- TL	-	-	-	8,26%	48.855	48.855
Long term portion			7.495			58.220
			65.004			94.941

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 5 – FINANCIAL LIABILITIES (Cont’d)

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

	30 June 2015	31 December 2014
One to two years	5.183	53.861
Two to three years	2.312	4.359
	7.495	58.220

Total amount of Company’s floating rate loans is 14.159 thousand TL. (31 December 2014: 19.094 thousand TL).

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

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short-term trade receivables from related parties

	30 June 2015	31 December 2014
Vestel Ticaret A.Ş.	765.943	647.352
Other related parties	9	162
	765.952	647.514
Unearned interest on receivables (-)	(3.209)	(960)
	762.743	646.554

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)

b) Short-term trade payables to related parties

	30 June 2015	31 December 2014
Vestel Elektronik Sanayi ve Ticaret A.Ş.	14.288	7.450
Vestel Holland B.V.	32.492	876
Other related parties	568	528
	47.348	8.854
Unearned interest on payables (-)	(157)	(96)
	47.191	8.758

c) Other long-term liabilities to related parties

	30 June 2015	31 December 2014
Vestel Elektronik Sanayi ve Ticaret A.Ş.	150.572	142.372

The maturity of other short term receivables is March 2020 and its annual interest rate is Euribor+3,20

d) Transactions with related parties

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Sales				
Vestel Ticaret A.Ş.	1.076.111	1.106.415	607.340	599.250
Vestel Elektronik Sanayi ve Ticaret A.Ş.	5.184	4.195	3.019	2.561
Other related parties	8	60	2	4
	1.081.303	1.110.670	610.361	601.815
	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Purchases and operating expenses				
Vestel Holland B.V.	118.715	161.712	48.746	83.534
Vestel Ticaret A.Ş.	5.210	1.810	4.167	-
Vestel Elektronik Sanayi ve Ticaret A.Ş.	35.155	26.410	20.078	13.935
ABH Turizm Temsilcilik ve Ticaret A.Ş.	727	395	423	-
Other related parties	1.536	743	785	-
	161.343	191.070	74.199	97.469

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 6 - RELATED PARTY DISCLOSURES (Cont'd)

d) Transactions with related parties

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Other operating income				
Vestel Ticaret A.Ş.	56.522	45.178	38.425	4.509
Other related parties	1.581	1.509	775	-
	58.103	46.687	39.200	4.509
Other operating expense				
Vestel Ticaret A.Ş.	13.869	48.450	4.700	17.338
Other related parties	1.105	2.534	509	-
	14.974	50.984	5.209	17.338
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	3.961	6.253	853	2.567
	3.961	6.253	853	2.567
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	11.089	1.912	9.190	1.912
	11.089	1.912	9.190	1.912
Dividends paid				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	99.189	23.215	99.189	23.215
Other	5.636	1.594	5.636	1.594
	104.825	24.809	104.825	24.809

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

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

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

Compensation paid to key management for the six months period ended 30 June 2015 is 3.785 thousand TL (1 January - 30 June 2014: 2.553 thousand TL).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2015	31 December 2014
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	765.952	647.514
- Other parties	8.134	7.960
Cheques and notes receivables	-	3.661
	774.086	659.135
Unearned interest expense (-)		
- Related parties (note 6)	(3.209)	(960)
- Other parties	(255)	(230)
Allowance for doubtful receivables (-)	(204)	(195)
Total short - term trade receivables	770.418	657.750

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

	30 June 2015	31 December 2014
Short term trade payables		
Trade payables		
- Related parties (note 6)	47.348	8.854
- Other parties	632.136	548.459
Unearned interest expense (-)		
- Related parties (note 6)	(157)	(96)
- Other parties	(2.153)	(1.646)
Total short term trade payables	677.174	555.571

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 8 - OTHER RECEIVABLES

	30 June 2015	31 December 2014
Short - term other receivables		
VAT receivable	70.727	43.948
Deposits and guarantees given	4.675	5.461
Other	969	1.148
	76.371	50.557

NOTE 9 - INVENTORIES

	30 June 2015	31 December 2014
Raw materials	195.147	135.499
Work in process	7.755	4.607
Finished goods	124.527	90.540
Other	14	207
	327.443	230.853
Provision for impairment on inventories (-)	(669)	(1.071)
	326.774	229.782

As of 30 June 2015 the Company does not have inventories pledged as security for liabilities (31 December 2014: None).

Cost of the inventory included in the cost of sales for the period 1 January - 30 June 2015 amounts to 782.120 TL (1 January - 30 June 2014: 833.679 TL).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 9 – INVENTORIES (Cont’d)

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

	30 June 2015	31 December 2014
Raw materials	145	392
Finished goods and merchandise	524	679
	669	1.071

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

	1 January - 30 June 2015	1 January - 30 June 2014
Opening balance, 1 January	1.071	2.065
Current year additions	669	1.439
Realised due to sale of inventory	(1.071)	(2.065)
Balance at 30 June	669	1.439

NOTE 10 – PREPAID EXPENSES

	30 June 2015	31 December 2014
Prepaid expenses in current assets		
Order advances given	4.717	7.531
Prepaid expenses	5.249	5.779
Business advances given	24	15
	9.990	13.325
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	1.809	4.718
Prepaid expenses	857	976
	2.666	5.694

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January				30 June
	2015	Additions	Disposals	Transfers	2015
Cost or revaluation					
Land	6.547	-	-	-	6.547
Land improvements	3.112	51	-	-	3.163
Buildings	66.233	363	-	106	66.702
Leasehold improvements	4.726	534	-	-	5.260
Plant and machinery	744.670	20.228	(3.938)	1.696	762.656
Motor vehicles	396	-	-	-	396
Furniture and fixtures	37.578	2.266	(82)	429	40.191
Construction in progress	2.272	6.035	-	(2.231)	6.076
	865.534	29.477	(4.020)	-	890.991
Accumulated depreciation					
Land improvements	2.268	25	-	-	2.293
Buildings	26.927	548	-	-	27.475
Leasehold improvements	1.996	180	-	-	2.176
Plant and machinery	479.632	35.527	(3.554)	-	511.605
Motor vehicles	172	30	-	-	202
Furniture and fixtures	24.309	1.892	(73)	-	26.128
	535.304	38.202	(3.627)	-	569.879
Net book value	330.230				321.112

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

	1 January				30 June
	2014	Additions	Disposals	Transfers	2014
Cost					
Land	6.547	-	-	-	6.547
Land improvements	2.792	87	(4)	177	3.052
Buildings	65.506	294	-	70	65.870
Leasehold improvements	3.099	290	-	-	3.389
Plant and machinery	661.011	16.717	(2.563)	27.037	702.202
Motor vehicles	396	-	-	-	396
Furniture and fixtures	32.588	2.140	(4)	14	34.738
Construction in progress	25.081	6.806	-	(27.298)	4.589
	797.020	26.334	(2.571)	-	820.783
Accumulated depreciation					
Land improvements	2.063	100	(2)	-	2.161
Buildings	25.893	512	-	-	26.405
Leasehold improvements	1.784	90	-	-	1.874
Plant and machinery	416.648	33.938	(2.240)	-	448.346
Motor vehicles	113	30	-	-	143
Furniture and fixtures	21.007	1.628	(3)	-	22.632
	467.508	36.298	(2.245)	-	501.561
Net book value	329.512				319.222

Additions to property, plant and equipment in the period 1 January – 30 June 2015 and 2014 mainly consist of machinery and equipment investments made to first and second refrigerator, washing machine, cooker, dishwasher and air conditioner factories.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

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

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

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

	1 January - 30 June	1 January - 30 June
	2015	2014
Cost of sales	36.696	35.036
Research and development expenses	7.206	5.828
Marketing, selling and distribution expenses	160	140
General administrative expenses	237	184
	44.299	41.188

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 12 – INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals	30 June 2015
Cost				
Rights	6.376	-	-	6.376
Development cost	105.380	12.427	(296)	117.511
Other intangible assets	8.166	1.183	-	9.349
	119.922	13.610	(296)	133.236
Accumulated amortization				
Rights	6.348	2	-	6.350
Development cost	42.597	5.795	-	48.392
Other intangible assets	3.001	300	-	3.301
	51.946	6.097	-	58.043
Net book value	67.976			75.193

	1 January 2014	Additions	Disposals	30 June 2014
Cost				
Rights	6.376	-	-	6.376
Development cost	87.011	9.200	(1.077)	95.134
Other intangible assets	6.596	805	-	7.401
	99.983	10.005	(1.077)	108.911
Accumulated amortization				
Rights	6.345	3	-	6.348
Development cost	32.791	4.658	-	37.449
Other intangible assets	2.505	229	-	2.734
	41.641	4.890	-	46.531
Net book value	58.342			62.380

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 12 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets is as follows:

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

NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2015	31 December 2014
Short - term provisions		
Provision for lawsuit risks	1.100	1.100
	1.100	1.100

b) Guarantees received by the Company

Guarantee letters, collaterals, cheques and notes received

	30 June 2015	31 December 2014
Guarantee letters	5.633	4.949
Cheques and notes	7.211	7.393
Collaterals and pledges	2.754.585	2.637.433
	2.767.429	2.649.775

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

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

CPM’s given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
30 June 2015				
A. CPM’s given on behalf of its own legal entity	-	2.198	5.471	12.026
B. CPM’s given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM’s given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM’s given	1.526.456	89.000	2.402.812	6.768.746
i. Total amount of CPM’s given on behalf of the parent company	1.069.119	35.000	1.771.729	4.748.080
ii. Total amount of CPM’s given to on behalf of other group companies which are not in scope of B and C.	457.337	54.000	631.083	2.020.666
iii. Total amount of CPM’s given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.526.456	91.198	2.408.283	6.780.772

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

CPM's given by the Group	USD (‘000)	EUR (‘000)	TL	TL Equivalent
31 December 2014				
A. CPM's given on behalf of its own legal entity	-	2.000	6.267	11.908
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.513.267	150.424	2.387.445	6.320.861
i. Total amount of CPM's given on behalf of the parent company	1.106.806	67.381	1.633.286	4.389.920
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	406.461	83.043	754.159	1.930.941
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	1.513.267	152.424	2.393.712	6.332.769

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

Proportion of other CPM's given by the Company to its equity is 1.145% as of 31 June 2015 (31 December 2014: 954 %)

NOTE 14 – COMMITMENTS

Due to the export and investment incentive certificates obtained, as of 30 June 2015 the Company has committed to realize exports amounting to USD 472.439 thousand (31 December 2014: USD 316.070 thousand).

As of 30 June 2015 the Company has forward foreign currency purchase contract that amounts to 276.016 thousand USD, 28.121 thousand EUR, 427.782 thousand TL against forward foreign currency sales contract that amounts to 31.266 thousand USD, 284.402 thousand EUR, 532.417 thousand RUB and 302.237 thousand TL. (31 December 2014: 237.623 thousand USD, 78.268 thousand EUR, 804 thousand RUB and 39.880 thousand TL purchase contract against 77.639 thousand USD, 199.400 thousand EUR, 804 thousand RUB and 44.281 thousand TL sales contract).

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 15 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 June 2015	31 December 2014
Due to personnel	13.274	12.720
Social security payables	5.233	4.940
	18.507	17.660

Long term provisions for employee benefits:

	30 June 2015	31 December 2014
Provision for employment termination benefits	28.523	25.382

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

The amount payable is the equivalent of one month’s gross salary for each year of service and is limited to a maximum of TL 3.541,37/year as of 30 June 2015 (31 December 2014: TL 3.438,22/year).

The provision for employee termination benefits is not funded.

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 June 2015 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 June 2015 provision is calculated based on real discount rate of %2,26 (31 December 2014: 2,26%) assuming 6% annual inflation rate and 8,40% discount rate.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 15 – EMPLOYEE BENEFITS (Cont’d)

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

	1 January - 30 June 2015	1 January - 30 June 2014
Balance at 1 January	25.382	12.434
Increase during the year	4.242	1.462
Payments during the year	(2.319)	(2.349)
Actuarial gain / (loss)	170	705
Interest expense	1.048	349
Balance at 30 June	28.523	12.601

NOTE16 – NATURE OF EXPENSES

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Raw materials, supplies and finished goods	819.255	849.976	447.062	476.467
Changes in finished goods, work in process and trade goods	(37.135)	(16.297)	(11.548)	(15.169)
Personnel expenses	91.911	81.070	50.439	42.587
Depreciation and amortization	44.299	41.188	22.187	20.865
Other	66.289	62.018	36.189	33.035
	984.619	1.017.955	544.329	557.785

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 17 – OTHER ASSETS AND LIABILITIES

	30 June 2015	31 December 2014
Other current assets		
VAT carried forward	149	94
Other	7	6
	156	100

	30 June 2015	31 December 2014
Other current liabilities		
Taxes and dues payable	5.496	5.517
Other	83	63
	5.579	5.580

NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 June 2015	31 December 2014
Shares of par value TL 1 each		
Issued share capital	190.000	190.000

As of 30 June 2015 and 31 December 2014 the shareholding structure is as follows:

	Shareholding %		Amount	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Vestel Elektronik Sanayi ve Ticaret A.Ş. (with board of Directors Members)	94,62%	94,54%	179.780	179.618
Shares held by public	5,38%	5,46%	10.220	10.382
	100%	100%	190.000	190.000

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

b) Adjustments to share capital

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

	30 June 2015	31 December 2014
Adjustment to share capital	9.734	9.734

c) Share premium

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

Share premium	109.031	109.031
---------------	----------------	----------------

d) Restricted reserves ("Legal reserves")

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

Legal reserves	57.354	41.803
----------------	---------------	---------------

e) Accumulated income

	30 June 2015	31 December 2014
Extraordinary reserves	133.233	122.432
Previous year's loss	47.083	47.083
	180.316	169.515

VESTEL BEYAZ EŐYA SANAYİ VE TİCARET ANONİM ŐİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

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

f) Dividend distribution

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

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

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

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

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

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 19 - SALES	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Domestic sales	262.596	293.394	156.435	162.274
Overseas sales	837.218	830.732	465.778	446.366
Gross sales	1.099.814	1.124.126	622.213	608.640
Less: Sales discounts (-)	(1.461)	(4.774)	(1.215)	(2.310)
Net sales	1.098.353	1.119.352	620.998	606.330
Cost of sales	(931.576)	(967.014)	(514.830)	(530.169)
Gross profit	166.777	152.338	106.168	76.161

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Personnel expenses	5.162	4.354	2.286	1.730
Depreciation and amortization	237	184	120	75
Office and rent expenses	4.306	3.681	2.150	1.836
Advertising expenses	3.728	3.887	1.816	1.781
Other	7.585	5.258	5.863	3.588
	21.018	17.364	12.235	9.010

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 20 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont’d)

b) Marketing expenses:

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Personnel expenses	3.727	2.019	1.968	1.049
Depreciation and amortization	160	140	80	71
Transportation expenses	11.165	11.466	6.000	6.388
Other	3.460	6.079	1.797	3.320
	18.512	19.704	9.845	10.828

c) Research and development expenses:

Personnel expenses	2.540	3.424	1.620	2.216
Depreciation and amortization	7.206	5.828	3.850	3.045
Other	3.767	4.621	1.949	2.517
	13.513	13.873	7.419	7.778

NOTE 21 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Credit finance gains arising from trading activities	11.265	7.813	9.067	2.845
Foreign exchange gains arising from trading activities	56.272	41.309	35.624	2.432
Other income	1.816	2.229	1.001	1.562
	69.353	51.351	45.692	6.839

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 21 – OTHER OPERATING INCOME AND EXPENSE (Cont'd)

b) Other expense from operating activities:

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Debit finance charges arising from trading activities	9.749	8.658	6.709	4.445
Foreign exchange expenses arising from trading activities	58.800	50.181	15.988	12.222
Other expenses	3.381	1.795	2.152	712
	71.930	60.634	24.849	17.379

NOTE 22 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Foreign exchange gains	5.037	10.344	3.013	5.438
Gains on derivative financial instruments	124.788	11.709	88.581	9.364
Interest income	695	46	(2.920)	30
	130.520	22.099	88.674	14.832

b) Financial expense:

Foreign exchange losses	16.014	3.431	14238	(3.777)
Losses on derivative financial instruments	157.049	4.957	105403	4957
Interest expense	6.997	9.119	4053	3883
Other finance expnses	41	98	3	44
	180.101	17.605	123.697	5.107

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 23 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2015	31 December 2014
Corporation and income taxes	12.528	20.767
Prepaid taxes (-)	(629)	(18.166)
Current income tax liabilities - net	11.899	2.601
Deferred tax liabilities	-	(5.898)

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

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

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 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.

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 23 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont’d)

As of 1 January - 30 June 2015 and 2014 tax benefit in the statement of income is as follows:

	1 January - 30 June 2015	1 January - 30 June 2014
Current period tax expense	(12.528)	(14.515)
Deferred tax benefit	6.192	385
Total tax benefit	(6.336)	(14.130)

Deferred tax assets and liabilities

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

Tax rate used in the calculation of deferred tax assets and liabilities based on the liability method is 20% as of 30 June 2015. (31 December 2014:%20).

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

	Cumulative temporary differences		Deferred tax	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Deferred tax assets				
Employment termination benefits	(28.523)	(25.382)	5.705	4.886
Provision for impairment on inventories	(669)	(1.071)	134	214
Derivative financial instruments	(27.700)	-	5.540	-
Other	(7.355)	(7.235)	1.471	1.447
			12.850	6.547

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 23 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	Cumulative temporary differences		Deferred tax	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Deferred tax liabilities				
Useful life and valuation differences on property, plant and equipment and intangible assets	34.755	42.905	(6.951)	(8.581)
Derivative financial instruments	-	18.566	-	(3.713)
Other	1.135	755	(227)	(151)
			(7.178)	(12.445)
Deferred tax liabilities - net			5.672	(5.898)

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

	1 January - 30 June 2015	1 January - 30 June 2014
Opening balance, 1 January	(5.898)	(1.835)
Tax expense recognized in income statement	6.192	385
Recognized in shareholders' equity	5.378	(547)
Deferred tax assets / (liabilities) at the end of the period, net	5.672	(1.997)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2015

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

NOTE 24 – EARNINGS PER SHARE

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Net income attributable to equity holders of the parent	55.240	82.478	54.639	40.707
Weighted number of ordinary shares with a TL 1 of face value (thousand shares)	190.000	190.000	190.000	190.000
	0,29	0,43	0,29	0,21

NOTE 25 – DERIVATIVE INSTRUMENTS

	30 June 2015		31 December 2014	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Held for trading				
Forward foreign currency transactions	991.979	(20.498)	489.833	(1.274)
Foreign currency swap contracts	50.000	(6.125)	50.000	(5.800)
Cash flow hedge				
Forward foreign currency transactions	261.127	(1.077)	321.874	25.640
	1.303.106	(27.700)	861.707	18.566

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

30 June 2015	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	10.546	174.770	25.707	575.236
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	6.953	283	55	19.577
2b. Non-monetary financial assets	-	-	-	-
3. Other	104	-	-	279
4. Current assets (1+2+3)	17.603	175.053	25.762	595.092
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	17.603	175.053	25.762	595.092
10. Trade payables	111.648	53.544	18	459.617
11. Financial liabilities	-	10.718	-	31.962
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	111.648	64.262	18	491.579
14. Trade payables	-	-	-	-
15. Financial liabilities	-	2.513	-	7.495
16a. Other monetary liabilities	-	50.490	-	150.571
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	53.003	-	158.066
18. Total liabilities (13+17)	111.648	117.265	18	649.645
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	244.750	(256.281)	(25.620)	(132.429)
19a. Hedged total assets	276.016	28.121	-	825.324
19b. Hedged total liabilities	(31.266)	(284.402)	(25.620)	(957.754)
20. Net foreign currency asset/ (liability) position (9-18+19)	150.705	(198.493)	124	(186.982)
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(94.149)	57.788	25.744	(54.832)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	(27.700)
23. Export	10.574	277.306	428	837.218
24. Import	92.047	87.571	532	486.886

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

31 December 2014	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	10.086	178.250	19.603	545.781
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	19.457	490	-	46.501
2b. Non-monetary financial assets	-	-	-	-
3. Other	44	-	-	102
4. Current assets (1+2+3)	29.587	178.740	19.603	592.384
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	29.587	178.740	19.603	592.384
10. Trade payables	105.845	50.702	-	388.459
11. Financial liabilities	-	20.085	-	56.654
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	105.845	70.787	-	445.113
14. Trade payables	-	-	-	-
15. Financial liabilities	-	3.320	-	9.365
16a. Other monetary liabilities	-	50.474	-	142.372
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	53.794	-	151.737
18. Total liabilities (13+17)	105.845	124.581	-	596.850
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	159.984	(121.132)	-	29.310
19a. Hedged total assets	237.623	78.268	32	771.827
19b. Hedged total liabilities	(77.639)	(199.400)	(32)	(742.517)
20. Net foreign currency asset/ (liability) position (9-18+19)	83.726	(66.973)	19.603	24.844
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(76.302)	54.159	19.603	(4.568)
22. Fair value of financial instruments used in foreign currency hedging	-	-	-	18.566
23. Export	30.157	574.602	8.584	1.754.140
24. Import	186.884	182.094	880	935.394

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 30 June 2015 and 31 December 2014, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
30 June 2015				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(25.291)	25.291	(25.291)	25.291
Secured portion from USD risk (-)	39.618	(39.618)	65.715	(65.715)
USD net effect	14.327	(14.327)	40.424	(40.424)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	17.234	(17.234)	17.234	(17.234)
Secured portion from EUR risk (-)	(50.206)	50.206	(76.411)	76.411
EUR net effect	(32.972)	32.972	(59.177)	59.177
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	2.574	(2.574)	2.574	(2.574)
Secured portion from other currency risk (-)	(2.562)	2.562	(2.562)	2.562
Other currency net effect	12	(12)	12	(12)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY – 30 JUNE 2015

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

NOTE 26 – 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 2014				
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(17.694)	17.694	(17.694)	17.694
Secured portion from USD risk (-)	4.905	(4.905)	37.069	(37.069)
USD net effect	(12.789)	12.789	19.375	(19.375)
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	15.277	(15.277)	15.277	(15.277)
Secured portion from EUR risk (-)	(4.592)	4.592	(34.191)	34.191
EUR net effect	10.685	(10.685)	(18.914)	18.914
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	1.960	(1.960)	1.960	(1.960)
Secured portion from other currency risk (-)	(2.264)	2.264	(2.264)	2.264
Other currency net effect	(304)	304	(304)	304