VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013 TOGETHER WITH AUDITOR'S REVIEW REPORT (ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITORS REVIEW REPORT ORIGINALLY ISSUED IN TURKISH

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

1. We have reviewed the accompanying condensed balance sheet of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. as of 30 June 2013 and the related condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the financial reporting standards accepted by the Capital Market Board. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

Scope of Review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in the communiqué on auditing standards published by the Capital Market Board. A review of interim financial statements 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 independent auditing standards issued by the Capital Market Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements is not prepared, in all material respects, in accordance with financial reporting standards issued by the Capital Market Board (Note 2).

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Other Matter

4. The financial statements of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. as at and for the year ended 31 December 2012 were audited by other auditors whose report, dated 8 March 2013, expressed an unqualified opinion on those statements. The interim condensed financial statements of the Group as at and for the period ended 30 June 2012 were reviewed by other auditors whose report, dated 15 August 2012, expressed an unqualified conclusion on those statements.

Additional paragraph for convenience translation into English

5. The accounting policies described in Note 2 to the interim condensed financial statements (defined as "Capital Market Board Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying interim condensed financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

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

Talar Gül, SMMM
Partner

İstanbul, 31 Temmuz 2013

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CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 30 June 2013	Audited 31 December 2012
ASSETS			
Current assets			
Cash and cash equivalents	4	4.242	27.218
Derivative financial instruments	5	10.096	-
Trade receivables		803.879	635.609
Related parties	22	789.740	622.071
Third parties	7	14.139	13.538
Other receivables		47.905	49.916
Third parties	8	47.905	49.916
Inventories	9	297.699	221.283
Prepaid expenses		9.870	17.743
Current income tax assets		15	2.997
Other current assets		199	-
Total current assets		**1.173.905**	**954.766**
Non-current assets			
Property, plant and equipment	10	310.548	308.563
Intangible assets	11	53.503	48.501
Other non-current assets		53.503	48.501
Prepaid expenses		6.556	3.397
Deferred tax asset	20	734	-
Total non-current assets		**371.341**	**360.461**
TOTAL ASSETS		**1.545.246**	**1.315.227**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 30 June 2013	Audited 31 December 2012
LIABILITIES			
Current liabilities			
Short term financial liabilities	6	260.859	287.817
Financial liabilities from related parties	6	42.474	-
Trade payables		449.207	413.006
Related parties	22	23.609	7.587
Third parties	7	425.598	405.419
Liabilities for employee benefits		10.854	6.313
Other payables		68.000	-
Related parties	22	68.000	-
Derivative financial instruments	5	32.335	8.673
Short term provisions		259	928
Other short term provisions		259	928
Other liabilities		6.793	3.402
Total current liabilities		**870.781**	**720.139**
Non-current liabilities			
Financial liabilities	6	157.021	87.698
Long term provisions		13.988	12.607
Provision for employee benefits	13	13.988	12.607
Deferred tax liability	20	-	3.527
Total non-current liabilities		**171.009**	**103.832**
TOTAL LIABILITIES		**1.041.790**	**823.971**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed	Audited
		30 June 2013	**31 December 2012**
EQUITY			
Paid in capital	14.a	190.000	190.000
Adjustments to share capital	14.b	9.734	9.734
Share premium	14.c	109.031	109.031
Other comprehensive income not to be reclassified to profit or loss		(1.164)	(947)
Revaluation gain / loss		(1.164)	(947)
- Actuarial gain / loss arising from defined benefit plans		(1.164)	(947)
Other comprehensive income to be reclassified to profit or loss		(16.065)	-
Derivative instruments gain / loss		(16.065)	-
Restricted reserves	14.d	38.886	38.886
Accumulated profit		144.552	162.096
Net income / (loss) for the period		28.482	(17.544)
Total equity		**503.456**	**491.256**
TOTAL LIABILITIES AND EQUITY		**1.545.246**	**1.315.227**

Condensed financial statements for the interim period 1 January - 30 June 2013 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 31 July 2013.

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

	Notes	**Reviewed 1 January - 30 June 2013**	**Reviewed 1 January - 30 June 2012**	**1 April - 30 June 2013**	**1 April - 30 June 2012**
Revenue	15	1.058.209	916.576	584.412	524.590
Cost of sales		(960.334)	(880.598)	(524.319)	(502.952)
Gross profit		**97.875**	**35.978**	**60.093**	**21.638**
Marketing, selling and distribution expenses		(18.337)	(15.229)	(10.371)	(9.026)
General administrative expenses		(16.394)	(12.053)	(4.366)	(6.472)
Research and development expenses		(11.984)	(9.163)	(6.775)	(4.816)
Other operating income	16	39.267	66.081	26.136	14.052
Other operating expense	17	(30.602)	(55.058)	(11.406)	(26.539)
Operating profit / (loss)		**59.825**	**10.556**	**53.311**	**(11.163)**
Financial income	18	39.996	48.056	10.401	23.405
Financial expense	19	(71.529)	(36.336)	(51.444)	(13.181)
(Loss) / profit before tax		**28.292**	**22.276**	**12.268**	**(939)**
Tax benefit / (expense)					
Current tax expense	20	-	(916)	-	2.035
Deferred tax benefit	20	190	(1.779)	3.023	(1.285)
Net income / (loss) for the period		**28.482**	**19.581**	**15.291**	**(189)**
Earnings / (loss) per share (TL, full) with 1 TL face value		**0,15**	**0,10**	**0,08**	**(0,00)**

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

	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Other comprehensive income / (loss)				
Items not be reclassified to profit and loss	**(217)**	**-**	**(217)**	**-**
Actuarial loss arising from defined benefit plans	(271)	-	(271)	-
Tax effect other comprehensive income not to be reclassified to profit or loss	54	-	54	-
Deferred tax income / loss	54	-	54	-
Items to be reclassified to profit or loss	**(16.065)**	**-**	**(16.065)**	**-**
Cash flow hedges	(20.082)	-	(20.082)	-
Tax effect of other comprehensive income to be reclassified to profit or loss	4.017	-	4.017	-
Deferred tax income / loss	4.017	-	4.017	-
Other comprehensive income / (loss)	**(16.282)**	**-**	**(16.282)**	**-**
Total comprehensive (loss) / income for the period	**12.200**	**19.581**	**(991)**	**(189)**

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

				Other comprehensive income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss		Retained Earnings		
	Paid in capital	**Adjustments to share capital**	**Share premium**	**Actuarial loss on employee benefits**	**Cash flow hedge fund**	**Restricted reserves**	**Retained earnings**	**Net income / (loss) for the period**	**Total equity**
Balances at 1 January 2012	**190.000**	**9.734**	**109.031**	**-**	**-**	**37.921**	**142.916**	**20.145**	**509.747**
Transfer to accumulated profit	-	-	-	-	-	-	20.145	(20.145)	-
Transfer to restricted reserves	-	-	-	-	-	965	(965)	-	-
Total comprehensive income	-	-	-	-	-	-	-	19.581	19.581
Balances at 30 June 2012	**190.000**	**9.734**	**109.031**	**-**		**38.886**	**162.096**	**19.581**	**529.328**
Balances at 1 January 2013	**190.000**	**9.734**	**109.031**	**(947)**	**-**	**38.886**	**162.096**	**(17.544)**	**491.256**
Transfer to accumulated profit	-	-	-	-	-	-	(17.544)	17.544	-
Total comprehensive income	-	-	-	(217)	(16.065)	-	-	28.482	12.200
Balances at 30 June 2013	**190.000**	**9.734**	**109.031**	**(1.164)**	**(16.065)**	**38.886**	**144.552**	**28.482**	**503.456**

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

	Notes	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012
Operating activities:			
Net income for the period		**28.482**	**19.581**
Adjustments to reconcile net cash provided from operating activities to net income for the period:			
- Depreciation and amortization of fixed assets		36.009	30.203
- Warranty and assembly provisions		-	(19.627)
- Changes in other provisions		(669)	684
- Provision for employment termination benefits	13	3.758	2.272
- Provision for impairment on inventories	9	(2.223)	2.871
- Interest expense	19	13.579	8.706
- Interest income	18	(90)	(538)
- Tax loss / income adjustments		(190)	2.695
- (Gain) / loss from sales of tangible and intangible assets		(13)	(159)
- Derivative financial instruments (income) / expense accrual		(6.516)	9.208
- Unrealized foreign exchange gain / loss		5.057	3.161
Change in blocked cash and cash equivalents	4	(760)	-
Changes in working capital:			
(Increase) / decrease in trade receivables		(168.270)	36.638
(Increase)/ decrease in inventories		(74.193)	(86.598)
(Increase) / decerase in other receivables and other current assets		12.667	(6.821)
Increase/ (decrease) in other non-current assets		(3.159)	-
Increase / (decrease) in trade payales		36.201	(16.500)
Increase / (decrease) in other payales and other liabilities		7.932	(7.292)
Cash flows from operations:			
Employement termination benefits paid	13	(2.648)	(657)
Current income taxes paid	20	-	(2.896)
Net cash used in operating activities		**(115.046)**	**(25.069)**

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

Investing activities:	**Notes**	**Reviewed 1 January - 30 June 2013**	**Reviewed 1 January - 30 June 2012**
Acquisition of tangible assets	10	(34.485)	(42.725)
Cash provided from sales of tangible and intangible assets		603	304
Acquisition of intangible assets	11	(9.101)	(9.035)
Net cash used in investing activities		**(42.983)**	**(51.456)**
Financing activities:			
Proceeds from bank borrowings		137.900	260.610
Repayment of bank borrowings		(104.656)	(98.981)
Other payables to related parties		68.000	-
Repayment of borrowings from related parties		42.474	-
Interest paid		(9.515)	(4.783)
Interest received		90	538
Net cash provided by financing activities		**134.293**	**157.384**
Net (decrease) / increase in cash and cash equivalents before currency translation differences		**(23.736)**	**80.859**
Net (decrease) / increase in cash and cash equivalents		**(23.736)**	**80.859**
Cash and cash equivalents at the begninning of the period	4	**25.887**	**7.216**
Cash and cash equivalents at the end of the period		**2.151**	**88.075**

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

NOTE 1 – COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (the "Company" or "Vestel Beyaz Eşya") was incorporated in 1997 under the Turkish Commercial Code and its head office is located at Zorlu Plaza, 34310 Avcılar / Istanbul.

The Company started its operations in 1999 and produces refrigerators, room air conditioning units, washing machines, cookers, dishwashers and water heaters. The Company's production facilities occupy 312.000 square meters of enclosed area located in Manisa Organized Industrial Zone on total area of 395.000 square meters.

The Company is a member of Vestel Group of Companies which are under the control of the Zorlu Family. The Company performs its foreign sales and domestic sales via Vestel Ticaret A.Ş. which is also a member of Vestel Group of Companies (note 22).

As of 30 June 2013, the number of personnel employed was 6.041 (31 December 2012: 5.886).

The Company's refrigerator and air conditioner sales include the effects of seasonal variations.

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

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

	Share %
Vestel Elektronik Sanayi ve Ticaret A.Ş.	83,88
Other shareholders	16,12
	100,00

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

2.1 Basis of presentation

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

The Company prepared its condensed interim financial statements for the period ended 30 June 2013 in accordance with the TAS 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1 and its related announcements. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

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

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

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The condensed interim financial statements, except for the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. These condensed interim financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS. According to CMB Communiqué Serial II, No: 14.1 and its related announcements, entities presenting condensed financial statements in the interim periods are obliged to disclose their foreign currency positions, total export and import amounts and hedged portion of their total foreign currency risks (note 23).

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

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

2.2. Summary of significant accounting policies

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

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

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

2.3. Amendments in International Financial Reporting Standards

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

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

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

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

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

As a result of the restatement, the Company made necessary correction in the financial statements as of 31 December 2012, the earliest date at which actuarial gain/ loss can be calculated. Net loss of the Company is decreased by 947 TL as a result of actuarial loss and deferred tax effect related to employment termination benefits as of 31 December 2012 whereas the restatement has no effect on total comprehensive expenses and equity. There is no actuarial gain/loss related with the employment termination benefits as of 30 June 2012, and interest cost classified as general administrative expenses in the statement of comprehensive income amounting to 428 TL is classified as financial expenses. This reclassification has no effect on the net profit of the Company as of and for the year ended 30 June 2012.

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

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

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

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

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

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

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

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

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

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

- IAS 32 (amendment), "'Financial instruments: Presentation'', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any impact on the Company's interim financial statements.

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

2.4. Comparative information and restatement of prior period financial statements

Condensed interim financial statements of the Company have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance.

The Company has made reclassifications in the statement of comprehensive income as of 30 June 2012 between the net sales and cost of sales related to the supplier industry transactions that amounts to 128.219 TL; between net sales and financial income related to term sales transactions that amounts to 9.356 TL; between cost of sales and financial expenses related to term purchases transactions that amounts to 7.221 TL. These reclassifications have no effect on the retained earnings and current year income of the Company.

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

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

The Company has made reclassification between financial income and other income amounting to 43.028TL, between financial expense and other expense amounting to 54.291 TL in 30 June 2012 financial statements. For financial statements of 31 December 2012, reclassifications are between other current assets and prepaid expense amounting to 17.743 TL, between other current assets and current tax assets amounting to 2.997 TL, between other non-current assets and prepaid expenses amounting to 3.397 TL, between employee termination benefits and debt provision amounting to 6.313 TL. Those reclassifications have no effect on retained earnings and current period income.

2.5. Significant accounting estimates and judgments

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

i. Income taxes:

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (note 20).

ii. Derivative financial instruments and cash flow hedges:

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

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

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

a) Derivative financial instruments held for trading:

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

b) Cash flow hedge:

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

i. <u>Research and development cost</u>

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

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

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

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

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

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

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

NOTE 3 – SEGMENT REPORTING

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

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

Segment revenue	**1 January - 30 June 2013**	**1 January - 30 June 2012**	**1 April - 30 June 2013**	**1 April - 30 June 2012**
Turkey	341.674	238.113	209.760	141.055
Europe	516.993	510.524	227.312	293.585
Other	199.945	168.306	147.672	90.187
Gross sales	1.058.612	916.943	584.744	524.827
Discounts (-)	(403)	(367)	(332)	(237)
Net sales	**1.058.209**	**916.576**	**584.412**	**524.590**

The amount of export is 716.938 TL for the period ended 30 June 2013 (1 January-30 June 2012: 678.830 TL). Export sales are denominated in EURO, USD and RUB as 92, 2%, 6,1% and 1,7% of total export respectively. (1 January-30 June 2012: %88,8 EUR, %7,8 USD, %3,4 RUB)

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

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2013	31 December 2012
Cash	55	36
Bank deposits		
- Demand deposits	2.096	367
- Time deposits	-	25.484
Blocked deposits	2.091	1.331
Cash and cash equivalents	**4.242**	**27.218**

Effective interest rates

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

NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2013		31 December 2012	
		Fair Value		Fair Value
	Contract amount	Assets / (Liabilities)	Contract amount	Assets / (Liabilities)
Held for trading				
Forward transactions	587.220	(6.789)	1.363.384	(9.310)
Foreign currency swap contracts	50.000	(2.253)	20.000	637
Cash flow hedge				
Forward transactions	784.020	(13.197)	-	-
	1.421.240	**(22.239)**	**1.383.384**	**(8.673)**

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

NOTE 6 – FINANCIAL LIABILITIES

	30 June 2013	31 December 2012
Short - term financial liabilities		
Short - term bank loans	243.356	264.839
Short - term portion of long - term bank loans	17.503	22.978
Financial liabilities from related parties (Note 22)	42.474	-
	303.333	**287.817**
Long - term financial liabilities		
Long - term bank loans	157.021	87.698
	157.021	**87.698**

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

	30 June 2013			31 December 2012		
Currency	Weighted average effective annual interest rate	Original amount	TL Amount	Weighted average effective annual interest rate	Original amount	TL Amount
- USD	3,14%	25.013	48.145	4,62%	50.092	89.294
- EUR	3,45%	18.002	45.251	4,62%	13.099	30.804
- TL	5,92%	149.960	149.960	5,42%	144.741	144.741
			243.356			**264.839**

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

NOTE 6 – FINANCIAL LIABILITIES (Cont'd)

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

	30 June 2013			31 December 2012		
Currency	**Weighted average effective annual interest rate**	**Original amount**	**TL Amount**	**Weighted average effective annual interest rate**	**Original amount**	**TL Amount**
- EUR	4,66%	5.416	13.613	4,35%	8.755	20.588
- TL	8,26%	3.890	3.890	13,51%	2.390	2.390
Short term			**17.503**			**22.978**
- USD	4,37%	8.490	16.342	-	-	-
- EUR	4,66%	29.259	73.549	4,35%	29.767	70.004
- TL	8,26%	67.130	67.130	13,51%	17.694	17.694
Long term			**157.021**			**87.698**
			174.524			**110.676**

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

	30 June 2013	31 December 2012
One to two years	82.676	72.931
Two to three years	68.584	7.677
Three to four years	3.992	3.806
Four to five years	1.769	3.284
	157.021	**87.698**

Total amount of Company's floating rate loans is 13.016 TL. (31 December 2012: 32.928 TL).

The Company has given various letters of guarantees to financial institutions for obtained bank loans (note 12.a).

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2013	31 December 2012
Short - term trade receivables		
Trade receivables		
- Related parties (note 22)	793.703	624.535
- Third parties	13.950	13.151
Cheques and notes receivables	404	520
	808.057	638.206
Unearned interest expense (-)		
- Related parties (note 22)	(3.963)	(2.464)
- Third parties	(177)	(95)
Allowance for doubtful receivables (-)	(38)	(38)
Total short - term trade receivables	**803.879**	**635.609**

	30 June 2013	31 December 2012
Short - term trade payables		
Trade payables		
- Related parties (note 22)	23.616	7.589
- Third parties	426.568	406.082
	450.184	413.671
Unearned interest income (-)		
- Related parties (note 22)	(7)	(2)
- Third parties	(970)	(663)
Total short - term trade payables	**449.207**	**413.006**

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

NOTE 8 – OTHER RECEIVABLES

	30 June 2013	31 December 2012
Short - term other receivables		
VAT receivable	44.409	47.688
Deposits and guarantees given	3.246	2.055
Allowance for doubtful receivables (-)	250	173
	47.905	**49.916**

NOTE 9 – INVENTORIES

	30 June 2013	31 December 2012
Raw materials	201.449	132.539
Work in process	9.659	7.327
Finished goods	84.822	84.580
Merchandise	80	27
Other	3.863	1.207
	299.873	225.680
Provision for impairment on inventories (-)	(2.174)	(4.397)
	297.699	**221.283**

Cost of the inventory included in the cost of sales for the period 1 January-30 June 2013 amounts to 835.327 TL (1 January- 30 June 2012:760.266 TL).

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

	30 June 2013	31 December 2012
Raw materials	1.339	1.278
Finished goods and merchandise	835	3.119
	2.174	**4.397**

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

NOTE 9 – INVENTORIES (Cont'd)

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

	1 January - 30 June 2013	1 January - 30 June 2012
Opening balance, 01 January	**4.397**	**3.210**
Current year additions	1.549	5.780
Realised due to sale of inventory	(3.772)	(2.909)
Closing balance, 30 June	**2.174**	**6.081**

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2013	Additions	Disposals	Transfers	30 June 2013
Cost or valuation					
Land	6.547	-	-	-	6.547
Land improvements	2.660	123	-	-	2.783
Buildings	63.194	662	-	-	63.856
Leasehold improvements	2.634	238	(99)	-	2.773
Plant and machinery	583.257	22.184	(1.564)	25.282	629.159
Motor vehicles	340	-	(11)	-	329
Furniture and fixtures	30.054	1.421	(453)	34	31.056
Construction in progress	24.064	9.857	-	(25.316)	8.605
	712.750	**34.485**	**(2.127)**	**-**	**745.108**
Accumulated depreciation					
Land improvements	1.860	104	-	-	1.964
Buildings	24.950	459	-	-	25.409
Leasehold improvements	1.664	65	(18)	-	1.711
Plant and machinery	356.940	29.930	(1.356)	-	385.514
Motor vehicles	74	25	(11)	-	88
Furniture and fixtures	18.699	1.595	(420)	-	19.874
	404.187	**32.178**	**(1.805)**	**-**	**434.560**
Net book value	**308.563**				**310.548**

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

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

	1 January 2012	Additions	Disposals	Transfers	30 June 2012
Cost					
Land	6.547	-	-	-	6.547
Land improvements	2.660	-	-	-	2.660
Buildings	62.140	464	-	166	62.770
Leasehold improvements	2.146	140	-	80	2.366
Plant and machinery	499.407	24.732	(393)	28.080	551.826
Motor vehicles	212	253	(168)	-	297
Furniture and fixtures	25.417	1.186	(51)	47	26.599
Construction in progress	37.924	15.950	-	(28.373)	25.501
	636.453	**42.725**	**(612)**	**-**	**678.566**
Accumulated depreciation					
Land improvements	1.708	78	-	-	1.786
Buildings	22.480	1.218	-	-	23.698
Leasehold improvements	1.570	40	-	-	1.610
Plant and machinery	303.605	25.619	(300)	-	328.924
Motor vehicles	204	13	(168)	-	49
Furniture and fixtures	15.836	1.437	(24)	-	17.249
	345.403	**28.405**	**(492)**	**-**	**373.316**
Net book value	**291.050**				**305.250**

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

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

NOTE 11 – INTANGIBLE ASSETS

	1 January 2013	Additions	Disposals	30 June 2013
Cost				
Rights	6.376	-	-	6.376
Development cost	70.346	8.335	(268)	78.413
Other intangible assets	5.132	766	-	5.898
	81.854	**9.101**	**(268)**	**90.687**
Accumulated amortization				
Rights	6.342	-	-	6.342
Development cost	24.893	3.641	-	28.534
Other intangible assets	2.118	190	-	2.308
	33.353	**3.831**	**-**	**37.184**
Net book value	**48.501**			**53.503**

	01 January 2012	Additions	Disposals	30 June 2012
Cost				
Rights	6.395	41	-	6.436
Development cost	53.680	7.966	(57)	61.589
Other intangible assets	3.217	1.028	-	4.245
	63.292	**9.035**	**(57)**	**72.270**
Accumulated amortization				
Rights	6.339	2	-	6.341
Development cost	20.890	1.640	-	22.530
Other intangible assets	1.787	156	-	1.943
	29.016	**1.798**	**-**	**30.814**
Net book value	**34.276**			**41.456**

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

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

NOTE 12 – CONTINGENT ASSETS AND LIABILITIES

a) Contingent assets

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

	30 June 2013	31 December 2012
Letter of guarantee	3.840	5.777
Cheques and notes	14.311	12.793
Mortgages and bails (*)	2.434.676	1.978.924
	2.452.827	**1.997.494**

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

b) Commitments and contingencies

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

CPM's given by the Company	USD ('000)	EUR ('000)	TL	TL Equivalent
30 June 2013				
A. CPM's given on behalf of its own legal entity	-	2.000	9.052	14.079
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	1.691.911	160.700	1.151.008	4.811.550
i. Total amount of CPM's given on behalf of the parent company	1.333.000	65.000	883.739	3.612.888
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	358.911	95.700	267.269	1.198.662
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.691.911**	**162.700**	**1.160.060**	**4.825.629**

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

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

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

Proportion of other CPM's given by the Company to its equity is 956 % as of 30 June 2013 (31 December 2012: 814 %)

- Due to the export and investment incentive certificates obtained, as of 30 June 2013 the Company has committed to realize exports amounting to386.895 thousand USD (31 December 2012: 332.845 thousand USD).

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

- The payment of VAT and SCT on certain export sales may be postponed and later cancelled by the tax office subject to clearance of certain routine formalities in due course. Responsibility of the Company continues until such clearance however no liability has arisen in the past and no liability is reasonably expected for the future. As of 30 June 2013 the amount of postponed VAT and SCT is 64.483 TL (31 December 2012: 66.421 TL).

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

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

c) Derivative financial instruments

As of 30 June 2013 the Company has forward foreign currency purchase contract that amounts to 240.144 thousand USD, 101.832 thousand EUR, 635.035 TL against forward foreign currency sales contract that amounts to 70.219 thousand USD, 366.957 thousand EUR, 678.223 thousand RUB, 299 thousand CHF and 284.611 TL (31 December 2012 :383.667 thousand USD, 140.241 thousand EUR, 48.832 thousand RUB and 339.247 TL purchase contract against 62.478 thousand USD, 418.885 thousand EUR, 808.282 thousand RUB and 219.974 TL sales contract).

NOTE 13 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 June 2013	31 December 2012
Provision for employment termination benefits	**13.988**	**12.607**

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due caus. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 06.03.1981, No.2422 and 25.08.1999, No.4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's gross salary for each year of service and is limited to a maximum of 3.254,44 TL/year as of 30 June 2013 (31 December 2012: 3.033,98 TL/year).

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 June 2013 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 June 2013 provision is calculated based on real discount rate of %3,83 (31 December 2012: 3,83%) assuming 5,00% annual inflation rate and 9,02% discount rate.

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

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

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

	1 January - 30 June 2013	1 January - 30 June 2012
Balance at 1 January	**12.607**	**9.461**
Increase during the year	3.189	1.844
Payments during the year	(2.648)	(657)
Actuerial loss	271	-
Interest expense	569	428
Balance at 30 June	**13.988**	**11.076**

NOTE 14 – EQUITY

a) Paid in capital

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

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

	Shareholding %		Amount	
	30 June 2013	December 2012	30 June 2013	December 2012
Vestel Elektronik Sanayi ve Ticaret A.Ş. (Includes the board of directors)	0,8388	0,7528	159372	143023
Shares open to public (BİST)	16,12%	24,72%	30.628	46.977
	100%	**100%**	**190.000**	**190.000**

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

NOTE 14 – EQUITY (Cont'd)

b) Adjustments to share capital

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

	30 June 2013	31 December 2012
Adjustment to share capital	**9.734**	**9.734**

c) Share Premium

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

Share premium	**109.031**	**109.031**

d) Restricted reserves ("Legal reserves")

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

Legal reserves	**38.886**	**38.886**

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

NOTE 15 – SALES AND COST OF SALES

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Domestic sales	341.674	238.113	209.760	141.055
Foreign sales	716.938	678.830	374.984	383.772
Gross sales	**1.058.612**	**916.943**	**584.744**	**524.827**
Less: Sales discounts (-)	(403)	(367)	(332)	(237)
Net sales	**1.058.209**	**916.576**	**584.412**	**524.590**
Cost of sales	(960.334)	(880.598)	(524.319)	(502.952)
Gross profit	**97.875**	**35.978**	**60.093**	**21.638**

NOTE 16 – OTHER OPERATING INCOME

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Interest income from trading activities	8.215	9.399	4.414	4.042
Foreign exchange gains from trading activities	28.858	33.629	20.435	8.247
Provisions released (*)	669	19.627	392	-
Other	1.525	3.426	895	1.763
	39.267	**66.081**	**26.136**	**14.052**

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

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

NOTE 17 – OTHER OPERATING EXPENSE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Interest expense from trading activities	5.865	8.590	3.220	4.897
Foreign exchange loss from trading activities	22.454	43.337	7.451	21.008
Other	2.283	3.131	735	634
	30.602	**55.058**	**11.406**	**26.539**

NOTE 18 – FINANCIAL INCOME

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Foreign exchange gains	6.584	17.239	1.588	4.550
Gain on derivative financial instruments	33.322	30.279	8.785	18.688
Interest income	90	538	28	167
	39.996	**48.056**	**10.401**	**23.405**

NOTE 19 – FINANCIAL EXPENSE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Foreign exchange loss	21.956	5.934	17.510	2.677
Loss on derivative financial instruments	35.333	21.228	25.189	4.555
Interest expense	13.579	8.706	8.084	5.481
Other financial expense	661	468	661	468
	71.529	**36.336**	**51.444**	**13.181**

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

NOTE 20 – TAX ASSETS AND LIABILITIES

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

	30 June 2013	31 December 2012
Corporation and income taxes	-	-
Prepaid taxes (-)	-	-
Current income tax liabilities - net	**-**	**-**
Deferred tax liability	-	(3.527)
Deferred tax asset	734	-
	734	**(3.527)**

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

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

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 10th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilized in a share capital increase within five years from the date of the sale.

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

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

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

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

Deferred tax assets and liabilities

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

Tax rate used in the calculation of deferred tax assets and liabilities based on the liability method is 20% (31 December 2012:%20).

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

	Cumulative temporary differences		**Deferred tax**	
	30 June 2013	**31 December 2012**	**30 June 2013**	**31 December 2012**
Deferred tax assets				
Employment termination benefits	(13.988)	(12.607)	2.798	2.521
Trade receivable rediscount expense	(4.140)	(2.559)	828	512
Provision for impairment on inventories	(2.174)	(4.397)	435	879
Derivative financial instruments provision expense	(23.000)	(8.673)	4.600	1.735
Other	(5.305)	(2.180)	1.061	436
			9.722	**6.083**

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

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

	Cumulative temporary differences		Deferred tax	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Deferred tax liabilites				
Property, plant and equipment and intangible assets	43.965	47.298	(8.793)	(9.460)
Other	977	750	(195)	(150)
			(8.988)	**(9.610)**
Deferred tax liabilites - net			**734**	**(3.527)**

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

	1 January - 30 June 2013	1 January - 30 June 2012
Opening balance, 01 January	**(3.527)**	**(3.725)**
Current period deferred tax income	190	(1.779)
Tax recognized directly in the shareholders' equity	4.071	-
Deferred tax (liabilities) / assets - net as of 30 June	**734**	**(5.504)**

NOTE 21 – EARNINGS PER SHARE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Net income / (loss) attributable to equity holders of the parent	28.482	19.581	15.291	(189)
Weighted average number of ordinary shares (thousand shares)	190.000	190.000	190.000	190.000
	0,15	**0,10**	**0,08**	**(0,00)**

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

NOTE 22 – RELATED PARTY DISCLOSURES

a) Short-term trade receivables from related parties

	30 June 2013	31 December 2012
Vestel Ticaret A.Ş.	793.405	621.861
Vestel CIS Limited	260	2.655
Other related parties	38	19
	793.703	624.535
Unearned interest on receivables (-)	(3.963)	(2.464)
	789.740	**622.071**

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

b) Short-term trade payables to related parties

	30 June 2013	31 December 2012
Vestel Elektronik Sanayi ve Ticaret A.Ş.	4.994	1.958
Vestel Holland B.V.	18.109	5.288
Other related parties	513	343
	23.616	7.589
Unearned interest on payables (-)	(7)	(2)
	23.609	**7.587**

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

NOTE 22 – RELATED PARTY DISCLOSURES (Cont'd)

c) Other short-term payables to related parties

	30 June 2013	31 December 2012
Vestel Elektronik Sanayi ve Ticaret A.Ş.	68.000	-

The annual interest rate of the other payables to Vestel Ticaret A.Ş. is 9 % for TL.

d) Financial liabilities from related parties

	30 June 2013	31 December 2012
Vestel Ticaret A.Ş.	42.474	-

As of 30 June 2013, financial liabilities from Vestel Ticaret A.Ş. is related to the loans obtained from Vestel Ticaret A.Ş. from various financial institutions and transferred to the Company with the same conditions. The annual average effective interest rate of the loans transferred from Vestel Ticaret A.Ş. is 6, 11% for TL.

e) Transactions with related parties

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Sales				
Vestel Ticaret A.Ş.	1.042.261	897.746	577.065	514.698
Vestel Elektronik Sanayi ve Ticaret A.Ş.	5.403	4.529	2.482	2.661
Vestel CIS Limited	93	-	93	-
Other related parties	14	3.504	3	443
	1.047.771	**905.779**	**579.643**	**517.802**

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

NOTE 22 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Purchases and operating expenses				
Vestel Holland BV	255.476	198.816	136.177	116.849
Vestel Elektronik Sanayi ve Ticaret A.Ş.	25.399	19.741	21.616	13.929
Other related parties	4.837	5.625	2.776	4.227
	285.712	**224.182**	**160.569**	**135.005**

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

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Other operating income				
Vestel Ticaret A.Ş.	32.142	6.408	17.155	1.488
Other related parties	1.454	710	841	336
	33.596	**7.118**	**17.996**	**1.824**

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Other operating expense				
Vestel Ticaret A.Ş.	3.698	36.622	-	19.934
Other related parties	1.192	910	676	748
	4.890	**37.532**	**676**	**20.682**

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 2013 is 2.210 TL (1 January.-30 June 2012: 957 TL).

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

NOTE 23 – FOREIGN CURRENCY POSITION

30 June 2013	USD	EUR	Other Currencies (TL Equivalent)	TL Equivalent
1. Trade receivables	12.268	130.822	-	352.461
2a. Monetary financial assets (including cash and	-	-	-	-
cash equivalents)	328	38	2	729
2b. Non-monetary financial assets	-	-	-	-
3. Other	741	4.468	1	12.658
4. Current assets (1+2+3)	**13.337**	**135.328**	**3**	**365.848**
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)	**13.337**	**135.328**	**3**	**365.848**
10. Trade payables	120.512	27.490	12	301.075
11. Financial liabilities	25.013	23.417	-	107.009
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**145.525**	**50.907**	**12**	**408.084**
14. Trade payables	-	-	-	-
15. Financial liabilities	8.490	29.259	-	89.890
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**8.490**	**29.259**	**-**	**89.890**
18. Total liabilities (13+17)	**154.015**	**80.166**	**12**	**497.974**
19. Off-balance sheet derivative instruments/	**-**	**-**	**-**	**-**
net asset (liability) position (19a+19b)	**169.925**	**(265.125)**	**(40.237)**	**(379.610)**
19a. Hedged total assets	240.144	101.832	-	718.204
19b. Hedged total liabilities	(70.219)	(366.957)	(40.237)	(1.097.814)
20. Net foreign currency asset/ (liability)	**-**	**-**	**-**	**-**
position (9-18+19)	**29.247**	**(209.963)**	**(40.246)**	**(511.736)**
21. Net foreign currency monetary asset/	**-**	**-**	**-**	**-**
(liability) position	**-**	**-**	**-**	**-**
(=1+2a+5+6a-10-11-12a-14-15-16a)	**(141.419)**	**50.694**	**(10)**	**(144.784)**
22. Fair value of financial instruments used	**-**	**-**	**-**	**-**
in foreign currency hedging	**-**	**-**	**-**	**(22.239)**
23. Export	24.132	278.505	12.284	716.938
24. Import	142.725	110.467	47.992	520.436

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

31 December 2012	**USD**	**EUR**	**Other Currencies (TL Equivalent)**	**TL Equivalent**
1. Trade receivables	16.048	152.229	45.709	432.313
2a. Monetary financial assets (including cash and cash equivalents)	426	518	36	2.014
2b. Non-monetary financial assets	-	-	-	-
3. Other	11.220	4.511	107	30.716
4. Current assets (1+2+3)	**27.694**	**157.258**	**45.852**	**465.043**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total assets (4+8)	**27.694**	**157.258**	**45.852**	**465.043**
10. Trade payables	105.968	39.624	118	282.200
11. Financial liabilities	50.092	21.853	-	140.686
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**156.060**	**61.477**	**118**	**422.886**
14. Trade payables	-	-	-	-
15. Financial liabilities	-	29.767	-	70.004
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**29.767**	**-**	**70.004**
18. Total liabilities (13+17)	**156.060**	**91.244**	**118**	**492.890**
19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)	**321.189**	**(278.644)**	**(43.752)**	**(126.487)**
19a. Hedged total assets	383.667	140.241	2.836	1.016.566
19b. Hedged total liabilities	(62.478)	(418.885)	(46.588)	(1.143.053)
20. Net foreign currency asset/ (liability) position (9-18+19)	**192.823**	**(212.630)**	**1.982**	**(154.334)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(139.586)**	**61.503**	**45.627**	**(58.563)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(8.673)**
23. Export	59.498	570.162	35.144	1.455.670
24. Import	251.244	218.536	1.360	955.284

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

	Gain / Loss		Equity	
30 June 2013	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(27.220)	27.220	(27.220)	27.220
Secured portion from USD risk	4.574	(4.574)	33.352	(33.352)
USD net effect	**(22.646)**	**22.646**	**6.132**	**(6.132)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	12.743	(12.743)	12.743	(12.743)
Secured portion from EUR risk	(1.797)	1.797	(68.150)	68.150
EUR net effect	**10.946**	**(10.946)**	**(55.407)**	**55.407**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(1)	1	(1)	1
Secured portion from other currency risk	(4.043)	4.043	(4.043)	4.043
Other currency net effect	**(4.044)**	**4.044**	**(4.044)**	**4.044**

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

	Gain / Loss		Equity	
31 December 2012	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(24.883)	24.883	(24.883)	24.883
Secured portion from USD risk	57.255	(57.255)	57.255	(57.255)
USD net effect	**32.372**	**(32.372)**	**32.372**	**(32.372)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	14.464	(14.464)	14.464	(14.464)
Secured portion from EUR risk	(65.529)	65.529	(65.529)	65.529
EUR net effect	**(51.065)**	**51.065**	**(51.065)**	**51.065**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(4.563)	4.563	(4.563)	4.563
Secured portion from other currency risk	4.375	(4.375)	4.375	(4.375)
Other currency net effect	**(188)**	**188**	**(188)**	**188**