

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM  
PERIOD 1 JANUARY – 30 JUNE 2018 (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 General Assembly 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 2018 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 Group 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.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Murat Sancar, SMMM  
Partner

Istanbul, 31 July 2018

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

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**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2018 AND 31 DECEMBER 2017**

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

		<b>Reviewed</b>	<b>Audited</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	126.520	73.679
Trade Receivables		1.456.788	1.045.883
Trade Receivables Due From Related Parties	6	1.449.246	1.038.802
Trade Receivables Due From Unrelated Parties	7	7.542	7.081
Other Receivables		245.465	645.195
Other Receivables Due From Related Parties	6	104.463	511.898
Other Receivables Due From Unrelated Parties	8	141.002	133.297
Derivative Financial Assets		22.098	4.009
Derivative Financial Assets Held for Trading	25	3.038	1.759
Derivative Financial Assets Held for Hedging	25	19.060	2.250
Inventories	9	609.445	500.180
Prepayments		26.002	13.803
Prepayments to Unrelated Parties	10	26.002	13.803
Current Tax Assets		-	1.250
Other Current Assets		2.041	5.941
Other Current Assets Due From Unrelated Parties	16	2.041	5.941
<b>TOTAL CURRENT ASSETS</b>		<b>2.488.359</b>	<b>2.289.940</b>

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 2018 AND 31 DECEMBER 2017**

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

		<b>Reviewed</b>	<b>Audited</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipments		780.251	553.202
Land and Premises	11	39.063	39.063
Land Improvements	11	814	844
Buildings	11	94.600	40.838
Machinery and Equipments	11	473.060	367.398
Vehicles	11	273	249
Fixtures and Fittings	11	19.535	17.689
Leasehold Improvements	11	4.299	4.070
Construction in Progress	11	148.607	83.051
Intangible Assets and Goodwill		132.462	118.214
Other Rights	12	18	19
Capitalized Development Costs	12	122.536	109.806
Other Intangible Assets	12	9.908	8.389
Prepayments		47.619	62.952
Prepayments to Unrelated Parties	10	47.619	62.952
Deferred Tax Asset	23	12.319	5.681
<b>TOTAL NON-CURRENT ASSETS</b>		<b>972.651</b>	<b>740.049</b>
<b>TOTAL ASSETS</b>		<b>3.461.010</b>	<b>3.029.989</b>

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 2018 AND 31 DECEMBER 2017**

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

	Footnotes	Reviewed 30 June 2018	Audited 31 December 2017
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current Borrowings		210.266	281.926
Current Borrowings From Unrelated Parties		210.266	281.926
Bank Loans	5	209.712	281.476
Leasing Debts	5	554	450
Current Portion of Non-current Borrowings		256.200	70.051
Current Portion of Non-current Borrowings from Unrelated Parties		256.200	70.051
Bank Loans	5	256.200	70.051
Trade Payables		1.707.579	1.242.281
Trade Payables to Related Parties	6	52.584	40.744
Trade Payables to Unrelated Parties	7	1.654.995	1.201.537
Employee Benefit Obligations	15	33.928	26.671
Other Payables		75.870	64.507
Other Payables to Related Parties	6	75.870	64.507
Derivative Financial Liabilities		17.035	9.977
Derivative Financial Liabilities Held for Trading	25	17.035	5.993
Derivative Financial Liabilities Held for Hedging	25	-	3.984
Current Tax Liabilities, Current	23	1.392	-
Current Provisions		2.820	2.197
Other Current Provisions	13	2.820	2.197
Other Current Liabilities		15.512	8.697
Other Current Liabilities to Unrelated Parties	16	15.512	8.697
<b>TOTAL CURRENT LIABILITIES</b>		<b>2.320.602</b>	<b>1.706.307</b>

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**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2018 AND 31 DECEMBER 2017**

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

		<b>Reviewed</b>	<b>Audited</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings		5.593	179.514
Long Term Borrowings From Unrelated Parties		5.593	179.514
Bank Loans	5	5.212	178.968
Leasing Debts	5	381	546
Trade Payables		18.018	1.959
Trade Payables to Unrelated Parties	7	18.018	1.959
Other Payables		77.315	98.323
Other Payables to Related Parties	6	77.315	98.323
Non-current Provisions		33.732	31.749
Non-current Provisions for Employee Benefits	15	33.732	31.749
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>134.658</b>	<b>311.545</b>
<b>TOTAL LIABILITIES</b>		<b>2.455.260</b>	<b>2.017.852</b>

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 2018 AND 31 DECEMBER 2017**

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

		<b>Reviewed</b>	<b>Audited</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>		<b>1.005.750</b>	<b>1.012.137</b>
Issued Capital	17	190.000	190.000
Inflation Adjustments on Capital	17	9.734	9.734
Share Premium (Discount)	17	109.031	109.031
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		(6.505)	(6.203)
Gains (Losses) on Revaluation and Remeasurement		(6.505)	(6.203)
Gains (Losses) on Remeasurements of Defined Benefit Plans		(6.505)	(6.203)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		14.867	(1.352)
Gains (Losses) on Hedge		14.867	(1.352)
Gains (Losses) on Cash Flow Hedges		14.867	(1.352)
Restricted Reserves Appropriated From Profits		118.206	111.627
Legal Reserves	17	118.206	111.627
Prior Years' Profits or Losses	17	352.721	304.066
Current Period Net Profit Or Loss		217.696	295.234
<b>TOTAL EQUITY</b>		<b>1.005.750</b>	<b>1.012.137</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3.461.010</b>	<b>3.029.989</b>

Condensed financial statements for the interim period 1 January – 30 June 2018 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 31 July 2018.



**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR**  
**THE PERIODS 1 JANUARY - 30 JUNE 2018 AND 2017**

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

		Reviewed 1 January - 30 June 2018	Reviewed 1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
	Footnotes				
<b>PROFIT OR LOSS</b>					
Revenue	18	2.388.326	1.744.512	1.347.504	1.055.502
Cost of Sales	18	(2.026.262)	(1.527.999)	(1.124.797)	(938.974)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>		<b>362.064</b>	<b>216.513</b>	<b>222.707</b>	<b>116.528</b>
<b>GROSS PROFIT (LOSS)</b>		<b>362.064</b>	<b>216.513</b>	<b>222.707</b>	<b>116.528</b>
General Administrative Expenses	20	(31.019)	(24.018)	(19.006)	(14.002)
Marketing Expenses	20	(32.139)	(24.519)	(17.540)	(13.681)
Research and Development Expense	20	(19.150)	(15.376)	(10.332)	(9.032)
Other Income from Operating Activities	21	189.631	140.375	116.715	48.348
Other Expenses from Operating Activities	21	(246.047)	(80.857)	(176.702)	(19.796)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>223.340</b>	<b>212.118</b>	<b>115.842</b>	<b>108.365</b>
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>223.340</b>	<b>212.118</b>	<b>115.842</b>	<b>108.365</b>
Finance Income	22	157.938	56.495	110.759	24.695
Finance Costs	22	(172.230)	(125.488)	(101.006)	(62.708)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>209.048</b>	<b>143.125</b>	<b>125.595</b>	<b>70.352</b>
Tax (Expense) Income, Continuing Operations		8.648	(3.673)	7.704	(3.628)
Current Period Tax (Expense) Income	23	(2.490)	(4.393)	(1.584)	(3.381)
Deferred Tax (Expense) Income	23	11.138	720	9.288	(247)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>217.696</b>	<b>139.452</b>	<b>133.299</b>	<b>66.724</b>
<b>PROFIT (LOSS)</b>		<b>217.696</b>	<b>139.452</b>	<b>133.299</b>	<b>66.724</b>
<b>Earnings Per Share with a TL 1 of Par Value</b>	24	<b>1,15</b>	<b>0,73</b>	<b>0,70</b>	<b>0,35</b>

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

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR**  
**THE PERIODS 1 JANUARY - 30 JUNE 2018 AND 2017**

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

	Reviewed 1 January - 30 June 2018	Reviewed 1 January - 30 June 2017	1 April - 30 June 2018	1 April - 30 June 2017
Footnotes				
<b>OTHER COMPREHENSIVE INCOME</b>				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	(302)	(123)	(27)	(18)
Gains (Losses) on Remeasurements of Defined Benefit Plans	(377)	(154)	(33)	(23)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	75	31	6	5
Taxes Relating to Remeasurements of Defined Benefit Plans	75	31	6	5
Other Comprehensive Income that will be Reclassified to Profit or Loss	16.219	(32.866)	26.853	(22.398)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	20.794	(41.082)	34.426	(27.997)
Gains (Losses) on Cash Flow Hedges	20.794	(41.082)	34.426	(27.997)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(4.575)	8.216	(7.573)	5.599
Taxes Relating to Cash Flow Hedges	(4.575)	8.216	(7.573)	5.599
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>15.917</b>	<b>(32.989)</b>	<b>26.826</b>	<b>(22.416)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>233.613</b>	<b>106.463</b>	<b>160.125</b>	<b>44.308</b>

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 2018 AND 2017**

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

	Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) on Revaluations and Remeasurements	Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Equity
<b>Previous Period</b>															
<b>1 January -30 June 2017</b>															
<b>Equity at Beginning of Period</b>	<b>190.000</b>	<b>9.734</b>	<b>109.031</b>	<b>(3.313)</b>	<b>(3.313)</b>	<b>(3.313)</b>	<b>18.786</b>	<b>18.786</b>	<b>18.786</b>	<b>77.019</b>	<b>193.669</b>	<b>325.005</b>	<b>518.674</b>	<b>919.931</b>	<b>919.931</b>
Transfers	-	-	-	-	-	-	-	-	-	34.608	290.397	(325.005)	(34.608)	-	-
Total Comprehensive Income (Loss)	-	-	-	(123)	(123)	(123)	(32.866)	(32.866)	(32.866)	-	-	139.452	139.452	106.463	106.463
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	139.452	139.452	139.452	139.452
Other Comprehensive Income (Loss)	-	-	-	(123)	(123)	(123)	(32.866)	(32.866)	(32.866)	-	-	-	-	(32.989)	(32.989)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(180.000)	-	(180.000)	(180.000)	(180.000)
<b>Equity at End of Period</b>	<b>190.000</b>	<b>9.734</b>	<b>109.031</b>	<b>(3.436)</b>	<b>(3.436)</b>	<b>(3.436)</b>	<b>(14.080)</b>	<b>(14.080)</b>	<b>(14.080)</b>	<b>111.627</b>	<b>304.066</b>	<b>139.452</b>	<b>443.518</b>	<b>846.394</b>	<b>846.394</b>
<b>Current Period</b>															
<b>1 January -30 June 2018</b>															
<b>Equity at Beginning of Period</b>	<b>190.000</b>	<b>9.734</b>	<b>109.031</b>	<b>(6.203)</b>	<b>(6.203)</b>	<b>(6.203)</b>	<b>(1.352)</b>	<b>(1.352)</b>	<b>(1.352)</b>	<b>111.627</b>	<b>304.066</b>	<b>295.234</b>	<b>599.300</b>	<b>1.012.137</b>	<b>1.012.137</b>
Transfers	-	-	-	-	-	-	-	-	-	6.579	288.655	(295.234)	(6.579)	-	-
Total Comprehensive Income (Loss)	-	-	-	(302)	(302)	(302)	16.219	16.219	16.219	-	-	217.696	217.696	233.613	233.613
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	217.696	217.696	217.696	217.696
Other Comprehensive Income (Loss)	-	-	-	(302)	(302)	(302)	16.219	16.219	16.219	-	-	-	-	15.917	15.917
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(240.000)	-	(240.000)	(240.000)	(240.000)
<b>Equity at End of Period</b>	<b>190.000</b>	<b>9.734</b>	<b>109.031</b>	<b>(6.505)</b>	<b>(6.505)</b>	<b>(6.505)</b>	<b>14.867</b>	<b>14.867</b>	<b>14.867</b>	<b>118.206</b>	<b>352.721</b>	<b>217.696</b>	<b>570.417</b>	<b>1.005.750</b>	<b>1.005.750</b>

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 2018 AND 2017**

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

		<b>Reviewed 1 January -</b>	<b>Reviewed 1 January -</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>307.861</b>	<b>(142.118)</b>
Profit (Loss)		217.696	139.452
Profit (Loss) from Continuing Operations		217.696	139.452
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>118.628</b>	<b>76.610</b>
Adjustments for Depreciation and Amortisation Expense	11	74.876	51.780
Adjustments for Impairment Loss (Reversal of Impairment Loss)		346	1.038
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	346	1.038
Adjustments for Provisions		5.086	4.426
Adjustments for (Reversal of) Provisions Related with Employee Benefits	15	4.463	4.426
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	13	623	-
Adjustments for Interest (Income) Expenses		(12.888)	7.800
Adjustments for Interest Income	22	(35.369)	(11.107)
Adjustments for Interest Expense	22	22.481	18.907
Adjustments for Unrealised Foreign Exchange Losses (Gains)		55.256	25.203
Adjustments for Fair Value Losses (Gains)		9.763	(16.149)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		9.763	(16.149)
Adjustments for Tax (Income) Expenses		(8.648)	3.673
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(479)	(246)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(479)	(246)
Other Adjustments to Reconcile Profit (Loss)	4	(4.684)	(915)

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 2018 AND 2017**

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

		<b>Reviewed 1 January -</b>	<b>Reviewed 1 January -</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>Changes in Working Capital</b>		<b>(25.758)</b>	<b>(349.158)</b>
Adjustments for Decrease (Increase) in Trade Accounts		(410.905)	(378.824)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(410.444)	(374.266)
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties	7	(461)	(4.558)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(7.705)	(49.791)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	8	(7.705)	(49.791)
Adjustments for Decrease (Increase) in Inventories	9	(109.611)	(235.477)
Decrease (Increase) in Prepaid Expenses	10	3.134	(14.172)
Adjustments for Increase (Decrease) in Trade Accounts		481.357	325.235
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	11.840	19.874
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties	7	469.517	305.361
Increase (Decrease) in Employee Benefit Liabilities	15	7.257	9.973
Other Adjustments for Other Increase (Decrease) in Working Capital		10.715	(6.102)
Decrease (Increase) in Other Assets Related with Operations	16	3.900	188
Increase (Decrease) in Other Payables Related with Operations	16	6.815	(6.290)
<b>Cash Flows from (used in) Operations</b>		<b>310.566</b>	<b>(133.096)</b>
Payments Related with Provisions for Employee Benefits	15	(2.857)	(2.866)
Income Taxes refund (Paid)	23	152	(6.156)

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 2018 AND 2017**

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

		<b>Reviewed 1 January -</b>	<b>Reviewed 1 January -</b>
	<b>Footnotes</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>91.741</b>	<b>129.595</b>
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		518	1.073
Proceeds from Sales of Property, Plant and Equipment		518	1.073
Purchase of Property, Plant, Equipment and Intangible Assets		(316.212)	(130.090)
Purchase of Property, Plant and Equipment	11	(291.740)	(110.371)
Purchase of Intangible Assets	12	(24.472)	(19.719)
Cash Advances and Loans Made to Other Parties		407.435	258.612
Cash Advances and Loans Made to Related Parties	6	407.435	258.612
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(351.445)</b>	<b>14.262</b>
Proceeds from Borrowings		449.477	176.854
Proceeds from Loans		449.538	175.724
Proceeds from Other Financial Borrowings		(61)	1.130
Repayments of Borrowings		(555.649)	(171.652)
Loan Repayments		(555.649)	(171.652)
Decrease in Other Payables to Related Parties		(24.371)	190.922
Dividends Paid	6	(240.000)	(180.000)
Interest Paid		(16.271)	(12.969)
Interest Received		35.369	11.107
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>48.157</b>	<b>1.739</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>48.157</b>	<b>1.739</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	65.190	11.840
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>113.347</b>	<b>13.579</b>

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 2018**

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

**NOTE 1 – COMPANY’S ORGANISATION AND NATURE OF OPERATIONS**

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

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

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

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

As of 30 June 2018, the number of personnel employed was 7.014 (31 December 2017: 6.406).

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

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

As of 30 June 2018, 59.800.000 shares of the Company have been quoted at the Borsa Istanbul (“BİST”) (31,5 % of its share capital; 31 December 2017: 31,5 %).

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**2.1.1 Statement of compliance**

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, “Principals of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“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**  
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

The Company prepared its condensed interim financial statements for the period ended 30 June 2018 in accordance with (“TAS”) 34 “Interim Financial Reporting” in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed interim 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 and financial statements. Therefore the condensed interim financial statements should be examined together with 31 December 2017 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.

Transition to TFRS 15 “Revenue from contracts with customers”:

The Company has applied TFRS 15 “Revenue from contracts with customers”, which has replaced TMS 18, by using the cumulative effect method on the transition date. In accordance with this method, The Company has not needed to restate the prior years’ financial statements. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TMS 18. Cumulative effect of the first time adoption has not made any material changes that has to be recognized in retained earnings as of 1 January 2018.



**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

Transition to TFRS 9 “Financial instruments”:

The Company has applied TFRS 9 “Financial instruments” standard with the amendments including the classification, measurement, and the expected credit risk model as of 1 January 2018. The Company has accounted the effect of transition based on the simplified approach, therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TMS 39. Cumulative effect of the first time adoption has not made any material changes that has to be recognized in retained earnings as of 1 January 2018.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

<b>Financial Assets</b>	<b>Prior classification under TAS 39</b>	<b>New classification under TFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Other receivables	Loans and receivables	Amortised cost
<b>Financial Liabilities</b>	<b>Prior classification under TAS 39</b>	<b>New classification under TFRS 9</b>
Borrowings	Amortised cost	Amortised cost
Finance leases	Amortised cost	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Trade payables	Amortised cost	Amortised cost

**2.3 Restatement and errors in the accounting estimates**

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions.

The Company has revised its accounting policies related to revenue and financial instruments in accordance with IFRS 15 and IFRS 9. Revisions applied do not have material impact on measurement and classification of Company’s financial statements.

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

**2.4. Amendments in Turkey Financial Reporting Standards**

**a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018:**

- **IFRS 9 ‘Financial instruments’** effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- **IFRS 15 ‘Revenue from contracts with customers’**, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- **Amendments to IFRS 2, ‘Share based payments’** on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- **Annual improvements 2014-2016**, effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
  - IFRS 1, ‘First time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10.
  - IAS 28, ‘Investments in associates and joint venture’ regarding measuring an associate or joint venture at fair value.

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

- **IFRIC 22, ‘Foreign currency transactions and advance consideration’**, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2018:**
- **Amendment to IFRS 9, ‘Financial instruments’**; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
  - **IFRS 16, ‘Leases’**; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 ‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
  - **IFRIC 23, ‘Uncertainty over income tax treatments’**; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments.

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

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

- **Annual improvements 2015-2017**, effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
  - IFRS 3, ‘Business combinations’, the Company remeasures it’s previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, ‘Joint arrangements’, the Company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, ‘Income taxes’ the Company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, ‘Borrowing costs’ the Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to IAS 19, ‘Employee benefits’** on plan amendment, curtailment or settlement’, effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
  - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- c) **Other new standards, amendments and interpretations issued and effective as of 1 January 2018 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.**

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

**2.5. Summary of significant accounting policies**

**2.5.1 Revenue**

The Company recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Company recognizes revenue based on the following main principles:

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

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

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

**2.5.2 Inventories**

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

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

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

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

**2.5.3 Property, plant and equipment**

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 recognized 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.

**2.5.4 Intangible assets**

**a) Research and development costs**

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

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

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

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

**b) Rights and other intangible fixed assets**

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

**2.5.5 Financial instruments**

**a) Financial assets**

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

Financial assets carried at amortized cost

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

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

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

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

Financial assets carried at fair value

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

Impairment of financial assets

Impairment of the financial and contractual assets measured by using “Expected credit loss model” . The impairment model applies for amortized financial and contractual assets.

Company has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

**b) Financial liabilities**

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

**c) Derivative financial instruments and hedge accounting:**

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



**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)**

Derivative financial instruments held for trading

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.

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.

**2.5.6 Foreign currency transactions**

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

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

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

**2.5.7 Provisions, contingent assets and liabilities**

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

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

**2.5.8 Related parties**

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

**2.5.9 Taxation on income**

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

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

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

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

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

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

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

**2.5.10 Employee benefits**

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision for employment termination benefits as of 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.

**2.5.11 Government grants**

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

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

**2.5.12 Earnings per share**

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

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

**2.5.13 Statement of cash flows**

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

**2.5.14 Offsetting**

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

**2.5.15 Events after the balance sheet date**

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

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

**2.5.16 Going concern**

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

**2.6. Critical accounting estimates and judgments**

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

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**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**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
<b>Segment revenue</b>				
Turkey	688.556	512.976	394.526	347.728
Europe	1.215.040	837.581	700.032	481.712
Other	485.823	396.164	253.698	227.710
Gross sales	2.389.419	1.746.721	1.348.256	1.057.150
Discounts (-)	(1.093)	(2.209)	(752)	(1.648)
<b>Net sales</b>	<b>2.388.326</b>	<b>1.744.512</b>	<b>1.347.504</b>	<b>1.055.502</b>

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

The amount of export is 1.700.863 thousand TL for the period ended 30 June 2018. (1 January-30 June 2017: 1.233.745 thousand TL). Export sales are denominated in EURO, and USD as 91,5%, and 8,5% of total export respectively (1 January-30 June 2017: 97,5% EUR, 2,5% USD).

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

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**NOTE 4 – CASH AND CASH EQUIVALENTS**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Cash	212	178
Bank deposits		
- Demand deposits	69.891	65.012
- Time deposits	43.244	-
Blocked deposits	13.173	8.489
<b>Cash and cash equivalents</b>	<b>126.520</b>	<b>73.679</b>

**Effective interest rates**

	<b>30 June 2018</b>	<b>31 December 2017</b>
TL	18,86%	0,00%
EUR	1,50%	0,00%

**NOTE 5 – FINANCIAL LIABILITIES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Short - term financial liabilities</b>		
Short term bank loans	209.712	281.476
Short term portion of long term bank loans	256.200	70.051
Leasing debts	554	450
	<b>466.466</b>	<b>351.977</b>

**Long - term financial liabilities**

Long term bank loans	5.212	178.968
Leasing debts	381	546
	<b>5.593</b>	<b>179.514</b>

## NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

	30 June 2018			31 December 2017		
	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	1,59%	27.112	143.942	1,59%	49.693	224.389
- TL	20,22%	65.770	65.770	16,69%	57.087	57.087
			<b>209.712</b>			<b>281.476</b>

	30 June 2018			31 December 2017		
	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	3,80%	38.016	201.833	4,21%	5.262	23.759
- TL	18,07%	54.367	54.367	14,18%	46.292	46.292
<b>Short term portion</b>			<b>256.200</b>			<b>70.051</b>
- EUR	-	-	-	3,80%	37.319	168.514
- TL	16,06%	5.212	5.212	16,06%	10.454	10.454
<b>Long term portion</b>			<b>5.212</b>			<b>178.968</b>
			<b>261.412</b>			<b>249.019</b>

**VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**NOTE 5 – FINANCIAL LIABILITIES (Cont’d)**

The redemption schedule of the Company’s long term bank loans are given below:

	<b>30 June 2018</b>	<b>31 December 2017</b>
One to two years	5.212	178.968
	<b>5.212</b>	<b>178.968</b>

As of 30 June 2018 the Company does not have floating rate loans. (31 December 2017: none).

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

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

As of 30 June 2018 and 31 December 2017, reconciliation of net financial debt is as below:

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Net financial debt as of 1 January</b>	457.812	235.880
Cash inflows from loans	449.538	652.275
Cash outflows from loan payments	(555.649)	(392.977)
Cash inflow/outflow from other financial debts	(61)	996
Unrealized Fx gain/loss	40.530	16.883
Accrued interest	6.210	5.605
Change in cash and cash equivalents	(52.841)	(60.850)
<b>Net financial debt as of reporting date</b>	<b>345.539</b>	<b>457.812</b>



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**NOTE 6 – RELATED PARTY DISCLOSURES**

**a) Short term trade receivables from related parties**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Vestel Ticaret A.Ş.	1.470.656	1.046.054
	1.470.656	1.046.054
Unearned interest on receivables (-)	(21.410)	(7.252)
	<b>1.449.246</b>	<b>1.038.802</b>

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**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Vestel Elektronik Sanayi ve Ticaret A.Ş.	49.254	32.239
Vestel Ticaret A.Ş.	-	6.355
Vestel Holland B.V.	2.577	1.534
Other related parties	1.512	1.044
	53.343	41.172
Unearned interest on payables (-)	(759)	(428)
	<b>52.584</b>	<b>40.744</b>

**c) Other short term receivables from related parties**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Vestel Elektronik Sanayi ve Ticaret A.Ş.	<b>104.463</b>	<b>511.898</b>

The Company’s interest rate of other receivables in TL is 22% (31 December 2017: %18)

**d) Other short term liabilities to related parties**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Vestel Elektronik Sanayi ve Ticaret A.Ş.	<b>75.870</b>	<b>64.507</b>

The Company’s interest rate of other payables in EUR is Euribor +3,20 (31 December 2017: Euribor +3,20).

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**NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)**

**e) Other long term liabilities to related parties**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Vestel Elektronik Sanayi ve Ticaret A.Ş.	<b>77.315</b>	<b>98.323</b>

The annual interest rate for EUR denominated other long term liabilities is Euribor +3,20 and last installment will be paid in March 2020.

**f) Transactions with related parties**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
<b>Sales</b>				
Vestel Ticaret A.Ş.	2.402.134	1.742.110	1.361.952	1.052.200
Vestel Elektronik Sanayi ve Ticaret A.Ş.	8.360	7.439	4.610	4.513
Other related parties	58	7	58	3
	<b>2.410.552</b>	<b>1.749.556</b>	<b>1.366.620</b>	<b>1.056.716</b>
<b>Purchases and operating expenses</b>				
Vestel Holland B.V.	24.183	7.978	11.407	6.269
Vestel Elektronik Sanayi ve Ticaret A.Ş.	112.378	83.689	61.608	53.505
Other related parties	2.573	4.708	-	2.591
	<b>139.134</b>	<b>96.375</b>	<b>73.015</b>	<b>62.365</b>
<b>Other operating income</b>				
Vestel Ticaret A.Ş.	166.011	124.657	107.063	38.464
Other related parties	628	597	441	352
	<b>166.639</b>	<b>125.254</b>	<b>107.504</b>	<b>38.816</b>
<b>Other operating expense</b>				
Vestel Ticaret A.Ş.	14.206	42.005	9.724	7.382
Other related parties	1.687	941	1.211	605
	<b>15.893</b>	<b>42.946</b>	<b>10.935</b>	<b>7.987</b>
<b>Dividend paid</b>				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	227.091	170.539	227.091	170.539
Public shares	12.909	9.461	12.909	9.461
	<b>240.000</b>	<b>180.000</b>	<b>240.000</b>	<b>180.000</b>

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**NOTE 6 – RELATED PARTY DISCLOSURES (Cont’d)**

**f) Transactions with related parties**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
<b>Financial income</b>				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	33.489	11.093	10.082	2.464
	<b>33.489</b>	<b>11.093</b>	<b>10.082</b>	<b>2.464</b>
<b>Financial expense</b>				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	22.950	21.953	11.784	9.242
	<b>22.950</b>	<b>21.953</b>	<b>11.784</b>	<b>9.242</b>

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

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

Compensation paid to key management for the six months period ended 30 June 2018 is 3.496 thousand TL (1 January -30 June 2017: 3.750 thousand TL).

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**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Short - term trade receivables</b>		
Trade receivables		
- Related parties (note 6)	1.470.656	1.046.054
- Other parties	8.092	5.349
Cheques and notes receivables	-	2.131
	<b>1.478.748</b>	<b>1.053.534</b>
Unearned interest expense (-)		
- Related parties (note 6)	(21.410)	(7.252)
- Other parties	(292)	(161)
Allowance for doubtful receivables (-)	(258)	(238)
<b>Total short - term trade receivables</b>	<b>1.456.788</b>	<b>1.045.883</b>

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

	<b>30 June 2018</b>	<b>31 December 2016</b>
<b>Short term trade payables</b>		
Trade payables		
- Related parties (note 6)	53.343	41.172
- Other parties	1.660.254	1.205.514
	<b>1.713.597</b>	<b>1.246.686</b>
Unearned interest income (-)		
- Related parties (note 6)	(759)	(428)
- Other parties	(5.259)	(3.977)
<b>Total short term trade payables</b>	<b>1.707.579</b>	<b>1.242.281</b>
<b>Long term trade payables</b>		
Trade payables		
- Other parties	18.018	1.959
<b>Total long term trade payables</b>	<b>18.018</b>	<b>1.959</b>

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**NOTE 8 – OTHER RECEIVABLES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Short - term other receivables</b>		
Other receivables from related parties (note 6)	104.463	511.898
VAT receivable	134.030	128.421
Deposits and guarantees given	4.931	3.474
Other receivables	2.041	1.402
	<b>245.465</b>	<b>645.195</b>

**NOTE 9 – INVENTORIES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Raw materials	395.706	312.136
Work in process	14.176	7.820
Finished goods	201.084	181.399
	610.966	501.355
Provision for impairment on inventories (-)	(1.521)	(1.175)
	<b>609.445</b>	<b>500.180</b>

As of 30 June 2018 the Company does not have inventories pledged as security for liabilities  
(31 December 2017: None).

Cost of the inventory included in the cost of sales for the period 1 January - 30 June 2018 amounts to 1.757.839 thousand TL (1 January – 30 June 2017: 1.323.642 thousand TL).

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**NOTE 9 – INVENTORIES (Cont’d)**

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
Finished goods and merchandise	1.521	1.175
	<b>1.521</b>	<b>1.175</b>

Movement of inventory impairment on inventories is as follows:

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
<b>Opening balance, 1 January</b>	<b>1.175</b>	<b>268</b>
Current year additions	1.521	1.306
Realised due to sale of inventory	(1.175)	(268)
<b>Balance at 30 June</b>	<b>1.521</b>	<b>1.306</b>

**NOTE 10 – PREPAID EXPENSES**

	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>Prepaid expenses in current assets</b>		
Order advances given	10.374	4.274
Prepaid expenses	15.393	9.453
Business advances given	235	76
	<b>26.002</b>	<b>13.803</b>
<b>Prepaid expenses in non-current assets</b>		
Advances given for fixed asset purchases	46.643	62.612
Prepaid expenses	976	340
	<b>47.619</b>	<b>62.952</b>

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**NOTE 11 – PROPERTY, PLANT AND EQUIPMENT**

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

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

	<b>1 January</b>				<b>30 June</b>
	<b>2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>2017</b>
<b>Cost</b>					
Land	6.547	32.516	-	-	39.063
Land improvements	3.248	6	-	-	3.254
Buildings	69.608	753	(3)	173	70.531
Leasehold improvements	5.983	300	(9)	224	6.498
Plant and machinery	861.200	59.390	(625)	6.430	926.395
Motor vehicles	516	-	(15)	-	501
Furniture and fixtures	47.137	1.562	(104)	584	49.179
Construction in progress	6.943	15.844	-	(7.411)	15.376
	<b>1.001.182</b>	<b>110.371</b>	<b>(756)</b>	<b>-</b>	<b>1.110.797</b>
<b>Accumulated depreciation</b>					
Land improvements	2.373	29	-	-	2.402
Buildings	29.361	688	(2)	-	30.047
Leasehold improvements	2.839	264	(4)	-	3.099
Plant and machinery	606.234	39.446	(608)	-	645.072
Motor vehicles	301	39	(14)	-	326
Furniture and fixtures	32.109	2.189	(104)	-	34.194
	<b>673.217</b>	<b>42.655</b>	<b>(732)</b>	<b>-</b>	<b>715.140</b>
<b>Net book value</b>	<b>327.965</b>				<b>395.657</b>

Additions to property, plant and equipment in the period 1 January – 30 June 2018 and 2017 mainly consist of machinery and equipment investments made to refrigerator, washing machine, cooker, dishwasher and air conditioner factories.



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**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 period depreciation and amortization expenses is as follows:

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Cost of sales	63.134	41.619
Research and development expenses	10.879	9.632
Marketing, selling and distribution expenses	237	152
General administrative expenses	626	377
	<b>74.876</b>	<b>51.780</b>

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**NOTE 12 – INTANGIBLE ASSETS**

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

	<b>1 January</b>			<b>30 June</b>
	<b>2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>2017</b>
<b>Cost</b>				
Rights	6.376	-	-	6.376
Development cost	159.355	18.589	(803)	177.141
Other intangible assets	11.490	1.130	-	12.620
	<b>177.221</b>	<b>19.719</b>	<b>(803)</b>	<b>196.137</b>
<b>Accumulated amortization</b>				
Rights	6.354	1	-	6.355
Development cost	69.424	8.670	-	78.094
Other intangible assets	4.413	454	-	4.867
	<b>80.191</b>	<b>9.125</b>	<b>-</b>	<b>89.316</b>
<b>Net book value</b>	<b>97.030</b>			<b>106.821</b>

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.

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**NOTE 12 – INTANGIBLE ASSETS (Cont’d)**

Useful lives of intangible assets are 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**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Short - term provisions</b>		
Provision for lawsuit risks	2.820	2.197
	<b>2.820</b>	<b>2.197</b>

**b) Guarantees received by the Company**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Guarantee letters	33.229	55.750
Cheques and notes	4.337	4.277
Collaterals and pledges	4.390.167	3.689.650
	<b>4.427.733</b>	<b>3.749.677</b>

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.

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

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

<b>CPM's given by the Group</b>	<b>USD ('000)</b>	<b>EUR ('000)</b>	<b>TL</b>	<b>TL Equivalent</b>
<b>30 June 2018</b>				
A. CPM's given on behalf of its own legal entity	-	7.420	26.872	66.266
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.008.140	44.487	907.894	5.741.908
i. Total amount of CPM's given on behalf of the parent company	722.288	-	667.835	3.961.974
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	44.487	240.059	1.779.934
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
<b>Total</b>	<b>1.008.140</b>	<b>51.907</b>	<b>934.766</b>	<b>5.808.174</b>

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

<b>CPM's given by the Group</b>	<b>USD ('000)</b>	<b>EUR ('000)</b>	<b>TL</b>	<b>TL Equivalent</b>
<b>31 December 2017</b>				
A. CPM's given on behalf of its own legal entity	-	2.307	21.032	31.449
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.008.140	44.487	907.894	4.911.378
i. Total amount of CPM's given on behalf of the parent company	722.288	-	667.835	3.392.233
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	44.487	240.059	1.519.145
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
<b>Total</b>	<b>1.008.140</b>	<b>46.794</b>	<b>928.926</b>	<b>4.942.827</b>

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

Proportion of other CPM's given by the Company to its equity 571% as of 30 June 2018 (31 December 2017: 485%).

**NOTE 14 – COMMITMENTS**

As of the balance sheet date the Company has committed to realize exports amounting to 515.310 thousand USD (31 December 2017: 448.212 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2018 the Company has forward foreign currency purchase contract that amounts to 27.570 thousand TL, 20.335 thousand EUR and 203.266 thousand USD against forward foreign currency sales contract that amounts to 104.635 thousand EUR, 5.002 thousand USD and 479.777 thousand TL (31 December 2017: 92.509 thousand TL, 55.072 thousand EUR and 279.575 thousand USD against forward foreign currency sales contract that amounts to 242.091 thousand EUR, 17.745 thousand USD and 237.451 thousand TL sales contracts).

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**NOTE 15 – EMPLOYEE BENEFITS**

**Liabilities for employee benefits:**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Due to personnel	25.929	19.779
Social security payables	7.999	6.892
	<b>33.928</b>	<b>26.671</b>

**Long term provisions for employee benefits:**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Provision for employment termination benefits	<b>33.732</b>	<b>31.749</b>

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due caus. In addition, under the existing Social Security Law No. 506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No. 2422 and 25 August 1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month’s gross salary for each year of service and is limited to a maximum of TL 5.001,76 TL / year as of 31 December 2017 (31 December 2017: 4.732,48 TL/year).

The provision for employee termination benefits is not funded.

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 June 2018 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 2018 provision is calculated based on real discount rate of 4,67% (31 December 2017: 4,67%) assuming 6,5% annual inflation rate and 11,47% discount rate.

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**NOTE 15 – EMPLOYEE BENEFITS (Cont’d)**

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

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
<b>Balance at 1 January</b>	<b>31.749</b>	<b>24.459</b>
Increase during the year	2.537	2.717
Payments during the year	(2.857)	(2.866)
Actuarial (gain) /loss	377	154
Interest expense	1.926	1.709
<b>Balance at 30 June</b>	<b>33.732</b>	<b>26.173</b>

**NOTE 16 – OTHER ASSETS AND LIABILITIES**

	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Other current assets</b>		
VAT carried forward	181	266
Other	1.860	5.675
	<b>2.041</b>	<b>5.941</b>
<b>Other current liabilities</b>		
Taxes and dues payable	12.632	8.355
Other	2.880	342
	<b>15.512</b>	<b>8.697</b>

**NOTE 18 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**a) Paid in capital**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Shares of par value Kr 1 each		
Issued share capital	190.000	190.000

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**NOTE 17 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)**

As of 30 June 2018 and 31 December 2017 the shareholding structure is as follows:

	Shareholding		Amount	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Vestel Elektronik Sanayi ve Ticaret A.Ş. (with Board of Directors Members)	95,18%	94,62%	180.834	179.780
Shares held by public	4,82%	5,38%	9.166	10.220
	<b>100,00%</b>	<b>100,00%</b>	<b>190.000</b>	<b>190.000</b>

**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 2018	31 December 2017
Adjustment to share capital	9.734	9.734

**c) Share Premium**

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

	30 June 2018	31 December 2017
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.



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**NOTE 17 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont’d)**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Legal reserves	<b>118.206</b>	<b>111.627</b>

**e) Retained earnings**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Extraordinary reserves	282.356	258.976
Previous year’s profits	70.365	45.090
	<b>352.721</b>	<b>304.066</b>

**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.

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**NOTE 18 – SALES**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
Domestic sales	688.556	512.976	394.526	347.728
Overseas sales	1.700.863	1.233.745	953.730	709.422
<b>Gross sales</b>	<b>2.389.419</b>	<b>1.746.721</b>	<b>1.348.256</b>	<b>1.057.150</b>
Less: Sales discounts (-)	(1.093)	(2.209)	(752)	(1.648)
<b>Net sales</b>	<b>2.388.326</b>	<b>1.744.512</b>	<b>1.347.504</b>	<b>1.055.502</b>
Cost of sales	(2.026.262)	(1.527.999)	(1.124.797)	(938.974)
<b>Gross profit</b>	<b>362.064</b>	<b>216.513</b>	<b>222.707</b>	<b>116.528</b>

**NOTE 19 – EXPENSES BY NATURE**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
Raw materials, supplies and finished goods	1.783.880	1.423.288	953.840	835.997
Changes in finished goods, work in process and trade goods	(26.041)	(99.646)	25.516	(7.116)
Personnel expenses	169.590	137.986	92.863	78.127
Depreciation and amortization	74.876	51.780	39.206	26.261
Other	106.265	78.504	60.250	42.420
	<b>2.108.570</b>	<b>1.591.912</b>	<b>1.171.675</b>	<b>975.689</b>

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**NOTE 20 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**

	<b>1 January - 30 June 2017</b>	<b>1 January - 30 June 2016</b>	<b>1 April - 30 June 2017</b>	<b>1 April - 30 June 2016</b>
Personnel expenses	6.361	6.353	4.315	4.353
Consultancy and IT expenses	8.914	6.478	4.605	3.454
Rent and office expenses	2.644	2.309	1.352	1.108
Travelling expense	611	684	325	412
Energy expenses	367	253	166	107
Depreciation and amortization	626	377	319	192
External benefits and services	270	158	242	104
Other	11.226	7.406	7.682	4.272
	<b>31.019</b>	<b>24.018</b>	<b>19.006</b>	<b>14.002</b>

**b) Marketing expenses:**

Personnel expenses	7.509	5.950	4.122	3.332
Transportation expenses	17.297	12.750	9.370	7.095
Tax and duties	3.475	2.555	1.990	1.527
Insurance expenses	790	674	429	349
Depreciation and amortization	237	152	122	77
Other	2.831	2.438	1.507	1.301
	<b>32.139</b>	<b>24.519</b>	<b>17.540</b>	<b>13.681</b>

**c) Research and development expenses:**

Depreciation and amortization	10.879	9.632	5.625	4.937
Personnel expenses	4.061	3.374	2.381	2.214
Other	4.210	2.370	2.326	1.881
	<b>19.150</b>	<b>15.376</b>	<b>10.332</b>	<b>9.032</b>

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**NOTE 21 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
Credit finance gains arising from trading activities	37.119	27.482	24.436	18.783
Foreign exchange gains arising from trading activities	147.416	109.587	88.432	27.659
Other income	5.096	3.306	3.847	1.906
	<b>189.631</b>	<b>140.375</b>	<b>116.715</b>	<b>48.348</b>

**b) Other operating expenses**

Debit finance charges arising from trading activities	42.899	26.907	31.155	20.974
Foreign exchange expenses arising from trading activities	197.823	50.530	141.960	(2.704)
Other expenses	5.325	3.420	3.587	1.526
	<b>246.047</b>	<b>80.857</b>	<b>176.702</b>	<b>19.796</b>

**NOTE 22 – FINANCIAL INCOME AND FINANCIAL EXPENSE**

**a) Financial income:**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
Foreign exchange gains	12.353	4.113	10.636	902
Gains on derivative financial instruments	110.216	41.275	88.770	21.329
Interest income	35.369	11.107	11.353	2.464
	<b>157.938</b>	<b>56.495</b>	<b>110.759</b>	<b>24.695</b>

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**NOTE 22 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont’d)**

**b) Financial expense:**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>	<b>1 April - 30 June 2018</b>	<b>1 April - 30 June 2017</b>
Foreign exchange losses	95.793	34.652	50.483	13.143
Losses on derivative financial instrument	53.932	71.845	39.317	38.521
Interest expense	22.481	18.907	11.232	10.991
Other finance expenses	24	84	(26)	53
	<b>172.230</b>	<b>125.488</b>	<b>101.006</b>	<b>62.708</b>

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

	<b>30 June 2018</b>	<b>31 December 2017</b>
Corporation and income taxes	2.490	3.164
Prepaid taxes (-)	(1.098)	(4.414)
<b>Current income tax liabilities - net</b>	<b>1.392</b>	<b>(1.250)</b>
<b>Deferred tax assets</b>	<b>12.319</b>	<b>5.681</b>

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

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

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 14th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

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

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

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

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

As of 1 January - 30 June 2018 and 2017 tax expense in the statement of income is as follows:

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Current period tax expense	(2.490)	(4.393)
Deferred tax benefit / (expense)	11.138	720
<b>Total tax expense</b>	<b>8.648</b>	<b>(3.673)</b>

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

**Deferred tax assets and liabilities**

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

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

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

	<b>Cumulative temporary differences</b>		<b>Deferred tax</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Deferred tax assets</b>				
Employment termination benefits	(33.732)	(31.749)	6.746	6.350
Provision for impairment on inventories	(1.520)	(1.175)	334	258
Derivative financial instruments	(17.035)	(5.968)	3.748	1.313
Other	(31.168)	(14.436)	6.857	3.176
			<b>17.685</b>	<b>11.097</b>
	<b>Cumulative temporary differences</b>		<b>Deferred tax</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Deferred tax liabilities</b>				
Useful life and valuation differences on property, plant and equipment and intangible assets	1.805	25.180	(361)	(5.036)
Revaluation of tangible fixed assets	22.098	-	(4.862)	-
Other	715	1.900	(143)	(380)
			<b>(5.366)</b>	<b>(5.416)</b>
<b>Deferred tax assets - net</b>			<b>12.319</b>	<b>5.681</b>

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

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

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
<b>Opening balance, 1 January</b>	<b>5.681</b>	<b>2.056</b>
Tax expense recognized in income statement	11.138	720
Recognized in shareholders' equity	(4.500)	8.247
<b>Deferred tax liabilities</b>		
<b>at the end of the period, net</b>	<b>12.319</b>	<b>11.023</b>

**NOTE 24– EARNINGS PER SHARE**

	<b>1 January - 30 June 2018</b>	<b>1 January - 30 June 2017</b>
Net (loss) / income attributable to equity holders of the parent	217.696	139.452
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	190.000	190.000
	<b>1,15</b>	<b>0,73</b>



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**NOTE 25 – DERIVATIVE INSTRUMENTS**

	30 June 2018		31 December 2017	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<b><u>Derivative financial assets:</u></b>				
<b>Held for trading</b>				
Forward foreign currency transactions	95.357	3.038	211.078	1.759
<b>Cash flow hedge</b>				
Forward foreign currency transactions	467.016	19.060	486.575	2.250
<b><u>Derivative financial liabilities:</u></b>				
<b>Held for trading</b>				
Forward foreign currency transactions	500.193	(17.035)	415.169	(5.993)
<b>Cash flow hedge</b>				
Forward foreign currency transactions	-	-	282.893	(3.984)
	<b>1.062.566</b>	<b>5.063</b>	<b>1.395.715</b>	<b>(5.968)</b>

**NOTE 26 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Foreign currency risk:**

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

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

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

<b>30 June 2018</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	29.852	129.817	-	825.370
2a. Monetary financial assets (including cash and cash equivalents)	-	-	-	-
	1.855	14.311	240	84.680
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>31.707</b>	<b>144.128</b>	<b>240</b>	<b>910.050</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	341	3.961	-	22.585
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>341</b>	<b>3.961</b>	<b>-</b>	<b>22.585</b>
<b>9. Total assets (4+8)</b>	<b>32.048</b>	<b>148.089</b>	<b>240</b>	<b>932.635</b>
10. Trade payables	198.596	84.182	262	1.352.938
11. Financial liabilities	-	65.128	-	345.775
12a. Other monetary liabilities	-	14.286	-	75.847
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>198.596</b>	<b>163.596</b>	<b>262</b>	<b>1.774.560</b>
14. Trade payables	882	2.428	-	16.913
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	14.563	-	77.318
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>882</b>	<b>16.991</b>	<b>-</b>	<b>94.231</b>
<b>18. Total liabilities (13+17)</b>	<b>199.478</b>	<b>180.587</b>	<b>262</b>	<b>1.868.791</b>
<b>19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>198.264</b>	<b>(84.300)</b>	<b>-</b>	<b>456.657</b>
19a. Hedged total assets	203.266	20.335	-	1.034.998
19b. Hedged total liabilities	(5.002)	(104.635)	-	(578.341)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>30.834</b>	<b>(116.798)</b>	<b>(22)</b>	<b>(479.499)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>(167.771)</b>	<b>(36.459)</b>	<b>(22)</b>	<b>(958.741)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.063</b>
23. Export	34.515	313.333	-	1.700.863
24. Import	176.110	104.358	1.183	1.224.189

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

<b>31 December 2017</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	12.776	148.303	163	718.015
2a. Monetary financial assets (including cash and cash equivalents)	- 350	- 15.540	- 19	- 71.510
2b. Non-monetary financial assets	-	-	-	-
3. Other	36.720	-	-	138.504
<b>4. Current assets (1+2+3)</b>	<b>49.846</b>	<b>163.843</b>	<b>182</b>	<b>928.029</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	1.605	7.140	-	38.295
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>1.605</b>	<b>7.140</b>	<b>-</b>	<b>38.295</b>
<b>9. Total assets (4+8)</b>	<b>51.451</b>	<b>170.983</b>	<b>182</b>	<b>966.324</b>
10. Trade payables	180.221	56.166	46	933.439
11. Financial liabilities	-	54.955	-	248.148
12a. Other monetary liabilities	-	14.286	-	64.508
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>180.221</b>	<b>125.407</b>	<b>46</b>	<b>1.246.095</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	37.319	-	168.514
16a. Other monetary liabilities	-	21.775	-	98.325
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>59.094</b>	<b>-</b>	<b>266.839</b>
<b>18. Total liabilities (13+17)</b>	<b>180.221</b>	<b>184.501</b>	<b>46</b>	<b>1.512.934</b>
<b>19. Off-balance sheet derivative instruments/ net asset (liability) position (19a+19b)</b>	<b>-</b> <b>261.830</b>	<b>-</b> <b>(187.019)</b>	<b>-</b> <b>-</b>	<b>-</b> <b>143.112</b>
19a. Hedged total assets	279.575	55.072	-	1.303.207
19b. Hedged total liabilities	(17.745)	(242.091)	-	(1.160.094)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>-</b> <b>133.060</b>	<b>-</b> <b>(200.537)</b>	<b>-</b> <b>136</b>	<b>-</b> <b>(403.498)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>-</b> <b>-</b> <b>(167.095)</b>	<b>-</b> <b>-</b> <b>(20.658)</b>	<b>-</b> <b>-</b> <b>136</b>	<b>-</b> <b>-</b> <b>(723.409)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b> <b>-</b>	<b>-</b> <b>-</b>	<b>-</b> <b>-</b>	<b>-</b> <b>(5.968)</b>
23. Export	29.144	671.923	-	2.841.516
24. Import	261.603	200.443	1.408	1.776.031

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

As of 30 June 2018 and 31 December 2017, sensitivity analysis of foreign exchange rate tables is presented below, secured portions include impact of derivative instruments.

	<b>Gain / Loss</b>		<b>Equity</b>	
	<b>Foreign exchange appreciation</b>	<b>Foreign exchange depreciation</b>	<b>Foreign exchange appreciation</b>	<b>Foreign exchange depreciation</b>
<b>30 June 2018</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(76.515)	76.515	(76.515)	76.515
Secured portion from USD risk (-)	43.724	(43.724)	90.289	(90.289)
<b>USD net effect</b>	<b>(32.791)</b>	<b>32.791</b>	<b>13.774</b>	<b>(13.774)</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	(19.357)	19.357	(19.357)	19.357
Secured portion from EUR risk (-)	(154)	154	(44.813)	44.813
<b>EUR net effect</b>	<b>(19.511)</b>	<b>19.511</b>	<b>(64.170)</b>	<b>64.170</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability	(2)	2	(2)	2
Secured portion from other currency risk (-)	-	-	-	-
<b>Other currency net effect</b>	<b>(2)</b>	<b>2</b>	<b>(2)</b>	<b>2</b>

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

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>31 December 2017</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(63.027)	63.027	(63.027)	63.027
Secured portion from USD risk (-)	21.788	(21.788)	98.314	(98.314)
<b>USD net effect</b>	<b>(41.239)</b>	<b>41.239</b>	<b>35.287</b>	<b>(35.287)</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	(9.328)	9.328	(9.328)	9.328
Secured portion from EUR risk (-)	(7.971)	7.971	(84.670)	84.670
<b>EUR net effect</b>	<b>(17.299)</b>	<b>17.299</b>	<b>(93.998)</b>	<b>93.998</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability	14	(14)	14	(14)
Secured portion from other currency risk (-)	-	-	-	-
<b>Other currency net effect</b>	<b>14</b>	<b>(14)</b>	<b>14</b>	<b>(14)</b>