VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2018

(ORIGINALLY ISSUED IN TURKISH)

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

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

	Footnotes	30 September 2018	Audited 31 December 2017
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	69.714	73.679
Trade Receivables		1.553.172	1.045.883
Trade Receivables Due From Related Parties	6	1.547.859	1.038.802
Trade Receivables Due From Unrelated Parties	7	5.313	7.081
Other Receivables		975.958	645.195
Other Receivables Due From Related Parties	6	731.730	511.898
Other Receivables Due From Unrelated Parties	8	244.228	133.297
Derivative Financial Assets		3.982	4.009
Derivative Financial Assets Held for Trading	25	3.982	1.759
Derivative Financial Assets Held for Hedging	25	-	2.250
Inventories	9	799.260	500.180
Prepayments		30.243	13.803
Prepayments to Unrelated Parties	10	30.243	13.803
Current Tax Assets		-	1.250
Other Current Assets		2.517	5.941
Other Current Assets Due From Unrelated Parties	16	2.517	5.941
TOTAL CURRENT ASSETS		**3.434.846**	**2.289.940**

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

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

	Footnotes	30 September 2018	Audited 31 December 2017
NON-CURRENT ASSETS			
Property, Plant and Equipments		1.362.646	553.202
Land and Premises	11	192.824	39.063
Land Improvements	11	40.753	844
Buildings	11	431.142	40.838
Machinery and Equipments	11	619.548	367.398
Vehicles	11	246	249
Fixtures and Fittings	11	23.309	17.689
Leasehold Improvements	11	4.369	4.070
Construction in Progress	11	50.455	83.051
Intangible Assets and Goodwill		137.956	118.214
Other Rights	12	17	19
Capitalized Development Costs	12	129.243	109.806
Other Intangible Assets	12	8.696	8.389
Prepayments		48.301	62.952
Prepayments to Unrelated Parties	10	48.301	62.952
Deferred Tax Asset	23	-	5.681
TOTAL NON-CURRENT ASSETS		**1.548.903**	**740.049**
TOTAL ASSETS		**4.983.749**	**3.029.989**

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

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

	Footnotes	30 September 2018	Audited 31 December 2017
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		413.381	281.926
Current Borrowings From Unrelated Parties		413.381	281.926
Bank Loans	5	412.647	281.476
Leasing Debts	5	734	450
Current Portion of Non-current Borrowings		321.608	70.051
Current Portion of Non-current Borrowings from Unrelated Parties		321.608	70.051
Bank Loans	5	321.608	70.051
Trade Payables		2.202.144	1.242.281
Trade Payables to Related Parties	6	57.761	40.744
Trade Payables to Unrelated Parties	7	2.144.383	1.201.537
Employee Benefit Obligations	15	39.780	26.671
Other Payables		99.293	64.507
Other Payables to Related Parties	6	99.293	64.507
Derivative Financial Liabilities		56.857	9.977
Derivative Financial Liabilities Held for Trading	25	56.857	5.993
Derivative Financial Liabilities Held for Hedging	25	-	3.984
Current Tax Liabilities, Current	23	1.855	-
Current Provisions		2.824	2.197
Other Current Provisions	13	2.824	2.197
Other Current Liabilities		13.433	8.697
Other Current Liabilities to Unrelated Parties	16	13.433	8.697
TOTAL CURRENT LIABILITIES		**3.151.175**	**1.706.307**

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

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

	Footnotes	30 September 2018	Audited 31 December 2017
NON-CURRENT LIABILITIES			
Long Term Borrowings		5.726	179.514
Long Term Borrowings From Unrelated Parties		5.726	179.514
Bank Loans	5	5.412	178.968
Leasing Debts	5	314	546
Trade Payables		17.664	1.959
Trade Payables to Unrelated Parties	7	17.664	1.959
Other Payables		49.871	98.323
Other Payables to Related Parties	6	49.871	98.323
Non-current Provisions		35.619	31.749
Non-current Provisions for Employee Benefits	15	35.619	31.749
Deferred Tax Liabilities	25	69.525	-
TOTAL NON-CURRENT LIABILITIES		**178.405**	**311.545**
TOTAL LIABILITIES		**3.329.580**	**2.017.852**

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

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

	Footnotes	30 September 2018	Audited 31 December 2017
EQUITY			
Equity Attributable to Owners of Parent		**1.654.169**	**1.012.137**
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		410.543	(6.203)
Gains (Losses) on Revaluation and Remeasurement		410.543	(6.203)
Increases (Decreases) on Revaluation of Property, Plant and Equipment		417.527	-
Gains (Losses) on Remeasurements of Defined Benefit Plans		(6.984)	(6.203)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		-	(1.352)
Gains (Losses) on Hedge		-	(1.352)
Gains (Losses) on Cash Flow Hedges		-	(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		463.934	295.234
TOTAL EQUITY		**1.654.169**	**1.012.137**
TOTAL LIABILITIES AND EQUITY		**4.983.749**	**3.029.989**

Condensed financial statements for the interim period 1 January – 30 September 2018 were approved by the Board of Directors of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. on 26 October 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 SEPTEMBER 2018 AND 2017

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

	Footnotes	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
PROFIT OR LOSS					
Revenue	18	3.841.723	2.828.740	1.453.397	1.084.228
Cost of Sales	18	(3.065.292)	(2.484.663)	(1.039.030)	(956.664)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**776.431**	**344.077**	**414.367**	**127.564**
GROSS PROFIT (LOSS)		**776.431**	**344.077**	**414.367**	**127.564**
General Administrative Expenses	20	(43.726)	(32.996)	(12.707)	(8.978)
Marketing Expenses	20	(54.673)	(37.945)	(22.534)	(13.426)
Research and Development Expense	20	(32.377)	(26.537)	(13.227)	(11.161)
Other Income from Operating Activities	21	454.701	206.553	265.070	66.178
Other Expenses from Operating Activities	21	(646.624)	(114.885)	(400.577)	(34.028)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**453.732**	**338.267**	**230.392**	**126.149**
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**453.732**	**338.267**	**230.392**	**126.149**
Finance Income	22	500.781	79.756	342.843	23.261
Fınance Costs	22	(496.191)	(201.035)	(323.961)	(75.547)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**458.322**	**216.988**	**249.274**	**73.863**
Tax (Expense) Income, Continuing Operations		5.612	(7.500)	(3.036)	(3.827)
Current Period Tax (Expense) Income	23	(4.531)	(4.905)	(2.041)	(512)
Deferred Tax (Expense) Income	23	10.143	(2.595)	(995)	(3.315)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**463.934**	**209.488**	**246.238**	**70.036**
PROFIT (LOSS)		**463.934**	**209.488**	**246.238**	**70.036**
Earnings Per Share with a TL 1 of Par Value	24	**2,44**	**1,10**	**1,30**	**0,37**

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 SEPTEMBER 2018 AND 2017

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

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	416.746	(415)	417.048	(292)
Gains (Losses) on Revaluation of Property, Plant and Equipment	502.688	-	502.688	-
Gains (Losses) on Remeasurements of Defined Benefit Plans	(976)	(519)	(599)	(365)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Profit or Loss	(84.966)	104	(85.041)	73
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment	(85.161)	-	(85.161)	-
Taxes Relating to Remeasurements of Defined Benefit Plans	195	104	120	73
Other Comprehensive Income that will be Reclassified to Profit or Loss	1.352	(28.519)	(14.867)	4.347
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	1.733	(35.649)	(19.061)	5.433
Gains (Losses) on Cash Flow Hedges	1.733	(35.649)	(19.061)	5.433
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(381)	7.130	4.194	(1.086)
Taxes Relating to Cash Flow Hedges	(381)	7.130	4.194	(1.086)
OTHER COMPREHENSIVE INCOME (LOSS)	**418.098**	**(28.934)**	**402.181**	**4.055**
TOTAL COMPREHENSIVE INCOME (LOSS)	**881.723**	**180.554**	**648.110**	**74.091**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ments of Defined Benefit Plans	Gains (Losses) on Revaluations and Remeasurements	Other Accumulated Compre-hensive Income that will not be Reclassified in Profit or Loss	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Other Accumulated Compre-hensive Income that will be Reclassified in Profit or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Equity
Previous Period																
1 January -30 September 2017																
Equity at Beginning of Period	**190.000**	**9.734**	**109.031**	**-**	**(3.313)**	**(3.313)**	**(3.313)**	**18.786**	**18.786**	**18.786**	**77.019**	**193.669**	**325.005**	**518.674**	**919.931**	**919.931**
Transfers	-	-	-	-	-	-	-	-	-	-	34.608	290.397	(325.005)	(34.608)	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(415)	(415)	(415)	(28.519)	(28.519)	(28.519)	-	-	209.488	209.488	180.554	180.554
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	209.488	209.488	209.488	209.488
Other Comprehensive Income (Loss)	-	-	-	-	(415)	(415)	(415)	(28.519)	(28.519)	(28.519)	-	-	-	-	(28.934)	(28.934)
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(180.000)	-	(180.000)	(180.000)	(180.000)
Equity at End of Period	**190.000**	**9.734**	**109.031**	**-**	**(3.728)**	**(3.728)**	**(3.728)**	**(9.733)**	**(9.733)**	**(9.733)**	**111.627**	**304.066**	**209.488**	**513.554**	**920.485**	**920.485**
Current Period																
1 January -30 September 2018																
Equity at Beginning of Period	**190.000**	**9.734**	**109.031**	**-**	**(6.203)**	**(6.203)**	**(6.203)**	**(1.352)**	**(1.352)**	**(1.352)**	**111.627**	**304.066**	**295.234**	**599.300**	**1.012.137**	**1.012.137**
Transfers	-	-	-	-	-	-	-	-	-	-	6.579	288.655	(295.234)	(6.579)	-	-
Total Comprehensive Income (Loss)	-	-	-	417.527	(781)	416.746	416.746	1.352	1.352	1.352	-	-	463.625	463.625	881.723	881.723
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	463.625	463.625	463.625	463.625
Other Comprehensive Income (Loss)	-	-	-	417.527	(781)	416.746	416.746	1.352	1.352	1.352	-	-	-	-	418.098	418.098
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(240.000)	-	(240.000)	(240.000)	(240.000)
Equity at End of Period	**190.000**	**9.734**	**109.031**	**417.527**	**(6.984)**	**410.543**	**410.543**	**-**	**-**	**-**	**118.206**	**352.721**	**463.625**	**816.346**	**1.653.860**	**1.653.860**

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Footnotes	1 January - 30 September 2018	1 January - 30 September 2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**891.329**	**(4.258)**
Profit (Loss)		463.625	209.488
Profit (Loss) from Continuing Operations		463.625	209.488
Adjustments to Reconcile Profit (Loss)		**358.070**	**120.286**
Adjustments for Depreciation and Amortisation Expense	11	118.126	80.168
Adjustments for Impairment Loss (Reversal of Impairment Loss)		2.600	73
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	2.600	73
Adjustments for Provisions		7.609	7.097
Adjustments for (Reversal of) Provisions Related with Employee Benefits	15	6.982	7.097
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	13	627	-
Adjustments for Interest (Income) Expenses		(32.424)	19.124
Adjustments for Interest Income	22	(71.261)	(16.251)
Adjustments for Interest Expense	22	38.837	35.375
Adjustments for Unrealised Foreign Exchange Losses (Gains)		225.661	39.245
Adjustments for Fair Value Losses (Gains)		48.640	(28.954)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		48.640	(28.954)
Adjustments for Tax (Income) Expenses		(5.612)	7.500
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		(844)	(377)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(844)	(377)
Other Adjustments to Reconcile Profit (Loss)	4	(5.686)	(3.590)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Footnotes	1 January - 30 September 2018	1 January - 30 September 2017
Changes in Working Capital		**75.148**	**(321.444)**
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(507.289)	(397.580)
Decrease (Increase) in Trade Accounts Receivables from Related Parties	6	(509.057)	(394.898)
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties	7	1.768	(2.682)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(110.931)	(14.266)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	8	(110.931)	(14.266)
Adjustments for Decrease (Increase) in Inventories	9	(301.680)	(196.702)
Decrease (Increase) in Prepaid Expenses	10	(1.789)	(28.946)
Adjustments for Increase (Decrease) in Trade Accounts		975.568	316.515
Increase (Decrease) in Trade Accounts Payables to Related Parties	6	17.017	5.019
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties	7	958.551	311.496
Increase (Decrease) in Employee Benefit Liabilities	15	13.109	8.571
Other Adjustments for Other Increase (Decrease) in Working Capital		8.160	(9.036)
Decrease (Increase) in Other Assets Related with Operations	16	3.424	(3.375)
Increase (Decrease) in Other Payables Related with Operations	16	4.736	(5.661)
Cash Flows from (used in) Operations		**896.843**	**8.330**
Payments Related with Provisions for Employee Benefits	15	(4.088)	(4.989)
Income Taxes refund (Paid)	23	(1.426)	(7.599)

VESTEL BEYAZ EŞYA SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Footnotes	1 January - 30 September 2018	1 January - 30 September 2017
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(663.303)**	**(12.838)**
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		1.063	2.226
Proceeds from Sales of Property, Plant and Equipment		1.063	2.226
Purchase of Property, Plant, Equipment and Intangible Assets		(444.534)	(213.306)
Purchase of Property, Plant and Equipment	11	(409.348)	(182.917)
Purchase of Intangible Assets	12	(35.186)	(30.389)
Cash Advances and Loans Made to Other Parties		(219.832)	198.242
Cash Advances and Loans Made to Related Parties	6	(219.832)	198.242
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(237.677)**	**8.700**
Proceeds from Borrowings		681.198	419.463
Proceeds from Loans		681.146	418.421
Proceeds from Other Financial Borrowings		52	1.042
Repayments of Borrowings		(656.974)	(166.913)
Loan Repayments		(656.974)	(166.913)
Decrease in Other Payables to Related Parties		(65.845)	(54.548)
Dividends Paid	6	(240.000)	(180.000)
Interest Paid		(27.317)	(25.553)
Interest Received		71.261	16.251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(9.651)**	**(8.396)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(9.651)**	**(8.396)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	65.190	11.840
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**55.539**	**3.444**

(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 September 2018, the number of personnel employed was 7.181 (31 December 2017: 6.406).

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

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

As of 30 September 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.

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

The Company prepared its condensed interim financial statements for the period ended 30 September 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.

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.

Financial Assets	**Prior classification under TAS 39**	**New classification under TFRS 9**
Cash and cash euqivalents	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

Financial Liabilities	**Prior classification under TAS 39**	**New classification under TFRS 9**
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.

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. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- **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.

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 September 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.

NOTE 2 – BASIS OF PRESENTATION OF 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 reminder 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.

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

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

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

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.

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

Land, land improvements and buildings are stated at fair value, based on valuations performed at 30 September 2018 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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

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

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

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

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

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

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

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

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

2.5.4 Intangible assets

a) Research and development costs

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

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

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

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

b) Rights and other intangible fixed assets

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

2.5.5 Financial instruments

a) Financial assets

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

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.

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 far 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" 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.

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.

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.

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.

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

2.5.13 Statement of cash flows

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

2.5.14 Offsetting

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

2.5.15 Events after the balance sheet date

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

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

2.5.16 Going concern

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

2.6. Critical accounting estimates and judgments

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

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

Land, land improvements and buildings are stated at fair value, based on valuations performed at 30 September 2018 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (Note 11).

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

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

- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

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

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

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

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

NOTE 3 - SEGMENT REPORTING

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

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

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

Geographical segments

Segment revenue	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Turkey	967.859	850.287	279.303	337.311
Europe	2.124.587	1.353.437	909.547	515.856
Other	753.331	630.797	267.508	234.633
Gross sales	3.845.777	2.834.521	1.456.358	1.087.800
Discounts (-)	(4.054)	(5.781)	(2.961)	(3.572)
Net sales	**3.841.723**	**2.828.740**	**1.453.397**	**1.084.228**

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

The amount of export is 2.877.918 thousand TL for the period ended 30 September 2018. (1 January-30 September 2017: 1.984.234 thousand TL). Export sales are denominated in EURO, and USD as 91,2%, and 8,8% of total export respectively (1 January-30 September 2017: 97,1% EUR, 2,9% USD).

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

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2018	31 December 2017
Cash	438	178
Bank deposits		
- Demand deposits	20.323	65.012
- Time deposits	34.800	-
Blocked deposits	14.153	8.489
Cash and cash equivalents	**69.714**	**73.679**

Effective interest rates

	30 September 2018	31 December 2017
TL	0,40%	-
EUR	1,25%	-

NOTE 5 – FINANCIAL LIABILITIES

	30 September 2018	31 December 2017
Short - term financial liabilities		
Short term bank loans	412.647	281.476
Short term portion of long term bank loans	321.608	70.051
Leasing debts	734	450
	734.989	**351.977**
Long - term financial liabilities		
Long term bank loans	5.412	178.968
Leasing debts	314	546
	5.726	**179.514**

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

NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2018			31 December 2017		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- EUR	1,67%	49.706	345.481	1,59%	49.693	224.389
- TL	24,27%	67.166	67.166	16,69%	57.087	57.087
			412.647			**281.476**

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

	30 September 2018			31 December 2017		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- EUR	3,80%	38.375	266.724	4,21%	5.262	23.759
- TL	18,05%	54.884	54.884	14,18%	46.292	46.292
Short term portion			**321.608**			**70.051**
- EUR	-	-	-	3,80%	37.319	168.514
- TL	16,06%	5.412	5.412	16,06%	10.454	10.454
Long term portion			**5.412**			**178.968**
			327.020			**249.019**

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

NOTE 5 – FINANCIAL LIABILITIES (Cont'd)

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

	30 September 2018	31 December 2017
One to two years	5.412	178.968
	5.412	**178.968**

As of 30 September 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 September 2018 and 30 September 2017, reconciliation of net financial debt is as below:

	30 September 2018	30 September 2017
Net financial debt as of 1 January	466.301	236.869
Cash inflows from loans	681.146	418.421
Cash outflows from loan payments	(656.974)	(166.913)
Cash inflow/outflow from other financial debts	52	1.042
Unrealized Fx gain/loss	173.482	22.003
Accrued interest	11.518	9.822
Change in cash and cash equivalents	9.651	8.396
Net financial debt at the end of the period	**685.176**	**529.640**

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

NOTE 6 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 September 2018	31 December 2017
Vestel Ticaret A.Ş.	1.565.230	1.046.054
	1.565.230	1.046.054
Unearned interest on receivables (-)	(17.371)	(7.252)
	1.547.859	**1.038.802**

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

b) Short term trade payables to related parties

	30 September 2018	31 December 2017
Vestel Elektronik Sanayi ve Ticaret A.Ş.	55.408	32.239
Vestel Ticaret A.Ş.	-	6.355
Vestel Holland B.V.	1.839	1.534
Other related parties	1.776	1.044
	59.023	41.172
Unearned interest on payables (-)	(1.262)	(428)
	57.761	**40.744**

c) Other short term receivables from related parties

	30 September 2018	31 December 2017
Vestel Elektronik Sanayi ve Ticaret A.Ş.	**731.730**	**511.898**

The Company's interest rate of other receivables in TL is 39% (31 December 2017: %18)

d) Other short term liabilities to related parties

	30 September 2018	31 December 2017
Vestel Elektronik Sanayi ve Ticaret A.Ş.	**99.293**	**64.507**

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

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

e) Other long term liabilities to related parties

	30 September 2018	31 December 2017
Vestel Elektronik Sanayi ve Ticaret A.Ş.	**49.871**	**98.323**

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

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Sales				
Vestel Ticaret A.Ş.	3.965.010	2.819.079	1.562.876	1.076.969
Vestel Elektronik Sanayi ve Ticaret A.Ş.	13.155	11.593	4.795	4.154
Other related parties	65	11	7	4
	3.978.230	**2.830.683**	**1.567.678**	**1.081.127**
Purchases and operating expenses				
Vestel Holland B.V.	35.757	21.402	11.574	13.424
Vestel Elektronik Sanayi ve Ticaret A.Ş.	179.760	125.189	67.382	41.500
Other related parties	10.742	7.947	8.169	3.239
	226.259	**154.538**	**87.125**	**58.163**
Other operating income				
Vestel Ticaret A.Ş.	408.895	185.702	242.884	61.045
Other related parties	1.391	926	763	329
	410.286	**186.628**	**243.647**	**61.374**
Other operating expense				
Vestel Ticaret A.Ş.	10.172	39.612	(4.034)	(2.393)
Other related parties	3.341	1.672	1.654	731
	13.513	**41.284**	**(2.380)**	**(1.662)**

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

NOTE 6 – RELATED PARTY DISCLOSURES (Cont'd)

f) Transactions with related parties

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Dividend paid				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	227.091	170.539	-	-
Public shares	12.909	9.461	-	-
	240.000	**180.000**	**-**	**-**
Financial income				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	67.665	16.181	34.176	5.088
	67.665	**16.181**	**34.176**	**5.088**
Financial expense				
Vestel Elektronik Sanayi ve Ticaret A.Ş.	74.010	33.689	51.060	11.736
	74.010	**33.689**	**51.060**	**11.736**

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 nine months period ended 30 September 2018 is 4.862 thousand TL (1 January -30 September 2017: 5.885 thousand TL).

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 September 2018	31 December 2017
Short - term trade receivables		
Trade receivables		
- Related parties (note 6)	1.565.230	1.046.054
- Other parties	5.740	5.349
Cheques and notes receivables	-	2.131
	1.570.970	1.053.534
Unearned interest expense (-)		
- Related parties (note 6)	(17.371)	(7.252)
- Other parties	(132)	(161)
Allowance for doubtful receivables (-)	(295)	(238)
Total short - term trade receivables	**1.553.172**	**1.045.883**

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

	30 September 2018	31 December 2017
Short term trade payables		
Trade payables		
- Related parties (note 6)	59.023	41.172
- Other parties	2.153.386	1.205.514
	2.212.409	1.246.686
Unearned interest income (-)		
- Related parties (note 6)	(1.262)	(428)
- Other parties	(9.003)	(3.977)
	-	-
Total short term trade payables	**2.202.144**	**1.242.281**
Long term trade payables		
Trade payables		
- Other parties	17.664	1.959
Total long term trade payables	**17.664**	**1.959**

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

NOTE 8 – OTHER RECEIVABLES

	30 September 2018	31 December 2017
Short - term other receivables		
Other receivables from related parties (note 6)	731.730	511.898
VAT receivable	236.437	128.421
Deposits and guarantees given	5.964	3.474
Other receivables	1.827	1.402
	975.958	**645.195**

NOTE 9 – INVENTORIES

	30 September 2018	31 December 2017
Raw materials	496.164	312.136
Work in process	15.982	7.820
Finished goods	290.889	181.399
	803.035	501.355
Provision for impairment on inventories (-)	(3.775)	(1.175)
	799.260	**500.180**

As of 30 September 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 September 2018 amounts to 2.637.696 thousand TL (1 January – 30 September 2017: 2.171.165 thousand TL).

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

NOTE 9 – INVENTORIES (Cont'd)

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

	30 September 2018	31 December 2017
Finished goods and merchandise	3.775	1.175
	3.775	**1.175**

Movement of inventory impairment on inventories is as follows:

	1 January - 30 September 2018	1 January - 30 September 2017
Opening balance, 1 January	**1.175**	**268**
Current year additions	3.775	341
Realised due to sale of inventory	(1.175)	(268)
Balance at 30 September	**3.775**	**341**

NOTE 10 – PREPAID EXPENSES

	30 September 2018	31 December 2017
Prepaid expenses in current assets		
Order advances given	4.585	4.274
Prepaid expenses	25.572	9.453
Business advances given	86	76
	30.243	**13.803**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	48.007	62.612
Prepaid expenses	294	340
	48.301	**62.952**

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

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2018	Additions	Disposals	Transfer	Fair value increase	30 September 2018
Cost or revaluation						
Land	39.063	-	-	-	153.761	192.824
Land improvements	3.275	8	-	(2.414)	39.883	40.752
Buildings	71.623	1.654	-	48.822	309.044	431.143
Leasehold improvements	7.514	694	(8)	269	-	8.469
Plant and machinery	1.056.638	158.823	(14.660)	188.530	-	1.389.331
Motor vehicles	589	70	(29)	-	-	630
Furniture and fixtures	54.285	6.210	(231)	3.794	-	64.058
Construction in progress	83.051	241.889	-	(274.485)	-	50.455
				-	-	
	1.316.038	**409.348**	**(14.928)**	**(35.484)**	**502.688**	**2.177.662**
Accumulated depreciation						
Land improvements	2.431	45	-	(2.476)	-	-
Buildings	30.785	2.223	-	(33.008)	-	-
Leasehold improvements	3.444	660	(4)	-	-	4.100
Plant and machinery	689.240	95.068	(14.525)	-	-	769.783
Motor vehicles	340	71	(27)	-	-	384
Furniture and fixtures	36.596	4.327	(174)	-	-	40.749
	762.836	**102.394**	**(14.730)**	**(35.484)**	**-**	**815.016**
Net book value	**553.202**					**1.362.646**

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

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

	1 January 2017	Additions	Disposals	Transfer	30 September 2017
Cost					
Land	6.547	32.516	-	-	39.063
Land improvements	3.248	6	-	21	3.275
Buildings	69.608	1.219	(3)	532	71.356
Leasehold improvements	5.983	596	(9)	318	6.888
Plant and machinery	861.200	103.430	(1.441)	7.796	970.985
Motor vehicles	516	6	(45)	-	477
Furniture and fixtures	47.137	2.696	(171)	2.417	52.079
Construction in progress	6.943	42.448	-	(11.084)	38.307
	1.001.182	**182.917**	**(1.669)**	**-**	**1.182.430**
Accumulated depreciation					
Land improvements	2.373	44	-	-	2.417
Buildings	29.361	1.053	(2)	-	30.412
Leasehold improvements	2.839	430	(4)	-	3.265
Plant and machinery	606.234	61.125	(1.396)	-	665.963
Motor vehicles	301	56	(36)	-	321
Furniture and fixtures	32.109	3.381	(171)	-	35.319
	673.217	**66.089**	**(1.609)**	**-**	**737.697**
Net book value	**327.965**				**444.733**

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

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

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

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

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

Allocation of period depreciation and amortization expenses is as follows:

	1 January - 30 September 2018	**1 January - 30 September 2017**
Cost of sales	99.920	64.496
Research and development expenses	16.907	14.814
Marketing, selling and distribution expenses	378	247
General administrative expenses	921	611
	118.126	**80.168**

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

NOTE 12 – INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals	30 September 2018
Cost				
Rights	6.376	-	-	6.376
Development cost	197.197	34.065	(21)	231.241
Other intangible assets	13.762	1.121	-	14.883
	217.335	**35.186**	**(21)**	**252.500**
Accumulated amortization				
Rights	6.357	2	-	6.359
Development cost	87.391	14.916	-	102.307
Other intangible assets	5.373	814	-	6.187
	99.121	**15.732**	**-**	**114.853**
Net book value	**118.214**			**137.647**

	1 January 2017	Additions	Disposals	30 September 2017
Cost				
Rights	6.376	-	-	6.376
Development cost	159.355	29.014	(1.789)	186.580
Other intangible assets	11.490	1.375	-	12.865
	177.221	**30.389**	**(1.789)**	**205.821**
Accumulated amortization				
Rights	6.354	2	-	6.356
Development cost	69.424	13.376	-	82.800
Other intangible assets	4.413	701	-	5.114
	80.191	**14.079**	**-**	**94.270**
Net book value	**97.030**			**111.551**

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

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

NOTE 12 – INTANGIBLE ASSETS (Cont'd)

Useful lives of intangible assets are as follows:

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

NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 September 2018	31 December 2017
Short - term provisions		
Provision for lawsuit risks	2.824	2.197
	2.824	**2.197**

b) Guarantees received by the Company

	30 September 2018	31 December 2017
Guarantee letters	32.760	55.750
Cheques and notes	7.533	4.277
Collaterals and pledges	5.705.678	3.689.650
	5.745.971	**3.749.677**

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

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

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

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

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
30 September 2018				
A. CPM's given on behalf of its own legal entity	-	7.420	27.000	78.573
B. CPM's given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	1.008.140	44.487	907.894	7.256.061
i. Total amount of CPM's given on behalf of the parent company	722.288	-	667.835	4.994.485
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	285.852	44.487	240.059	2.261.577
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**1.008.140**	**51.907**	**934.894**	**7.334.634**

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

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

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2017				
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.	-	-	-	-
Total	**1.008.140**	**46.794**	**928.926**	**4.942.827**

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 451% as of 30 September 2018 (31 December 2017: 485%).

NOTE 14 – COMMITMENTS

As of the balance sheet date the Company has committed to realize exports amounting to 577.130 thousand USD (31 December 2017: 448.212 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 September 2018 the Company has forward foreign currency purchase contract that amounts to 86.008 thousand TL, 29.612 thousand EUR and 119.476 thousand USD against forward foreign currency sales contract that amounts to 19.780 thousand EUR, 3.782 thousand USD and 912.697 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).

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

NOTE 15 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 September 2018	31 December 2017
Due to personnel	25.555	19.779
Social security payables	14.225	6.892
	39.780	**26.671**

Long term provisions for employee benefits:

	30 September 2018	31 December 2017
Provision for employment termination benefits	**35.619**	**31.749**

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 5.434,42 TL / year as of 30 September 2018 (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 September 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 September 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.

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

NOTE 15 – EMPLOYEE BENEFITS (Cont'd)

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

	1 January - 30 September 2018	1 January - 30 September 2017
Balance at 1 January	**31.749**	**24.459**
Increase during the year	4.092	5.388
Payments during the year	(4.088)	(4.989)
Actuarial (gain) /loss	976	519
Interest expense	2.890	1.709
Balance at 30 September	**35.619**	**27.086**

NOTE 16 – OTHER ASSETS AND LIABILITIES

	30 September 2018	31 December 2017
Other current assets		
VAT carried forward	356	266
Other	2.161	5.675
	2.517	**5.941**
Other current liabilities		
Taxes and dues payable	9.108	8.355
Other	4.325	342
	13.433	**8.697**

NOTE 17 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 September 2018	31 December 2017
Shares of par value Kr 1 each		
Issued share capital	190.000	190.000

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

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

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

	Shareholding		Amount	
	30 September 2018	31 December 2017	30 September 2018	31 December 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
	100,00%	**100,00%**	**190.000**	**190.000**

b) Adjustments to share capital

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

	30 September 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 September 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.

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

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

	30 September 2018	31 December 2017
Legal reserves	**118.206**	**111.627**

e) Retained earnings

	30 September 2018	31 December 2017
Extraordinary reserves	282.356	258.976
Previous year's profits	70.365	45.090
	352.721	**304.066**

f) Dividend distribution

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

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

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

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

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

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

NOTE 18 – SALES

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Domestic sales	967.859	850.287	279.303	337.311
Overseas sales	2.877.918	1.984.234	1.177.055	750.489
Gross sales	**3.845.777**	**2.834.521**	**1.456.358**	**1.087.800**
Less: Sales discounts (-)	(4.054)	(5.781)	(2.961)	(3.572)
Net sales	**3.841.723**	**2.828.740**	**1.453.397**	**1.084.228**
Cost of sales	(3.065.292)	(2.484.663)	(1.039.030)	(956.664)
Gross profit	**776.431**	**344.077**	**414.367**	**127.564**

NOTE 19 – EXPENSES BY NATURE

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Raw materials, supplies and finished goods	2.755.349	2.243.075	971.469	819.787
Changes in finished goods, work in process and trade goods	(117.652)	(71.910)	(91.611)	27.736
Personnel expenses	263.158	215.448	93.568	77.462
Depreciation and amortization	118.126	80.168	43.250	28.388
Other	177.395	115.360	71.130	36.856
	3.196.376	**2.582.141**	**1.087.806**	**990.229**

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

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

a) General administrative expenses:

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Personnel expenses	9.369	9.762	3.008	3.409
Consultancy and IT expenses	13.659	9.526	4.745	3.048
Rent and office expenses	3.955	3.353	1.311	1.044
Travelling expense	1.064	949	453	265
Energy expenses	557	349	190	96
Depreciation and amortization	921	611	295	234
External benefits and services	299	263	29	105
Other	13.902	8.183	2.676	777
	43.726	**32.996**	**12.707**	**8.978**

b) Marketing expenses:

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Personnel expenses	11.696	9.326	4.187	3.376
Transportation expenses	28.843	19.805	11.546	7.055
Tax and duties	5.996	3.627	2.521	1.072
Insurance expenses	1.303	1.044	513	370
Depreciation and amortization	378	247	141	95
Other	6.457	3.896	3.626	1.458
	54.673	**37.945**	**22.534**	**13.426**

c) Research and development expenses:

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Depreciation and amortization	16.907	14.814	6.028	5.182
Personnel expenses	7.124	6.302	3.063	2.928
Other	8.346	5.421	4.136	3.051
	32.377	**26.537**	**13.227**	**11.161**

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

NOTE 21 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other operating income	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Credit finance gains arising from trading activities	62.169	41.682	25.050	14.200
Foreign exchange gains arising from trading activities	385.673	160.389	238.257	50.802
Other income	6.858	4.482	1.762	1.176
	454.700	**206.553**	**265.069**	**66.178**

b) Other operating expenses

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Debit finance charges arising from trading activities	70.751	37.903	27.852	10.996
Foreign exchange expenses arising from trading activities	567.055	72.082	369.232	21.552
Other expenses	8.818	4.900	3.493	1.480
	646.624	**114.885**	**400.577**	**34.028**

NOTE 22 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2018	1 July- 30 September 2017
Foreign exchange gains	44.469	11.526	32.116	7.413
Gains on derivative financial instruments	385.051	51.979	274.835	10.704
Interest income	71.261	16.251	35.892	5.144
	500.781	**79.756**	**342.843**	**23.261**

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

NOTE 22 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 30 September 2018	**1 January - 30 September 2017**	**1 July- 30 September 2018**	**1 July- 30 September 2017**
Foreign exchange losses	299.854	56.883	204.061	22.231
Losses on derivative financial instrumen	157.500	108.670	103.568	36.825
Interest expense	38.837	35.375	16.356	16.468
Other finance expenses	-	107	(24)	23
	496.191	**201.035**	**323.961**	**75.547**

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

	30 September 2018	**31 December 2017**
Corporation and income taxes	4.531	3.164
Prepaid taxes (-)	(2.676)	(4.414)
Current income tax liabilities - net	**1.855**	**(1.250)**
Deferred tax assets	**(69.525)**	**5.681**

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.

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

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 September 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 September 2018 and 2017 tax expense in the statement of income is as follows:

	1 January - 30 September 2018	**1 January - 30 September 2017**
Current period tax expense	(4.531)	(4.905)
Deferred tax benefit / (expense)	10.143	(2.595)
Total tax expense	**5.612**	**(7.500)**

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

Deferred tax assets and liabilities

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

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

NOTE 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:

	Cumulative temporary differences		Deferred tax	
	30 September 2018	**31 December 2017**	**30 September 2018**	**31 December 2017**
Deferred tax assets				
Employment termination benefits	(35.619)	(31.749)	7.124	6.350
Provision for impairment on inventories	(3.775)	(1.175)	830	258
Derivative financial instruments	(56.857)	(5.968)	12.509	1.313
Provision for lawsuit risks	(21.340)	-	4.268	-
Other	(24.059)	(14.436)	5.293	3.176
			30.024	**11.097**

	Cumulative temporary differences		Deferred tax	
	30 September 2018	**31 December 2017**	**30 September 2018**	**31 December 2017**
Deferred tax liabilites				
Useful life and valuation differences on property, plant and equipment and intangible assets	-	25.180	-	(5.036)
Revaluation of tangible fixed assets	502.688	-	(85.162)	-
Revaluation of tangible fixed asseets	3.982	-	(876)	-
Other	67.555	1.900	(13.511)	(380)
			(99.549)	**(5.416)**
Deferred tax assets - net			**(69.525)**	**5.681**

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

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:

	1 January - 30 September 2018	1 January - 30 September 2017
Opening balance, 1 January	**5.681**	**2.056**
Tax expense recognized in income statement	10.143	(2.595)
Recognized in shareholders' equity	(85.347)	7.234
Deferred tax liabilities at the end of the period, net	**(69.523)**	**6.695**

NOTE 24– EARNINGS PER SHARE

	1 January - 30 September 2018	1 January - 30 September 2017
Net (loss) / income attributable to equity holders of the parent	463.934	209.488
Weighted number of ordinary shares with a TL 1 of par value (thousand shares)	190.000	190.000
	2,44	**1,10**

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

NOTE 25 – DERIVATIVE INSTRUMENTS

	30 September 2018		31 December 2017	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
Derivative financial assets:				
Held for trading				
Forward foreign currency transactions	101.822	3.982	211.078	1.759
Cash flow hedge				
Forward foreign currency transactions	-	-	486.575	2.250
Derivative financial liabilities:				
Held for trading				
Forward foreign currency transactions	905.689	(56.857)	415.169	(5.993)
Cash flow hedge				
Forward foreign currency transactions	-	-	282.893	(3.984)
	1.007.511	**(52.875)**	**1.395.715**	**(5.968)**

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.

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

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

30 September 2018	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	14.777	144.009	-	1.089.452
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	2.680	7.528	72	68.449
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	120	-	834
4. Current assets (1+2+3)	**17.457**	**151.657**	**72**	**1.158.735**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	222	3.321	-	24.412
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	**222**	**3.321**	**-**	**24.412**
9. Total assets (4+8)	**17.679**	**154.978**	**72**	**1.183.147**
10. Trade payables	193.436	87.364	779	1.766.723
11. Financial liabilities	-	88.081	-	612.205
12a. Other monetary liabilities	-	14.286	-	99.295
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**193.436**	**189.731**	**779**	**2.478.223**
14. Trade payables	-	2.428	-	16.876
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	7.175	-	49.870
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**-**	**9.603**	**-**	**66.746**
18. Total liabilities (13+17)	**193.436**	**199.334**	**779**	**2.544.969**
19. Off-balance sheet derivative instruments/	**-**	**-**	-	-
net asset (liability) position (19a+19b)	**115.694**	**9.832**	-	**761.368**
19a. Hedged total assets	119.476	29.612	-	921.503
19b. Hedged total liabilities	(3.782)	(19.780)	-	(160.136)
20. Net foreign currency asset/ (liability)	-	-	-	-
position (9-18+19)	**(60.063)**	**(34.524)**	**(707)**	**(600.454)**
21. Net foreign currency monetary asset/	-	-	-	-
(liability) position	-	-	-	-
(=1+2a+5+6a-10-11-12a-14-15-16a)	**(175.979)**	**(47.797)**	**(707)**	**(1.387.068)**
22. Fair value of financial instruments used	**-**	**-**	-	-
in foreign currency hedging	**-**	**-**	-	**(52.875)**
23. Export	53.992	472.797	-	2.877.918
24. Import	244.718	151.518	1.831	1.915.659

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

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

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

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

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

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

	Gain / Loss		Equity	
30 September 2018	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(105.415)	105.415	(105.415)	105.415
Secured portion from USD risk (-)	69.228	(69.228)	69.228	(69.228)
USD net effect	**(36.187)**	**36.187**	**(36.187)**	**36.187**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(33.221)	33.221	(33.221)	33.221
Secured portion from EUR risk (-)	6.703	(6.703)	6.703	(6.703)
EUR net effect	**(26.518)**	**26.518**	**(26.518)**	**26.518**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	(71)	71	(71)	71
Secured portion from other currency risk (-)	-	-	-	-
Other currency net effect	**(71)**	**71**	**(71)**	**71**

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

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

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