

**(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish)**

## **Arçelik Anonim Şirketi**

**January 1-June 30, 2014 condensed interim consolidated financial statements together with independent auditor's review report**

## Review Report on the Interim Financial Information

### To the Board of Directors of Arçelik A.Ş.

#### *Introduction*

We have reviewed the consolidated statement of financial position and the consolidated statement of profit or loss, consolidated other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month-period then ended and a summary of significant accounting policies and explanatory condensed notes of Arçelik A.Ş. ("Arçelik" or "the Company") and its subsidiaries (all together referred to as "the Group") as of June 30, 2014. The management of the Company is responsible for the preparation and fair presentation of the interim financial information in accordance with the Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial information based on our review.

#### *Scope of Review*

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

#### *Conclusion*

Based on our review, nothing has come to our attention which may cause us to conclude that the accompanying interim condensed consolidated financial information of Arçelik A.Ş. does not give a true and fair view of financial position and financial performance of Arçelik A.Ş. as of June 30, 2014, and its cash flows for the six-month period then ended in accordance with the Turkish Accounting Standards.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Ethem Kutucular SMMM  
Partner

24 July 2014  
İstanbul, Türkiye

**ARÇELİK ANONİM ŞİRKETİ**

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(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2014 AND DECEMBER 31, 2013

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

	Notes	Reviewed June 30, 2014	Audited December 31, 2013
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	1,098,133	1,266,575
Trade receivables			
-Due from related parties	28	31,047	27,219
-Trade receivables, third parties	8	4,462,323	4,154,921
Derivative instruments	7	1,703	6,651
Inventories	9	2,065,811	1,988,373
Prepaid expenses	17	98,507	46,932
Current income tax assets	18	42,699	34,337
Other current assets	20	116,232	125,274
<b>Subtotal</b>		<b>7,916,455</b>	<b>7,650,282</b>
Assets held for sale		11,236	8,836
<b>Total current assets</b>		<b>7,927,691</b>	<b>7,659,118</b>
<b>Non-current assets:</b>			
Financial investments	5	638,741	539,170
Trade receivables			
-Trade receivables, third parties	8	13,265	27,456
Associates	11	189,574	192,404
Investment properties	12	6,168	6,346
Property, plant and equipment	13	1,826,904	1,836,789
Intangible assets			
-Goodwill		169,521	172,706
-Other intangible assets	14	898,415	886,268
Deferred tax assets	26	93,317	90,659
<b>Total non-current assets</b>		<b>3,835,905</b>	<b>3,751,798</b>
<b>Total assets</b>		<b>11,763,596</b>	<b>11,410,916</b>

These condensed interim consolidated financial statements as at and for the period ended June 30, 2014, have been approved for issue by the Board of Directors on July 24, 2014 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2014 AND DECEMBER 31, 2013

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

		Reviewed	Audited
	Notes	June 30, 2014	December 31, 2013
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Financial liabilities	6	715,132	612,048
Short term portion of long term financial liabilities	6	1,729,609	1,061,331
Trade payables			
-Due to related parties	28	342,331	437,457
-Trade payables, third parties	8	1,339,202	1,207,443
Derivative instruments	7	1,465	14,497
Employee benefit obligations	19	115,254	135,599
Other payables			
-Due to related parties	28	8,928	8,860
-Other payables, third parties	10	92,029	96,526
Current income tax liabilities	26	36,517	19,648
Provisions			
-Other provisions	16	297,357	258,548
Other current liabilities	20	279,161	239,186
<b>Total current liabilities</b>		<b>4,956,985</b>	<b>4,091,143</b>
<b>Non-current liabilities</b>			
Financial liabilities	6	1,985,554	2,581,159
Other payables			
-Due to related parties	28	57,644	62,427
Derivate instruments	7	64,156	51,180
Provisions			
-Provision for employee benefits		144,489	127,161
-Other provisions	16	89,908	93,707
Deferred tax liabilities	26	250,929	245,515
Other non-current liabilities		28,749	19,868
<b>Total non-current liabilities</b>		<b>2,621,429</b>	<b>3,181,017</b>
<b>Total liabilities</b>		<b>7,578,414</b>	<b>7,272,160</b>
<b>EQUITY</b>			
Paid-in capital	21	675,728	675,728
Adjustment to share capital	21	468,811	468,811
Share premium		889	889
Other comprehensive income/expense not to be reclassified to profit or loss			
-Actuarial gain/loss arising from defined benefit plans		(21,627)	(6,891)
Other comprehensive income/loss to be reclassified to profit or loss			
-Financial assets revaluation fund		468,793	374,201
-Non-current assets revaluation fund		68,938	70,002
-Foreign currency hedge of net investments in foreign operations		(224,887)	(210,776)
-Cash flow hedges		(1,566)	421
-Currency translation differences		289,017	308,266
Contribution to shareholders' equity related to merger	21	14,507	14,507
Restricted reserves	21	275,430	248,809
Retained earnings		1,792,300	1,521,038
Net income for the period		292,398	597,845
Atributable to:			
Equity holders of the parent		4,098,731	4,062,850
Non-controlling interest		86,451	75,906
<b>Total equity</b>		<b>4,185,182</b>	<b>4,138,756</b>
<b>Total liabilities and equity</b>		<b>11,763,596</b>	<b>11,410,916</b>

Commitments, contingent assets and liabilities

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

	Notes	Reviewed		April 1- June 30, 2014	April 1- June 30, 2013
		January 1- June 30, 2014	January 1- June 30, 2013		
Net sales	3	5,878,231	5,095,631	3,075,965	2,665,460
Cost of sales		(3,995,954)	(3,556,895)	(2,085,487)	(1,865,237)
<b>Gross profit</b>		<b>1,882,277</b>	<b>1,538,736</b>	<b>990,478</b>	<b>800,223</b>
General administrative expenses		(244,492)	(189,443)	(122,963)	(92,891)
Marketing, selling and distribution expenses		(1,107,192)	(932,387)	(573,021)	(499,525)
Research and development expenses		(51,212)	(40,141)	(25,785)	(20,680)
Other operating income	22	106,347	141,796	29,359	112,554
Other operating expenses	22	(110,605)	(92,737)	(63,141)	(32,965)
<b>Operating profit</b>		<b>475,123</b>	<b>425,824</b>	<b>234,927</b>	<b>266,716</b>
Income from investment activities	23	13,856	10,244	467	9,954
Expenses from investment activities	23	(1,060)	(648)	(162)	(469)
Income from associates	11	12,911	23,721	7,120	16,690
<b>Operating income before financial income/(expense)</b>		<b>500,830</b>	<b>459,141</b>	<b>242,352</b>	<b>292,891</b>
Financial income	24	204,731	201,581	105,929	94,591
Financial expenses	25	(354,848)	(322,132)	(158,191)	(208,288)
<b>Profit before tax from continued operations</b>		<b>350,713</b>	<b>338,590</b>	<b>190,090</b>	<b>179,194</b>
<b>Tax income/(expense) of continued operations</b>					
- Taxes on income	26	(47,988)	(40,768)	(19,932)	(7,231)
- Deferred tax income	26	(883)	(9,254)	(2,821)	(17,516)
<b>Net income from continued operations</b>		<b>301,842</b>	<b>288,568</b>	<b>167,337</b>	<b>154,447</b>
<b>Attributable to:</b>					
Non-controlling interest		9,444	7,824	6,100	3,140
<b>Equity holders of the parent</b>		<b>292,398</b>	<b>280,744</b>	<b>161,237</b>	<b>151,307</b>
<b>Earnings per share (Kr)</b>	27	<b>0.433</b>	<b>0.415</b>	<b>0.239</b>	<b>0.224</b>

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

	Reviewed		April 1- June 30, 2014	April 1- June 30, 2013
	January 1- June 30, 2014	January 1- June 30, 2013		
Net income for the period	301,842	288,568	167,337	154,447
<b>Other comprehensive income /(expense):</b>				
<b>Items not to be reclassified to profit or loss in subsequent periods</b>				
Actuarial loss arising from defined benefit plans	(14,736)	(1,557)	(11,531)	(1,557)
Tax effect other comprehensive income/loss not to be reclassified to profit or loss	3,684	389	2,883	389
<b>Items to be reclassified to profit or loss</b>				
Foreign currency hedge of net investments in foreign operations	(17,639)	(53,258)	17,295	(64,041)
Share of other comprehensive income of associates	(1,987)	824	(1,470)	626
Fair value increase on financial assets	99,571	13,940	99,571	13,940
Currency translation differences	(19,174)	25,501	(45,963)	69,643
Tax effect of other comprehensive income/loss to be reclassified to profit or loss	(1,451)	10,063	(8,438)	12,112
<b>Other comprehensive income/(loss) (net of tax)</b>	<b>44,584</b>	<b>(4,487)</b>	<b>49,464</b>	<b>30,723</b>
<b>Total comprehensive income</b>	<b>346,426</b>	<b>284,081</b>	<b>216,801</b>	<b>185,170</b>
<b>Attributable to:</b>				
Non-controlling interest	10,583	10,876	5,379	9,338
<b>Equity holders of the parent</b>	<b>335,843</b>	<b>273,205</b>	<b>211,422</b>	<b>175,832</b>

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ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

	Paid-in capital 675,728	Inflation adjustment to share capital 468,811	Share premium 889	Contribution to shareholders' equity due to merger 14,507	Other comprehensive income / (expense) not to be reclassified to profit or loss			Other comprehensive income / (expense) to be reclassified to profit or loss		Retained earnings		Total equity 4,138,756		
					Actuarial gain/losses arising from defined benefit plans (6,891)	Hedge funds (210,355)	Revaluation funds 444,203	Currency translation differences 308,266	Restricted reserves 248,809	Accumulated profit 1,521,038	Net income for the period 597,845		Equity holders of the parent 4,062,850	Non- controlling interest 75,906
Balance at January 1, 2014	675,728	468,811	889	14,507	(6,891)	(210,355)	444,203	308,266	248,809	1,521,038	597,845	4,062,850	75,906	4,138,756
<i>Comprehensive income</i>														
Net income for the period	-	-	-	-	-	-	-	-	-	-	292,398	292,398	9,444	301,842
<i>Other comprehensive income:</i>														
Fair value increase in financial assets (net)	-	-	-	-	-	-	94,592	-	-	-	-	94,592	-	94,592
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	-	-	(14,111)	-	-	-	-	-	(14,111)	-	(14,111)
Share of other comprehensive income of associates	-	-	-	-	-	(1,987)	-	-	-	-	-	(1,987)	-	(1,987)
Actuarial gain/loss arising from defined benefit plans	-	-	-	-	-	(14,736)	-	-	-	-	-	(14,736)	-	(14,736)
Currency translation differences	-	-	-	-	-	-	(1,064)	(19,249)	-	-	-	(20,313)	1,139	(19,174)
Total other comprehensive income	-	-	-	-	-	(14,736)	(16,098)	93,528	(19,249)	-	-	43,445	1,139	44,584
Total comprehensive income	-	-	-	-	-	(14,736)	(16,098)	93,528	(19,249)	-	292,398	335,843	10,583	346,426
Transfers	-	-	-	-	-	-	-	-	26,621	571,224	(597,845)	-	-	-
Purchase of additional shares in subsidiaries	-	-	-	-	-	-	-	-	-	38	-	38	(38)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(300,000)	-	(300,000)	-	(300,000)
As of June 30, 2014	675,728	468,811	889	14,507	(21,627)	(226,453)	537,731	289,017	275,430	1,792,300	292,398	4,098,731	86,451	4,185,182

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



(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

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

	Paid-in capital		Inflation adjustment to share capital	Share premium	Contribution to shareholders' equity due to merger	Other comprehensive income / (expense) not to be reclassified to profit or loss			Retained earnings			Total equity		
	Balance at December 31, 2012 - previously reported	Change in accounting policy - TAS 19				Balance at January 1, 2013 - as restated	Hedge funds	Revaluation funds	Currency translation differences	Restricted reserves	Accumulated profit		Net income for the period	Equity holders of the parent
Balance at December 31, 2012 - previously reported	675,728	-	468,811	889	14,507	(57,531)	527,816	86,790	216,687	1,383,191	524,764	3,841,652	85,583	3,927,235
Change in accounting policy - TAS 19	-	-	-	-	247	-	-	-	-	4,802	(5,049)	-	-	-
Balance at January 1, 2013 - as restated	675,728	-	468,811	889	14,507	(57,531)	527,816	86,790	216,687	1,387,993	519,715	3,841,652	85,583	3,927,235
<i>Comprehensive income</i>														
Net income for the period	-	-	-	-	-	-	-	-	-	-	280,744	280,744	7,824	288,568
<i>Other comprehensive income:</i>														
Fair value increase in financial assets (net)	-	-	-	-	-	13,243	-	-	-	-	-	13,243	-	13,243
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	-	-	(42,606)	-	-	-	-	-	(42,606)	-	(42,606)
Share of other comprehensive income of associates	-	-	-	-	-	824	-	-	-	-	-	824	-	824
Tax effect of amortisation calculated over intangible assets revaluation increases	-	-	-	-	-	-	108	-	-	-	-	108	-	108
Actuarial gain/loss arising from defined benefit plans	-	-	-	-	-	(1,557)	-	-	-	-	-	(1,557)	-	(1,557)
Currency translation differences	-	-	-	-	-	-	1,217	21,232	-	-	-	22,449	3,052	25,501
<b>Total other comprehensive income</b>	-	-	-	-	-	(41,782)	14,568	21,232	-	-	-	(7,539)	3,052	(4,487)
<b>Total comprehensive income</b>	-	-	-	-	-	(41,782)	14,568	21,232	-	-	280,744	273,205	10,876	284,081
Transfers	-	-	-	-	-	-	-	-	32,122	487,593	(519,715)	-	-	-
Amortisation effect of the revaluation of intangible assets (net)	-	-	-	-	-	-	(425)	-	-	425	-	(355,000)	-	(355,000)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As of June 30, 2013 - as restated</b>	<b>675,728</b>	<b>-</b>	<b>468,811</b>	<b>889</b>	<b>14,507</b>	<b>(99,313)</b>	<b>541,959</b>	<b>108,022</b>	<b>248,809</b>	<b>1,521,011</b>	<b>280,744</b>	<b>3,759,857</b>	<b>96,459</b>	<b>3,856,316</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR PERIODS ENDED JUNE 30, 2014 AND 2013

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

	Notes	Reviewed	
		January 1- June 30, 2014	January 1- June 30, 2013
<b>Operating activities:</b>			
<b>Net income from continued operations</b>		<b>301,842</b>	<b>288,568</b>
<i>Adjustments to reconcile net cash provided from operating activities to income after taxes</i>			
Taxes expense	26	48,871	50,022
Depreciation and amortization		169,551	146,806
Changes in provisions	30	123,858	126,597
Interest expenses	25	151,506	89,257
Interest income	24	(11,894)	(20,361)
Income from associates (net)	11	(12,911)	(23,721)
(Income)/loss from derivative instruments (net)	24, 25	32,892	(22,399)
Incentive income	22	(16,100)	(18,779)
Dividend income from financial investments	23	(12,944)	(9,559)
(Gain)/loss from sales of tangible and intangible assets (net)	23	148	(37)
<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>		<b>774,819</b>	<b>606,394</b>
<b>Changes in operating assets and liabilities (net):</b>			
Trade payables and due to related parties		31,918	532,056
Other non-current liabilities		41,674	(432)
Other current assets and liabilities		(133,389)	(53,330)
Inventories		(79,010)	(230,159)
Trade receivables and due from related parties		(306,953)	(658,505)
Payments of employee termination benefit obligation		(16,321)	(11,717)
Corporate and income taxes paid		(28,107)	(26,070)
<b>Cash flows from operating activities</b>		<b>284,631</b>	<b>158,237</b>
<b>Investing activities:</b>			
Acquisition of tangible and intangible assets		(188,331)	(188,400)
Cash provided from sales of tangible and intangible assets		1,088	2,849
Dividends received	11	14,100	22,475
Dividends received from financial investments	23	12,944	9,559
Cash provided from incentives		7,596	14,010
<b>Cash flows from investing activities</b>		<b>(152,603)</b>	<b>(139,507)</b>
<b>Financing activities:</b>			
Proceeds from bank borrowings		1,334,257	682,190
Repayment of bank borrowings		(1,156,275)	(1,333,380)
Dividends paid	21	(300,000)	(355,000)
Interest paid		(149,998)	(80,229)
Interest received		12,460	20,757
Bond issued		-	889,269
Derivative instruments		(28,000)	11,203
<b>Cash flows from financing activities</b>		<b>(287,556)</b>	<b>(165,190)</b>
<b>Net decrease in cash and cash equivalents before currency translation differences</b>			
		<b>(155,528)</b>	<b>(146,460)</b>
Currency translation differences (net)		(12,348)	53,136
<b>Net decrease in cash and cash equivalents</b>		<b>(167,876)</b>	<b>(93,324)</b>
<b>Cash and cash equivalents at January 1</b>	4	<b>1,265,726</b>	<b>1,739,277</b>
<b>Cash and cash equivalents at June 30</b>	4	<b>1,097,850</b>	<b>1,645,953</b>

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2014

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

#### NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (“Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates fourteen manufacturing plants in Turkey, Romania, Russia, China and Republic of South Africa. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 21).

The Company's head office is located at:

Karaağaç Caddesi No: 2-6

Sütlüce 34445 Beyoğlu İstanbul / Turkey

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1986. At June 30, 2014, the publicly listed shares are 25.19% of the total shares.

The average number of personnel employed by categories in the Group for the period ended June 30, 2014 is 4,176 white - collar (1 January- 30 June 2013: 3,997) and 20,151 (1 January- 30 June 2013: 19,535) blue – collar totaling to 24,327 (1 January- 30 June 2013: 23,531).

<u>Subsidiaries and branches</u>	<u>Country of incorporation</u>	<u>Core Business</u>	<u>Nature of business</u>
<b>Continuing operations as of balance sheet date</b>			
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Ardutch B.V. Taiwan (“Ardutch Taiwan”) (*)	Taiwan	Purchase	Consumer Durables/Electronics
Beko A and NZ Pty Ltd. (“Beko Australia”) (*)	Australia, New Zealand	Sales	Consumer Durables
Beko Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer Durables/Electronics
Beko Egypt Trading LLC (“Beko Egypt”)	Egypt	Sales	Consumer Durables
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. (Beko France”)	France	Sales	Consumer Durables/Electronics
Beko Hong Kong Ltd. (“Beko Hong Kong”)	Hong Kong, China	Purchase	Consumer Durables/Electronics
Beko Italy SRL (“Beko Italy”)	Italy	Sales	Consumer Durables/Electronics
Beko LLC. (“Beko Russia”)	Russia	Production/Sales	Consumer Durables/Electronics
Beko Plc. (“Beko UK”) (*)	UK, Republic of Ireland	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko S.A. (“Beko Polska”) (*)	Poland, Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer Durables/Electronics
Beko Ukraine LLC (“Beko Ukraine”)	Ukraine	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer Durables
Defy Appliances (Proprietary) Limited (“Defy”)	Republic Of South Africa	Production/Sales	Consumer Durables
Defy (Botswana) (Proprietary) Limited (“Defy Botswana”)	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Limited (“Defy Namibia”)	Namibia	Sales	Consumer Durables
Defy Trust Two (Proprietary) Limited (“Defy Trust”)	Republic of South Africa	Investment	Real Estate
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Sales	Consumer Durables/Electronics
Grundig Multimedia A.G. (“Grundig Switzerland”)	Switzerland	Sales	Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Intermedia GmbH (“Grundig Intermedia”) (*)	Germany, Croatia	Sales	Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Consumer Durables/Electronics
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Consumer Durables/Electronics
Kindoc Park (Proprietary) Limited (“Defy Kindoc”)	Republic of South Africa	Investment	Real Estate
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer Durables/Electronics

(\*) Branches of the Subsidiary, which operate in a different country, are separately presented.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2014

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

#### NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Continued)

	<u>Country of incorporation</u>	<u>Core Business</u>	<u>Nature of business</u>
<b>Subsidiaries</b>			
<b>Ceased operations as of balance sheet date:</b>			
Archin Limited (“Archin”)	Hong Kong, China	-	-
ArcticPro SRL (“ArcticPro”)	Romania	-	-
Beko Cesko (“Beko Cesko”)	Czech Republic	-	-
Beko S.A. Hungary (“Beko Hungary”)	Hungary	-	-
Blomberg Werke GmbH (“Blomberg Werke”)	Germany	-	-
Defy (Swaziland) (Proprietary) Limited (“Defy Swaziland”)	Swaziland	-	-
Grundig Ceska Republika S.r.o (“Grundig Czech Republic”)	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	-	-
Grundig Magyarország Kft. (“Grundig Hungary”)	Hungary	-	-
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	-	-
Grundig Slovakia s.r.o (“Grundig Slovakia”)	Slovakia	-	-
Raupach Wollert GmbH (“Raupach”)	Germany	-	-
<b>Associates</b>			
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer Durables
Koç Finansman A.Ş. (“Koç Finansman”)	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign Trade
Tanı Pazarlama İ.H.A.Ş. (“Tanı Pazarlama”)	Turkey	Consultancy	Marketing /Communication

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

##### Financial reporting standards

The condensed interim consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, (“TAS/TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The Group prepared its interim consolidated financial statements as at and for the period ended June 30, 2014, in accordance with the Turkish Accounting Standard No 34 “Interim Financial Reporting”.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its condensed interim consolidated financial statements in accordance with this decision.

##### New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at June 30, 2014 are applied consistently with the TAS/TFRS and interpretations. The new and amended standards and interpretations effective as of January 1, 2014 have no impact on the condensed interim consolidated financial statements of the Group.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**Standards issued but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated interim financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the condensed interim consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

**TFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The second package of amendments issued in November 2013 initiate further accounting requirements for financial instruments, which are explained separately below as 2013 amendment, and removed the 1 January 2015 mandatory effective date of IFRS 9. The IASB is currently working on drafting the final requirements on impairment. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

**The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA**

The following standards, interpretations and amendments to existing TFRS standards are issued by the IASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adopted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

**IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)**

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The mandatory effective date of IFRS 9 has tentatively been decided as for annual periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

**IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation  
(Amendments to IAS 16 and IAS 38)**

In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**IFRS 15 – Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**Improvements to IFRSs**

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after 1 July 2014.

**Annual Improvements to IFRSs – 2010–2012 Cycle**

*IFRS 2 Share-based Payment:*

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

*IFRS 3 Business Combinations*

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

*IFRS 8 Operating Segments*

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

*IFRS 13 Fair Value Measurement*

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

*IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

*IAS 24 Related Party Disclosures*

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**Annual Improvements – 2011–2013 Cycle**

*IFRS 3 Business Combinations*

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

*Amendment to the Basis for Conclusions on IFRS 13 Fair Value Measurement*

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

*IAS 40 Investment Property*

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Group do not expect that these amendments will have significant impact on the financial position or performance of the Group.

**Functional and presentation currency**

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The condensed interim consolidated financial statements are presented in TRY, which is the functional currency of Arçelik and the presentation currency of the Group.

**Financial statements of subsidiaries operating in countries other than Turkey**

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted to TAS/ TFRS for the purpose of fair presentation. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are included in the “currency translation difference” under the shareholders’ equity.

**Consolidation principles**

The condensed interim consolidated financial statements, which have been prepared in accordance with the principles disclosed in the annual consolidated financial statements for the year ended December 31, 2013, include the accounts of the parent company, Arçelik, and its Subsidiaries.



**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2014**

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

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, at June 30, 2014 and December 31, 2013 (%) and their functional currencies:

	Functional Currency	June 30, 2014		December 31, 2013	
		Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
<b>Continuing operations as of balance sheet date:</b>					
Arctic	Romanian Lei	96.72	96.72	96.71	96.71
Ardutch	Euro	100.00	100.00	100.00	100.00
Ardutch Taiwan	Taiwanese Dollar	100.00	100.00	100.00	100.00
Beko Australia	Australian Dollar/ New Zealand Dollar	100.00	100.00	100.00	100.00
Beko China	Chinese Yuan	100.00	100.00	100.00	100.00
Beko Deutschland	Euro	100.00	100.00	100.00	100.00
Beko Espana	Euro	100.00	100.00	100.00	100.00
Beko Egypt	Egyptian Lira	100.00	100.00	100.00	100.00
Beko France	Euro	100.00	100.00	100.00	100.00
Beko Hong Kong	US Dollar	100.00	100.00	100.00	100.00
Beko Italy	Euro	100.00	100.00	100.00	100.00
Beko Polska	Polish Zloty/ Czech Koruna	100.00	100.00	100.00	100.00
Beko Russia	Russian Ruble	100.00	100.00	100.00	100.00
Beko Slovakia	Euro	100.00	100.00	100.00	100.00
Beko Shanghai	Chinese Yuan	100.00	100.00	100.00	100.00
Beko UK (*)	British Pound/ Euro	50.00	50.00	50.00	50.00
Beko Ukraine	Ukrainian Hryvna	100.00	100.00	100.00	100.00
Defy	South African Rand	100.00	100.00	100.00	100.00
Defy Botswana	Botswana Pula	100.00	100.00	100.00	100.00
Defy Kindoc	South African Rand	100.00	100.00	100.00	100.00
Defy Namibia	Namibian Dollar	100.00	100.00	100.00	100.00
Defy Trust	South African Rand	100.00	100.00	100.00	100.00
Elektra Bregenz	Euro	100.00	100.00	100.00	100.00
Grundig Multimedia	Euro	100.00	100.00	100.00	100.00
Grundig Intermedia	Euro/ Croatian Kuna	100.00	100.00	100.00	100.00
Grundig Norway	Norwegian Krone	100.00	100.00	100.00	100.00
Grundig Sweden	Swedish Krona	100.00	100.00	100.00	100.00
Grundig Switzerland	Swiss Franc	100.00	100.00	100.00	100.00
<b>Ceased operations as of balance sheet date:</b>					
Archin	-	100.00	100.00	100.00	100.00
Arctic Pro	-	100.00	100.00	100.00	100.00
Beko Cesko	-	100.00	100.00	100.00	100.00
Beko Hungary	-	100.00	100.00	100.00	100.00
Blomberg Werke	-	100.00	100.00	100.00	100.00
Defy Carron (**)	-	-	-	100.00	100.00
Defy Ocean (**)	-	-	-	100.00	100.00
Defy Swaziland	-	100.00	100.00	100.00	100.00
Grundig Czech Republic	-	100.00	100.00	100.00	100.00
Grundig Austria	-	100.00	100.00	100.00	100.00
Grundig Hungary	-	100.00	100.00	100.00	100.00
Grundig Portugal	-	100.00	100.00	100.00	100.00
Grundig Slovakia	-	100.00	100.00	100.00	100.00
Raupach	-	100.00	100.00	100.00	100.00

(\*) Arçelik Group owns full power over the operations of the Subsidiary while holding 50% of voting power of the Subsidiary, based on the declarations of the non-controlling interest holders. Arçelik A.Ş. has the power over the activities; rights to variable returns based on the performance; and the ability to use power to affect the amount of the returns from the Subsidiary.

(\*\*) Dissolved in 2014.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**Going concern**

The Group prepared condensed interim consolidated financial statements in accordance with the going concern assumption.

**Offsetting**

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

**Comparatives and restatement of prior periods' financial statements**

The condensed interim consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period condensed interim consolidated financial statements and the significant changes are explained.

Cash discounts amounting TRY 5,777 which was disclosed under financial expenses in previous periods is reclassified to other operating expenses of the Group's statement of profit or loss for the period ended June 30, 2014.

**2.2 Restatement and errors in the accounting policies and estimates**

Any change in the accounting policies resulted from the first time adoption of a new standards is made either retrospectively or prospectively in accordance with the transition requirements of the standards. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

**2.3 Summary of significant accounting policies**

The condensed interim consolidated financial statements of the Group for the six months period ended June 30, 2014 have been prepared in accordance with TAS 34 "Interim Financial Reporting". Additionally, the accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended June 30, 2014 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2013. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

**NOTE 3 - SEGMENT REPORTING**

The reportable segments of Arçelik have been organized by management into white goods and consumer electronics. White goods reportable segment comprises washing machines, dryers, dish washers, refrigerators, ovens, cookers and the services provided for these products. The consumer goods reportable segment comprises televisions primarily with flat screens, computers, cash registers, other electronic devices and the services provided to consumers for these products. Other sales comprise the revenues from air conditioners, home appliances and furniture and kitchen gadgets except products included in white goods and consumer electronics.

Accounting policies applied by each operational segment of Arçelik are the same as those are applied in Arçelik's consolidated financial statements prepared in accordance with TAS/TFRS.

Arçelik's reportable segments are strategic business units that present various products and services. Each of these segments is administrated separately due to the necessity of different technologies and marketing strategies.

Gross profitability is evaluated regarding the performance of the operational segments. Information about the operational segments is as follows:

- a) Operational segments which have been prepared in accordance with the reportable segments for the six-month period between January 1- June 30, 2014 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	4,191,373	861,105	825,753	5,878,231
Gross profit	1,425,198	213,451	243,628	1,882,277
Depreciation and amortization	142,171	24,122	6,183	172,476
Capital expenditures	157,560	29,935	4,725	192,220
Income from associates	-	-	12,911	12,911

- b) Operational segments which have been prepared in accordance with the reportable segments for the six-month period between January 1- June 30, 2013 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	3,476,668	648,571	970,392	5,095,631
Gross profit	1,162,344	106,920	269,472	1,538,736
Depreciation and amortization	120,053	23,800	5,490	149,343
Capital expenditures	163,068	22,010	5,859	190,937
Income from associates	-	-	23,721	23,721

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2014**

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

**NOTE 3 - SEGMENT REPORTING (Continued)**

c) Operational segments which have been prepared in accordance with the reportable segments for the three-month period between April 1 – June 30, 2014 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	2,243,242	409,048	423,675	3,075,965
Gross profit	765,804	102,532	122,142	990,478
Depreciation and amortization	71,672	12,168	2,973	86,813
Capital expenditures	92,126	15,667	3,007	110,800
Income from associates	-	-	7,120	7,120

d) Operational segments which have been prepared in accordance with the reportable segments for the three-month period between April 1 – June 30, 2013 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,800,855	312,708	551,897	2,665,460
Gross profit	595,142	55,322	149,759	800,223
Depreciation and amortization	60,236	11,764	2,569	74,569
Capital expenditures	107,116	11,847	2,998	121,961
Income from associates	-	-	16,690	16,690

e) Sales revenue based on the location of the customers and income from associates for the six-months period between January 1- June 30, are as below:

<b>January 1 – June 30, 2014</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	2,177,578	2,508,592	504,508	687,553	5,878,231
Income from associates	12,911	-	-	-	12,911
<b>January 1 – June 30, 2013</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	2,268,393	1,801,839	464,451	560,948	5,095,631
Income from associates	23,721	-	-	-	23,721

f) Sales revenue based on the location of the customers and income from associates for the period between April 1 – June 30, are as below:

<b>April 1 – June 30, 2014</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,148,987	1,286,336	286,721	353,921	3,075,965
Income from associates	7,120	-	-	-	7,120
<b>April 1 – June 30, 2013</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,188,033	945,431	230,296	301,700	2,665,460
Income from associates	16,690	-	-	-	16,690

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NOTE 4 - CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013
Cash in hand	396	315
Cash at banks		
- demand deposits	122,893	125,062
- time deposits	883,632	1,067,005
Cheques and notes	85,998	69,075
Other	4,931	4,269
<b>Cash and cash equivalents in cash flow statement</b>	<b>1,097,850</b>	<b>1,265,726</b>
Interest income accruals	283	849
	<b>1,098,133</b>	<b>1,266,575</b>

The maturity breakdown of cash and cash equivalents is as follows:

Up to 30 days	893,314	1,262,977
31-90 days	204,819	3,598
	<b>1,098,133</b>	<b>1,266,575</b>

As of balance sheet date effective interest rates (%) of time deposits are as follows:

TRY	-	7.0
USD	1.1	1.6
EUR	1.3	1.6
AUD	0.5	0.5
CNY	1.2	2.7
ZAR	5.0	4.5
GBP	0.3	0.3
CHF	0.1	0.1
EGP	4.6	4.0
NOK	0.6	0.6
PLN	2.3	2.3
RON	3.4	3.2
NZD	3.0	3.0
SEK	0.2	-

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NOTE 5 - FINANCIAL INVESTMENTS

*Available-for-sale investments*

	June 30, 2014		December 31, 2013	
	%	TRY	%	TRY
Koç Finansal Hizmetler A.Ş.	3.98	637,253	3.98	537,682
Other		1,488		1,488
		<b>638,741</b>		<b>539,170</b>

NOTE 6 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

	June 30, 2014	December 31, 2014
Short-term bank borrowings	714,367	611,625
Other	765	423
<b>Total short-term financial liabilities</b>	<b>715,132</b>	<b>612,048</b>
Short-term portion of long-term bank borrowings and interest accruals	1,716,633	1,048,288
Interest accruals of long-term bond issued (*)	12,976	13,043
<b>Total short-term portion of long-term financial liabilities</b>	<b>1,729,609</b>	<b>1,061,331</b>

(\*) The Group issued bond to the investors outside of Turkey and bond sales transactions were completed on April 3, 2013. Maturity of the bonds amounting USD 500 million with re-offer yield 5.125% that quoted in Ireland Stock Exchange is April 3, 2023. Interest payments are on semi-annual basis and coupon rate is 5%.

As of June 30, 2014, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	9.2	481,970,390	481,970
EUR	1.2	56,343,507	162,940
ZAR	7.2	250,000,000	50,075
CNY	5.6	38,039,200	12,917
RUB	9.9	103,004,306	6,465
			<b>714,367</b>

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**NOTE 6 - FINANCIAL LIABILITIES (Continued)**

As of December 31, 2013, the details of short-term bank borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	8.0	247,085,095	247,085
EUR	1.3	101,959,184	299,403
RUB	7.9	951,363,827	61,629
CNY	5.6	10,018,667	3,508
			<b>611,625</b>

**b) Long-term financial liabilities**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Long-term bank borrowings	935,088	1,526,555
Long-term bonds issued	1,049,697	1,054,461
Other	769	143
	<b>1,985,554</b>	<b>2,581,159</b>

As of June 30, 2014, the details of the long-term bank borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	11.8	1,117,303,690	1,117,304
EUR	2.7	422,250,458	1,221,106
ZAR	8.2	750,000,000	150,225
USD	3.1	50,081,051	106,342
RUB	8.7	904,156,849	56,744
			<b>2,651,721</b>
Less: Short-term portion of long-term loans and interest accruals			<b>(1,716,633)</b>
			<b>935,088</b>

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**NOTE 6 - FINANCIAL LIABILITIES (Continued)**

As of December 31, 2013, the details of the long-term bank borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	9.6	1,113,235,845	1,113,236
EUR	2.6	407,137,522	1,195,559
ZAR	6.8	684,175,684	139,716
USD	3.1	50,085,944	106,898
RUB	7.7	300,000,000	19,434
			<b>2,574,843</b>
Less: Short-term portion of long-term loans and interest accruals			(1,048,288)
			<b>1,526,555</b>

As of June 30, 2014, detail of discounted amounts of long-term bonds issued is given below:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
USD	5.1	500,458,214	1,062,673
			<b>1,062,673</b>
Less: Interest accruals of long-term bonds issued			(12,976)
			<b>1,049,697</b>

As of December 31, 2013, detail of discounted amounts of long-term bonds issued is given below:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
USD	5.1	500,165,711	1,067,504
			<b>1,067,504</b>
Less: Interest accruals of long-term bonds issued			(13,043)
			<b>1,054,461</b>



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NOTE 6 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the long-term bank borrowings and bonds is as follows:

	June 30, 2014	December 31, 2013
2015	61,052	1,148,071
2016	443,370	123,986
2017	302,138	123,986
2018	64,264	65,256
2019	64,264	65,256
2023	1,049,697	1,054,461
	<b>1,984,785</b>	<b>2,581,016</b>

The analysis of borrowings and bonds issued in terms of periods remaining to contractual re-pricing dates is as follows:

Up to 6 months	2,785,318	2,892,754
6 - 12 months	235,076	-
1- 5 years	313,563	228,459
Over 5 years	1,094,804	1,132,759
	<b>4,428,761</b>	<b>4,253,972</b>

NOTE 7 - DERIVATIVE INSTRUMENTS

	June 30, 2014			December 31, 2013		
	Contract amount	Fair value Assets /(Liabilities)		Contract amount	Fair value Assets /(Liabilities)	
<i>Held for trading:</i>						
<i>Short-term derivative instruments</i>						
Forward transactions	853,243	1,280	(1,234)	1,233,804	817	(8,822)
Foreign currency swap contracts	693,999	423	(231)	857,585	5,834	(5,675)
	<b>1,547,242</b>	<b>1,703</b>	<b>(1,465)</b>	<b>2,091,389</b>	<b>6,651</b>	<b>(14,497)</b>

*Long-term derivative instruments*

Cross-currency fixed interest rate swap (*)	1,575,712	-	(64,156)	1,583,318	-	(51,180)
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(\*) In order to mitigate foreign exchange risk and to naturally hedge principal and interest payments of the long term bond issued in US Dollars against the major foreign currencies that sales and collections are performed in, Group entered into cross currency fixed interest rate swap amounting to EUR 202.8 million with 4.65% interest rate in return for USD 270 million and amounting to GBP 57.5 million with 5% interest rate in return for USD 90 million in April, 2013.

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	June 30, 2014	December 31, 2013
<b>Short-term trade receivables:</b>		
Trade receivables	2,846,965	2,404,779
Notes receivables	1,490,096	1,651,986
Cheques receivables	235,810	227,891
<b>Short-term trade receivables (gross)</b>	<b>4,572,871</b>	<b>4,284,656</b>
Less: Provision for doubtful receivables	(96,684)	(113,281)
Less: Unearned credit finance income	(13,864)	(16,454)
<b>Short-term trade receivables (net)</b>	<b>4,462,323</b>	<b>4,154,921</b>

Movements in the provision for doubtful receivables for the six months periods ended June 30 are as follows:

	2014	2013
<b>As of January 1</b>	<b>113,281</b>	<b>93,229</b>
Additions (Note 22)	9,914	2,541
Provisions released (Note 22)	(2,414)	(331)
Write-offs (*)	(24,080)	(2,009)
Currency translation differences	(17)	2,204
<b>As of June 30</b>	<b>96,684</b>	<b>95,634</b>

(\*) Doubtful receivables for which no possibility of collection is foreseen or no further cash inflow are expected are written off from the records along with the related provisions.

	June 30, 2014	December 31, 2013
Long-term trade receivables:	13,265	27,456
<b>Short-term trade payables:</b>		
Trade payables	1,271,321	1,165,156
Debt accruals	76,342	51,536
Unearned credit finance charges	(8,461)	(9,249)
	<b>1,339,202</b>	<b>1,207,443</b>

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NOTE 9 - INVENTORIES

	June 30, 2014	December 31, 2013
Raw materials and supplies	870,896	899,869
Work in progress	70,895	60,299
Finished goods	897,417	792,747
Trade goods	283,789	295,645
<b>Inventories (gross)</b>	<b>2,122,997</b>	<b>2,048,560</b>
Less: Provision for impairment on inventories	(57,186)	(60,187)
<b>Inventories (net)</b>	<b>2,065,811</b>	<b>1,988,373</b>

There are no inventories pledged as security for liabilities (December 31, 2013: None),

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

	June 30, 2014	December 31, 2013
Raw materials and supplies	47,665	49,778
Finished goods	7,059	7,560
Trade goods	2,462	2,849
	<b>57,186</b>	<b>60,187</b>

Movements of provision for impairment on inventories for the periods ended June 30 are as follows:

	2014	2013
<b>As of January 1</b>	<b>60,187</b>	<b>59,785</b>
Additions (Note 22)	1,226	2,736
Realized due to sales of inventory	(3,797)	(1,487)
Currency translation differences	(430)	369
<b>As of June 30</b>	<b>57,186</b>	<b>61,403</b>

NOTE 10 - OTHER PAYABLES

	June 30, 2014	December 31, 2013
Taxes and duties payable	78,663	82,444
Dividend payables to non-controlling interest	4,361	4,370
Deposits and guarantees received	2,994	4,811
Other	6,011	4,901
	<b>92,029</b>	<b>96,526</b>

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NOTE 11 - ASSOCIATES

	June 30, 2014		December 31, 2013	
	%	TRY	%	TRY
Koç Finansman	47.0	76,226	47.0	82,015
Arçelik - LG	45.0	95,393	45.0	94,202
Ram Dış Ticaret	33.5	11,163	33.5	9,654
Tanı Pazarlama	32.0	6,792	32.0	6,533
		<b>189,574</b>		<b>192,404</b>

The movements of associates for the six months periods ended June 30, are as follows:

	2014	2013
<b>As of January 1</b>	<b>192,404</b>	<b>182,614</b>
Shares of income/loss of associates	12,911	23,721
Shares of other comprehensive income of associates	(1,987)	824
Gross profit elimination on inventory	346	-
Dividends received	(14,100)	(22,475)
<b>As of June 30</b>	<b>189,574</b>	<b>184,684</b>

*Shares of income/loss from associates:*

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
Koç Finansman	10,298	7,980	5,008	3,683
Arçelik - LG	845	14,919	1,027	12,320
Ram Dış Ticaret	1,509	1,002	836	585
Tanı Pazarlama	259	(180)	249	102
	<b>12,911</b>	<b>23,721</b>	<b>7,120</b>	<b>16,690</b>

*Aggregated summary figures of the financial statements of associates:*

	June 30, 2014	December 31, 2013
Total assets	2,705,452	2,574,343
Total liabilities	2,276,740	2,141,268

  

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
Net sales	863,602	985,080	488,458	553,483
Net profit for the period	29,871	52,560	26,338	37,277

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NOTE 12 - INVESTMENT PROPERTIES

	2014	2013
<b>As of January 1</b>		
Cost	15,651	12,268
Accumulated depreciation	(9,305)	(7,169)
<b>Net carrying value</b>	<b>6,346</b>	<b>5,099</b>
<b>Net carrying value at the beginning of the period</b>	<b>6,346</b>	<b>5,099</b>
Currency translation differences	(107)	389
Depreciation for the period	(71)	(74)
<b>Net carrying value at the end of the period</b>	<b>6,168</b>	<b>5,414</b>
<b>As of June 30</b>		
Cost	15,387	13,210
Accumulated depreciation	(9,219)	(7,796)
<b>Net carrying value</b>	<b>6,168</b>	<b>5,414</b>

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	2014	2013
<b>As of January 1:</b>		
Cost	4,466,236	4,017,756
Accumulated depreciation	(2,629,447)	(2,414,353)
<b>Net carrying value</b>	<b>1,836,789</b>	<b>1,603,403</b>
<b>Net carrying value at the beginning of the period</b>	<b>1,836,789</b>	<b>1,603,403</b>
Additions	131,611	134,645
Transfers <sup>(1)</sup>	-	11,015
Disposals	(1,236)	(2,342)
Currency translation differences	(9,052)	5,057
Depreciation for the period	(131,208)	(113,883)
<b>Net carrying value at the end of the period</b>	<b>1,826,904</b>	<b>1,637,895</b>
<b>As of June 30</b>		
Cost	4,568,065	4,158,155
Accumulated depreciation	(2,741,161)	(2,520,260)
<b>Net carrying value</b>	<b>1,826,904</b>	<b>1,637,895</b>

There is no mortgage on property, plant and equipment as of June 30, 2014 (December 31, 2013: None).

<sup>(1)</sup> Spare parts and servicing equipment that meet the definition of property, plant and equipment are transferred to property, plant and equipments, which had been accounted for as inventories in the prior reporting periods.

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NOTE 14 - OTHER INTANGIBLE ASSETS

	2014	2013
<b>As of January 1</b>		
Cost	1,199,395	1,023,120
Accumulated amortization	(313,127)	(235,519)
<b>Net carrying value</b>	<b>886,268</b>	<b>787,601</b>
<b>Net carrying value at the beginning of the period</b>	<b>886,268</b>	<b>787,601</b>
Additions	60,609	56,292
Disposals	-	(468)
Currency translation differences	(7,265)	(3,906)
Amortization for the period	(41,197)	(35,386)
<b>Net carrying value at the end of the period</b>	<b>898,415</b>	<b>804,133</b>
<b>As of June 30</b>		
Cost	1,252,479	1,076,673
Accumulated amortization	(354,064)	(272,540)
<b>Net carrying value</b>	<b>898,415</b>	<b>804,133</b>

Net carrying value of the development costs as of June 30, 2014 is TRY 303,379 (December 31, 2013: TRY 285,237) and capitalized development costs in the period is TRY 53,031 (January 1 – June 30, 2013: TRY 49,180).

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of June 30, 2014, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 694,829,354 (December 31, 2013: USD 341,723,301). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

Future minimum rentals payable under non-cancellable operating lease are as follows:

	June 30, 2013	December 31, 2012
Up to 1 year	20,099	20,014
1-5 years	39,167	43,036
Over 5 years	14,261	16,001
<b>Operating lease commitments</b>	<b>73,527</b>	<b>79,051</b>

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NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivative instruments contracts commitments

TRY equivalents of the Group's foreign exchange purchase and sales commitments in terms of currencies as of June 30, 2014 and December 31, 2013 are as follows,

	Foreign exchange purchase commitments	Foreign exchange sale commitments
<b>June 30, 2014</b>		
TRY	-	193,473
USD	1,055,059	57,764
EUR	344,341	739,476
AUD	-	55,880
CZK	-	7,381
ZAR	20,058	63,134
GBP	-	258,573
SEK	11,272	42,266
CHF	28,863	-
NOK	11,236	-
PLN	-	33,476
RON	75,182	-
RUB	-	125,520
	<b>1,546,011</b>	<b>1,576,943</b>
	Foreign exchange purchase commitments	Foreign exchange sale commitments
<b>December 31, 2013</b>		
TRY	238,392	178,903
USD	1,184,209	96,689
EUR	279,253	859,818
AUD	-	41,549
CZK	-	10,733
ZAR	11,350	128,589
GBP	-	356,198
SEK	-	32,779
CHF	29,158	-
PLN	-	39,035
RON	61,531	-
RUB	16,395	110,126
	<b>1,820,288</b>	<b>1,854,419</b>

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**NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Collaterals obtained	2,547,469	2,536,469

Collaterals, pledges and mortgages (“CPM”) given by the Group as of June 30, 2014 and December 31, 2013 are as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>CPM’s given by the Company</b>		
A. CPM’s given for companies own legal personality	638,216	611,665
B. CPM’s given on behalf of fully consolidated companies	225,273	37,678
C. CPM’s given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM’s	-	-
i) Total amount of CPM’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPM’s given to on behalf of other Group companies which are not in scope of B and C,	-	-
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C,	-	-
<b>Total</b>	<b>863,489</b>	<b>649,343</b>

TRY equivalents of collaterals, pledges and mortgages give as of June 30, 2014 and December 31, 2013 are as follows on original currency basis are as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>CPM's given by the Company</b>		
USD	711,444	577,306
TRY	40,739	51,639
EUR	89,818	15,002
Other currencies	21,488	5,396
	<b>863,489</b>	<b>649,343</b>

**NOTE 16 – OTHER PROVISIONS**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Short-term provisions</b>		
Warranty provision	150,851	147,835
Assembly provision	65,797	53,712
Provision for transportation cost	13,933	9,748
Provision for returns	9,295	9,423
Provision for lawsuit risks	6,657	6,653
Other	50,824	31,177
	<b>297,357</b>	<b>258,548</b>



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**NOTE 16 – OTHER PROVISIONS (Continued)**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Long-term provisions</b>		
Warranty provision	89,557	93,256
Other	351	451
	<b>89,908</b>	<b>93,707</b>

**NOTE 17 – PREPAID EXPENSES**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Short-term prepaid expenses	77,767	31,299
Advances given for fixed assets	14,626	14,640
Advances given for inventories	6,114	993
	<b>98,507</b>	<b>46,932</b>

**NOTE 18 – CURRENT INCOME TAX ASSETS**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Prepaid taxes and funds	42,699	34,337

**NOTE 19 – EMPLOYEE BENEFIT OBLIGATIONS**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Accruals for bonuses and premiums	41,423	7,169
Social security payables	39,502	56,322
Payables to personnel	34,329	72,108
	<b>115,254</b>	<b>135,599</b>

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**NOTE 20 - OTHER ASSETS AND LIABILITIES**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Other current assets:</b>		
Value added tax and private consumption tax receivable	57,296	60,774
Taxes and funds deductible	28,911	50,428
Income accruals	13,185	4,681
Other	16,840	9,391
	<b>116,232</b>	<b>125,274</b>
<b>Other current liabilities:</b>		
Accruals for customer premiums	259,857	212,085
Advances received	16,810	24,558
Other	2,494	2,543
	<b>279,161</b>	<b>239,186</b>

**NOTE 21 - EQUITY**

**Paid-in capital**

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1, Registered and issued share capital of the Company is as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of bonus shares to existing shareholders.

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**NOTE 21 – EQUITY (Continued)**

The shareholding structure of the Company is as follows:

	June 30, 2014		December 31, 2013	
	Share %	Amount	Share %	Amount
<b>Shareholders</b>				
Koç Holding A.Ş.	40.51	273,742	40.51	273,742
Temel Ticaret ve Yatırım A.Ş.	2.75	18,577	2.75	18,577
Semahat S. Arsel	2.72	18,397	2.72	18,397
Suna Kıraç	2.60	17,542	2.60	17,542
Rahmi M. Koç	2.44	16,474	2.44	16,474
Mustafa V. Koç	0.91	6,177	0.91	6,177
<b>Total Koç Family members and companies owned by Koç Family members</b>	<b>51.93</b>	<b>350,909</b>	<b>51.93</b>	<b>350,909</b>
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	5.14	34,722	5.14	34,722
Vehbi Koç Vakfı	0.13	893	0.13	893
Other	25.19	170,204	25.19	170,204
<b>Paid-in capital</b>	<b>100.00</b>	<b>675,728</b>	<b>100.00</b>	<b>675,728</b>
Adjustment to share capital (*)		468,811		468,811
<b>Total share capital</b>		<b>1,144,539</b>		<b>1,144,539</b>

(\*) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the TAS/TFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

All of the shareholders of the Company have equal rights and there are no preference shares outstanding.

**Contribution to shareholders' equity related to the merger**

Contribution to shareholders' equity related to the merger with Grundig Elektronik A.Ş. at June 30, 2009.

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**NOTE 21 – EQUITY (Continued)**

**Restricted reserves**

The Turkish Commercial Code ("TCC") stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

The details of these restricted reserves are as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
General legal reserves	83,690	83,690
Other legal reserves	191,740	165,119
	<b>275,430</b>	<b>248,809</b>

As agreed in the ordinary general meeting dated March 27, 2014, the decision to pay dividend as cash has been taken and the payment was made in April 2014 (previous year in April 2013). The dividend details are as follows: 44.4% (2013: 52.5%) corresponding to gross TRY 0.44396 (full) (2013: TRY 0.52536 (full)) (net amount being equal to gross amount) per share of TRY 1.00 (full) nominal value to the institutional shareholders who are full taxpayers and to the limited liable taxpayers who obtain dividends through a business or permanent representative in Turkey; 37.7% (2013: 45.6%) corresponding to gross TRY 0.44396 (full) (2013: TRY 0.52536 (full)) and net TRY 0.37737 (full) (2013: TRY 0.45612 (full)) per share of TRY 1.00 (full) nominal value to the other shareholders.

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NOT 22 – OTHER OPERATING INCOME AND EXPENSES

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
<b>Other operating income :</b>				
Foreign exchange gains arising from trading activities	70,757	93,745	4,289	86,033
Income from claims and grants	16,100	18,779	12,474	10,061
Credit finance income arising from trading activities	6,432	16,953	3,780	8,712
Reversal of provisions for doubtful receivables	2,414	331	1,831	301
Reversal of provisions	956	757	420	455
Other	9,688	11,231	6,565	6,992
	<b>106,347</b>	<b>141,796</b>	<b>29,359</b>	<b>112,554</b>
<b>Other operating expenses:</b>				
Foreign exchange losses arising from trading activities	(73,471)	(44,005)	(40,598)	(11,966)
Provision expense for doubtful receivables	(9,914)	(2,541)	(7,680)	(2,250)
Cash discounts expenses	(7,790)	(5,777)	(4,040)	(2,678)
Credit finance charges arising from trading activities	(7,783)	(260)	(5,983)	(134)
Provision expense for impairment on inventories	(1,226)	(2,736)	(540)	(1,855)
Product recall expenses	(1,144)	(11,908)	(522)	(7,520)
Other	(9,277)	(25,510)	(3,778)	(6,562)
	<b>(110,605)</b>	<b>(92,737)</b>	<b>(63,141)</b>	<b>(32,965)</b>

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NOT 23 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
<b>Income from investment activities:</b>				
Dividends received from financial investments	12,944	9,559	-	9,559
Income from sales of property plant and equipment	912	685	467	395
	<b>13,856</b>	<b>10,244</b>	<b>467</b>	<b>9,954</b>
<b>Expenses from investment activities:</b>				
Loss from sales of property plant and equipment	(1,060)	(648)	(162)	(469)
	<b>(1,060)</b>	<b>(648)</b>	<b>(162)</b>	<b>(469)</b>

NOT 24 - FINANCIAL INCOME

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
Foreign exchange gains (*)	160,941	139,769	94,766	64,609
Gains on derivative instruments	31,889	41,420	5,444	21,469
Interest income	11,894	20,361	5,717	8,500
Other	7	31	2	13
	<b>204,731</b>	<b>201,581</b>	<b>105,929</b>	<b>94,591</b>

(\*) Foreign exchange gains are related to cash and cash equivalents, financial borrowings and other liabilities.

NOT 25 – FINANCIAL EXPENSES

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
Interest expenses	(151,506)	(89,257)	(79,800)	(50,006)
Foreign exchange losses (*)	(133,325)	(209,437)	(54,879)	(143,068)
Losses on derivative instruments	(64,781)	(19,021)	(21,151)	(12,607)
Other	(5,236)	(4,417)	(2,361)	(2,607)
	<b>(354,848)</b>	<b>(322,132)</b>	<b>(158,191)</b>	<b>(208,288)</b>

(\*) Foreign exchange losses are related to cash and cash equivalents, financial borrowings and other liabilities.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 26 - TAX ASSETS AND LIABILITIES

	June 30, 2014	December 31, 2013
Corporation taxes	43,964	82,107
Less: prepaid tax	(7,447)	(62,459)
<b>Taxes payable (net)</b>	<b>36,517</b>	<b>19,648</b>
Deferred tax assets	93,317	90,659
Deferred tax liabilities	(250,929)	(245,515)
<b>Deferred tax liabilities (net)</b>	<b>(157,612)</b>	<b>(154,856)</b>

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as accounted for in these condensed interim consolidated financial statements, have been calculated on a separate-entity basis.

The corporation tax rate is 20% in Turkey (December 31, 2013: 20%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

The taxes on income for the periods ended June 30 are summarized as follows:

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
<b>Tax expenses</b>				
- Current period tax expense	(47,988)	(40,768)	(19,932)	(7,231)
- Deferred tax expense	(883)	(9,254)	(2,821)	(17,516)
<b>Tax expenses (net)</b>	<b>(48,871)</b>	<b>(50,022)</b>	<b>(22,753)</b>	<b>(24,747)</b>

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TAS/IFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/IFRS and Tax Laws.

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**NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)**

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities calculated using effective tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Property, plant and equipment and intangible assets	1,397,334	1,362,408	(300,289)	(289,422)
Available-for-sale investments	493,467	393,896	(24,672)	(19,694)
Unearned credit finance income/(expense) (net)	50,848	58,473	(10,170)	(11,695)
Unused tax credits	(248,477)	(255,047)	55,289	53,051
Provision for warranty and assembly expense	(217,174)	(194,471)	44,977	40,659
Provision for employment termination	(130,157)	(116,017)	26,031	23,225
Derivative instruments	(63,412)	(63,199)	12,719	12,604
Provision for impairment on inventories	(48,594)	(49,761)	9,741	10,017
Accrual for licences	(7,807)	(6,008)	1,561	1,202
Provision for doubtful receivables	(3,466)	(17,228)	668	3,426
Other	(113,618)	(87,992)	26,533	21,771
<b>Deferred tax liabilities (net)</b>			<b>(157,612)</b>	<b>(154,856)</b>

Movements in the net deferred tax assets / (liabilities) for the six months periods ended June 30, are as follows:

	2014	2013
<b>As of January 1</b>	<b>(154,856)</b>	<b>(150,438)</b>
Tax expense recognized in income statement	(883)	(9,254)
Tax recognized directly in the shareholders' equity	(1,295)	(200)
Currency translation differences	(578)	2,012
<b>As of June 30</b>	<b>(157,612)</b>	<b>(157,880)</b>

**NOTE 27 – EARNINGS PER SHARE**

Earnings per share disclosed in the condensed interim consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the period.

The Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. In earnings per share calculation, this bonus share issuance is accepted as shares issued. Hence, weighted average stock share, which is used in the calculation of earnings per share, is acquired by retrospective application of bonus share issue.



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NOTE 27 – EARNINGS PER SHARE (Continued)

Earnings per share and dividends paid in terms of share groups are as follows:

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
Net income attributable to the equity holders of the parent	292,398	280,744	161,237	151,307
Weighted average number of ordinary shares with nominal value (Kr1 each one)	67,572,820,500	67,572,820,500	67,572,820,500	67,572,820,500
<b>Earnings per share (Kr) (*)</b>	<b>0.433</b>	<b>0.415</b>	<b>0.239</b>	<b>0.224</b>
Dividends to be distributed to the equity holders of the parent	300,000	355,000	-	-
<b>Gross dividend distributed per share (*)</b>	<b>0.444</b>	<b>0.525</b>	<b>-</b>	<b>-</b>

(\*) The earnings and dividends paid per diluted and basic shares do not differ since the shareholders have equal rights on the shares and there is no preferred share.

NOTE 28 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	June 30, 2014	December 31, 2013
<b>(a) Due from related parties:</b>		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. (1)	22,045	22,114
Yapı ve Kredi Bankası A.Ş. (1)	6,448	3,242
Koçtaş Yapı Marketleri Ticaret A.Ş. (1)	2,517	1,052
Other	37	811
	<b>31,047</b>	<b>27,219</b>
<b>(b) Due to related parties:</b>		
<b>Short term:</b>		
Arçelik-LG (2)	212,827	270,661
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	81,561	107,972
Ram Dış Ticaret (2)	41,447	36,030
Other	6,496	22,794
	<b>342,331</b>	<b>437,457</b>

(1) Koç Holding group companies

(2) Associates

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

	June 30, 2014	December 31, 2013
<b><i>Other liabilities – Current:</i></b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	8,928	8,860
<b><i>Other liabilities – Non Current:</i></b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	57,644	62,427

(\*) The Company has a contract regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.) for 20 years beginning on 2001. Due to the fact that the rights to use Beko brand will be held by the Company upon the expiration of the contract period, Beko brand has been recognized under intangible assets in the consolidated financial statements of the Group. Net book value of Beko brand, which is held under other liabilities to related parties, amounts to TRY 81,040 as of June 30, 2014. (December 31, 2013: TRY 81,040).

Maturity breakdown of gross future minimum other payables to related parties is as follows:

	June 30, 2014	December 31, 2013
<b>Other payables to related parties - gross</b>		
Up to 1 year	12,200	12,379
1 to 5 years	48,422	48,663
Over 5 years	18,155	24,331
	<b>78,777</b>	<b>85,373</b>
Less: future finance charges on other liabilities	(12,205)	(14,086)
<b>Present value of other payables to related parties - net</b>	<b>66,572</b>	<b>71,287</b>

Maturity analysis of the present value of other payables to Zer Merkezi Hizmetler ve Ticaret A.Ş is as follows:

	June 30, 2014	December 31, 2013
Up to 1 year	8,928	8,860
1 to 5 years	40,281	39,449
Over 5 years	17,363	22,978
	<b>66,572</b>	<b>71,287</b>

(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	229,652	294,694
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(d) Bank borrowings:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	29,811	108,144
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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

e) Derivative instruments

	Contract value	Fair value asset/(liability)	
<b>June 30, 2014</b>			
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	444,296	16	(54)
	Contract value	Fair value asset/(liability)	
<b>December 31, 2013</b>			
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	358,406	1,484	-

(ii) Transactions with related parties

	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
<b>(a) Sales of goods and services:</b>				
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	21,333	49,519	2,916	24,167
Koçtaş Yapı Marketleri Ticaret A.Ş.	7,173	11,860	2,920	7,817
Yapı ve Kredi Bankası A.Ş.	5,822	3,972	2,538	3,549
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1,384	609	975	316
Arçelik-LG	1,211	1,649	408	695
Other	1,288	2,845	1,174	2,352
	<b>38,211</b>	<b>70,454</b>	<b>10,931</b>	<b>38,896</b>
	January 1- June 30, 2014	January 1- June 30, 2013	April 1- June 30, 2014	April 1- June 30, 2013
<b>(b) Purchases of goods and services:</b>				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	286,420	233,791	193,484	119,729
Arçelik-LG	128,579	320,956	90,144	218,213
Ram Dış Ticaret	71,844	41,444	39,158	25,833
Ram Sigorta Aracılık Hizmetleri A.Ş. <sup>(1)</sup> (*)	23,078	20,546	975	614
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. <sup>(2)</sup>	14,671	12,861	6,437	4,393
Ark İnşaat San. Ve Tic. A.Ş. <sup>(2)</sup>	9,624	165	6,300	165
Setur Servis Turistik A.Ş. <sup>(2)</sup>	8,133	7,998	5,075	6,068
Other	32,377	20,892	20,302	10,470
	<b>574,726</b>	<b>658,653</b>	<b>361,875</b>	<b>385,485</b>

<sup>(1)</sup> Company controlled by Koç family members

<sup>(2)</sup> Koç Holding group company

<sup>(\*)</sup> The amount is composed of accrued premiums in the interim periods in scope of policies signed between insurance companies with the intermediary role of Ram Sigorta Aracılık Hizmetleri A.Ş. which is operating as insurance agency.

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**NOTE 28 - RELATED PARTY DISCLOSURES (Continued)**

The Group purchases direct and indirect materials and receives service from Zer Merkezi Hizmetler A.Ş. The average payment term is around sixty days.

The Group purchases air conditioners, produced by Arçelik-LG. Purchasing conditions are determined in line with the due dates periods and rates pertaining to trade receivables from third parties.

**(c) Key management compensation**

Total compensation provided to members of the Board of Directors, General Manager and Assistant General Managers by the Company during the six months period ended June 30, 2014 amounts to TRY 3,690 (January 1 - June 30,2013: TRY 3,326). The compensation includes only short-term benefits.

**(d) Other Transactions**

	<b>January 1- June 30, 2014</b>	<b>January 1- June 30, 2013</b>	<b>April 1- June 30, 2014</b>	<b>April 1- June 30, 2013</b>
<i>Interest income:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	5,865	11,583	2,808	6,266
<i>Interest expenses:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	2,639	4,342	1,587	1,702

**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

***Hedging operations and derivative financial instruments***

***Liquidity Risk***

The risk of failure in settling financial liabilities is eliminated by managing the balance sheet and expected cash flows in harmony. In this context; the maturities of the financial liabilities are kept in line with the maturities of assets to eliminate any duration mismatch and in order to maintain short term liquidity, net working capital objectives are set and balance sheet ratios are aimed to be kept at particular levels.

Cash flow estimations for midterm and long term liquidity management of the Group are made by taking into account financial market and sector dynamics and cash flow cycle is observed and is tested by various scenarios.

**ARÇELİK ANONİM ŞİRKETİ**

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**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

***Interest Rate Risk***

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed by maintaining a balance between interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial. In order to minimize the exposures to interest rate volatility, contractual repricing date of financial liabilities and receivables and "fixed interest/ floating interest", "short-term/ long-term" balance within liabilities are structured coherently.

***Funding risk***

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

***Credit risk***

The Group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.),
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.),
- Mortgages,
- Cheques-notes.

In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors. Individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets. Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

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**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Details of credit and receivable risk as of June 30, 2014 and December 31, 2013 are as follows:

	Trade receivables		Bank deposits	Derivative financial instruments
	Related party	Third party		
<b>June 30, 2014</b>				
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>31,047</b>	<b>4,475,588</b>	<b>1,006,808</b>	<b>1,703</b>
Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup>	-	(3,411,572)	-	-
A, Net book value of financial asset either are not due or not impaired	31,047	4,102,245	1,006,808	1,703
-Secured portion by guarantees, etc.	-	(3,100,846)	-	-
B, Financial assets with renegotiated conditions	-	36,601	-	-
-Secured portion by guarantees, etc.	-	(26,443)	-	-
C, Net book value of overdue but not impaired financial assets	-	291,306	-	-
-Secured portion by guarantees, etc.	-	(238,847)	-	-
D, Net book value of the impaired assets	-	45,436	-	-
-Overdue (Gross book value)	-	142,120	-	-
-Impairment (-)	-	(96,684)	-	-
-Secured portion of the net value by guarantees, etc.	-	(45,436)	-	-
	Trade receivables		Bank deposits	Derivative financial instruments
	Related parties	Third parties		
<b>December 31, 2013</b>				
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>27,219</b>	<b>4,182,377</b>	<b>1,192,916</b>	<b>6,651</b>
Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup>	-	(3,250,611)	-	-
A, Net book value of financial asset either are not due or not impaired	27,219	3,900,410	1,192,916	6,651
-Secured portion by guarantees, etc.	-	(3,017,459)	-	-
B, Financial assets with renegotiated conditions	-	28,379	-	-
- Secured portion by guarantees, etc.	-	(23,919)	-	-
C, Net book value of overdue but not impaired financial assets	-	203,105	-	-
- Secured portion by guarantees, etc.	-	(158,750)	-	-
D, Net book value of the impaired assets	-	50,483	-	-
- Overdue (Gross book value)	-	163,764	-	-
- Impairment (-)	-	(113,281)	-	-
- Secured portion of the net value by guarantees, etc.	-	(50,483)	-	-

(1) Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality

(2) Major part of guarantees is composed of mortgages and trade receivable insurances

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**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

**a) Credit quality of financial assets which are not overdue and not impaired and receivables which are re-negotiated,**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Group 1	22,041	11,281
Group 2	4,008,641	3,808,259
Group 3	139,211	136,468
	<b>4,169,893</b>	<b>3,956,008</b>

Group 1 - New customers (customers for a period less than three months).

Group 2 - Existing customers with no defaults in the past (customers for a period of more than three months).

Group 3 - Existing customers with some defaults in the past of which were fully recovered.

**b) Aging analysis of the receivables which are overdue but not impaired**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
0-1 month	150,529	139,078
1-3 months	87,346	33,547
3-12 months	45,208	22,735
1-5 years	8,223	7,745
	<b>291,306</b>	<b>203,105</b>

***Foreign exchange risk***

Since the Group operates in a diverse geographical area, operations are performed using multiple currencies. Therefore, foreign exchange risk is one of the most significant financial risks that the Group is exposed to.

Trade relations between the Company and its subsidiaries are structured within the framework of relevant legislations and managed centrally by subsidiaries' functional currencies. Thus, foreign currency risk born by the subsidiaries is minimized.

Foreign exchange risk is followed based on functional currency of each subsidiary. It is aimed to set the ratio of foreign exchange risk position over equity at a predetermined interval.

The main principle of foreign currency risk management is to minimize the impact of foreign exchange fluctuations by maintaining foreign exchange asset position close to zero.

Inter balance sheet methods are preferred for the management of foreign currency risk as in other risk items. However, when necessary, derivative instruments are also used for maintaining foreign currency position at a predetermined level.

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**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

*Foreign currency hedge of net investments in foreign operations*

The Group designated some portion of the Euro denominated bank loans as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income in the revaluation fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of June 30, 2014, a portion of bank borrowings in Euro amounting to EUR 150,000,000 (before tax) was designated as a net investment hedging instrument (December 31, 2013 – EUR 328,750,000).

*Foreign currency position*

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Assets	2,613,190	2,808,426
Liabilities	(3,099,239)	(3,190,616)
<b>Net balance sheet position</b>	<b>(486,049)</b>	<b>(382,190)</b>
Net position of derivative financial instruments	484,264	491,604
<b>Net foreign currency position</b>	<b>(1,785)</b>	<b>109,414</b>



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## NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currencies, other than the functional currencies of the Company and its' subsidiaries are accepted as foreign currencies. The original currencies are presented in thousands ('000).

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at June 30, 2014 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY equivalent
<b>Current assets</b>															
Trade receivables	384,714	152,966	79,686	1,981,359	54,302	75,216	16,678	106,467	-	7,922	27,471	-	-	1,699	1,995,493
Monetary financial assets	127,266	20,857	831	-	-	-	1	3,007	-	9,731	24	433	-	-	420,891
Other	18,269	57,752	29	-	-	-	-	-	-	-	-	-	242	-	175,573
<b>Non-Current assets</b>															
Trade receivables	-	-	-	-	-	-	-	106,007	-	-	-	-	-	-	21,233
<b>Total assets</b>	<b>530,249</b>	<b>231,575</b>	<b>80,546</b>	<b>1,981,359</b>	<b>54,302</b>	<b>75,216</b>	<b>16,679</b>	<b>109,474</b>	<b>106,007</b>	<b>17,653</b>	<b>27,495</b>	<b>433</b>	<b>242</b>	<b>1,699</b>	<b>2,613,190</b>
<b>Current liabilities</b>															
Trade payables	107,762	105,123	666	-	-	-	-	61,515	9,235	-	3,776	-	11,559	-	566,146
Financial liabilities	222,446	56,247	-	-	-	-	-	-	-	-	-	-	-	-	762,727
Other monetary financial liabilities	1,441	33,527	6	-	-	-	-	-	-	-	-	-	-	-	75,380
<b>Non-Current liabilities</b>															
Trade payables	-	27,147	-	-	-	-	-	-	-	-	-	-	-	-	57,644
Financial liabilities	200,267	498,347	-	-	-	-	-	-	-	-	-	-	-	-	1,637,342
<b>Total liabilities</b>	<b>531,916</b>	<b>720,391</b>	<b>672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,515</b>	<b>9,235</b>	<b>-</b>	<b>3,776</b>	<b>-</b>	<b>11,559</b>	<b>-</b>	<b>3,099,239</b>
<b>Statement of financial position (net)</b>	<b>(1,667)</b>	<b>(488,816)</b>	<b>79,874</b>	<b>1,981,359</b>	<b>54,302</b>	<b>75,216</b>	<b>16,679</b>	<b>47,959</b>	<b>96,772</b>	<b>17,653</b>	<b>23,719</b>	<b>433</b>	<b>(11,317)</b>	<b>1,699</b>	<b>(486,049)</b>
Off-balance sheet derivative assets (*)	255,299	496,873	-	-	-	-	-	36,003	100,000	-	-	-	-	-	1,824,660
Off-balance sheet derivative liabilities (*)	(248,790)	(27,204)	(71,639)	(2,000,000)	(48,000)	(70,000)	-	(135,000)	(200,000)	-	(28,000)	-	-	-	(1,340,396)
Net position of off-balance sheet items	6,509	469,669	(71,639)	(2,000,000)	(48,000)	(70,000)	-	(98,997)	(100,000)	-	(28,000)	-	-	-	484,264
<b>Foreign currency position (net)</b>	<b>4,842</b>	<b>(19,147)</b>	<b>8,235</b>	<b>(18,641)</b>	<b>6,302</b>	<b>5,216</b>	<b>16,679</b>	<b>(51,038)</b>	<b>(3,228)</b>	<b>17,653</b>	<b>(4,281)</b>	<b>433</b>	<b>(11,317)</b>	<b>1,699</b>	<b>(1,785)</b>
<b>Net asset/(liability) position of foreign currency monetary items</b>	<b>(19,936)</b>	<b>(546,568)</b>	<b>79,845</b>	<b>1,981,359</b>	<b>54,302</b>	<b>75,216</b>	<b>16,679</b>	<b>47,959</b>	<b>96,772</b>	<b>17,653</b>	<b>23,719</b>	<b>433</b>	<b>(11,559)</b>	<b>1,699</b>	<b>(661,622)</b>
Fair value of financial instruments used for foreign exchange edge															(63,918)
Hedged amount of foreign currency assets	248,790	27,204	71,639	2,000,000	48,000	70,000	-	135,000	200,000	-	28,000	-	-	-	1,340,396
Hedged amount of foreign currency liabilities	105,299	496,872	-	-	-	-	-	36,003	100,000	-	-	-	-	-	1,390,875

(\*) Loans designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

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## NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency positions against the functional currencies are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	equivalent	TRY
June 30, 2014																
Against TRY	(7,517)	(2,476)	6,275	(18,641)	6,302	5,216	16,679	(28,532)	-	-	(611)	-	(11,317)	1,699	(1,825)	(1,825)
Against EUR	-	6,655	-	-	-	-	-	-	6,007	-	-	-	-	-	15,334	15,334
Against RUB	1,227	6,525	-	-	-	-	-	-	-	-	-	-	-	-	17,403	17,403
Against PLN	(4,473)	37	-	-	-	-	-	-	-	-	-	-	-	-	(12,856)	(12,856)
Against GBP	(39)	-	-	-	-	-	-	-	-	-	-	-	-	-	(113)	(113)
Against RON	5,225	1,969	779	-	-	-	-	-	-	(35)	-	-	-	-	22,089	22,089
Against CZK	(2,019)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,839)	(5,839)
Against NOK	4,181	(152)	-	-	-	-	-	(22,506)	-	17,688	-	-	-	-	11,570	11,570
Against SEK	3,712	(25)	-	-	-	-	-	-	-	-	-	-	-	-	10,682	10,682
Against CNY	1,705	(5,728)	-	-	-	-	-	-	-	-	-	-	-	-	(2,969)	(2,969)
Against ZAR	(1,093)	(6,887)	1,181	-	-	-	-	-	-	-	-	-	-	-	(17,785)	(17,785)
Against AUD	(1,559)	(236)	-	-	-	-	-	-	-	-	-	433	-	-	(4,203)	(4,203)
Against EGP	5	(11,170)	-	-	-	-	-	-	-	-	-	-	-	-	(23,704)	(23,704)
Against UAH	(8)	(9,793)	-	-	-	-	-	-	-	-	-	-	-	-	(20,817)	(20,817)
Against CHF	5,501	2,134	-	-	-	-	-	-	-	-	-	-	-	-	20,439	20,439
Against BWP	-	-	-	-	-	-	-	-	(9,235)	-	-	-	-	-	(1,850)	(1,850)
Against NZD	-	-	-	-	-	-	-	-	-	-	(3,670)	-	-	-	(7,324)	(7,324)
Other	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	(17)	(17)
	4,842	(19,147)	8,235	(18,641)	6,302	5,216	16,679	(51,038)	(3,228)	17,653	(4,281)	433	(11,317)	1,699	(1,785)	(1,785)

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## NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at December 31, 2013 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY equivalent
<b>Current assets</b>															
Trade receivables	370,264	110,460	104,587	1,482,643	55,011	125,652	9,957	94,566	-	10,166	22,902	77	-	296	1,921,285
Monetary financial assets	120,179	30,992	4	-	(1)	-	-	429	30,125	2,029	96	4	-	-	426,343
Other	26,694	63,583	86	-	-	-	-	-	-	-	2	-	-	-	214,398
<b>Non-Current assets</b>															
Trade receivables	-	-	-	-	-	-	-	-	1,206,602	-	-	-	-	-	246,400
<b>Total assets</b>	<b>517,137</b>	<b>205,035</b>	<b>104,677</b>	<b>1,482,643</b>	<b>55,010</b>	<b>125,652</b>	<b>9,957</b>	<b>94,995</b>	<b>1,236,727</b>	<b>12,195</b>	<b>23,000</b>	<b>81</b>	<b>-</b>	<b>296</b>	<b>2,808,426</b>
<b>Current liabilities</b>															
Trade payables	101,585	123,602	1,196	-	-	-	156	40,189	17,455	-	3,102	-	64,846	-	590,270
Financial liabilities	247,202	6,197	-	-	-	-	-	-	684,176	-	-	-	-	-	878,851
Other monetary financial liabilities	1,302	9,276	1,221	-	-	-	-	-	-	-	-	-	-	-	27,908
<b>Non-Current liabilities</b>															
Trade payables	-	29,249	-	-	-	-	-	-	-	-	-	-	-	-	62,426
Financial liabilities	160,049	544,055	-	-	-	-	-	-	-	-	-	-	-	-	1,631,161
<b>Total liabilities</b>	<b>510,138</b>	<b>712,379</b>	<b>2,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>40,189</b>	<b>701,631</b>	<b>-</b>	<b>3,102</b>	<b>-</b>	<b>64,846</b>	<b>-</b>	<b>3,190,616</b>
<b>Statement of financial position (net)</b>	<b>6,999</b>	<b>(507,344)</b>	<b>102,260</b>	<b>1,482,643</b>	<b>55,010</b>	<b>125,652</b>	<b>9,801</b>	<b>54,806</b>	<b>535,096</b>	<b>12,195</b>	<b>19,898</b>	<b>81</b>	<b>(64,846)</b>	<b>296</b>	<b>(382,190)</b>
Off-balance sheet derivative assets (*)	322,118	554,847	-	162,521	-	-	-	-	-	-	-	-	-	-	2,140,635
Off-balance sheet derivative liabilities (*)	(292,804)	(45,303)	(101,441)	(1,700,000)	(55,000)	(100,000)	-	(100,000)	(500,000)	-	(22,000)	-	-	-	(1,649,031)
Net position of off-balance sheet items	29,314	509,544	(101,441)	(1,537,479)	(55,000)	(100,000)	-	(100,000)	(500,000)	-	(22,000)	-	-	-	491,604
<b>Foreign currency position (net)</b>	<b>36,313</b>	<b>2,200</b>	<b>819</b>	<b>(54,836)</b>	<b>10</b>	<b>25,652</b>	<b>9,801</b>	<b>(45,194)</b>	<b>35,096</b>	<b>12,195</b>	<b>(2,102)</b>	<b>81</b>	<b>(64,846)</b>	<b>296</b>	<b>109,414</b>
Net asset/(liability) position of foreign currency monetary items	(19,695)	(570,927)	102,174	1,482,643	55,010	125,652	9,801	54,806	535,096	12,195	19,896	81	(64,846)	296	(596,588)
Fair value of financial instruments used for foreign exchange edge	292,804	45,303	101,441	1,700,000	55,000	100,000	-	100,000	500,000	-	22,000	-	-	-	(59,026)
Hedged amount of foreign currency liabilities	59,118	554,847	-	162,521	-	-	-	-	-	-	-	-	-	-	1,649,031

(\*) Loans designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

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## NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency positions against the functional currencies are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY
December 31, 2013	27,340	13,945	(53)	(54,836)	10	25,652	9,957	(5,535)	-	-	902	-	(61,338)	296	111,772
Against TRY	-	4,574	-	-	-	-	-	-	52,551	-	-	-	-	-	20,493
Against EUR	691	3,600	-	-	-	-	-	-	-	-	-	-	-	-	9,712
Against RUB	(2,728)	79	-	-	-	-	-	-	-	-	-	-	-	-	(7,842)
Against PLN	134	-	-	-	-	-	-	-	-	-	-	-	-	-	393
Against GBP	(2,498)	4,233	531	-	-	-	-	-	-	(21)	-	-	(3,508)	-	3,485
Against RON	(1,773)	(199)	-	-	-	-	-	-	-	12,216	-	-	-	-	(5,206)
Against CZK	8,144	(21)	-	-	-	-	(156)	(39,659)	-	-	-	-	-	-	15,291
Against NOK	4,035	(7,982)	-	-	-	-	-	-	-	-	-	-	-	-	11,750
Against SEK	1,350	(1,598)	341	-	-	-	-	-	-	-	-	-	-	-	(11,875)
Against CNY	(1,472)	(58)	-	-	-	-	-	-	-	-	-	-	81	-	(7,734)
Against ZAR	(747)	(8,989)	-	-	-	-	-	-	-	-	-	-	-	-	(2,177)
Against AUD	9	(7,301)	-	-	-	-	-	-	-	-	-	-	-	-	(19,159)
Against EGP	170	1,917	-	-	-	-	-	-	-	-	-	-	-	-	(15,084)
Against UAH	3,664	-	-	-	-	-	-	-	(17,455)	-	-	-	-	-	14,850
Against CHF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,564)
Against BWP	-	-	-	-	-	-	-	-	-	-	(3,004)	-	-	-	(5,673)
Against NZD	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	(18)
Other	36,313	2,200	819	(54,836)	10	25,652	9,801	(45,194)	35,096	12,195	(2,102)	81	(64,846)	296	109,414

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

As of June 30, 2014 and December 31, 2013, if related currencies had appreciated by 10% against TL with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is presented in the tables below. Secured portions include impact of derivative instruments.

June 30, 2014	Gain/Loss		Other Comprehensive Income	
	Foreign exchange			
	appreciation by 10%	depreciation by 10%	appreciation by 10%	depreciation by 10%
USD net asset/liability	(103,795)	103,795	(104,026)	104,026
Secured portion from USD risk	99,730	(99,730)	99,730	(99,730)
<b>USD Net effect</b>	<b>(4,065)</b>	<b>4,065</b>	<b>(4,296)</b>	<b>4,296</b>
EUR net asset/liability	42,896	(42,896)	39,307	(39,307)
Secured portion from EUR risk	(41,497)	41,497	1,882	(1,882)
<b>EUR Net effect</b>	<b>1,399</b>	<b>(1,399)</b>	<b>41,189</b>	<b>(41,189)</b>
GBP net asset/liability	28,830	(28,830)	43,482	(43,482)
Secured portion from GBP risk	(25,857)	25,857	(25,857)	25,857
<b>GBP Net effect</b>	<b>2,973</b>	<b>(2,973)</b>	<b>17,625</b>	<b>(17,625)</b>
RUB net asset/liability	12,435	(12,435)	33,041	(33,041)
Secured portion from RUB risk	(12,552)	12,552	(12,552)	12,552
<b>RUB Net effect</b>	<b>(117)</b>	<b>117</b>	<b>20,489</b>	<b>(20,489)</b>
RON net asset/liability	-	-	40,418	(40,418)
Secured portion from RON risk	-	-	-	-
<b>RON Net effect</b>	<b>-</b>	<b>-</b>	<b>40,418</b>	<b>(40,418)</b>
PLN net asset/liability	3,787	(3,787)	11,946	(11,946)
Secured portion from PLN risk	(3,348)	3,348	(3,348)	3,348
<b>PLN Net effect</b>	<b>439</b>	<b>(439)</b>	<b>8,598</b>	<b>(8,598)</b>
CZK net asset/liability	793	(793)	2,588	(2,588)
Secured portion from CZK risk	(738)	738	(738)	738
<b>CZK Net effect</b>	<b>55</b>	<b>(55)</b>	<b>1,850</b>	<b>(1,850)</b>
NOK net asset/liability	576	(576)	1,860	(1,860)
Secured portion from NOK risk	-	-	-	-
<b>NOK Net effect</b>	<b>576</b>	<b>(576)</b>	<b>1,860</b>	<b>(1,860)</b>
SEK net asset/liability	1,502	(1,502)	2,823	(2,823)
Secured portion from SEK risk	(3,099)	3,099	(3,099)	3,099
<b>SEK Net effect</b>	<b>(1,597)</b>	<b>1,597</b>	<b>(276)</b>	<b>276</b>
NZD net asset/liability	81	(81)	81	(81)
Secured portion from NZD risk	-	-	-	-
<b>NZD Net effect</b>	<b>81</b>	<b>(81)</b>	<b>81</b>	<b>(81)</b>
ZAR net asset/liability	1,938	(1,938)	41,159	(41,159)
Secured portion from ZAR risk	(2,003)	2,003	(2,003)	2,003
<b>ZAR Net effect</b>	<b>(65)</b>	<b>65</b>	<b>39,156</b>	<b>(39,156)</b>
AUD net asset/liability	4,734	(4,734)	4,336	(4,336)
Secured portion from AUD risk	(5,588)	5,588	(5,588)	5,588
<b>AUD Net effect</b>	<b>(854)</b>	<b>854</b>	<b>(1,252)</b>	<b>1,252</b>
DKK net asset/liability	683	(683)	683	(683)
Secured portion from DKK risk	-	-	-	-
<b>DKK Net effect</b>	<b>683</b>	<b>(683)</b>	<b>683</b>	<b>(683)</b>
JPY net asset/liability	(24)	24	(24)	24
Secured portion from JPY risk	-	-	-	-
<b>JPY Net effect</b>	<b>(24)</b>	<b>24</b>	<b>(24)</b>	<b>24</b>
CAD net asset/liability	337	(337)	337	(337)
Secured portion from CAD risk	-	-	-	-
<b>CAD Net effect</b>	<b>337</b>	<b>(337)</b>	<b>337</b>	<b>(337)</b>
EGP net asset/liability	-	-	(551)	551
Secured portion from EGP risk	-	-	-	-
<b>EGP Net effect</b>	<b>-</b>	<b>-</b>	<b>(551)</b>	<b>551</b>
UAH net asset/liability	-	-	(235)	235
Secured portion from UAH risk	-	-	-	-
<b>UAH Net effect</b>	<b>-</b>	<b>-</b>	<b>(235)</b>	<b>235</b>
CNY net asset/liability	-	-	7,419	(7,419)
Secured portion from CNY risk	-	-	-	-
<b>CNY Net effect</b>	<b>-</b>	<b>-</b>	<b>7,419</b>	<b>(7,419)</b>
CHF net asset/liability	-	-	13,291	(13,291)
Secured portion from CHF risk	-	-	-	-
<b>CHF Net effect</b>	<b>-</b>	<b>-</b>	<b>13,291</b>	<b>(13,291)</b>
BWP net asset/liability	-	-	(309)	309
Secured portion from BWP risk	-	-	-	-
<b>BWP Net effect</b>	<b>-</b>	<b>-</b>	<b>(309)</b>	<b>309</b>
	<b>(179)</b>	<b>179</b>	<b>186,053</b>	<b>(186,053)</b>

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

December 31, 2013	Gain/Loss		Other Comprehensive Income	
	appreciation by 10%	depreciation by 10%	Foreign exchange appreciation by 10%	depreciation by 10%
USD net asset/liability	(108,282)	108,282	(108,282)	108,282
Secured portion from USD risk	108,752	(108,752)	108,752	(108,752)
<b>USD Net effect</b>	<b>470</b>	<b>(470)</b>	<b>470</b>	<b>(470)</b>
EUR net asset/liability	79,285	(79,285)	42,694	(42,694)
Secured portion from EUR risk	(68,622)	68,622	8,608	(8,608)
<b>EUR Net effect</b>	<b>10,663</b>	<b>(10,663)</b>	<b>51,302</b>	<b>(51,302)</b>
GBP net asset/liability	35,908	(35,908)	48,550	(48,550)
Secured portion from GBP risk	(35,620)	35,620	(35,620)	35,620
<b>GBP Net effect</b>	<b>288</b>	<b>(288)</b>	<b>12,930</b>	<b>(12,930)</b>
RUB net asset/liability	9,605	(9,605)	28,638	(28,638)
Secured portion from RUB risk	(9,960)	9,960	(9,960)	9,960
<b>RUB Net effect</b>	<b>(355)</b>	<b>355</b>	<b>18,678</b>	<b>(18,678)</b>
RON net asset/liability	-	-	36,583	(36,583)
Secured portion from RON risk	-	-	-	-
<b>RON Net effect</b>	<b>-</b>	<b>-</b>	<b>36,583</b>	<b>(36,583)</b>
PLN net asset/liability	3,904	(3,904)	11,689	(11,689)
Secured portion from PLN risk	(3,903)	3,903	(3,903)	3,903
<b>PLN Net effect</b>	<b>1</b>	<b>(1)</b>	<b>7,786</b>	<b>(7,786)</b>
CZK net asset/liability	1,348	(1,348)	2,936	(2,936)
Secured portion from CZK risk	(1,073)	1,073	(1,073)	1,073
<b>CZK Net effect</b>	<b>275</b>	<b>(275)</b>	<b>1,863</b>	<b>(1,863)</b>
NOK net asset/liability	341	(341)	1,665	(1,665)
Secured portion from NOK risk	-	-	-	-
<b>NOK Net effect</b>	<b>341</b>	<b>(341)</b>	<b>1,665</b>	<b>(1,665)</b>
SEK net asset/liability	1,796	(1,796)	3,012	(3,012)
Secured portion from SEK risk	(3,278)	3,278	(3,278)	3,278
<b>SEK Net effect</b>	<b>(1,482)</b>	<b>1,482</b>	<b>(266)</b>	<b>266</b>
NZD net asset/liability	14	(14)	14	(14)
Secured portion from NZD risk	-	-	-	-
<b>NZD Net effect</b>	<b>14</b>	<b>(14)</b>	<b>14</b>	<b>(14)</b>
ZAR net asset/liability	10,927	(10,927)	49,662	(49,662)
Secured portion from ZAR risk	(10,211)	10,211	(10,211)	10,211
<b>ZAR Net effect</b>	<b>716</b>	<b>(716)</b>	<b>39,451</b>	<b>(39,451)</b>
AUD net asset/liability	3,758	(3,758)	3,494	(3,494)
Secured portion from AUD risk	(4,155)	4,155	(4,155)	4,155
<b>AUD Net effect</b>	<b>(397)</b>	<b>397</b>	<b>(661)</b>	<b>661</b>
DKK net asset/liability	479	(479)	479	(479)
Secured portion from DKK risk	-	-	-	-
<b>DKK Net effect</b>	<b>479</b>	<b>(479)</b>	<b>479</b>	<b>(479)</b>
JPY net asset/liability	(131)	131	(131)	131
Secured portion from JPY risk	-	-	-	-
<b>JPY Net effect</b>	<b>(131)</b>	<b>131</b>	<b>(131)</b>	<b>131</b>
CAD net asset/liability	59	(59)	59	(59)
Secured portion from CAD risk	-	-	-	-
<b>CAD Net effect</b>	<b>59</b>	<b>(59)</b>	<b>59</b>	<b>(59)</b>
EGP net asset/liability	-	-	(511)	511
Secured portion from EGP risk	-	-	-	-
<b>EGP Net effect</b>	<b>-</b>	<b>-</b>	<b>(511)</b>	<b>511</b>
UAH net asset/liability	-	-	177	(177)
Secured portion from UAH risk	-	-	-	-
<b>UAH Net effect</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>(177)</b>
CNY net asset/liability	-	-	8,202	(8,202)
Secured portion from CNY risk	-	-	-	-
<b>CNY Net effect</b>	<b>-</b>	<b>-</b>	<b>8,202</b>	<b>(8,202)</b>
CHF net asset/liability	-	-	13,051	(13,051)
Secured portion from CHF risk	-	-	-	-
<b>CHF Net effect</b>	<b>-</b>	<b>-</b>	<b>13,051</b>	<b>(13,051)</b>
BWP net asset/liability	-	-	(259)	259
Secured portion from BWP risk	-	-	-	-
<b>BWP Net effect</b>	<b>-</b>	<b>-</b>	<b>(259)</b>	<b>259</b>
	<b>10,941</b>	<b>(10,941)</b>	<b>190,882</b>	<b>(190,882)</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014

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

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

Imports and exports to / from Turkey for the periods ended as of June 30, 2014 and 2013 are as follows:

	June 30, 2014		June 30, 2013	
	Original amount	TRY equivalent	Original amount	TRY equivalent
EUR	504,042,729	1,494,954	438,918,124	1,046,061
USD	177,262,693	384,093	191,699,115	348,339
GBP	116,621,836	420,336	107,208,006	298,881
Other		268,885		204,684
<b>Total exports</b>		<b>2,568,268</b>		<b>1,897,965</b>
EUR	176,112,300	519,702	218,409,663	517,487
USD	435,074,179	944,116	393,427,913	710,026
GBP	404,569	1,449	252,258	702
Other		16,046		3,669
<b>Total imports</b>		<b>1,481,313</b>		<b>1,231,884</b>

**Fair value hierarchy table**

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at June 30, 2014 is as follows:

**Financial assets carried at fair value in statement of financial position:**

	Level 1	Level 2	Level 3
Derivative financial assets(Note 7)	-	1,703	-
Financial assets (Note 5)	-	637,253	-

**Financial liabilities carried at fair value in statement of financial position:**

Derivative financial liabilities(Note 7)	-	65,621	-
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**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

Fair value hierarchy table as at December 31, 2013 is as follows:

**Financial assets carried at fair value in statement of  
financial position:**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets(Note 7)	-	6,651	-
Financial assets(Note 5)	-	537,682	-

**Financial liabilities carried at fair value in statement of  
financial position:**

Derivative financial liabilities(Note 7)	-	65,677	-
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**NOTE 30 - SUPPLEMENTARY CASH FLOW INFORMATION**

Statements of cash flows are presented within the condensed interim consolidated financial statements. “Changes in provisions” presented in the condensed interim consolidated statements of cash flows are as follows:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
<b>Changes in provisions:</b>		
Accrual for customer premiums	47,772	37,013
Accrual for bonuses and premiums	34,254	17,853
Assembly and transportation provision	16,270	29,807
Provision for employment termination benefits	12,592	15,404
Provision for doubtful receivables	9,914	2,541
Provision for vacation pay liability	2,637	2,398
Provision for impairment on inventories	1,226	2,736
Provision for legal claims	4	536
Return provisions	(128)	604
Warranty provision	(683)	17,705
	<b>123,858</b>	<b>126,597</b>

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