

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.4)

## **Arçelik Anonim Şirketi**

**January 1 – September 30, 2012 condensed interim consolidated financial statements**

**ARÇELİK ANONİM ŞİRKETİ**

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**ARÇELİK ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEETS**

**AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011**

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

		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	1,173,933	1,173,889
Derivative financial instruments	7	1,318	2,932
Trade receivables	8	3,723,530	3,180,870
Inventories	9	1,754,527	1,530,141
Other current assets	17	100,453	138,996
<b>Total current assets</b>		<b>6,753,761</b>	<b>6,026,828</b>
<hr/>			
Assets held for sale		8,248	7,021
<hr/>			
<b>Non-current assets:</b>			
Trade receivables	8	16,401	16,018
Financial investments	5	505,316	491,376
Associates	11	179,677	160,580
Investment properties	12	5,955	6,441
Property, plant and equipment	13	1,514,629	1,446,841
Intangible assets	14	766,501	783,094
Goodwill		181,417	196,167
Deferred tax assets	22	72,439	63,387
<b>Total non-current assets</b>		<b>3,242,335</b>	<b>3,163,904</b>
<hr/>			
<b>Total assets</b>		<b>10,004,344</b>	<b>9,197,753</b>

These condensed interim consolidated financial statements as at and for the interim period ended September 30, 2012, have been approved for issue by the Board of Directors on November 1, 2012 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 – SEE NOTE 2.4)

## ARÇELİK ANONİM ŞİRKETİ

### CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

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

		<b>Unaudited</b>	<b>Audited</b>
	Notes	September 30, 2012	December 31, 2011
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Financial liabilities	6	2,007,463	1,628,943
Financial liabilities to related parties	24	6,949	7,077
Derivative financial instruments	7	6,688	195
Trade payables	8	1,382,328	1,242,454
Other payables	10	158,299	183,691
Current income tax liabilities	22	28,284	23,250
Provisions	16	262,396	232,390
Other current liabilities	17	330,683	212,620
<b>Total current liabilities</b>		<b>4,183,090</b>	<b>3,530,620</b>
<b>Non-current liabilities:</b>			
Financial liabilities	6	1,639,448	1,528,237
Financial liabilities to related parties	24	61,262	70,539
Provisions for employment termination benefits		115,936	106,782
Deferred tax liabilities	22	228,790	226,142
Provisions	16	79,579	81,519
Other non-current liabilities		1,739	2,273
<b>Total non-current liabilities</b>		<b>2,126,754</b>	<b>2,015,492</b>
<b>Total liabilities</b>		<b>6,309,844</b>	<b>5,546,112</b>
<b>EQUITY</b>			
Paid-in capital	18	675,728	675,728
Adjustment to share capital	18	468,811	468,811
Share premium		889	889
Revaluation fund	18	351,661	341,505
Restricted reserves	18	216,687	190,066
Currency translation differences		75,491	145,922
Contribution to shareholders’ equity due to merger	18	14,507	14,507
Retained earnings		1,382,777	1,201,658
Net income for the period- equity holders of the parent		425,199	506,506
<b>Attributable to</b>			
Equity holders of the parent		3,611,750	3,545,592
Non-controlling interest		82,750	106,049
<b>Total equity</b>		<b>3,694,500</b>	<b>3,651,641</b>
<b>Total liabilities and equity</b>		<b>10,004,344</b>	<b>9,197,753</b>

Commitments, contingent assets and liabilities 15

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011

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

	Notes	Unaudited			
		January 1 - September 30, 2012	January 1 - September 30, 2011	July 1 - September 30, 2012	July 1 - September 30, 2011
Net sales	3	7,912,481	6,043,017	2,727,693	2,314,570
Cost of sales		(5,619,856)	(4,172,084)	(1,914,663)	(1,598,214)
<b>Gross profit</b>		<b>2,292,625</b>	<b>1,870,933</b>	<b>813,030</b>	<b>716,356</b>
Marketing, selling and distribution expenses		(1,370,775)	(1,075,151)	(499,110)	(421,978)
General administrative expenses		(261,090)	(218,514)	(79,054)	(73,793)
Research and development expenses		(61,789)	(54,717)	(15,745)	(19,024)
Other income	19	50,073	37,387	15,936	10,988
Other expenses	19	(36,633)	(36,308)	(8,529)	(9,033)
<b>Operating profit</b>		<b>612,411</b>	<b>523,630</b>	<b>226,528</b>	<b>203,516</b>
Income from associates (net)	11	31,333	24,275	7,790	6,796
Financial income	20	282,328	357,466	73,036	95,402
Financial expenses	21	(403,482)	(385,329)	(123,868)	(122,643)
<b>Income before tax</b>		<b>522,590</b>	<b>520,042</b>	<b>183,486</b>	<b>183,071</b>
<b>Income tax</b>					
- Taxes on income	22	(74,040)	(79,813)	(26,779)	(22,684)
- Deferred tax expense	22	(1,289)	(1,900)	(9,802)	(50)
<b>Net income</b>		<b>447,261</b>	<b>438,329</b>	<b>146,905</b>	<b>160,337</b>
<b>Attributable to:</b>					
Non-controlling interest		22,062	23,922	9,673	8,708
<b>Equity holders of the parent</b>		<b>425,199</b>	<b>414,407</b>	<b>137,232</b>	<b>151,629</b>
<b>Earnings per share (Kr)</b>	23	<b>0.629</b>	<b>0.613</b>	<b>0.203</b>	<b>0.224</b>

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

**ARÇELİK ANONİM ŞİRKETİ**

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011**

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

	<b>Unaudited</b>			
	<b>January 1 - September 30, 2012</b>	<b>January 1 - September 30, 2011</b>	<b>July 1 - September 30, 2012</b>	<b>July 1 - September 30, 2011</b>
<b>Net income for the period</b>	<b>447,261</b>	<b>438,329</b>	<b>146,905</b>	<b>160,337</b>
<b>Other comprehensive income /(expense):</b>				
Fair value gains/losses on financial assets	13,940	(55,760)	-	-
Tax effect	(697)	2,788	-	-
	<b>13,243</b>	<b>(52,972)</b>	<b>-</b>	<b>-</b>
Foreign currency hedge of net investments in foreign operations	14,361	(69,990)	(11,276)	(24,975)
Tax effect	(2,872)	13,998	2,255	4,995
	<b>11,489</b>	<b>(55,992)</b>	<b>(9,021)</b>	<b>(19,980)</b>
Cash flow hedges	-	(12,107)	-	(12,107)
Tax effect	-	2,421	-	2,421
	<b>-</b>	<b>(9,686)</b>	<b>-</b>	<b>(9,686)</b>
Share of other comprehensive income of associates	<b>(1,429)</b>	<b>(1,074)</b>	<b>(461)</b>	<b>(1,074)</b>
Tax effect of amortization calculated over intangible assets revaluation increases	<b>315</b>	<b>311</b>	<b>103</b>	<b>111</b>
Currency translation differences	<b>(85,144)</b>	<b>156,804</b>	<b>8,378</b>	<b>51,655</b>
<b>Reclassifications:</b>				
Cash flow hedge fund (net)	-	(271)	-	-
<b>Other comprehensive income / (loss) (net of tax)</b>	<b>(61,526)</b>	<b>37,120</b>	<b>(1,001)</b>	<b>21,026</b>
<b>Total comprehensive income</b>	<b>385,735</b>	<b>475,449</b>	<b>145,904</b>	<b>181,363</b>
<b>Attributable to:</b>				
Non-controlling interest	19,577	39,999	11,863	17,584
Equity holders of the parent	<b>366,158</b>	<b>435,450</b>	<b>134,041</b>	<b>163,779</b>

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 – SEE NOTE 2.4)

## ARÇELİK ANONİM ŞİRKETİ

### INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011

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

	Paid-in capital	Adjustment to share capital	Share premium	Revaluation funds	Restricted reserves	Currency translation	Contribution to shareholders' equity due to merger	Retained earnings	Net income for the period	Equity holders of the parent	Non- controlling interest	Total equity
<b>As of January 1, 2011</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>511,969</b>	<b>168,445</b>	<b>29,585</b>	<b>14,507</b>	<b>954,525</b>	<b>517,093</b>	<b>3,341,552</b>	<b>66,182</b>	<b>3,407,734</b>
<i>Comprehensive income</i>												
Net income for the period	-	-	-	-	-	-	-	-	414,407	414,407	23,922	438,329
<i>Other comprehensive income:</i>												
Fair value gains on financial assets (net)	-	-	-	(52,972)	-	-	-	-	-	(52,972)	-	(52,972)
Cash flow hedge fund (net)	-	-	-	(9,957)	-	-	-	-	-	(9,957)	-	(9,957)
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	(55,992)	-	-	-	-	-	(55,992)	-	(55,992)
Share of other comprehensive income/(loss) of associates	-	-	-	(1,074)	-	-	-	-	-	(1,074)	-	(1,074)
Tax effect of amortisation calculated over intangible assets revaluation increases	-	-	-	311	-	-	-	-	-	311	-	311
Currency translation differences	-	-	-	44,785	-	95,942	-	-	-	140,727	16,077	156,804
<b>Total other comprehensive income</b>	-	-	-	<b>(74,899)</b>	-	<b>95,942</b>	-	-	-	<b>21,043</b>	<b>16,077</b>	<b>37,120</b>
<b>Total comprehensive income</b>	-	-	-	<b>(74,899)</b>	-	<b>95,942</b>	-	-	<b>414,407</b>	<b>435,450</b>	<b>39,999</b>	<b>475,449</b>
Transfers	-	-	-	-	-	-	-	517,093	(517,093)	-	-	-
Amortisation effect of the revaluation of intangible assets (net)	-	-	-	(1,220)	-	-	-	1,220	-	-	-	-
Dividends paid	-	-	-	-	21,621	-	-	(271,621)	-	(250,000)	(11,554)	(261,554)
<b>As of September 30, 2011</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>435,850</b>	<b>190,066</b>	<b>125,527</b>	<b>14,507</b>	<b>1,201,217</b>	<b>414,407</b>	<b>3,527,002</b>	<b>94,627</b>	<b>3,621,629</b>
<b>As of January 1, 2012</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>341,505</b>	<b>190,066</b>	<b>145,922</b>	<b>14,507</b>	<b>1,201,658</b>	<b>506,506</b>	<b>3,545,592</b>	<b>106,049</b>	<b>3,651,641</b>
<i>Comprehensive income</i>												
Net income for the period	-	-	-	-	-	-	-	-	425,199	425,199	22,062	447,261
<i>Other comprehensive income:</i>												
Fair value gains on financial assets (net)	-	-	-	13,243	-	-	-	-	-	13,243	-	13,243
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	11,489	-	-	-	-	-	11,489	-	11,489
Share of other comprehensive income/(loss) of associates	-	-	-	(1,429)	-	-	-	-	-	(1,429)	-	(1,429)
Tax effect of amortisation calculated over intangible assets revaluation increases	-	-	-	315	-	-	-	-	-	315	-	315
Currency translation differences	-	-	-	(12,228)	-	(70,431)	-	-	-	(82,659)	(2,485)	(85,144)
<b>Total other comprehensive income</b>	-	-	-	<b>11,390</b>	-	<b>(70,431)</b>	-	-	-	<b>(59,041)</b>	<b>(2,485)</b>	<b>(61,526)</b>
<b>Total comprehensive income</b>	-	-	-	<b>11,390</b>	-	<b>(70,431)</b>	-	-	<b>425,199</b>	<b>366,158</b>	<b>19,577</b>	<b>385,735</b>
Transfers	-	-	-	-	-	-	-	506,506	(506,506)	-	-	-
Amortisation effect of the revaluation of intangible assets (net)	-	-	-	(1,234)	-	-	-	1,234	-	-	-	-
Dividends paid	-	-	-	-	26,621	-	-	(326,621)	-	(300,000)	(42,876)	(342,876)
<b>As of September 30, 2012</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>351,661</b>	<b>216,687</b>	<b>75,491</b>	<b>14,507</b>	<b>1,382,777</b>	<b>425,199</b>	<b>3,611,750</b>	<b>82,750</b>	<b>3,694,500</b>

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

ARÇELİK ANONİM ŞİRKETİ

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR PERIODS ENDED SEPTEMBER 30, 2012 AND 2011

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

	Notes	Unaudited	
		September 30, 2012	September 30, 2011
<b>Operating activities:</b>			
<b>Income before tax</b>		<b>522,590</b>	<b>520,042</b>
<i>Adjustments to reconcile net cash provided from operating activities to income before taxes:</i>			
Changes in provisions	26	188,295	221,959
Depreciation and amortization		190,153	159,397
Interest income	20	(17,382)	(28,424)
Interest expense	21	145,009	71,746
Income from associates (net)	11	(31,333)	(24,275)
Gain/loss from sales of tangible and intangible assets (net)		(208)	724
Gain/loss from sales of financial assets		-	19
<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>		<b>997,124</b>	<b>921,188</b>
Changes in operating assets and liabilities (net)	26	(667,702)	(1,129,329)
Corporate taxes paid		(51,781)	(47,519)
<b>Cash flows from operating activities</b>		<b>277,641</b>	<b>(255,660)</b>
<b>Investing activities:</b>			
Acquisition of tangible and intangible assets		(295,453)	(178,493)
Interest received		17,753	31,102
Cash provided from sales of tangible and intangible assets		2,573	4,680
Dividends received	11	10,807	5,553
Cash provided from sales of financial assets		-	4
<b>Cash flows from investing activities</b>		<b>(264,320)</b>	<b>(137,154)</b>
<b>Financing activities:</b>			
Proceeds from bank borrowings		1,484,181	969,102
Repayment of bank borrowings		(1,002,872)	(531,432)
Dividends paid		(342,876)	(261,554)
Interest paid		(136,582)	(64,429)
<b>Cash flows from financing activities</b>		<b>1,851</b>	<b>(111,687)</b>
<b>Currency translation differences (net)</b>		<b>(14,757)</b>	<b>18,460</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>415</b>	<b>(262,667)</b>
<b>Cash and cash equivalents at January 1</b>	4	<b>1,172,662</b>	<b>1,313,075</b>
<b>Cash and cash equivalents at September 30</b>	4	<b>1,173,077</b>	<b>1,050,408</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 SEPTEMBER 30, 2012

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

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

Arçelik Anonim Şirketi (a Turkish corporation - “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 18).

The Company’s head office is located at:

Karaağaç Caddesi No: 2-6

Sütlüce 34445 Beyoğlu

Istanbul / Turkey

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1986. At September 30, 2012, the publicly quoted shares are 25.19% of the total shares.

The average number of employees of the Group in the period ended September 30, 2012 is 22,720 (1 January-30 September 2011: 18,693).

<u>Subsidiaries</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	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 Italy SRL (“Beko Italy”)	Italy	Sales	Consumer durables/Electronics
Beko Llc. (“Beko Russia”)	Russia	Production/Sales	Consumer durables/Electronics
Beko Plc. (“Beko UK”)	UK	Sales	Consumer durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer durables/Electronics
Beko S.A. (“Beko Polska”)	Poland	Sales	Consumer durables/Electronics
Beko S.A. Czech Republic (“Beko Czech”)	Czech Republic	Sales	Consumer durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer durables/Electronics
Beko Ukraine (“Beko Ukraina”)	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 Two”)	Republic of South Africa	Investment	Real Estate
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Sales	Consumer durables/Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Intermedia GmbH (“Grundig Intermedia”)	Germany	Sales	Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Electronics
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Electronics
Kindoc Park (Proprietary) Limited (“Defy Kindoc”)	Republic of South Africa	Investment	Real Estate
Raupach Wollert GmbH (“Raupach”)	Germany	Investment	Holding
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer durables/Electronics

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Core Business</u>	<u>Nature of business</u>
<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 Magyarország K.F.T. (“Beko Magyarország”)	Hungary	-	-
Beko S.A. Hungary (“Beko Hungary”)	Hungary	-	-
Blomberg Werke GmbH (“Blomberg Werke”)	Germany	-	-
Carron SA (Proprietary) Limited (“Defy Carron”)	Republic of South Africa	-	-
Grundig Ceska Republika S.r.o (“Grundig Ceska”)	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	-	-
Grundig Italiana S.p.A. (“Grundig Italy”)	Italy	-	-
Grundig Magyarország Kft. (“Grundig Hungary”)	Hungary	-	-
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	-	-
Grundig Slovakia s.r.o (“Grundig Slovakia”)	Slovakia	-	-
Ocean Appliances Limited. (“Defy Ocean”)	Republic of South Africa	-	-
<b>Associates</b>			
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer durables
Koç Tüketici Finansmanı A.Ş. (“Koç Tüketici Finans”)	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 and communication

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

##### 2.1 Basis of presentation

##### Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles published by the CMB, namely “CMB Financial Reporting Standards”. CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué No. XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union (“EU”). Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board (“IASB”) are announced by Public Oversight of the Accounting and Auditing Standards Board (formerly Turkish Accounting Standards Board), IAS/IFRS shall be applied.

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 and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the IASB, has not been applied in the financial statements for the accounting year commencing from January 1, 2005.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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

In accordance with the Communiqué No: XI-29, entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

The condensed interim consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The condensed interim consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated April 14, 2008 and January 9, 2009 including the compulsory disclosures.

Arçelik maintains its books of account and prepare its statutory financial statements (“Statutory Financial Statements”) in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These condensed interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These consolidated financial statements have been prepared under the historical cost convention except for the derivative financial instruments and financial assets presented at fair values, and the revaluation fund related with the difference between the carrying value and fair value of the intangible assets arisen from business combinations which are accounted for.

#### *New and amended standards and interpretations:*

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 September 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2012. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

#### **The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:**

##### **IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)**

IAS 12 has been updated to include

- i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale
- ii) A requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively.

This standard has not yet been endorsed by the EU. This amendment did not have impact on the financial position or performance of the Group.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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)

##### **IFRS 7 Financial instruments: Disclosures’ on transfers of assets (Amended)**

These amendments arise from the IASB’s review of off-balance-sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets. This amendment did not have impact on the financial position or performance of the Group.

##### **IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income**

The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only.

##### **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 condensed interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become effective.

##### **IAS 19 Employee Benefits (Amended)**

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

##### **IAS 27 Separate Financial Statements (Amended)**

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have impact on the financial position or performance of the Group.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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 28 Investments in Associates and Joint Ventures (Amended)**

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have impact on the financial position or performance of the Group.

##### **IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)**

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

##### **IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)**

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only.

##### **IFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 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. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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)

##### **IFRS 10 Consolidated Financial Statements**

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

##### **IFRS 11 Joint Arrangements**

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

##### **IFRS 12 Disclosure of Interests in Other Entities**

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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)

##### **IFRS 13 Fair Value Measurement**

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

##### **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as ‘the beginning of the annual reporting period in which IFRS 10 is applied for the first time’. The assessment of whether control exists is made at the date of initial application rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the guidance on the financial position or performance of the Group.

##### **Improvements to IFRSs**

The IASB has issued the Annual Improvements to IFRSs 2009-2011 cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the project on the financial position or performance of the Group.

##### *IAS 1 Financial Statement Presentation:*

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

##### *IAS 16 Property, Plant and Equipment:*

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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 32 Financial Instruments: Presentation:*

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

##### *IAS 34 Interim Financial Reporting:*

Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

#### **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 the CMB Financial Reporting Standards to reflect the proper presentation and content. 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, 2011, 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 SEPTEMBER 30, 2012**

(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 September 30, 2012 and December 31, 2011 (%) and their functional currencies:

	Functional Currency	September 30, 2012		December 31, 2011	
		Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
<b>Continuing operations as of balance sheet date:</b>					
Arctic	Romanian Lei	96.71	96.71	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	100.00	100.00	100.00	100.00
Beko China	Chinese Yuan	100.00	100.00	100.00	100.00
Beko Czech	Czech Koruna	100.00	100.00	100.00	100.00
Beko Deutschland	Euro	100.00	100.00	100.00	100.00
Beko Egypt <sup>(1)</sup>	Egyptian Lira	100.00	100.00	-	-
Beko Espana	Euro	100.00	100.00	100.00	100.00
Beko France	Euro	100.00	100.00	100.00	100.00
Beko Italy	Euro	100.00	100.00	100.00	100.00
Beko Polska	Polish Zlotych	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 <sup>(2)</sup>	British Pound	50.00	50.00	50.00	50.00
Beko Ukraine <sup>(1)</sup>	Ukrainian Hryvna	100.00	100.00	-	-
Defy	South African Rand	100.00	100.00	100.00	100.00
Defy Botswana	Botswana Pula	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 Two	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	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
Raupach	Euro	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 Magyarorszag	-	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
Blomberg Vertrieb <sup>(3)</sup>	-	-	-	100.00	100.00
Defy Carron	-	100.00	100.00	100.00	100.00
Defy Ocean	-	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 Italy	-	100.00	100.00	100.00	100.00
Grundig Hungary	-	100.00	100.00	100.00	100.00
Grundig Polska <sup>(4)</sup>	-	-	-	100.00	100.00
Grundig Portugal	-	100.00	100.00	100.00	100.00
Grundig Slovakia	-	100.00	100.00	100.00	100.00

<sup>(1)</sup> Incorporated in 2012.

<sup>(2)</sup> 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’ stating that the power to govern the financial and operating policies of the Subsidiary is exerted by Arçelik A.Ş.

<sup>(3)</sup> Beko Deutschland and Bloomberg Vertrieb legally merged in April 2012.

<sup>(4)</sup> Dissolved in 2012.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

(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 realise 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 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.

In order to conform with changes in presentation in the current period consolidated balance sheet, assets obtained as loan/receivable collateral, which were accounted in other current assets in the previous period’s consolidated balance sheet, are classified under asset held for sales in the current period; short-term portion of payables to related parties, which are associated with intangible assets (Note 24) and accounted in short-term trade payables in previous periods, are accounted as financial liabilities to related parties in the current period due to the fact that the account does not have a commercial nature. Additionally, a reclassification is made in the prior period’s consolidated statement of cash flow between changes in provisions and net change in operating assets and liabilities. As a result of these reclassifications, current assets decreased by amounting to TRY 7,021 which is classified under asset held for sale and trade payables under short term liabilities are decreased by the amount of TRY 7,077 and same amount is accounted under financial liabilities to related parties as of December 31, 2011. The reclassification between changes in provision and net change of assets and liabilities amounts to TRY 170 in consolidated statement of cash flow for the period ended September 30, 2011.

#### 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 TAS/IFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/IFRS. 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 nine months period ended September 30, 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2011. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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

##### 2.4 Convenience translation into English of condensed interim consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2.1 to the condensed interim consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between January 1 - December 31, 2005. Accordingly, the accompanying condensed interim consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

#### NOTE 3 - SEGMENT REPORTING

The reportable segments of Arçelik have been organised 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 CMB Financial Reporting Standards.

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 nine-month period ended September 30, 2012 are as follows:

	<b>White Goods</b>	<b>Consumer Electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	5,208,585	1,358,528	1,345,368	7,912,481
Gross profit	1,675,347	274,383	342,895	2,292,625
Depreciation and amortisation	153,386	33,690	7,304	194,380
Capital expenditures	260,328	33,902	5,450	299,680
Income from associates	-	-	31,333	31,333

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

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

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

b) Operational segments which have been prepared in accordance with the reportable segments for the nine-month period ended September 30, 2011 are as follows::

	<b>White Goods</b>	<b>Consumer Electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	3,972,224	952,984	1,117,809	6,043,017
Gross profit	1,347,587	210,155	313,191	1,870,933
Depreciation and amortisation	125,510	29,572	6,350	161,432
Capital expenditures	152,807	22,985	4,736	180,528
Income from associates	-	-	24,275	24,275

c) Operational segments which have been prepared in accordance with the reportable segments for the period between July 1- September 30, 2012 are as follows:

	<b>White Goods</b>	<b>Consumer Electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,953,923	385,871	387,899	2,727,693
Gross profit	650,903	67,075	95,052	813,030
Depreciation and amortisation	48,675	11,415	2,478	62,568
Capital expenditures	109,331	7,897	501	117,729
Income from associates	-	-	7,790	7,790

d) Operational segments which have been prepared in accordance with the reportable segments for the period between July 1- September 30, 2011 are as follows:

	<b>White Goods</b>	<b>Consumer Electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,589,313	342,848	382,409	2,314,570
Gross profit	531,160	73,169	112,027	716,356
Depreciation and amortisation	43,906	11,090	1,917	56,913
Capital expenditures	64,746	8,117	2,157	75,020
Income from associates	-	-	6,796	6,796

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 - SEGMENT REPORTING (Continued)**

e) Sales revenue, grouped geographically for the nine-months periods ended at September 30, are as below:

<b>January 1 – September 30, 2012</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	3,445,003	2,940,157	696,940	830,381	7,912,481
Income from associates	31,333	-	-	-	31,333
<b>January 1 – September 30, 2011</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	3,007,568	2,256,815	121,816	656,818	6,043,017
Income from associates	24,275	-	-	-	24,275

f) Sales revenue, grouped geographically for the period between July 1- September 30, are as below

<b>July 1 – September 30, 2012</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,182,674	1,029,607	234,640	280,772	2,727,693
Income from associates	7,790	-	-	-	7,790
<b>July 1 – September 30, 2011</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,122,265	891,695	72,399	228,211	2,314,570
Income from associates	6,796	-	-	-	6,796

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Cash in hand	372	309
Cash at banks		
- demand deposits	56,811	90,986
- time deposits	1,029,689	1,040,416
Cheques and notes	79,243	38,044
Other	6,962	2,907
<b>Cash and cash equivalents in cash flow statement</b>	<b>1,173,077</b>	<b>1,172,662</b>
Interest income accruals	856	1,227
	<b>1,173,933</b>	<b>1,173,889</b>

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

Up to 30 days	871,700	839,628
30-90 days	302,233	334,261
	<b>1,173,933</b>	<b>1,173,889</b>

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### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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#### NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

The effective interest rates (%) of time deposits are as follows:

	September 30, 2012	December 31, 2011
TRY	6.3	-
USD	-	1.9
EUR	1.6	1.8
RON	3.8	4.7
GBP	0.3	0.2
CNY	1.3	2.1
PLN	4.5	4.1
ZAR	4.5	5.0
CZK	-	0.4
NOK	0.7	2.3
SEK	0.3	2.0
CHF	0.1	-
EGP	6.5	-

#### NOTE 5 - FINANCIAL INVESTMENTS

##### *Available-for-sale investments*

	September 30, 2012		December 31, 2011	
	%	TRY	%	TRY
Koç Finansal Hizmetler A.Ş.	3.98	503,828	3.98	489,888
Other		1,488		1,488
		<b>505,316</b>		<b>491,376</b>

#### NOTE 6 - FINANCIAL LIABILITIES

##### a) Short-term financial liabilities

	September 30, 2012	December 31, 2011
Short-term bank borrowings	1,015,088	1,078,206
Short-term portion of long-term bank borrowings	992,236	550,554
Other	139	183
	<b>2,007,463</b>	<b>1,628,943</b>

As of September 30, 2012, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
EUR	1.6	346,004,681	798,750
USD	1.3	68,000,000	121,360
RUB	8.4	1,331,729,793	76,056
CNY	5.7	67,100,778	18,896
RON	6.4	50,853	26
			<b>1,015,088</b>

ARÇELİK ANONİM ŞİRKETİ

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

As of December 31, 2012, 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	13.0	-	26,710
EUR	2.1	388,022,169	948,245
RUB	7.3	1,564,499,204	90,976
CNY	6.0	35,056,933	10,570
USD	0.4	887,118	1,676
RON	6.3	52,422	29
			<b>1,078,206</b>

b) Long-term financial liabilities

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Long-term bank borrowings	1,639,321	1,528,130
Other	127	107
	<b>1,639,448</b>	<b>1,528,237</b>

As of September 30, 2012, 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	9.2	1,063,685,129	1,063,685
EUR	2.9	452,974,590	1,045,692
USD	2.2	127,929,184	228,315
ZAR	6.7	682,831,913	147,382
GBP	3.2	50,623,147	146,483
			<b>2,631,557</b>
Less: Short-term portion			(992,236)
			<b>1,639,321</b>

As of December 31, 2011, 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	11.6	-	505,254
EUR	3.7	419,908,838	1,026,175
USD	2.2	127,356,398	240,563
ZAR	7.2	684,257,945	160,246
GBP	3.2	50,204,425	146,446
			<b>2,078,684</b>
Less: Short-term portion			(550,554)
			<b>1,528,130</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

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

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

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
2013	146,771	1,039,370
2014	611,700	488,760
2015	650,000	-
2016 and over	230,850	-
	<b>1,639,321</b>	<b>1,528,130</b>

The analysis of borrowings in terms of periods remaining to contractual reprising dates is as follows:

Up to 6 months	3,351,132	2,660,751
6-12 months	295,513	306,685
1-5 years	-	189,454
	<b>3,646,645</b>	<b>3,156,890</b>

**NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>September 30, 2012</b>			<b>December 31, 2011</b>		
	<b>Contract amount</b>	<b>Fair value Assets / (Liabilities)</b>		<b>Contract amount</b>	<b>Fair value Assets / (Liabilities)</b>	
<i>Held for trading:</i>						
Forward transactions	646,553	628	(5,556)	400,607	2,364	(134)
Foreign currency swap contracts	581,159	690	(1,132)	294,270	568	(61)
	<b>1,227,712</b>	<b>1,318</b>	<b>(6,688)</b>	<b>694,877</b>	<b>2,932</b>	<b>(195)</b>

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>Short-term trade receivables:</b>		
Trade receivables	2,286,379	1,864,092
Notes receivables	1,328,022	1,241,891
Cheques receivables	190,565	165,888
Due from related parties (Note 24)	32,371	23,402
<b>Short-term trade receivables (gross)</b>	<b>3,837,337</b>	<b>3,295,273</b>
Provision for doubtful receivables	(93,519)	(93,579)
Unearned credit finance income	(20,288)	(20,824)
<b>Short-term trade receivables (net)</b>	<b>3,723,530</b>	<b>3,180,870</b>



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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements in the provision for doubtful receivables for the nine months periods ended September 30 are as follows:

	2012	2011
<b>Balance as of January 1</b>	<b>93,579</b>	<b>110,611</b>
Additions (Note 19)	10,395	14,773
Provisions released (Note 19)	(1,879)	(1,426)
Write-offs	(6,299)	(36,582)
Currency translation differences	(2,277)	5,986
<b>Balance as of September 30</b>	<b>93,519</b>	<b>93,362</b>

	September 30, 2012	December 31, 2011
<b>Long-term trade receivables:</b>		
Trade receivables	16,401	16,018
	<b>16,401</b>	<b>16,018</b>

<b>Short-term trade payables:</b>		
Trade payables	1,156,127	1,120,739
Due to related parties (Note 24)	233,479	133,283
Unearned credit finance charges	(7,278)	(11,568)
	<b>1,382,328</b>	<b>1,242,454</b>

NOTE 9 - INVENTORIES

	September 30, 2012	December 31, 2011
Raw materials and supplies	764,329	783,785
Work in progress	61,035	49,382
Finished goods	776,651	576,128
Trade goods	215,149	184,157
<b>Inventories (gross)</b>	<b>1,817,164</b>	<b>1,593,452</b>
Provision for impairment on inventories	(62,637)	(63,311)
<b>Inventories (net)</b>	<b>1,754,527</b>	<b>1,530,141</b>

There are no inventories pledged as security for liabilities (December 31, 2011: None).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 9 – INVENTORIES (Continued)

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

	September 30, 2012	December 31, 2011
Raw materials and supplies	54,935	55,059
Finished goods	5,053	5,698
Trade goods	2,649	2,554
	<b>62,637</b>	<b>63,311</b>

Movements of provision for impairment on inventories for the nine months periods ended September 30, are as follows:

	2012	2011
<b>Balance as of January 1</b>	<b>63,311</b>	<b>72,578</b>
Additions (Note 19)	1,027	1,708
Realized due to sales of inventory	(1,496)	(3,322)
Currency translation differences	(205)	1,430
<b>Balance as of September 30</b>	<b>62,637</b>	<b>72,394</b>

NOTE 10 - OTHER PAYABLES

	September 30, 2012	December 31, 2011
Taxes and duties payable	123,436	122,096
Payables to personnel	21,650	51,655
Deposits and guarantees received	9,715	6,243
Dividends payable to equity holders	1,860	2,002
Other	1,638	1,695
	<b>158,299</b>	<b>183,691</b>

NOTE 11 - ASSOCIATES

	September 30, 2012		December 31, 2011	
	%	TRY	%	TRY
Koç Tüketici Finans	47.0	77,079	47.0	74,287
Arçelik – LG	45.0	81,041	45.0	67,296
Ram Dış Ticaret	33.5	15,621	33.5	13,026
Tam Pazarlama	32.0	5,936	32.0	5,971
		<b>179,677</b>		<b>160,580</b>

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NOTE 11 – ASSOCIATES (Continued)

The movements of associates for the nine months periods ended September 30, are as follows:

	2012	2011
<b>Balance as of January 1</b>	<b>160,580</b>	<b>136,604</b>
Shares of income/loss of associates	31,333	24,275
Shares of other comprehensive income of associates	(1,429)	(1,074)
Dividends received	(10,807)	(5,553)
<b>Balance as of September 30</b>	<b>179,677</b>	<b>154,252</b>

*Shares of income/loss from associates*

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Koç Tüketici Finans	13,620	11,023	4,253	3,872
Arçelik - LG	13,745	7,587	2,075	1,413
Ram Dış Ticaret	4,003	3,233	1,425	984
Tanı Pazarlama	(35)	2,432	37	527
	<b>31,333</b>	<b>24,275</b>	<b>7,790</b>	<b>6,796</b>

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

	September 30, 2012	December 31, 2011
Total assets	2,118,464	1,996,446
Total liabilities	1,709,190	1,631,776

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Sales revenues	1,414,467	1,326,353	394,777	393,618
Net income for the period	71,363	57,564	18,029	15,961

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NOTE 12 - INVESTMENT PROPERTIES

	2012	2011
<b>Balance as of January 1</b>		
Cost	13,754	11,441
Accumulated depreciation	(7,313)	(5,961)
<b>Net carrying value</b>	<b>6,441</b>	<b>5,480</b>
<b>Net carrying value at the beginning of the period</b>	<b>6,441</b>	<b>5,480</b>
Currency translation differences	(379)	1,307
Depreciation for the period	(107)	(106)
<b>Net carrying value at the end of the period</b>	<b>5,955</b>	<b>6,681</b>
<b>Balance as of September 30</b>		
Cost	12,951	14,175
Accumulated depreciation	(6,996)	(7,494)
<b>Net carrying value</b>	<b>5,955</b>	<b>6,681</b>

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	2012	2011
<b>Balance as of January 1:</b>		
Cost	3,743,663	3,410,540
Accumulated depreciation	(2,296,822)	(2,158,295)
<b>Net carrying value</b>	<b>1,446,841</b>	<b>1,252,245</b>
<b>Net carrying value at the beginning of the period</b>	<b>1,446,841</b>	<b>1,252,245</b>
Additions	240,483	131,488
Disposals	(1,864)	(5,371)
Currency translation differences	(20,259)	44,336
Depreciation for the period	(150,572)	(127,426)
<b>Net carrying value at the end of the period</b>	<b>1,514,629</b>	<b>1,295,272</b>
<b>Balance as of September 30</b>		
Cost	3,903,372	3,590,441
Accumulated depreciation	(2,388,743)	(2,295,169)
<b>Net carrying value</b>	<b>1,514,629</b>	<b>1,295,272</b>

There is no mortgage on property, plant and equipment as of September 30, 2012 (December 31, 2011: None).

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**NOTE 14 - INTANGIBLE ASSETS**

	<b>2012</b>	<b>2011</b>
<b>Balance as of January 1</b>		
Cost	960,127	597,299
Accumulated amortization	(177,033)	(135,882)
<b>Net carrying value</b>	<b>783,094</b>	<b>461,417</b>
<b>Net carrying value at the beginning of the period</b>	<b>783,094</b>	<b>461,417</b>
Additions	59,197	49,040
Disposals	(501)	(33)
Currency translation differences	(31,588)	44,678
Amortization for the period	(43,701)	(33,900)
<b>Net carrying value at the end of the period</b>	<b>766,501</b>	<b>521,202</b>
<b>Balance as of September 30</b>		
Cost	986,055	694,667
Accumulated amortization	(219,554)	(173,465)
<b>Net carrying value</b>	<b>766,501</b>	<b>521,202</b>

Net carrying value of the development costs as of September 30, 2012 is TRY 218,828 (December 31, 2011: TRY 198,883) and capitalized development costs in the period is TRY 55,203 (January 1 – September 30, 2011: TRY 44,059).

**NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

As of September 30, 2012, export commitments from Turkey under the scope of export incentives amounts to full USD 1,038,787,768 (December 31, 2011: USD 1,244,265,732).

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Up to 1 year	14,273	14,330
1-5 years	28,486	25,651
Over 5 years	16,634	19,076
<b>Operating lease commitments</b>	<b>59,393</b>	<b>59,057</b>

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

Derivative financial instruments contracts commitments

TRY equivalents of the Group’s foreign exchange purchase and sales commitments in terms of currencies as of September 30, 2012 and December 31, 2011 are as follows.

	Foreign exchange purchase commitments	Foreign exchange sales commitments
<b>September 30, 2012</b>		
EUR	202,596	113,117
TRY	23,600	170,963
USD	370,024	14,330
GBP	-	130,212
PLN	-	22,498
RUB	14,277	85,664
SEK	-	27,215
RON	-	43,912
ZAR	-	9,304
	<b>610,497</b>	<b>617,215</b>
	Foreign exchange purchase commitments	Foreign exchange sales commitments
<b>December 31, 2011</b>		
EUR	79,772	19,550
TRY	-	38,916
USD	250,916	5,899
GBP	-	102,096
PLN	-	26,507
RUB	5,815	95,948
SEK	12,273	-
RON	-	39,470
ZAR	-	17,715
	<b>348,776</b>	<b>346,101</b>
	September 30, 2012	December 31, 2011
Collaterals obtained	2,165,125	1,989,719

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

Collaterals, pledges and mortgages (CPM) given by the Group as of September 30, 2012 and December 31, 2011 are as follows:

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>CPM’s given by the Company</b>		
A. CPM’s given for companies own legal personality	318,189	177,329
B. CPM’s given on behalf of fully consolidated companies	31,232	14,167
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>349,421</b>	<b>191,496</b>

TRY equivalents of collaterals, pledges and mortgages are as follows on currency basis as of September 30, 2012 and December 31, 2011 is as follows:

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>CPM's given by the Company</b>		
USD	309,380	130,297
TRY	24,431	32,248
EUR	12,159	26,857
Other	3,451	2,094
	<b>349,421</b>	<b>191,496</b>

**NOTE 16 - PROVISIONS**

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>Short-term provisions:</b>		
Warranty provision	142,765	128,996
Assembly provision	50,931	44,605
Provision for lawsuit risks	10,243	8,021
Provision for transportation cost	9,912	9,250
Provision for returns	7,235	6,756
Other	41,310	34,762
	<b>262,396</b>	<b>232,390</b>

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NOTE 16 – PROVISIONS (Continued)

	September 30, 2012	December 31, 2011
<b>Long-term provisions:</b>		
Warranty provision	77,818	79,761
Other	1,761	1,758
	<b>79,579</b>	<b>81,519</b>

NOTE 17 - OTHER ASSETS AND LIABILITIES

	September 30, 2012	December 31, 2011
<b>Other current assets:</b>		
Prepaid expenses	34,902	15,090
Value added tax and private consumption tax receivables	24,897	24,811
Taxes and funds deductible	17,462	59,136
Advances given for fixed assets	11,135	4,480
Prepaid taxes and funds	1,480	24,855
Other	10,577	10,624
	<b>100,453</b>	<b>138,996</b>
<b>Other current liabilities:</b>		
Accruals for customer premiums	216,362	115,406
Accruals for bonuses and premiums	33,378	7,057
Accruals for license fee expenses	26,500	19,121
Advances received	22,319	47,483
Accruals for sales and marketing expenses	15,818	11,234
Accruals for advertising expenses	13,132	6,166
Liabilities attributable to the acquisition of subsidiary	-	2,676
Other	3,174	3,477
	<b>330,683</b>	<b>212,620</b>



## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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#### NOTE 18 - 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:

	September 30, 2012	December 31, 2011
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.

The shareholding structure of the Company is as follows:

	September 30, 2012		December 31, 2011	
	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 CMB Financial Reporting Standards. “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.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

#### NOTE 18 – EQUITY (Continued)

##### Contribution to shareholders’ equity related to the merger

It is related to merger with Grundig Elektronik A.Ş. dated June 30, 2009.

##### Revaluation fund

Details of funds, where the changes not recognized through profit or loss but recognized directly in the equity, are accounted for, are as follows.

	September 30, 2012	December 31, 2011
Financial assets fair value difference	342,038	328,795
Non-current assets fair value difference	55,513	68,660
Foreign currency hedge of net investments in foreign operations	(45,612)	(57,101)
Cash flow hedges	(278)	1,151
<b>Revaluation fund total</b>	<b>351,661</b>	<b>341,505</b>

##### Restricted reserves

The Turkish Commercial Code (“TCC”) stipulates that the first 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. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In addition, according to exemption for sale of participation shares and property, a 75% portion of corporations’ profits arising from such sales are not withdrawn within five years and are followed in special reserves.

The details of these restricted reserves are as follows:

	September 30, 2012	December 31, 2011
Legal reserves	212,523	185,902
Contribution to shareholders equity due to merger	4,040	4,040
Special reserves	124	124
	<b>216,687</b>	<b>190,066</b>

As agreed in the ordinary general meeting dated March 29, 2012, the decision to pay dividend as cash has been taken and the payment was made in April 2012 (previous year in March 2011). The dividend details are as follows: 44.4% (2011:37.0%) corresponding to gross TRY 0.44397 (full) (2011:TRY 0.36997 (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; 40.1% (2011:37.0%) corresponding to gross TRY 0.44397 (full) (2011: TRY 0.36997 (full)) and net TRY 0.40056 (full) (2011: TRY 0.31449 (full)) per share of TRY 1,00 (full) nominal value to the other shareholders.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 19 - OTHER INCOME AND EXPENSES

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
<b>Other operating income:</b>				
Income from claims and grants	30,501	17,566	11,646	6,245
Reversals of provisions	4,022	4,358	173	2,128
Reversal of provisions for doubtful receivables	1,879	1,426	282	336
Income from sales of property, plant and equipment	1,033	1,209	293	228
Other	12,638	12,828	3,542	2,051
	<b>50,073</b>	<b>37,387</b>	<b>15,936</b>	<b>10,988</b>
<b>Other operating expenses:</b>				
Provision expense for doubtful receivables	(10,395)	(14,773)	(5,548)	(5,275)
Provision expense for impairment on inventories	(1,027)	(1,708)	(7)	(560)
Loss from sales of property, plant and equipment	(825)	(1,933)	(379)	(316)
Other	(24,386)	(17,894)	(2,595)	(2,882)
	<b>(36,633)</b>	<b>(36,308)</b>	<b>(8,529)</b>	<b>(9,033)</b>

NOTE 20 - FINANCIAL INCOME

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Foreign exchange gains	229,022	262,489	60,298	69,650
Gains on derivative financial instruments	20,653	19,653	5,399	13,526
Interest income	17,382	28,424	4,821	6,869
Credit finance income	15,156	46,797	2,439	5,329
Other	115	103	79	28
	<b>282,328</b>	<b>357,466</b>	<b>73,036</b>	<b>95,402</b>

ARÇELİK ANONİM ŞİRKETİ

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NOTE 21 - FINANCIAL EXPENSES

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Foreign exchange losses	(193,941)	(273,110)	(43,787)	(84,076)
Interest expenses	(145,009)	(71,746)	(53,747)	(23,525)
Losses on derivative financial instruments	(42,866)	(11,309)	(20,985)	(5,049)
Cash discounts expenses	(10,407)	(13,178)	(3,598)	(4,568)
Credit finance charges	(3,664)	(8,336)	(185)	(7)
Other	(7,595)	(7,650)	(1,566)	(5,418)
	<b>(403,482)</b>	<b>(385,329)</b>	<b>(123,868)</b>	<b>(122,643)</b>

NOTE 22 - TAX ASSETS AND LIABILITIES

	September 30, 2012	December 31, 2011
Corporation and income taxes	76,987	61,483
Less: prepaid tax	(48,703)	(38,233)
<b>Taxes payable (net)</b>	<b>28,284</b>	<b>23,250</b>
Deferred tax assets	72,439	63,387
Deferred tax liabilities	(228,790)	(226,142)
<b>Deferred tax liabilities (net)</b>	<b>(156,351)</b>	<b>(162,755)</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, 2011: 20%). Corporation tax is payable at a rate of 20% on the total income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

The taxes on income for the nine months periods ended September 30, are summarised as follows:

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Tax expenses				
- Current period tax expense	(74,040)	(79,813)	(26,779)	(22,684)
- Deferred tax expense	(1,289)	(1,900)	(9,802)	(50)
<b>Tax expenses (net)</b>	<b>(75,329)</b>	<b>(81,713)</b>	<b>(36,581)</b>	<b>(22,734)</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

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

**NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)**

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

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)	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Property, plant and equipment and intangible assets	1,180,823	1,148,784	(262,068)	(257,693)
Available-for-sale investments	360,042	346,102	(18,001)	(17,305)
Unearned credit finance income/expense (net)	42,213	41,353	(8,443)	(8,271)
Unused tax credits	(201,848)	(178,166)	48,328	42,150
Provision for warranty, assembly and transportation expenses	(177,036)	(166,353)	35,143	33,158
Provision for employment termination benefits	(112,232)	(103,621)	22,446	20,761
Provision for impairment on inventories	(53,701)	(57,077)	10,905	11,467
Provision for doubtful receivables	(11,372)	(12,967)	2,061	2,266
Accrual for licenses	(7,824)	(7,322)	1,565	1,464
Derivative financial instruments	(5,370)	2,308	1,073	(462)
Other	(45,976)	(38,940)	10,640	9,710
<b>Deferred tax liabilities (net)</b>			<b>(156,351)</b>	<b>(162,755)</b>

Movements in the net deferred tax liability for the nine months periods ended September 30, are as follows:

	2012	2011
<b>Balance as of January 1</b>	<b>(162,755)</b>	<b>(89,305)</b>
Tax income / expense recognized in income statement	(1,289)	(1,900)
Tax expense recognized in the shareholders’ equity	(382)	5,520
Currency translation differences	8,075	(9,108)
<b>Balance as of September 30</b>	<b>(156,351)</b>	<b>(94,793)</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 23 – 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.

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

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Net income attribute to the equity holders of the parent	425,199	414,407	137,232	151,629
Weighted average number of ordinary shares with nominal value( Kr 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>0.629</b>	<b>0.613</b>	<b>0.203</b>	<b>0.224</b>
<b>Dividends paid</b>	<b>300,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>
<b>Dividends paid per share (Kr)(*)</b>	<b>0.444</b>	<b>0.370</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 24 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	September 30, 2012	December 31, 2011
<b>(a) Due from related parties:</b>		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	24,632	16,876
Koçtaş Yapı Marketleri Ticaret A.Ş.	4,980	5,286
Yapı ve Kredi Bankası A.Ş.	1,776	207
Other	983	1,033
	<b>32,371</b>	<b>23,402</b>
<b>(b) Due to related parties:</b>		
<b>Short term:</b>		
Arçelik-LG	116,079	15,955
Zer Merkezi Hizmetler ve Ticaret A.Ş.	90,079	88,065
Ram Dış Ticaret	20,921	19,139
Other	6,400	10,124
	<b>233,479</b>	<b>133,283</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

	September 30, 2012	December 31, 2011
<b>Short term:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	6,949	7,077
<b>Long term:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	61,262	70,539

(\*) 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 financial liabilities to related parties, amounts to TRY 81,040 as of September 30, 2012. (December 31, 2011: TRY 81,040).

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

	September 30, 2012	December 31, 2011
<b>Financial liabilities to related parties – gross :</b>		
Up to 1 year	10,352	10,956
1-5 years	40,355	43,634
Over 5 years	33,480	43,067
	<b>84,187</b>	<b>97,657</b>
Less: future finance charges on financial liabilities	(15,976)	(20,041)
<b>Present value of financial liabilities to related parties</b>	<b>68,211</b>	<b>77,616</b>

Maturity analysis of the present value of financial liabilities to related parties is as follows:

	September 30, 2012	December 31, 2011
Up to 1 year	6,949	7,077
1-5 years	31,002	32,039
Over 5 years	30,260	38,500
	<b>68,211</b>	<b>77,616</b>

(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	350,654	430,733
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(d) Borrowings:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	347,156	446,220
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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

(e) Derivative financial instruments

	Contract value	Fair value asset/(liability)	
<b>September 30, 2012</b>			
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	230,820	359	-
	Contract value	Fair value asset/(liability)	
<b>December 31, 2011</b>			
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	210,069	920	-

(ii) Transactions with related parties

(a) Sales of goods and services:

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	63,304	61,006	12,467	15,338
Zer Merkezi Hizmetler ve Ticaret A.Ş.	43,289	33,828	14,379	12,418
Koçtaş Yapı Marketleri Ticaret A.Ş.	18,846	22,409	8,083	8,862
Ford Otomotiv Sanayi A.Ş.	7,028	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	5,993	7,079	490	2,756
Arçelik-LG	3,218	15,798	1,764	7,947
Other	4,812	3,603	1,308	1,084
	<b>146,490</b>	<b>143,723</b>	<b>38,491</b>	<b>48,405</b>

(b) Purchase of goods and services:

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
Zer Merkezi Hizmetler ve Ticaret A.Ş.	469,623	363,068	217,312	191,996
Arçelik-LG	389,007	344,540	120,677	108,419
Ram Dış Ticaret	53,997	69,460	26,419	29,842
Ram Sigorta Aracılık Hizmetleri A.Ş.	22,344	20,146	550	418
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	15,872	12,784	4,671	5,293
Other	49,851	62,655	25,357	29,243
	<b>1,000,694</b>	<b>872,653</b>	<b>394,986</b>	<b>365,211</b>

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



## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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#### NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

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.

##### (a) Key management compensation

Total compensation provided to members of the Board of Directors, General Manager and Assistant General Managers by the Company during nine months the period ended September 30, 2012 amounts to TRY 4,832 (January 1-September 30, 2011: TRY 7,855). The compensation includes only short-term benefits.

##### (b) Other Transactions

	January 1- September 30, 2012	January 1- September 30, 2011	July 1- September 30, 2012	July 1- September 30, 2011
<i>Interest income:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	7,708	8,130	2,128	2,966
<i>Interest expenses:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	10,095	5,684	2,831	2,011

#### NOTE 25 - 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 markets and seeks to minimise potential adverse effects on the performance of the Group.

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

##### *Liquidity Risk*

The Group eliminates the risk of failure to settle its financial and commercial liabilities by managing the balance sheet according to expected cash flows.

In this context, the maturities of the financial liabilities are arranged according to the maturities of assets and a mismatch between the maturities is eliminated. There is a level of “acid-test” ratio to manage the consolidated and stand-alone balance sheets followed by the Group Companies’ managements.

Additionally, the Group aims to maintain flexibility in funding by maintaining the availability of committed credit lines.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

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#### NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

##### *Interest Rate Risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by offsetting 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 keep the exposure of financial liabilities to interest rate changes at a minimum, “fixed interest/ floating interest”, “short-term/ long-term”, “TRY/ foreign currency” balance should be structured consistent within and with assets in the balance sheet.

##### *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 utilisation 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.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

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**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Details of credit and receivable risk as of September 30, 2012 and December 31, 2011 are as follows:

	Trade receivables		Deposits in banks	Derivative financial instruments
	Related party	Third party		
<b>September 30, 2012</b>				
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>32,371</b>	<b>3,707,560</b>	<b>1,087,356</b>	<b>1,318</b>
Secured portion of the maximum credit risk by guarantees, etc.	-	(2,978,055)	-	-
A. Net book value of financial asset either are not due or not impaired	32,371	3,472,916	1,087,356	1,318
- Secured portion by guarantees, etc.	-	(2,769,679)	-	-
B. Financial assets with renegotiated conditions	-	24,446	-	-
- Secured portion by guarantees, etc.	-	(22,970)	-	-
C. Net book value of overdue but not impaired financial assets	-	161,098	-	-
- Secured portion by guarantees, etc.	-	(136,306)	-	-
D. Net book value of the impaired assets	-	49,100	-	-
-Overdue (Gross book value)	-	142,619	-	-
-Impairment (-)	-	(93,519)	-	-
- Secured portion of the net value by guarantees, etc.	-	(49,100)	-	-
	Trade receivables		Deposits in banks	Derivative financial instruments
	Related party	Third party		
<b>December 31, 2011</b>				
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>23,402</b>	<b>3,173,486</b>	<b>1,132,629</b>	<b>2,932</b>
Secured portion of the maximum credit risk by guarantees, etc.	-	(2,379,314)	-	-
A. Net book value of financial asset either are not due or not impaired	23,402	2,944,983	1,132,629	2,932
-Secured portion by guarantees, etc.	-	(2,187,054)	-	-
B. Financial assets with renegotiated conditions	-	29,685	-	-
-Secured portion by guarantees, etc.	-	(26,850)	-	-
C. Net book value of overdue but not impaired financial assets	-	140,562	-	-
-Secured portion by guarantees, etc.	-	(106,980)	-	-
D. Net book value of the impaired assets	-	58,256	-	-
-Overdue (Gross book value)	-	151,835	-	-
-Impairment (-)	-	(93,579)	-	-
-Secured portion of the net value by guarantees, etc.	-	(58,376)	-	-

<sup>(1)</sup> 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

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

**a) Credit quality of financial assets which are not overdue and not impaired**

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Group 1	17,567	10,458
Group 2	3,393,994	2,917,628
Group 3	118,172	69,984
	<b>3,529,733</b>	<b>2,998,070</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>September 30, 2012</b>	<b>December 31, 2011</b>
0-1 month	120,919	100,241
1-3 months	18,252	22,109
3-12 months	15,971	10,995
1-5 years	5,956	7,217
	<b>161,098</b>	<b>140,562</b>

***Foreign exchange risk***

The Group is exposed to foreign exchange rate risk through operations performed using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates, in other words, maintaining foreign exchange position close to zero.

For this reason, the proportion of the positions of these currencies among each other or against Turkish lira to shareholders’ equity is aimed to be controlled under certain limits.

Derivative financial instruments are also used, when necessary. In this context, the Group’s primary method is utilising forward foreign currency transactions.

***Foreign currency hedge of net investments in a foreign operation***

The Group designated some portion of the Euro dominated 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 September 30, 2012, a portion of bank borrowings in Euro amounting to EUR 328,750,000 (before tax) was designated as a net investment hedging instrument (December 31, 2011 – EUR 150,000,000).

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**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

*Foreign currency position*

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Assets	1,815,221	1,762,858
Liabilities	(2,412,758)	(2,496,757)
<b>Net balance sheet position</b>	<b>(597,537)</b>	<b>(733,899)</b>
Net position of derivative financial instruments	788,343	340,290
<b>Foreign currency position (net)</b>	<b>190,806</b>	<b>(393,609)</b>

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.4)

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### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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#### NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currencies, other than the functional currencies of the Company and its’ subsidiaries regarding to national economies, 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 September 30, 2012 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	DKK	ZAR	AUD	NZD	TRY Equivalents
<b>Current assets</b>													
Trade receivables	357,620	100,470	121,984	1,576,442	66,527	122,194	1,256	168,483	713	23,670	11,683	472	1,570,567
Monetary financial assets	54,654	2,041	276	-	-	4	90	-	-	3	605	519	132,540
Other	12,860	45,741	66	-	-	-	-	-	-	-	-	404	112,114
<b>Non-Current assets</b>													
Trade receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>425,134</b>	<b>148,252</b>	<b>122,326</b>	<b>1,576,442</b>	<b>66,527</b>	<b>122,198</b>	<b>1,346</b>	<b>168,483</b>	<b>713</b>	<b>23,673</b>	<b>12,288</b>	<b>1,395</b>	<b>1,815,221</b>
<b>Current liabilities</b>													
Trade payables	98,864	115,740	3,413	-	-	-	796	26,128	-	-	9	95	452,183
Financial liabilities	303,332	195,929	50,623	-	-	-	-	-	-	-	-	-	1,196,399
Other monetary financial liabilities	2,172	2,735	-	-	-	-	-	-	-	-	-	228	10,235
<b>Non-Current liabilities</b>													
Trade payables	-	34,326	-	-	-	-	-	-	-	-	-	-	61,262
Financial liabilities	300,056	-	-	-	-	-	-	-	-	-	-	-	692,679
<b>Total liabilities</b>	<b>704,424</b>	<b>348,730</b>	<b>54,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>796</b>	<b>26,128</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>323</b>	<b>2,412,758</b>
<b>Net balance sheet position</b>	<b>(279,290)</b>	<b>(200,478)</b>	<b>68,290</b>	<b>1,576,442</b>	<b>66,527</b>	<b>122,198</b>	<b>550</b>	<b>142,355</b>	<b>713</b>	<b>23,673</b>	<b>12,279</b>	<b>1,072</b>	<b>(597,537)</b>
Off-balance sheet derivative financial assets (*)	350,761	212,442	-	250,000	-	-	-	-	-	-	-	-	1,203,156
Off-balance sheet derivative financial liabilities	(53,000)	(8,029)	(45,000)	(1,500,000)	(40,000)	-	-	(100,000)	-	(15,000)	(5,000)	-	(414,813)
Net position of off-balance sheet items	297,761	204,413	(45,000)	(1,250,000)	(40,000)	-	-	(100,000)	-	(15,000)	(5,000)	-	788,343
<b>Net foreign currency asset/ (liability) position</b>	<b>18,471</b>	<b>3,935</b>	<b>23,290</b>	<b>326,442</b>	<b>26,527</b>	<b>122,198</b>	<b>550</b>	<b>42,355</b>	<b>713</b>	<b>8,673</b>	<b>7,279</b>	<b>1,072</b>	<b>190,806</b>

(\*) 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.

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.4)

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#### NOTE 25 - 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	DKK	ZAR	AUD	NZD	TRY Equivalents
Against TRY	(16,734)	25,669	16,109	326,442	26,527	122,518	1,347	68,483	-	8,673	7,279	-	133,112
Against EUR	-	260	-	-	-	(320)	(84)	-	-	-	-	-	409
Against RUB	497	(301)	-	-	-	-	-	-	-	-	-	-	610
Against PLN	(5,042)	74	1	-	-	-	-	-	-	-	-	-	(11,504)
Against GBP	4,281	-	-	-	-	-	-	-	-	-	-	-	9,883
Against RON	30,204	(4,399)	2,722	-	-	-	-	-	(103)	-	-	-	69,719
Against CZK	(1,631)	-	-	-	-	-	-	-	-	-	-	-	(3,765)
Against NOK	(12)	-	-	-	-	-	-	(26,128)	816	-	-	-	(6,885)
Against SEK	(23)	-	-	-	-	-	(713)	-	-	-	-	-	(276)
Against CNY	2,398	(10,970)	4,458	-	-	-	-	-	-	-	-	-	(1,142)
Against ZAR	3,449	(6,398)	-	-	-	-	-	-	-	-	-	-	(3,457)
Against AUD	1,090	-	-	-	-	-	-	-	-	-	-	1,072	4,116
Other	(6)	-	-	-	-	-	-	-	-	-	-	-	(14)
	<b>18,471</b>	<b>3,935</b>	<b>23,290</b>	<b>326,442</b>	<b>26,527</b>	<b>122,198</b>	<b>550</b>	<b>42,355</b>	<b>713</b>	<b>8,673</b>	<b>7,279</b>	<b>1,072</b>	<b>190,806</b>

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.4)

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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

#### NOTE 25 - 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, 2011 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	AED	TRY Equivalents
<b>Current assets</b>											
Trade receivables	344,250	79,315	98,398	1,380,711	50,831	57,369	2	151,136	-	9,657	1,438,098
Monetary financial assets	14,406	1,857	6	100,001	48	-	81	-	-	-	44,598
Other	15,385	43,504	49	-	-	-	-	-	-	-	119,916
<b>Non-Current assets</b>											
Trade receivables	-	-	-	-	-	-	-	-	684,258	-	160,246
<b>Total assets</b>	<b>374,041</b>	<b>124,676</b>	<b>98,453</b>	<b>1,480,712</b>	<b>50,879</b>	<b>57,369</b>	<b>83</b>	<b>151,136</b>	<b>684,258</b>	<b>9,657</b>	<b>1,762,858</b>
<b>Current liabilities</b>											
Trade payables	97,852	76,719	1,127	-	-	-	-	87,599	-	-	411,178
Financial liabilities	295,363	1,243	204	-	-	-	-	-	4,258	-	725,748
Other monetary financial liabilities	2,324	2,846	-	-	-	-	-	-	-	-	11,055
<b>Non-Current liabilities</b>											
Trade payables	-	37,344	-	-	-	-	-	-	-	-	70,539
Financial liabilities	300,044	127,000	50,000	-	-	-	-	-	680,000	-	1,278,237
<b>Total liabilities</b>	<b>695,583</b>	<b>245,152</b>	<b>51,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,599</b>	<b>684,258</b>	<b>-</b>	<b>2,496,757</b>
<b>Net balance sheet position</b>	<b>(321,542)</b>	<b>(120,476)</b>	<b>47,122</b>	<b>1,480,712</b>	<b>50,879</b>	<b>57,369</b>	<b>83</b>	<b>63,537</b>	<b>-</b>	<b>9,657</b>	<b>(733,899)</b>
Off-balance sheet derivative financial assets (*)	152,643	132,837	-	100,000	-	-	-	-	-	-	629,759
Off-balance sheet derivative financial liabilities	(8,000)	(3,123)	(35,000)	(1,650,000)	(48,000)	-	-	(145,000)	-	-	(289,469)
Net position of off-balance sheet items	144,643	129,714	(35,000)	(1,550,000)	(48,000)	-	-	(145,000)	-	-	340,290
<b>Net foreign currency asset/ (liability) position</b>	<b>(176,899)</b>	<b>9,238</b>	<b>12,122</b>	<b>(69,288)</b>	<b>2,879</b>	<b>57,369</b>	<b>83</b>	<b>(81,463)</b>	<b>-</b>	<b>9,657</b>	<b>(393,609)</b>

(\*) 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.



(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.4)

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**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

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

	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>RUB</b>	<b>PLN</b>	<b>CZK</b>	<b>NOK</b>	<b>SEK</b>	<b>AED</b>	<b>TRY Equivalents</b>
Against TRY	(177,328)	18,434	7,250	(69,288)	1,836	57,689	84	6,136	9,657	(368,202)
Against EUR	-	372	-	-	1,043	(320)	-	-	-	1,249
Against RUB	336	1,783	-	-	-	-	-	-	-	4,189
Against PLN	(1,593)	9	-	-	-	-	-	-	-	(3,876)
Against GBP	4,797	-	-	-	-	-	-	-	-	11,723
Against RON	(789)	3,062	2,502	-	-	-	-	-	-	11,154
Against CZK	(3,038)	-	-	-	-	-	-	-	-	(7,424)
Against NOK	414	-	-	-	-	-	-	(87,599)	-	(22,833)
Against SEK	392	(1,058)	-	-	-	-	(1)	-	-	(1,040)
Against CNY	1,491	(9,593)	2,370	-	-	-	-	-	-	(7,563)
Against ZAR	(1,575)	(3,771)	-	-	-	-	-	-	-	(10,972)
Other	(6)	-	-	-	-	-	-	-	-	(14)
	<b>(176,899)</b>	<b>9,238</b>	<b>12,122</b>	<b>(69,288)</b>	<b>2,879</b>	<b>57,369</b>	<b>83</b>	<b>(81,463)</b>	<b>9,657</b>	<b>(393,609)</b>

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NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

As of September 30, 2012, sensitivity analysis of foreign exchange rate tables is presented below:

	Gain/Loss		Equity	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(35,779)	35,779	(35,779)	35,779
Secured portion from USD risk (*)	36,482	(36,482)	36,482	(36,482)
<b>USD net effect</b>	<b>703</b>	<b>(703)</b>	<b>703</b>	<b>(703)</b>
+/-10% fluctuation of EUR rate				
EUR net asset/liability	(64,474)	64,474	(98,326)	98,326
Secured portion from EUR risk (*)	68,738	(68,738)	129,452	(129,452)
<b>EUR net effect</b>	<b>4,264</b>	<b>(4,264)</b>	<b>31,126</b>	<b>(31,126)</b>
+/-10% fluctuation of GBP rate				
GBP net asset/liability	19,760	(19,760)	34,375	(34,375)
Secured portion from GBP risk (*)	(13,021)	13,021	(13,021)	13,021
<b>GBP net effect</b>	<b>6,739</b>	<b>(6,739)</b>	<b>21,354</b>	<b>(21,354)</b>
+/-10% fluctuation of RUB rate				
RUB net asset/liability	9,003	(9,003)	24,196	(24,196)
Secured portion from RUB risk (*)	(7,139)	7,139	(7,139)	7,139
<b>RUB net effect</b>	<b>1,864</b>	<b>(1,864)</b>	<b>17,057</b>	<b>(17,057)</b>
+/-10% fluctuation of RON rate				
RON net asset/liability	-	-	28,719	(28,719)
Secured portion from RON risk (*)	-	-	-	-
<b>RON net effect</b>	<b>-</b>	<b>-</b>	<b>28,719</b>	<b>(28,719)</b>
+/-10% fluctuation of PLN rate				
PLN net asset/liability	3,742	(3,742)	7,260	(7,260)
Secured portion from PLN risk (*)	(2,250)	2,250	(2,250)	2,250
<b>PLN net effect</b>	<b>1,492</b>	<b>(1,492)</b>	<b>5,010</b>	<b>(5,010)</b>
+/-10% fluctuation of CZK rate				
CZK net asset/liability	1,125	(1,125)	1,791	(1,791)
Secured portion from CZK risk (*)	-	-	-	-
<b>CZK net effect</b>	<b>1,125</b>	<b>(1,125)</b>	<b>1,791</b>	<b>(1,791)</b>
+/-10% fluctuation of NOK rate				
NOK net asset/liability	17	(17)	784	(784)
Secured portion from NOK risk (*)	-	-	-	-
<b>NOK net effect</b>	<b>17</b>	<b>(17)</b>	<b>784</b>	<b>(784)</b>
+/-10% fluctuation of SEK rate				
SEK net asset/liability	3,874	(3,874)	4,549	(4,549)
Secured portion from SEK risk (*)	(2,722)	2,722	(2,722)	2,722
<b>SEK net effect</b>	<b>1,152</b>	<b>(1,152)</b>	<b>1,827</b>	<b>(1,827)</b>
+/-10% fluctuation of ZAR rate				
ZAR net asset/liability	511	(511)	39,461	(39,461)
Secured portion from ZAR risk (*)	(324)	324	(324)	324
<b>ZAR net effect</b>	<b>187</b>	<b>(187)</b>	<b>39,137</b>	<b>(39,137)</b>
+/-10% fluctuation of NZD rate				
NZD net asset/liability	160	(160)	160	(160)
Secured portion from NZD risk (*)	-	-	-	-
<b>NZD net effect</b>	<b>160</b>	<b>(160)</b>	<b>160</b>	<b>(160)</b>
+/-10% fluctuation of DKK rate				
DKK net asset/liability	22	(22)	22	(22)
Secured portion from DKK risk (*)	-	-	-	-
<b>DKK net effect</b>	<b>22</b>	<b>(22)</b>	<b>22</b>	<b>(22)</b>

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**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

	Gain/Loss		Equity	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of AUD rate				
AUD net asset/liability	2,285	(2,285)	2,387	(2,387)
Secured portion from AUD risk (*)	(930)	930	(930)	930
<b>AUD net effect</b>	<b>1,355</b>	<b>(1,355)</b>	<b>1,457</b>	<b>(1,457)</b>
+/-10% fluctuation of EGP rate				
EGP net asset/liability	-	-	201	(201)
Secured portion from EGP risk (*)	-	-	-	-
<b>EGP net effect</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>(201)</b>
+/-10% fluctuation of UAH rate				
UAH net asset/liability	-	-	219	(219)
Secured portion from UAH risk (*)	-	-	-	-
<b>UAH net effect</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>(219)</b>
	<b>19,080</b>	<b>(19,080)</b>	<b>149,567</b>	<b>(149,567)</b>

(\*) Includes impact of derivative financial instruments

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NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)

As of December 31, 2011, sensitivity analysis of foreign exchange rate tables is presented below:

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign Exchange Depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(22,757)	22,757	(22,757)	22,757
Secured portion from USD risk (*)	24,502	(24,502)	24,502	(24,502)
<b>USD net effect</b>	<b>1,745</b>	<b>(1,745)</b>	<b>1,745</b>	<b>(1,745)</b>
+/-10% fluctuation of EUR rate				
EUR net asset/liability	(49,252)	49,252	(62,146)	62,146
Secured portion from EUR risk (*)	6,022	(6,022)	35,348	(35,348)
<b>EUR net effect</b>	<b>(43,230)</b>	<b>43,230</b>	<b>(26,798)</b>	<b>26,798</b>
+/-10% fluctuation of GBP rate				
GBP net asset/liability	13,745	(13,745)	33,045	(33,045)
Secured portion from GBP risk (*)	(10,210)	10,210	(10,210)	10,210
<b>GBP net effect</b>	<b>3,535</b>	<b>(3,535)</b>	<b>22,835</b>	<b>(22,835)</b>
+/-10% fluctuation of RUB rate				
RUB net asset/liability	8,610	(8,610)	23,367	(23,367)
Secured portion from RUB risk (*)	(9,013)	9,013	(9,013)	9,013
<b>RUB net effect</b>	<b>(403)</b>	<b>403</b>	<b>14,354</b>	<b>(14,354)</b>
+/-10% fluctuation of RON rate				
RON net asset/liability	-	-	28,237	(28,237)
Secured portion from RON risk (*)	-	-	-	-
<b>RON net effect</b>	<b>-</b>	<b>-</b>	<b>28,237</b>	<b>(28,237)</b>
+/-10% fluctuation of PLN rate				
PLN net asset/liability	2,810	(2,810)	5,443	(5,443)
Secured portion from PLN risk (*)	(2,651)	2,651	(2,651)	2,651
<b>PLN net effect</b>	<b>159</b>	<b>(159)</b>	<b>2,792</b>	<b>(2,792)</b>
+/-10% fluctuation of CZK rate				
CZK net asset/liability	549	(549)	1,117	(1,117)
Secured portion from CZK risk (*)	-	-	-	-
<b>CZK net effect</b>	<b>549</b>	<b>(549)</b>	<b>1,117</b>	<b>(1,117)</b>
+/-10% fluctuation of NOK rate				
NOK net asset/liability	3	(3)	123	(123)
Secured portion from NOK risk (*)	-	-	-	-
<b>NOK net effect</b>	<b>3</b>	<b>(3)</b>	<b>123</b>	<b>(123)</b>
+/-10% fluctuation of SEK rate				
SEK net asset/liability	1,730	(1,730)	2,422	(2,422)
Secured portion from SEK risk (*)	(3,947)	3,947	(3,947)	3,947
<b>SEK net effect</b>	<b>(2,217)</b>	<b>2,217</b>	<b>(1,525)</b>	<b>1,525</b>
+/-10% fluctuation of ZAR rate				
ZAR net asset/liability	-	-	39,614	(39,614)
Secured portion from ZAR risk (*)	-	-	-	-
<b>ZAR net effect</b>	<b>-</b>	<b>-</b>	<b>39,614</b>	<b>(39,614)</b>
+/-10% fluctuation of AED rate				
AED net asset/liability	499	(499)	499	(499)
Secured portion from AED risk (*)	-	-	-	-
<b>AED net effect</b>	<b>499</b>	<b>(499)</b>	<b>499</b>	<b>(499)</b>
+/-10% fluctuation of AUD rate				
AUD net asset/liability	-	-	104	(104)
Secured portion from AUD risk (*)	-	-	-	-
<b>AUD net effect</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>(104)</b>
	<b>(39,360)</b>	<b>39,360</b>	<b>83,097</b>	<b>(83,097)</b>

(\*) Includes impact of derivative financial instruments

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

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

**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Imports and exports to / from Turkey for the nine months period ended as of September 30, 2012 and 2011 are as follows:

	September 30, 2012		September 30, 2011	
	Original amount	TRY equivalent	Original amount	TRY equivalent
EUR	806,916,459	1,856,363	577,969,736	1,332,884
USD	229,283,150	410,463	189,284,107	305,369
GBP	191,643,290	542,880	159,186,027	418,242
Other		343,345		206,923
<b>Total exports</b>		<b>3,153,051</b>		<b>2,263,418</b>
EUR	344,073,583	789,923	296,232,444	672,764
USD	822,498,461	1,476,591	572,615,212	929,308
GBP	707,981	2,003	610,571	1,621
Other		3,359		3,027
<b>Total imports</b>		<b>2,271,876</b>		<b>1,606,720</b>

**NOTE 26 - SUPPLEMENTARY CASH FLOW INFORMATION**

Consolidated statements of cash flows are presented within the condensed interim consolidated financial statements. “Changes in provisions” and “Changes in operating assets and liabilities” presented in the condensed interim consolidated statements of cash flows are as follows:

	September 30, 2012	September 30, 2011
<b>Changes in provisions:</b>		
Accrual for customer premiums	100,956	118,220
Accrual for bonuses and premiums	26,320	16,999
Provision for warranty	11,826	34,236
Provision for doubtful receivable	10,395	14,773
Provision for employment termination benefits	9,153	7,869
Provision for licenses	7,379	351
Assembly and transportation provision	6,988	22,253
Accrual for advertising expenses	6,966	(311)
Accrual for sales and marketing expenses	4,584	6,071
Provision for lawsuit risk	2,222	(839)
Provision for impairment on inventories	1,027	1,708
Provision for returns	479	629
	<b>188,295</b>	<b>221,959</b>
<b>Changes in operating assets and liabilities:</b>		
Trade receivables and due from related parties	(553,438)	(905,186)
Inventories	(225,413)	(384,686)
Other current assets and liabilities	(18,789)	(19,890)
Other long term liabilities	(531)	(269)
Trade payables and due to related parties	130,469	180,702
	<b>(667,702)</b>	<b>(1,129,329)</b>