

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

Arçelik Anonim Şirketi

January 1- June 30, 2015 condensed interim consolidated financial statements together with independent auditor's review report



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Review Report on the Interim Financial Information

To the Board of Directors of Arçelik A.Ş.

Introduction

We have reviewed the consolidated statement of financial position and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the six-months-period then ended and other explanatory notes ("interim condensed consolidated financial information") of Arçelik A.Ş. (the Company) and its subsidiaries (together will be referred to as the "Group") as of June 30, 2015. The management of the Company is responsible for the preparation and fair presentation of these interim condensed consolidated financial information in accordance with the Turkish Accounting Standard - 34 Interim Financial Reporting Standard ("TAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention which may cause us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.

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



Ethem Kutucular SMMM
Engagement Partner

27 July 2015
İstanbul, Turkey

ARÇELİK ANONİM ŞİRKETİ

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ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

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

		Reviewed	Audited
	Notes	June 30, 2015	December 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	5	1,052,562	1,621,221
Trade receivables			
-Due from related parties	30	36,507	22,371
-Trade receivables, third parties	9	4,778,927	4,411,527
Derivative instruments	8	5,054	7,783
Inventories	10	2,390,471	2,124,946
Prepaid expenses	19	117,568	68,741
Current income tax assets	20	16,432	57,988
Other current assets	22	123,221	145,365
Subtotal		8,520,742	8,459,942
Assets held for sale		12,171	11,815
Total current assets		8,532,913	8,471,757
Non-current assets:			
Financial investments	6	638,745	698,488
Trade receivables			
-Trade receivables, third parties	9	12,238	24,423
Derivate instruments	8	92,858	17,803
Associates	12	198,092	195,311
Investment properties	13	6,248	5,929
Property, plant and equipment	14	1,888,105	1,812,746
Intangible assets			
-Goodwill	16	187,596	169,195
-Other intangible assets	15	992,148	922,000
Deferred tax assets	28	163,737	77,353
Total non-current assets		4,179,767	3,923,248
Total assets		12,712,680	12,395,005

These condensed interim consolidated financial statements as at and for the period January 1 - June 30, 2015, have been approved for issue by the Board of Directors on July 27, 2015 and signed on its behalf by Polat Şen, 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.

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

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

		Reviewed	Audited
	Notes	June 30, 2015	December 31, 2014
LIABILITIES			
Current liabilities:			
Financial liabilities	7	1,326,504	719,862
Short term portion of long term financial liabilities	7	947,808	1,082,761
Trade payables			
-Due to related parties	30	288,726	203,022
-Trade payables, third parties	9	1,592,142	1,578,420
Derivative instruments	8	5,663	3,811
Employee benefit obligations	21	139,845	163,623
Other payables			
-Due to related parties	30	11,822	10,003
-Other payables, third parties	11	123,637	114,915
Current income tax liabilities	28	4,851	18,154
Provisions			
-Other current provisions	18	307,167	263,992
Other current liabilities	22	316,649	272,240
Total current liabilities		5,064,814	4,430,803
Non-current liabilities:			
Financial liabilities	7	2,785,417	2,964,986
Other payables			
-Due to related parties	30	62,422	57,823
Provisions			
-Provision for employee benefits		186,060	174,896
-Other non-current provisions	18	95,448	93,775
Deferred tax liabilities	28	151,579	245,422
Other non-current liabilities		29,204	28,602
Total non-current liabilities		3,310,130	3,565,504
Total liabilities		8,374,944	7,996,307

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

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

	Notes	Reviewed June 30, 2015	Audited December 31, 2014
EQUITY			
Paid-in capital	23	675,728	675,728
Adjustment to share capital	23	468,811	468,811
Share premium		889	889
Other comprehensive income/expense not to be reclassified to profit or loss			
-Actuarial gain/loss arising from defined benefit plans		(54,266)	(44,552)
-Non-current assets revaluation fund		71,089	67,241
Other comprehensive income/expense to be reclassified to profit or loss			
-Financial assets revaluation fund		468,793	525,549
-Foreign currency hedge fund of net investments in foreign operations		(235,722)	(216,342)
-Cash flow hedge fund		(1,052)	412
-Currency translation differences		360,247	178,569
Contribution to shareholders' equity related to merger	23	14,507	14,507
Restricted reserves	23	307,051	275,430
Retained earnings		1,777,910	1,792,299
Net income for the period		467,810	617,084
Attributable to:			
Equity holders of the parent		4,321,795	4,355,625
Non-controlling interest		15,941	43,073
Total equity		4,337,736	4,398,698
Total liabilities and equity		12,712,680	12,395,005
Commitments, contingent assets and liabilities	17		

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2015

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

	Notes	Reviewed		April 1– June 30, 2015	April 1– June 30, 2014
		January 1– June 30, 2015	January 1– June 30, 2014		
Net sales	4	6,221,853	5,878,231	3,355,093	3,075,965
Cost of sales		(4,268,356)	(3,995,954)	(2,273,297)	(2,085,487)
Gross profit		1,953,497	1,882,277	1,081,796	990,478
General administrative expenses		(283,905)	(244,492)	(150,900)	(122,963)
Marketing, selling and distribution expenses		(1,202,010)	(1,107,192)	(659,357)	(573,021)
Research and development expenses		(58,402)	(51,212)	(29,072)	(25,785)
Other income from operating activities	24	272,195	106,347	134,780	29,359
Other expenses from operating activities	24	(115,086)	(110,605)	(32,972)	(63,141)
Operating profit		566,289	475,123	344,275	234,927
Income from investment activities	25	14,060	13,856	989	467
Expenses from investment activities	25	(352)	(1,060)	(285)	(162)
Income from associates (net)	12	16,320	12,911	10,160	7,120
Operating profit before financial income/(expense)		596,317	500,830	355,139	242,352
Financial income	26	349,911	204,731	95,567	105,929
Financial expenses	27	(644,621)	(354,848)	(270,811)	(158,191)
Profit before tax		301,607	350,713	179,895	190,090
Tax income/(expense)					
- Taxes on income	28	(16,839)	(47,988)	(12,686)	(19,932)
- Deferred tax income/(expense)	28	182,850	(883)	159,142	(2,821)
Net profit for the period		467,618	301,842	326,351	167,337
Attributable to:					
Non-controlling interest		(192)	9,444	73	6,100
Equity holders of the parent		467,810	292,398	326,278	161,237
Earnings per share (in kuruş)	29	0.692	0.433	0.483	0.239

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2015

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

	Reviewed		April 1– June 30, 2015	April 1– June 30, 2014
	January 1– June 30, 2015	January 1– June 30, 2014		
Net profit for the period	467,618	301,842	326,351	167,337
Other comprehensive income:				
Items not to be reclassified to profit or loss	(9,714)	(14,736)	(7,665)	(11,531)
Actuarial gain/ loss arising from defined benefit plans	(12,106)	(18,420)	(9,467)	(14,414)
Tax effect	2,421	3,684	1,893	2,883
	(9,685)	(14,736)	(7,574)	(11,531)
Share of other comprehensive income of associates	(29)	-	(91)	-
Items to be reclassified to profit or loss	113,015	59,320	7,149	60,995
Foreign currency hedge of net investments in foreign operations	(24,225)	(17,639)	(22,695)	17,295
Tax effect	4,845	3,528	4,539	(3,459)
	(19,380)	(14,111)	(18,156)	13,836
Gain/(loss) from financial assets’ revaluations.	(59,743)	99,571	(59,743)	99,571
Tax effect	2,987	(4,979)	2,987	(4,979)
	(56,756)	94,592	(56,756)	94,592
Share of other comprehensive income of associates	(1,464)	(1,987)	417	(1,470)
Currency translation differences	190,615	(19,174)	81,644	(45,963)
Other comprehensive income/(expense) (net of tax)	103,301	44,584	(516)	49,464
Total comprehensive income	570,919	346,426	325,835	216,801
Attributable to:				
Non-controlling interest	4,897	10,583	3,200	5,379
Equity holders of the parent	566,022	335,843	322,635	211,422

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

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

ARÇELİK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2015**

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

	Contributed Capital				Other comprehensive income / (expense) not to be reclassified to profit or loss		Other comprehensive income / (expense) to be reclassified to profit or loss			Retained earnings			Non-controlling interest		Total equity
	Paid-in capital	Adjustment to share capital	Share premium	Shareholders' equity due to merger	Actuarial gain/losses arising from defined benefit plans	Non-current assets revaluation fund	Hedge funds	Financial assets revaluation fund	Currency translation differences	Restricted reserves	Accumulated profit	Net income for the period	Equity holders of the parent	controlling interest	
Balance at January 1, 2015	675,728	468,811	889	14,507	(44,552)	67,241	(215,930)	525,549	178,569	275,430	1,792,299	617,084	4,355,625	43,073	4,398,698
<i>Comprehensive income</i>															
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	467,810	467,810	(192)	467,618
<i>Other comprehensive income</i>															
Financial assets' fair value increase (net)	-	-	-	-	-	-	-	(56,756)	-	-	-	-	(56,756)	-	(56,756)
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	-	-	-	(19,380)	-	-	-	-	-	(19,380)	-	(19,380)
Share of other comprehensive income of associates	-	-	-	-	(29)	-	(1,464)	-	-	-	-	-	(1,493)	-	(1,493)
Actuarial gain/loss arising from defined benefit plans (net)	-	-	-	-	(9,685)	-	-	-	-	-	-	-	(9,685)	-	(9,685)
Currency translation differences	-	-	-	-	-	3,848	-	-	181,678	-	-	-	185,526	5,089	190,615
Total other comprehensive income	-	-	-	-	(9,714)	3,848	(20,844)	(56,756)	181,678	-	-	-	98,212	5,089	103,301
Total comprehensive income	-	-	-	-	(9,714)	3,848	(20,844)	(56,756)	181,678	-	-	467,810	566,022	4,897	570,919
Transfers	-	-	-	-	-	-	-	-	-	31,621	585,463	(617,084)	-	-	-
Transactions with non-controlling shareholders (Note 3)	-	-	-	-	-	-	-	-	-	-	(249,852)	-	(249,852)	(32,204)	(282,056)
Subsidiary acquisition (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	175	175
Dividends paid	-	-	-	-	-	-	-	-	-	-	(350,000)	-	(350,000)	-	(350,000)
As of June 30, 2015	675,728	468,811	889	14,507	(54,266)	71,089	(236,774)	468,793	360,247	307,051	1,777,910	467,810	4,321,795	15,941	4,337,736

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

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

ARÇELİK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2015**

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

					Other comprehensive income / (expense) not to be reclassified to profit or loss		Other comprehensive income / (expense) to be reclassified to profit or loss			Retained earnings					
	Paid-in capital	Adjustment to share capital	Share premium	Contribution to shareholders' equity due to merger	Actuarial gain/losses arising from defined benefit plans	Non-current assets revaluation fund	Hedge funds	Financial assets revaluation fund	Currency translation differences	Restricted reserves	Accumulated profit	Net profit for the period	Equity holders of the parent	Non-controlling interest	Total equity
Balance at January 1, 2014	675,728	468,811	889	14,507	(6,891)	70,002	(210,355)	374,201	308,266	248,809	1,521,038	597,845	4,062,850	75,906	4,138,756
<i>Comprehensive income</i>															
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	292,398	292,398	9,444	301,842
<i>Other comprehensive income</i>															
Financial assets' fair value increase (net)	-	-	-	-	-	-	-	94,592	-	-	-	-	94,592	-	94,592
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	-	-	-	(14,111)	-	-	-	-	-	(14,111)	-	(14,111)
Share of other comprehensive income of associates	-	-	-	-	-	-	(1,987)	-	-	-	-	-	(1,987)	-	(1,987)
Actuarial gain/loss arising from defined benefit plans (net)	-	-	-	-	(14,736)	-	-	-	-	-	-	-	(14,736)	-	(14,736)
Currency translation differences	-	-	-	-	-	(1,064)	-	-	(19,249)	-	-	-	(20,313)	1,139	(19,174)
Total other comprehensive income	-	-	-	-	(14,736)	(1,064)	(16,098)	94,592	(19,249)	-	-	-	43,445	1,139	44,584
Total comprehensive income	-	-	-	-	(14,736)	(1,064)	(16,098)	94,592	(19,249)	-	-	292,398	335,843	10,583	346,426
Transfers	-	-	-	-	-	-	-	-	-	26,621	571,224	(597,845)	-	-	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	38	-	38	(38)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(300,000)	-	(300,000)	-	(300,000)
As of June 30, 2014	675,728	468,811	889	14,507	(21,627)	68,938	(226,453)	468,793	289,017	275,430	1,792,300	292,398	4,098,731	86,451	4,185,182

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

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

ARÇELİK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED JUNE 30, 2015**

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

	Notes	Reviewed	
		January 1 – June 30, 2015	January 1 – June 30, 2014
Operating activities:			
Net profit from continued operations		467,618	301,842
<i>Adjustments to reconcile net cash provided from operating activities to net profit after taxes</i>			
Taxes (income)/expense	28	(166,011)	48,871
Depreciation and amortization		182,046	169,551
Changes in provisions	32	104,896	123,858
Interest expenses	27	176,622	151,506
Interest income	26	(12,825)	(11,894)
Income from associates (net)	12	(16,320)	(12,911)
(Income)/loss from derivative instruments (net)	26, 27	(78,722)	32,892
Foreign exchange (gains)/losses (net)	26, 27	205,110	(27,616)
Other financial expense (net)	26, 27	4,525	5,229
Income from claims and incentives	24	(45,200)	(16,100)
Dividend income from financial investments	25	(12,865)	(12,944)
(Profit)/loss from sales of property plant and equipment (net)	25	(843)	148
Net cash flow from operating activities before changes in operating assets and liabilities		808,031	752,432
Changes in operating assets and liabilities (net):			
Trade payables and due to related parties		99,414	31,918
Other non-current liabilities		(5,825)	41,938
Other current assets and liabilities		5,353	(133,389)
Inventories		(266,872)	(79,010)
Trade receivables and due from related parties		(377,605)	(306,953)
Payments for employee termination benefit obligation		(17,027)	(16,321)
Cash provided from incentives		40,284	7,596
Corporate and income taxes paid		(20,208)	(28,107)
Cash flows from operating activities		265,545	270,104
Investing activities:			
Subsidiary purchase, acquired cash excluded	3	(1,327)	-
Acquisition of tangible and intangible assets		(220,558)	(188,331)
Cash provided from sales of tangible and intangible assets		9,767	1,088
Dividends received	12	11,410	14,100
Dividends received from financial investments	25	12,865	12,944
Cash flows from investing activities		(187,843)	(160,199)
Financing activities:			
Proceeds from bank borrowings		2,166,753	1,334,257
Repayment of bank borrowings		(2,132,905)	(1,115,844)
Dividends paid	23	(350,000)	(300,000)
Acquisition of non-controlling interests	3	(282,056)	-
Interest paid		(160,836)	(149,998)
Interest received		13,169	12,460
Derivative instruments		8,247	(28,000)
Other financial expense (net)	26, 27	(4,525)	(5,229)
Cash flows from financing activities		(742,153)	(252,354)
Net increase/(decrease) in cash and cash equivalents before currency translation differences			
		(664,451)	(142,449)
Currency translation differences (net)		96,136	(25,427)
Net decrease in cash and cash equivalents		(568,315)	(167,876)
Cash and cash equivalents at January 1	5	1,620,523	1,265,726
Cash and cash equivalents at June 30	5	1,052,208	1,097,850

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (“Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates fourteen manufacturing plants in Turkey, Romania, Russia, China and Republic of South Africa. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 23).

The Company’s head office is located at:

Karaağaç Caddesi No: 2-6

Sütlüce 34445 Beyoğlu İstanbul / Turkey

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1986. As of June 30, 2015, the publicly listed shares are 25.15% of the total shares (December 31, 2014: 25.19%).

The average number of personnel employed by categories in the Group for the period ended June 30, 2015 is 4,385 white - collar (January 1- June 30, 2014: 4,176) and 21,055 blue – collar (January 1- June 30, 2014: 20,151) totalling to 25,440 (January 1- June 30, 2014: 24,327).

<u>Subsidiaries and branches</u>	<u>Country of incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
Continuing operations as of reporting date			
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Ardutch B.V. Taiwan (“Ardutch Taiwan”) *	Taiwan	Purchase	Consumer Durables/Electronics
Beko A and NZ Pty Ltd. (“Beko Australia”) *	Australia, New Zealand	Sales	Consumer Durables
Beko Balkans D.O.O (“Beko Balkans”)	Serbia	Sales	Consumer Durables/Electronics
Beko Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer Durables/Electronics
Beko Egypt Trading LLC (“Beko Egypt”)	Egypt	Sales	Consumer Durables
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. (Beko France”)	France	Sales	Consumer Durables/Electronics
Beko Hong Kong Ltd. (“Beko Hong Kong”)	Hong Kong, China	Purchase	Consumer Durables/Electronics
Beko Italy SRL (“Beko Italy”)	Italy	Sales	Consumer Durables/Electronics
Beko LLC. (“Beko Russia”)	Russia	Production/Sales	Consumer Durables/Electronics
Beko Plc. (“Beko UK”) *	UK, Republic of Ireland	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko S.A. (“Beko Polska”) *	Poland, Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer Durables/Electronics
Beko Thai Co. (“Beko Thailand”)	Thailand	Production/Sales	Consumer Durables
Beko Ukraine LLC. (“Beko Ukraine”)	Ukraine	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer Durables
Computer Vision Interaction S.A. (“CoVii”)	Portugal	R&D	Software
Defy Appliances (Proprietary) Ltd. (“Defy”)	Republic Of South Africa	Production/Sales	Consumer Durables
Defy (Botswana) (Proprietary) Ltd. (“Defy Botswana”)	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Ltd. (“Defy Namibia”)	Namibia	Sales	Consumer Durables
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Sales	Consumer Durables/Electronics
Grundig Multimedia A.G.(“Grundig Switzerland”)	Switzerland	Sales	Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Intermedia GmbH (“Grundig Intermedia”) *	Germany, Croatia	Sales	Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Consumer Durables/Electronics
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Consumer Durables/Electronics
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer Durables/Electronics
Ceased operations as of reporting date			
Archin Limited (“Archin”)	Hong Kong, China	-	-
Beko Cesko (“Beko Cesko”)	Czech Republic	-	-
Defy (Swaziland) (Proprietary) Ltd. (“Defy Swaziland”)	Swaziland	-	-
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	-	-
Grundig Magyarország Kft. (“Grundig Hungary”)	Hungary	-	-
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	-	-
Grundig Slovakia s.r.o (“Grundig Slovakia”)	Slovakia	-	-
Raupach Wollert GmbH (“Raupach”)	Germany	-	-

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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

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

<u>Associates</u>	<u>Country of incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer Durables
Koç Finansman A.Ş. (“Koç Finansman”)	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign Trade
Tanı Pazarlama İ.H.A.Ş. (“Tanı Pazarlama”)	Turkey	Consultancy	Marketing /Communication

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

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

For the period ended June 30, 2015, the Group prepared its condensed interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. Condensed interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements as of December 31, 2014.

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

Consolidated financial statements have been prepared under the historical cost convention except for the derivative instruments and available for sale financial assets presented at fair values and revaluations related to the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of and for the period ended June 30, 2015 are applied consistently with the TAS/TFRS and interpretations. The new and amended standards and interpretations effective as of January 1, 2015 have no impact on the consolidated financial statements of the Group.

Standards issued but not yet effective and not early adopted

Standards, amendments and interpretations 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 in effect.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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

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

TFRS 9 Financial Instruments – Classification and Measurement

As amended in April 2015, the new standard is effective for annual periods beginning on or after January 1, 2018. First phase of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option liabilities and requires that the change in fair value of a fair value option financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group will be assessing the impact of the standard after other aspects of the standart are approved by POA.

TAS 16 and TAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after January 1, 2016, and are to be applied prospectively. The amendments will not have an impact on the financial position or performance of the Group.

TFRS 11 – Accounting for Acquisition of Interests in Joint Operations (Amendments)

The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard’s definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 10 and TAS 28 - Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture (Amendments)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a “business” under TFRS 3 *Business Combinations*. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TAS 27 - Equity Method in Separate Financial Statements (Amendments)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant 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 JUNE 30, 2015

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

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

TAS 1: Disclosure Initiative (Amendments)

Amendments include narrow-focus improvements in the following five areas: Materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, presentation of items of other comprehensive income arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10 and TAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Annual Improvements – 2012–2014 Cycle

Annual improvements issued for the effective standards “Annual Improvements to TFRS’s” are presented below. The amendments are effective as of January 1, 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 Financial Instruments: Disclosures

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)*.

TAS 19 Employee Benefits

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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

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

TAS 34 Interim Financial Reporting

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

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

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

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

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the January 1, 2015 effective date of IFRS 9. The new version of IFRS 9 (2014) issued after IFRS 9 (2013) introduces the mandatory effective date of January 1, 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 15 – Revenue from Contracts with Customers

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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

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

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after January 1, 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Functional and presentation currency

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

Financial statements of subsidiaries operating in countries other than Turkey

Financial statements of subsidiaries operating in countries other than Turkey are adjusted to the TAS/TFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the reporting 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, 2014, include the accounts of the parent company, Arçelik, and its Subsidiaries.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

(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, as of June 30, 2015 and December 31, 2014 (%) and their functional currencies:

	Functional currency	June 30, 2015		December 31, 2014	
		Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
Continuing operations as of balance sheet date:					
Arctic	Romanian Lei (“RON”)	96.72	96.72	96.72	96.72
Ardutch	Euro (“EUR”)	100.00	100.00	100.00	100.00
Ardutch Taiwan	Taiwanese Dollar (“TWD”)	100.00	100.00	100.00	100.00
Beko Australia	Australian Dollar (“AUD”)/ New Zealand Dollar (“NZD”)	100.00	100.00	100.00	100.00
Beko Balkans ⁽¹⁾	Serbian Dinar (“SRD”)	100.00	100.00	-	-
Beko China	Chinese Yuan (“CYN”)	100.00	100.00	100.00	100.00
Beko Deutschland	Euro (“EUR”)	100.00	100.00	100.00	100.00
Beko Espana	Euro (“EUR”)	100.00	100.00	100.00	100.00
Beko Egypt	Egyptian Lira (“EGP”)	100.00	100.00	100.00	100.00
Beko France	Euro (“EUR”)	100.00	100.00	100.00	100.00
Beko Hong Kong	US Dollar (“USD”)	100.00	100.00	100.00	100.00
Beko Italy	Euro (“EUR”)	100.00	100.00	100.00	100.00
Beko Polska	Polish Zloty (“PLN”)/ Czech Koruna (“CZK”)	100.00	100.00	100.00	100.00
Beko Russia	Russian Ruble (“RUB”)	100.00	100.00	100.00	100.00
Beko Slovakia	Euro (“EUR”)	100.00	100.00	100.00	100.00
Beko Shanghai	Chinese Yuan (“CNY”)	100.00	100.00	100.00	100.00
Beko Thailand ⁽²⁾	Thai Baht (“THB”)	100.00	100.00	100.00	100.00
Beko UK ⁽³⁾	British Pound (“GBP”)/ Euro (“EUR”)	100.00	100.00	50.00	50.00
Beko Ukraine	Ukrainian Hryvna (“UAH”)	100.00	100.00	100.00	100.00
CoVii ⁽⁴⁾	Euro (“EUR”)	51.00	51.00	-	-
Defy	South African Rand (“ZAR”)	100.00	100.00	100.00	100.00
Defy Botswana	Botswana Pula (“BWP”)	100.00	100.00	100.00	100.00
Defy Kindoc ⁽⁵⁾	South African Rand (“ZAR”)	-	-	100.00	100.00
Defy Namibia	Namibian Dollar (“NAD”)	100.00	100.00	100.00	100.00
Defy Trust ⁽⁵⁾	South African Rand (“ZAR”)	-	-	100.00	100.00
Elektra Bregenz	Euro (“EUR”)	100.00	100.00	100.00	100.00
Grundig Multimedia	Euro (“EUR”)	100.00	100.00	100.00	100.00
Grundig Intermedia	Euro (“EUR”)/ Croatian Kuna (“HRK”)	100.00	100.00	100.00	100.00
Grundig Norway	Norwegian Krone (“NOK”)	100.00	100.00	100.00	100.00
Grundig Sweden	Swedish Krona (“SEK”)	100.00	100.00	100.00	100.00
Grundig Switzerland	Swiss Franc (“CHF”)	100.00	100.00	100.00	100.00
Ceased operations as of balance sheet date:					
Archin	-	100.00	100.00	100.00	100.00
Beko Cesko	-	100.00	100.00	100.00	100.00
Blomberg Werke ⁽⁶⁾	-	-	-	100.00	100.00
Defy Swaziland	-	100.00	100.00	100.00	100.00
Grundig Austria	-	100.00	100.00	100.00	100.00
Grundig Hungary	-	100.00	100.00	100.00	100.00
Grundig Portugal	-	100.00	100.00	100.00	100.00
Grundig Slovakia	-	100.00	100.00	100.00	100.00
Raupach	-	100.00	100.00	100.00	100.00

⁽¹⁾ Founded as a sales company in February 2015.

⁽²⁾ Founded as a production and sales company in December 2014 and planned to start production by the end of 2015.

⁽³⁾ On June 29, 2015, the Group acquired an additional 50% interest in the voting shares of Beko UK, increasing its ownership interest to 100% (Note 3).

⁽⁴⁾ Acquired in 2015 (Note 3).

⁽⁵⁾ Liquidated in 2015

⁽⁶⁾ Merged with Beko Deutschland.

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015**

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

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

Going concern

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

Offsetting

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

Comparatives and restatement of prior periods’ financial statements

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

For the period ended June 30, 2014, cash provided from incentives amounting to TRY 7,596 which was reported under cash flows from investing activities, is reclassified to cash flows from operating activities in consolidated cash flow statements. Foreign exchange gains amounting to TRY (27,352) and other financial expenses amounting to TRY 5,229 which was reported under cash flows from operating activities is reclassified to cash flows from financing activities and currency translation differences amounting to TRY 35,202 and TRY (13,079) respectively.

2.2 Restatement and errors in the accounting policies and estimates

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

2.3 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the six month period ended June 30, 2015 have been prepared in accordance with TAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended June 30, 2015 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2014. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015

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

NOTE 3 – BUSINESS COMBINATIONS

a) Subsidiary acquisition

On June 26, 2015 the Group has acquired 51% of the shares of CoVii company. CoVii is located in Portugal and its main activities are software development and R&D.

This acquisition will allow to The Group, to present innovative products to the market with the softwares developed by CoVii. For the purchase of CoVii’s 51% shares, EUR 543,232 of the EUR 1,034,335 has been paid in cash at the closing date. The remaining amount will be paid with 4 equal instalments starting at the end of the second year following the closing date. The acquisition process has been booked with “provisional purchase method” as of June 30, 2015 and the EUR 973,320 which is the difference between the purchase price and the total fair value of net identifiable assets has been booked as goodwill.

Purchase price and the fair values of acquired assets and liabilities as of the acquisition date are as follows:

Consideration in cash	1,620
Deferred consideration	1,465
Total consideration transferred	3,085
Cash and cash equivalents	293
Other assets	21
Tangible assets	228
Intangible assets	660
Borrowings	(656)
Trade and other payables	(12)
Tax and other provisions	(37)
Other liabilities	(140)
Total fair value of identifiable net assets	357
Share of non controlling interest	(175)
Goodwill (Note 16)	2,903
Total consideration	3,085

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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

NOTE 3 – BUSINESS COMBINATIONS

In the consolidated statement of profit or loss, CoVii has no contribution to consolidated sales after the date of acquisition. In the same period, excluding the effects of inter-company sales profitability, CoVii has no contribution to consolidated net profit of Arçelik Group.

Had the financial statements of CoVii been consolidated since January 1, 2015, there would be no change in the consolidated sales of Arçelik Group.

As of June 30, 2015, the total amount of acquisition costs, which is included in the general and administrative expenses, is TRY 274.

The details of cash outflow due to acquisition are as follows:

Total consideration in cash	1,620
Cash and cash equivalents – acquired	(293)
Cash outflow due to acquisition of subsidiary (net)	1,327

b) Transactions with non-controlling shareholders

On 29 June 2015, the Group acquired an additional 50% interest in the voting shares of Beko UK (of which the Group had already controlling interest), increasing its ownership interest to 100%. Cash consideration of TL 282,056 equivalent of GBP 67.5 million was paid to the non-controlling shareholders. The carrying value of the net assets of Beko UK was TRY 64,408. Following is a schedule of additional interest acquired in Beko UK:

Cash consideration paid to non-controlling shareholders	282,056
Carrying value of the additional interest	(32,204)
Difference recognised in retained earnings	249,852

NOTE 4 - SEGMENT REPORTING

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

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:

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015**

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

NOTE 4 - SEGMENT REPORTING (Continued)

- a) Operational segments which have been prepared in accordance with the reportable segments for the six-month period between January 1 - June 30, 2015 are as follows:

	White goods	Consumer electronics	Other	Total
Total segment revenue	4,437,340	851,528	932,985	6,221,853
Gross profit	1,517,095	175,616	260,786	1,953,497
Depreciation and amortization	148,234	29,654	7,536	185,424
Capital expenditures	189,842	32,030	6,493	228,365

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

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

- c) Operational segments which have been prepared in accordance with the reportable segments for the three-month period between April 1 – June 30, 2015 are as follows:

	White goods	Consumer electronics	Other	Total
Total segment revenue	2,406,370	421,937	526,786	3,355,093
Gross profit	845,695	84,103	151,998	1,081,796
Depreciation and amortization	76,006	14,924	3,874	94,804
Capital expenditures	87,784	17,989	3,778	109,551

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

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

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NOTE 4 - SEGMENT REPORTING (Continued)

- e) Sales revenue based on the location of the customers and income from associates for the six-month period ended at June 30, are as below:

January 1 – June 30, 2015	Turkey	Europe	Africa	Other	Total
Total segment revenue	2,649,756	2,467,804	498,861	605,432	6,221,853

January 1 – June 30, 2014	Turkey	Europe	Africa	Other	Total
Total segment revenue	2,177,578	2,508,592	504,508	687,553	5,878,231

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

April 1 – June 30, 2015	Turkey	Europe	Africa	Other	Total
Total segment revenue	1,471,687	1,289,268	284,244	309,894	3,355,093

April 1 – June 30, 2014	Turkey	Europe	Africa	Other	Total
Total segment revenue	1,148,987	1,286,336	286,721	353,921	3,075,965

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NOTE 5 - CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014
Cash in hand	561	331
Cash at banks		
- demand deposits	217,286	212,473
- time deposits	762,527	1,335,556
Cheques and notes	65,684	67,688
Other	6,150	4,475
Cash and cash equivalents in cash flow statement	1,052,208	1,620,523
Interest income accruals	354	698
	1,052,562	1,621,221

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

Up to 30 days	957,476	1,426,870
30-90 days	95,086	194,351
	1,052,562	1,621,221

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

USD	0.3	1.5
EUR	0.1	1.6
AUD	0.5	0.5
CZK	0.0	0.0
CNY	1.3	1.2
ZAR	5.2	5.2
GBP	0.3	0.3
CHF	0.1	0.1
EGP	4.5	4.6
NAD	5.0	5.0
NOK	0.3	0.4
PLN	-	1.5
RON	1.7	2.8
RUB	13.5	11.8
NZD	3.0	3.0
RSD	1.2	-
BWP	1.0	-

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NOTE 6 - FINANCIAL INVESTMENTS

Available-for-sale investments

	June 30, 2015		December 31, 2014	
	%	TL	%	TL
Koç Finansal Hizmetler A.Ş.	3.98	637,253	3.98	696,996
Other		1,492		1,492
		638,745		698,488

NOTE 7 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

	June 30, 2015	December 31, 2014
Short-term bank borrowings	1,326,013	719,267
Other	491	595
Total short-term financial liabilities	1,326,504	719,862
Short-term portion of long-term bank borrowings and interest accruals	899,478	1,057,375
Interest accruals of long-term bonds issued (*)	48,330	25,386
Total short-term portion of long-term financial liabilities	947,808	1,082,761

(*) Long term bonds issued:

2014:

The Company issued bond amounting to EUR 350 million, quoted in Ireland Stock Exchange, with re-offer yield 4% and annual interest payment on September 16, 2014. Maturity of the bond is September 16, 2021 and coupon rate is 3.875%.

2013:

The Company issued bond amounting to USD 500 million, quoted in Ireland Stock Exchange, with re-offer yield 5.125% and semi-annual interest payment on April 3, 2013. Maturity of the bond is April 3, 2023 and coupon rate is 5%.

As of June 30, 2015, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	9.8	931,759,204	931,759
EUR	0.8	116,309,726	346,861
CNY	5.4	110,163,472	47,392
SEK	1.7	1,434	1
			1,326,013

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of December 31, 2014, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	9.7	402,805,596	402,806
EUR	1.0	82,667,374	233,180
ZAR	7.6	250,000,000	49,997
CNY	5.6	82,127,556	30,534
SEK	1.3	9,297,654	2,750
			719,267

b) Long-term financial liabilities

	June 30, 2015	December 31,2014
Long-term bank borrowings	419,599	840,800
Long-term bonds issued	2,365,379	2,123,584
Other	439	602
	2,785,417	2,964,986

As of June 30, 2015, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	11.4	812,397,250	812,397
EUR	2.6	100,211,245	298,849
ZAR	8.6	750,000,000	164,318
RUB	8.7	904,255,822	43,513
			1,319,077
Short-term portion of long-term loans and interest accruals			(899,478)
			419,599

As of December 31, 2014, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	12.0	1,117,519,701	1,117,520
EUR	2.4	210,684,056	594,277
ZAR	8.6	750,000,000	149,991
RUB	8.7	904,255,822	36,387
			1,898,175
Short-term portion of long-term loans and interest accruals			(1,057,375)
			840,800

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of June 30, 2015, detail of discounted amounts of long-term bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	5.1	502,153,419	1,348,935
EUR	4.0	357,043,123	1,064,774
			2,413,709
Interest accruals of long-term bonds issued			(48,330)
			2,365,379

As of December 31, 2014, detail of discounted amounts of long-term bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	5.1	501,230,584	1,162,304
EUR	4.0	349,794,853	986,666
			2,148,970
Interest accruals of long-term bonds issued			(25,386)
			2,123,584

The payment schedule of the principal amounts of long-term bank borrowings and bonds issued is as follows:

	June 30, 2015	December 31, 2014
2016	33,207	427,232
2017	253,850	288,203
2018	66,271	62,682
2019	66,271	62,682
2021	1,043,770	987,245
2023	1,343,150	1,159,450
	2,806,519	2,987,494

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

	June 30, 2015	December 31, 2014
Up to 3 months	1,222,642	2,259,040
3 - 12 months	1,153,690	51,788
1-5 years	255,282	286,945
Over 5 years	2,386,921	2,146,695
	5,018,535	4,744,468

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NOTE 8 - DERIVATIVE INSTRUMENTS

Valuation of outstanding derivative instruments which were transacted by the Group for foreign exchange risk management purposes are made through marketing to market value at the date of valuation and the fair value of these instruments are disclosed as asset or liability in the statement of financial position.

	June 30, 2015			December 31, 2014		
	Contract amount	Fair value assets /(liabilities)		Contract amount	Fair value assets /(liabilities)	
<i>Held for trading:</i>						
<i>Short-term derivative instruments</i>						
Forward transactions	1,470,823	1,680	(2,960)	423,290	2,780	(956)
Foreign currency swap contracts	1,652,214	3,374	(2,703)	1,206,428	5,003	(2,855)
	3,123,037	5,054	(5,663)	1,629,718	7,783	(3,811)

Long-term derivative instruments

Cross-currency fixed interest rate swap (*)	1,833,843	92,858	-	1,631,796	17,803	-
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(*) In order to mitigate foreign exchange risk and to naturally hedge principal and interest payments of the long term bond issued in 2013 in USD against the major foreign currencies that sales and collections are performed in, the Company entered into cross currency fixed interest rate swap amounting to EUR 202.8 million with 4.65% interest rate in return for USD 270 million and amounting to GBP 57.5 million with 5% interest rate in return for USD 90 million in April, 2013.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

	June 30, 2015	December 31, 2014
Short-term trade receivables:		
Trade receivables	3,019,465	2,635,678
Notes receivables	1,604,004	1,635,494
Cheques receivables	275,213	253,209
Short-term trade receivables (gross)	4,898,682	4,524,381
Provision for doubtful receivables	(103,308)	(97,019)
Unearned credit finance income	(16,447)	(15,835)
Short-term trade receivables (net)	4,778,927	4,411,527

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2015	2014
As of January 1	97,019	113,281
Current year additions (Note 24)	6,004	9,914
Provisions no longer required (Note 24)	(1,216)	(2,414)
Write-offs (*)	(756)	(24,080)
Acquisitions	7	-
Currency translation differences	2,250	(17)
As of June 30	103,308	96,684

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

	June 30, 2015	December 31, 2014
Long-term trade receivables	12,238	24,423
	June 30, 2015	December 31, 2014
Short-term trade payables:		
Trade payables	1,495,153	1,526,520
Debt accruals	108,805	61,882
Unearned credit finance charges	(11,816)	(9,982)
	1,592,142	1,578,420

NOTE 10 - INVENTORIES

	June 30, 2015	December 31, 2014
Raw materials and supplies	938,340	950,651
Work in progress	83,583	68,229
Finished goods	1,137,256	906,004
Trade goods	290,602	258,020
Inventories (gross)	2,449,781	2,182,904
Provision for impairment on inventories	(59,310)	(57,958)
Inventories (net)	2,390,471	2,124,946

There are no inventories pledged as security for liabilities (December 31, 2014: None).

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NOTE 10 – INVENTORIES (Continued)

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

	June 30, 2015	December 31, 2014
Raw materials and supplies	47,501	47,210
Finished goods	9,146	8,344
Trade goods	2,663	2,404
	59,310	57,958

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

	2015	2014
As of January 1	57,958	60,187
Current year additions (Note 24)	801	1,226
Realized due to sales of inventory	(631)	(3,797)
Currency translation differences	1,182	(430)
As of June 30	59,310	57,186

NOTE 11 - OTHER PAYABLES

	June 30, 2015	December 31, 2014
Taxes and duties payable	110,829	102,613
Dividend payables to shareholders	4,338	4,155
Deposits and guarantees received	3,348	5,385
Other	5,122	2,762
	123,637	114,915

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NOTE 12 - ASSOCIATES

	June 30, 2015		December 31, 2014	
	%	TRY	%	TRY
Koç Finansman	47.0	80,188	47.0	84,279
Arçelik - LG	45.0	99,664	45.0	91,568
Ram Dış Ticaret	33.5	10,685	33.5	12,338
Tanı Pazarlama	32.0	7,555	32.0	7,126
		198,092		195,311

The movements of associates for the six-month periods ended June 30 are as follows:

	2015	2014
As of January 1	195,311	192,404
Shares of income/loss of associates	16,320	12,911
Shares of other comprehensive income/loss of associates	(1,493)	(1,987)
Gross profit elimination on inventory	(636)	346
Dividends received	(11,410)	(14,100)
As of June 30	198,092	189,574

Shares of income/loss from associates:

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Koç Finansman	6,823	10,298	3,455	5,008
Arçelik – LG	8,732	845	6,023	1,027
Ram Dış Ticaret	337	1,509	328	836
Tanı Pazarlama	428	259	354	249
	16,320	12,911	10,160	7,120

Aggregated summary figures of the financial statements of associates:

	June 30, 2015	December 31, 2014
Total assets	3,473,582	2,973,065
Total liabilities	3,025,989	2,531,165

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Net sales	973,397	863,602	554,111	488,458
Profit for the period	34,852	29,871	27,289	26,338

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NOTE 13 - INVESTMENT PROPERTIES

	2015	2014
As of January 1		
Cost	14,966	15,651
Accumulated depreciation	(9,037)	(9,305)
Net carrying value	5,929	6,346
Net carrying value at the beginning of the period	5,929	6,346
Currency translation differences	388	(107)
Depreciation for the period	(69)	(71)
Net carrying value at the end of the period	6,248	6,168
As of June 30		
Cost	15,943	15,387
Accumulated depreciation	(9,695)	(9,219)
Net carrying value	6,248	6,168

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	2015	2014
As of January 1		
Cost	4,603,877	4,466,236
Accumulated depreciation	(2,791,131)	(2,629,447)
Net carrying value	1,812,746	1,836,789
Net carrying value at the beginning of the period	1,812,746	1,836,789
Acquisitions (Note 3)	228	-
Additions	158,221	131,611
Disposals	(8,924)	(1,236)
Currency translation differences	63,215	(9,052)
Depreciation for the period	(137,381)	(131,208)
Net carrying value at the end of the period	1,888,105	1,826,904
As of June 30		
Cost	4,830,635	4,568,065
Accumulated depreciation	(2,942,530)	(2,741,161)
Net carrying value	1,888,105	1,826,904

There is no mortgage on property, plant and equipment as of June 30, 2015 (December 31, 2014: None).

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NOTE 15 – OTHER INTANGIBLE ASSETS

	2015	2014
As of January 1		
Cost	1,318,647	1,199,395
Accumulated amortization	(396,647)	(313,127)
Net carrying value	922,000	886,268
Net carrying value at the beginning of the period	922,000	886,268
Acquisitions (Note 3)	660	-
Additions	70,144	60,609
Currency translation differences	47,318	(7,265)
Amortization for the period	(47,974)	(41,197)
Net carrying value at the end of the period	992,148	898,415
As of June 30		
Cost	1,439,868	1,252,479
Accumulated amortization	(447,720)	(354,064)
Net carrying value	992,148	898,415

Net carrying value of the development costs as of June 30, 2015 is TRY 350,813 (December 31, 2014: TRY 325,896) and capitalized development costs excluding amount of borrowing cost capitalized in the period is TRY 60,839 (January 1 – June 30, 2014: TRY 52,067).

As of June 30, 2015 total amount of borrowing costs capitalized in the period is TRY 4,429 (June 30, 2014: TRY 964).

NOTE 16 - GOODWILL

	2015	2014
As of January 1	169,195	172,706
Acquisitions (Note 3)	2,903	-
Currency translation differences	15,498	(3,185)
As of June 30	187,596	169,521

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of June 30, 2015, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 595,841,745 (December 31, 2014: USD 177,667,707). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

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

	June 30, 2015	December 31, 2014
Up to 1 year	23,569	22,068
1-5 years	29,934	35,054
Over 5 years	17	-
Operating lease commitments	53,520	57,122

Derivative instruments contracts commitments

TRY equivalents of the Group’s foreign exchange purchase and sales commitments in terms of currencies as of June 30, 2015 and December 31, 2014 are as follows:

June 30, 2015	Purchase commitments	Sales commitments
TRY	15,366	733,533
USD	1,369,880	79,084
EUR	873,543	864,481
AUD	8,206	63,597
CZK	1,260	15,125
CNY	15,867	48,167
DKK	-	13,969
ZAR	363	177,468
GBP	-	267,820
SEK	22,921	32,128
CHF	68,777	-
CAD	-	2,174
NOK	14,400	6,106
PLN	6,035	47,746
RON	138,736	-
RUB	-	61,979
NZD	-	8,149
	2,535,354	2,421,526

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NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

December 31, 2014	Purchase commitments	Sales commitments
TRY	-	160,517
USD	1,065,730	42,429
EUR	387,762	783,601
AUD	-	64,240
CZK	-	18,528
ZAR	-	85,589
GBP	-	291,848
SEK	16,861	36,971
CHF	56,139	-
NOK	11,286	4,983
PLN	-	53,041
RON	114,747	-
RUB	7,968	59,274
	1,660,493	1,601,021

	June 30, 2015	December 31, 2014
Collaterals obtained	2,669,784	2,594,287

Collaterals/ pledges/ mortgages (“CPM”) position of the Group as of June 30, 2015 and December 31, 2014 are as follows:

CPM's given by the Company	June 30, 2015	December 31, 2014
A. CPM's given for Company's own legal personality	757,136	591,335
B. CPM's given on behalf of fully consolidated companies	94,691	163,593
C. CPM's given on behalf of third parties for ordinary course of business	-	-
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 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	-	-
Total	851,827	754,928

TRY equivalents of collaterals, pledges and mortgages give as of June 30, 2015 and December 31, 2014 are as follows on original currency basis are as follows:

CPM's given by the Company	June 30, 2015	December 31, 2014
USD	681,135	568,176
EUR	98,570	123,909
TRY	51,494	43,772
Other currencies	20,628	19,071
	851,827	754,928

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NOTE 18 – OTHER CURRENT AND NON-CURRENT PROVISIONS

	June 30, 2015	December 31, 2014
Other current provisions		
Warranty provision	156,396	145,034
Assembly provision	62,006	47,369
Provision for transportation cost	17,505	14,688
Provision for lawsuit risks	11,669	8,256
Provision for returns	8,724	8,471
Other	50,867	40,174
	307,167	263,992
Other non-current provisions		
Warranty provision	94,155	92,339
Other	1,293	1,436
	95,448	93,775

NOTE 19 – PREPAID EXPENSES

	June 30, 2015	December 31, 2014
Prepaid expenses	77,154	50,708
Advances given for fixed assets	31,805	10,049
Advances given for inventories	8,609	7,984
	117,568	68,741

NOTE 20 – CURRENT INCOME TAX ASSETS

	June 30, 2015	December 31, 2014
Prepaid taxes and funds	16,432	57,988

NOTE 21 – EMPLOYEE BENEFIT OBLIGATIONS

	June 30, 2015	December 31, 2014
Social security payables	51,012	65,871
Accruals for bonuses and premiums	46,918	37,220
Payables to personnel	41,915	60,532
	139,845	163,623

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NOTE 22 - OTHER ASSETS AND LIABILITIES

	June 30, 2015	December 31, 2014
Other current assets:		
Value Added Tax and Private Consumption		
Tax receivable	74,335	75,589
Taxes and funds deductible	27,481	55,756
Income accruals	8,345	4,874
Other	13,060	9,146
	123,221	145,365
Other current liabilities:		
Accruals for customer premiums	277,501	236,423
Advances received	34,926	30,345
Other	4,222	5,472
	316,649	272,240

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2015

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NOTE 23 - 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 kurus1, registered and issued share capital of the Company is as follows:

	June 30, 2015	December 31, 2014
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:

	June 30, 2015		December 31, 2014	
	Share %	Amount	Share %	Amount
Shareholders:				
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
Total Koç Family members and companies owned by Koç Family members	51.93	350,909	51.93	350,909
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	0.17	1,137	0.13	893
Other	25.15	169,960	25.19	170,204
Paid-in capital	100.00	675,728	100.00	675,728
Adjustment to share capital (*)		468,811		468,811
Total share capital		1,144,539		1,144,539

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

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

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NOTE 23 – EQUITY (Continued)

Contribution to shareholders’ equity related to the merger

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

Restricted reserves

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

The details of these restricted reserves are as follows:

	June 30, 2015	December 31, 2014
General legal reserves	83,690	83,690
Other legal reserves	223,361	191,740
	307,051	275,430

As agreed in the ordinary general meeting dated March 23, 2015, the decision to pay dividend as cash has been taken and the payment was made in April 2015 (previous year in April 2014). The dividend details are as follows: 51.8% (2014: 44.4%) corresponding to gross TRY 0.51796 (full) (2014: TRY 0.44396 (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; 44.0% (2014: 37.7%) corresponding to gross TRY 0.51796 (full) (2014: gross TRY 0.44396 (full)) and net TRY 0.44027 (full) (2014: net TRY 0.37737 (full)) per share of TRY 1.00 (full) nominal value to the other shareholders.

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NOTE 24 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Other income from operating activities:				
Foreign exchange gains arising from trading activities	188,746	70,757	84,254	4,289
Income from claims and grants	45,200	16,100	24,631	12,474
Credit finance income arising from trading activities	8,206	6,432	5,710	3,780
Reversal of provisions for doubtful receivables	1,216	2,414	752	1,831
Reversals of provisions	685	956	138	420
Other	28,142	9,688	19,295	6,565
	272,195	106,347	134,780	29,359

Other expenses from operating activities:

Foreign exchange losses arising from trading activities	(75,344)	(73,471)	(15,787)	(40,598)
Cash discounts expenses	(10,936)	(7,790)	(6,333)	(4,040)
Provision expense for doubtful receivables	(6,004)	(9,914)	(3,660)	(7,680)
Provision expense for impairment on inventories	(801)	(1,226)	(401)	(540)
Credit finance charges arising from trading activities	(688)	(7,783)	547	(5,983)
Other	(21,313)	(10,421)	(7,338)	(4,300)
	(115,086)	(110,605)	(32,972)	(63,141)

NOTE 25 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Income from investment activities:				
Dividends received from financial investments	12,865	12,944	-	-
Profit from sales of property plant and equipment	1,195	912	989	467
	14,060	13,856	989	467

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 25 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES (Continued)

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Loss on sales of property plant and equipment	(352)	(1,060)	(285)	(162)
	(352)	(1,060)	(285)	(162)

NOTE 26- FINANCIAL INCOME

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Foreign exchange gains (*)	202,469	160,941	108,093	94,766
Gains on derivative instruments	134,555	31,889	(19,304)	5,444
Interest income	12,825	11,894	6,747	5,717
Other	62	7	31	2
	349,911	204,731	95,567	105,929

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

NOT 27 – FINANCIAL EXPENSES

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Foreign exchange losses (*)	(407,579)	(133,325)	(156,473)	(54,879)
Interest expenses	(176,622)	(151,506)	(93,075)	(79,800)
Losses on derivative instruments	(55,833)	(64,781)	(18,757)	(21,151)
Other	(4,587)	(5,236)	(2,506)	(2,361)
	(644,621)	(354,848)	(270,811)	(158,191)

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

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NOTE 28 - TAX ASSETS AND LIABILITIES

	June 30, 2015	December 31, 2014
Corporation taxes	12,683	78,248
Less: Prepaid tax	(7,832)	(60,094)
Taxes payable (net)	4,851	18,154
Deferred tax assets	163,737	77,353
Deferred tax liabilities	(151,579)	(245,422)
Deferred tax assets/ (liabilities) (net)	12,158	(168,069)

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, 2014: 20%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Tax expenses				
- Current period tax expense	(16,839)	(47,988)	(12,686)	(19,932)
- Deferred tax income/(expense)	182,850	(883)	159,142	(2,821)
Tax income/(expense) (net)	166,011	(48,871)	146,456	(22,753)

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Property, plant and equipment and intangible assets	1,540,369	1,430,172	(327,262)	(302,199)
Available-for-sale investments	493,467	553,209	(24,672)	(27,659)
Derivative instruments	90,841	19,471	(18,169)	(3,882)
Unearned credit finance income/expense (net)	43,591	38,932	(8,718)	(7,786)
Unused tax advantages (*)	(2,440,048)	(409,035)	264,719	63,664
Provision for warranty, assembly and transportation expenses	(227,889)	(193,785)	47,210	40,053
Provision for employment termination benefits	(166,682)	(158,974)	33,336	31,795
Provision for impairment on inventories	(52,744)	(50,774)	10,539	10,148
Accrual for licenses	(8,547)	(1,915)	1,709	383
Provision for doubtful receivables	(6,894)	(4,889)	1,444	1,182
Other	(134,329)	(113,402)	32,022	26,232
Deferred tax assets/(liabilities)(net)			12,158	(168,069)

(*) Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount. As of June 30, 2015 the tax court approved that the corporate income tax at reduced rates is determined by deducting accumulated depreciation in the calculation of the net value of property plant and equipment. In this context the tax advantage of TRY 229,250 (December 31, 2014: TRY 23,959) that the Company will benefit in the foreseeable future is recognized as deferred tax asset and reflected on consolidated financial statements.

Movements in deferred tax asset/(liabilities) for the six-month periods ended June 30 are as follows:

	2015	2014
Balance as of January 1	(168,069)	(154,856)
Deferred tax income/(expense) recognized in statement of profit or loss	182,850	(883)
Deferred tax income/(expense) recognized in shareholders' equity	5,408	(1,295)
Currency translation differences	(8,031)	(578)
Balance as of June 30	12,158	(157,612)

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NOTE 29 - EARNINGS PER SHARE

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

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- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Net income	467,810	292,398	326,278	161,237
Weighted average number of ordinary shares with nominal value (kurus 1 each one)	67,572,820,500	67,572,820,500	67,572,820,500	67,572,820,500
Earnings per share (kurus) (*)	0.692	0.433	0.483	0.239
Dividends distributed to the equity holders of the parent	350,000	300,000	-	-
Gross dividend distributed per share (kurus) (*)	0.518	0.444	-	-

(*) 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.

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NOTE 30 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	June 30, 2015	December 31, 2014
(a) Due from related parties:		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri		
Pazarlama A.Ş. ⁽¹⁾	23,187	9,534
Yapı ve Kredi Bankası A.Ş. ⁽¹⁾	6,747	7,362
Koçtaş Yapı Marketleri Ticaret A.Ş. ⁽¹⁾	3,692	1,709
Ark İnşaat A.Ş. ⁽⁴⁾	2,580	1,216
Other	301	2,550
	36,507	22,371

(b) Due to related parties:

Current:

Arçelik-LG ⁽²⁾	143,722	60,754
Zer Merkezi Hizmetler ve Ticaret A.Ş. ⁽¹⁾	79,674	68,701
Ram Dış Ticaret ⁽²⁾	48,570	48,259
Bilkom Bilişim Hizmetleri A.Ş. ⁽¹⁾	7,613	5,006
Koç Üniversitesi ⁽¹⁾	3,650	861
Koç Holding A.Ş. ⁽³⁾	2,280	5,880
Otokoç Otomotiv Tic. ve San. A.Ş. ⁽¹⁾	1,674	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ⁽¹⁾	792	5,771
Ram Sigorta Aracılık Hizmetleri A.Ş. ⁽⁴⁾	166	365
Other	585	7,425
	288,726	203,022

	June 30, 2015	December 31, 2014
Other payables to related parties – Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	11,822	10,003
Other payables to related parties – Non Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	60,957	57,823
Other	1,465	-
	62,422	57,823

(*) The Company has a contract regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.) for 20 years beginning on 2001. Due to the fact that the rights to use Beko brand will be held by the Company upon the expiration of the contract period, Beko brand has been recognized under intangible assets in the consolidated financial statements of the Group. Net book value of Beko brand, which is held under other liabilities to related parties, amounts to TRY 81,040 as of June 30, 2015. (December 31, 2014: TRY 81,040).

⁽¹⁾ Koç Holding group companies

⁽²⁾ Associates

⁽³⁾ Main shareholder

⁽⁴⁾ The Company which is controlled by Koç family members

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NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

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

	June 30, 2015	December 31, 2014
Other payables to related parties (gross)		
Up to 1 year	15,363	13,321
1 to 5 years	62,529	52,769
Over 5 years	7,656	13,217
	85,548	79,307
Future finance charges on other liabilities	(11,304)	(11,481)
Present value of other payables to related parties (net)	74,244	67,826

Maturity analysis of the present value of other payables to related parties is as follows:

	June 30, 2015	December 31, 2014
Up to 1 year	11,822	10,003
1 to 5 years	54,911	45,021
Over 5 years	7,511	12,802
	74,244	67,826

(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries ⁽¹⁾	15,240	738,976
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(d) Bank borrowings:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	26,540	19,114
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(e) Derivative instruments

June 30, 2015	Contract amount	Fair value assets/(liabilities)
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	834,990	- (2,593)

December 31, 2014	Contract amount	Fair value assets/(liabilities)
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	428,405	3 (395)

(1) Koç Holding group companies

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NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

(ii) Transactions with related parties

(a) Sales of goods and services:	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Akpa Dayanıklı Tüketim LPG ve				
Akaryakıt Ürünleri Pazarlama A.Ş.	22,648	21,333	8,207	2,916
Yapı ve Kredi Bankası A.Ş.	7,342	5,822	4,103	2,538
Koçtaş Yapı Marketleri Ticaret A.Ş.	6,986	7,173	3,192	2,920
Arçelik-LG	1,535	1,211	633	408
Zer Merkezi Hizmetler ve Ticaret A.Ş.	759	1,384	531	975
Other	1,438	1,288	309	1,174
	40,708	38,211	16,975	10,931

(b) Purchases of goods and services:	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
Zer Merkezi Hizmetler ve Ticaret A.Ş.	333,360	286,420	215,054	193,484
Arçelik-LG	188,745	128,579	150,290	90,144
Ram Dış Ticaret	88,045	71,844	58,993	39,158
Bilkom Bilişim Hizmetleri A.Ş.	46,604	-	21,795	-
Koç Sistem Bilgi ve İletişim Hiz. A.Ş.	43,569	14,671	24,844	6,437
Ram Sigorta Aracılık Hizmetleri A.Ş. ⁽²⁾	42,931	23,078	21,594	975
Setur Servis Turistik A.Ş. ⁽¹⁾	13,112	8,133	6,529	5,075
Koç Holding A.Ş.	6,067	6,786	2,945	3,467
Other	27,538	35,215	15,795	23,135
	789,971	574,726	517,839	361,875

The Group purchased Beko UK’s 50% shares from Temel Ticaret ve Yatırım A.Ş. at June 29, 2015 for TRY 282,056.

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

The Group purchases air conditioners, produced by Arçelik-LG. Purchasing conditions are determined in line with sales conditions.

⁽¹⁾ Koç Holding group companies

⁽²⁾ The amount is composed of accrued premiums in the interim periods in scope of policies signed between insurance companies with the intermediary role of Ram Sigorta Aracılık Hizmetleri A.Ş which is operating as insurance agency.

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NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

(c) Key management compensation

Total compensation provided to members of the Board of Directors, General Manager and Assistant General Managers by the Company during the year ended June 30, 2015 amounts to TRY 15,945 (January 1- June 30, 2014: TRY 3,690). Compensation includes only short-term benefits.

(d) Other transactions

	January 1- June 30, 2015	January 1- June 30, 2014	April 1- June 30, 2015	April 1- June 30, 2014
<i>Interest income:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	8,202	5,865	3,968	2,808
<i>Interest expense:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	7,202	2,639	4,225	1,587

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Hedging operations and derivative instruments

Liquidity Risk

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

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

Interest Rate Risk

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

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

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**NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

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 negotiated.

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

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

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

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Details of credit and receivable risk as of June 30, 2015 and December 31, 2014 are as follows

	Trade receivables		Bank deposits	Derivatives
	Related parties	Third parties		
June 30, 2015				
Maximum exposed credit risk as of reporting date ⁽¹⁾	36,507	4,791,165	980,167	97,912
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(3,538,147)	-	-
A. Net book value of financial asset either are not due or not impaired	36,507	4,404,932	980,167	97,912
-Secured portion by guarantees, etc.	-	(3,248,836)	-	-
B. Financial assets with renegotiated conditions	-	65,986	-	-
- Secured portion by guarantees, etc.	-	(55,517)	-	-
C. Net book value of overdue but not impaired financial assets	-	291,209	-	-
- Secured portion by guarantees, etc.	-	(204,756)	-	-
D. Net book value of the impaired assets	-	29,038	-	-
- Overdue (Gross book value)	-	132,346	-	-
- Impairment (-)	-	(103,308)	-	-
- Secured portion of the net value by guarantees, etc.	-	(29,038)	-	-
	Trade receivables			
	Related parties	Third parties	Bank deposits	Derivatives
December 31, 2014				
Maximum exposed credit risk as of reporting date ⁽¹⁾	22,371	4,435,950	1,548,727	25,586
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(3,509,767)	-	-
A. Net book value of financial asset either are not due or not impaired	22,371	4,028,144	1,548,727	25,586
-Secured portion by guarantees, etc.	-	(3,177,039)	-	-
B. Financial assets with renegotiated conditions	-	52,113	-	-
- Secured portion by guarantees, etc.	-	(44,882)	-	-
C. Net book value of overdue but not impaired financial assets	-	319,701	-	-
- Secured portion by guarantees, etc.	-	(251,854)	-	-
D. Net book value of the impaired assets	-	35,992	-	-
- Overdue (Gross book value)	-	133,011	-	-
- Impairment (-)	-	(97,019)	-	-
- Secured portion of the net value by guarantees, etc.	-	(35,992)	-	-

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

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

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

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

	June 30, 2015	December 31, 2014
Group 1	24,181	5,828
Group 2	4,146,429	3,926,722
Group 3	336,815	170,078
	4,507,425	4,102,628

Group 1 - New customers (customers for a period less than 3 months).

Group 2 - Existing customers with no defaults in the past (customers for a period of more than 3 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**

	June 30, 2015	December 31, 2014
Up to 1 month	77,837	123,183
1-3 months	108,540	136,199
3-12 months	81,655	46,274
1-5 years	23,177	14,045
	291,209	319,701

Foreign exchange risk

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

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

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

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

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

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

Foreign currency hedge of net investments in foreign operations

The Group designated some portion of the Euro 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 equity in foreign currency hedge of net investments in foreign operations fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of June 30, 2015 a portion of bank borrowings amounting to EUR 150,000,000 (before tax) was designated as a net investment hedging instrument (December 31, 2014: EUR 150,000,000).

Foreign currency position

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

	June 30, 2015	December 31, 2014
Assets	2,556,985	3,257,933
Liabilities	(3,572,017)	(3,633,544)
Net position of financial statement	(1,015,032)	(375,611)
Net position of derivative instruments	976,587	398,562
Foreign currency position (net)	(38,445)	22,951

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of June 30, 2015 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY equivalent
Current assets															
Trade receivables	345,857	166,730	71,104	1,210,983	72,212	142,886	21,910	92,119	644,787	37,930	30,182	-	-	828	2,161,223
Monetary financial assets	48,433	10,288	2	-	-	4	1	2,681	1	6,625	17	4	-	-	175,629
Other	14,243	65,573	355	-	-	-	-	17	-	-	-	-	380	-	220,133
Total assets	408,533	242,591	71,461	1,210,983	72,212	142,890	21,911	94,817	644,788	44,555	30,199	4	380	828	2,556,985
Current liabilities															
Trade payables	106,613	163,644	356	8,062	-	-	7	49,404	5,798	-	4,645	-	864	-	786,118
Financial liabilities	33,081	6,111	-	-	-	-	-	-	-	-	-	-	-	-	115,070
Other monetary financial liabilities	-	4,505	-	-	-	-	-	-	-	-	-	-	-	-	12,102
Non-Current liabilities															
Financial liabilities	424,268	496,042	-	-	-	-	-	-	-	-	-	-	-	-	2,597,770
Other monetary financial liabilities	-	22,692	-	-	-	-	-	-	-	-	-	-	-	-	60,957
Total liabilities	563,962	692,994	356	8,062	-	-	7	49,404	5,798	-	4,645	-	864	-	3,572,017
Net Position of Financial Statement	(155,429)	(450,403)	71,105	1,202,921	72,212	142,890	21,904	45,413	638,990	44,555	25,554	4	(484)	828	(1,015,032)
Off-balance sheet derivative assets (*)	392,750	509,950	-	-	8,469	11,494	1,178	43,495	-	-	4,000	-	-	-	2,571,014
Off-balance sheet derivative liabilities (*)	(289,880)	(29,440)	(63,609)	(1,288,000)	(67,000)	(138,000)	(18,000)	(100,000)	(640,000)	(35,000)	(31,000)	-	-	(1,000)	(1,594,427)
Net position of off-balance sheet items	102,870	480,510	(63,609)	(1,288,000)	(58,531)	(126,506)	(16,822)	(56,505)	(640,000)	(35,000)	(27,000)	-	-	(1,000)	976,587
Net asset/(liability) position of foreign currency	(52,559)	30,107	7,496	(85,079)	13,681	16,384	5,082	(11,092)	(1,010)	9,555	(1,446)	4	(484)	(172)	(38,445)
Net asset/(liability) position of foreign currency monetary items	(169,672)	(515,976)	70,750	1,202,921	72,212	142,890	21,904	45,396	638,990	44,555	25,554	4	(864)	828	(1,235,165)
Fair value of financial instruments used for foreign exchange edge															92,249
Hedged amount of foreign currency assets	289,880	29,440	63,609	1,288,000	67,000	138,000	18,000	100,000	640,000	35,000	31,000	-	-	1,000	1,594,427
Hedged amount of foreign currency liabilities	242,750	509,950	-	-	8,469	11,494	1,178	43,495	-	-	4,000	-	-	-	2,123,684

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

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

June 30, 2015	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY equivalent
Against TRY	(53,243)	53,867	7,872	(85,079)	13,681	16,380	5,088	(1,515)	-	-	(827)	-	380	(172)	25,688
Against EUR	-	2,825	-	-	-	-	-	-	4,788	-	-	-	-	-	8,638
Against RUB	489	1,701	-	-	-	-	-	-	-	-	-	-	-	-	6,027
Against PLN	(1,354)	29	-	-	-	4	-	-	-	-	-	-	-	-	(3,960)
Against GBP	203	470	-	-	-	-	-	-	-	-	-	-	-	-	1,868
Against RON	2,141	683	(37)	-	-	-	-	-	-	(3)	-	-	(864)	-	8,044
Against CZK	(1,013)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,021)
Against NOK	1,300	(94)	-	-	-	-	-	(9,577)	-	9,558	-	-	-	-	4,362
Against SEK	1,448	(24)	-	-	-	-	(6)	-	-	-	-	-	-	-	4,252
Against CNY	571	4,562	(539)	-	-	-	-	-	-	-	-	-	-	-	11,689
Against ZAR	283	466	-	-	-	-	-	-	-	-	-	-	-	-	2,096
Against AUD	(536)	231	-	-	-	-	-	-	-	-	-	4	-	-	(970)
Against EGP	12	(25,469)	200	-	-	-	-	-	-	-	-	-	-	-	(67,539)
Against UAH	(167)	(10,276)	-	-	-	-	-	-	-	-	-	-	-	-	(28,100)
Against CHF	27	1,136	-	-	-	-	-	-	-	-	-	-	-	-	3,133
Against BWP	-	-	-	-	-	-	-	-	(5,798)	-	-	-	-	-	(1,271)
Against NZD	-	-	-	-	-	-	-	-	-	-	(619)	-	-	-	(1,270)
Against USD	138	-	-	-	-	-	-	-	-	-	-	-	-	-	412
Against RSD	(2,852)	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,505)
Other	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	(18)
	(52,559)	30,107	7,496	(85,079)	13,681	16,384	5,082	(11,092)	(1,010)	9,555	(1,446)	4	(484)	(172)	(38,445)

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2014 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY equivalent
Current assets															
Trade receivables	364,245	131,977	87,255	1,388,861	94,891	182,413	19,494	120,510	369,286	26,358	31,140	-	-	1,584	1,971,374
Monetary financial assets	283,501	26,901	1,392	3	(1)	-	-	2,820	1	6,004	147	542	-	-	871,426
Other	40,928	128,384	536	-	-	-	-	1	-	-	-	-	2,467	-	415,133
Total assets	688,674	287,262	89,183	1,388,864	94,890	182,413	19,494	123,331	369,287	32,362	31,287	542	2,467	1,584	3,257,933
Current liabilities															
Trade payables	101,257	211,702	1,617	-	-	-	10	66,392	12,725	-	3,519	-	14,710	-	811,466
Financial liabilities	35,951	10,228	-	-	-	-	-	-	-	-	-	-	-	-	125,125
Other monetary financial liabilities	41	4,427	-	-	-	-	-	-	-	-	-	-	-	-	10,382
Non-Current liabilities															
Financial liabilities	524,911	495,119	-	-	-	-	-	-	-	-	-	-	-	-	2,628,747
Other monetary financial liabilities	-	24,936	-	-	-	-	-	-	-	-	-	-	-	-	57,824
Total liabilities	662,160	746,412	1,617	-	-	-	10	66,392	12,725	-	3,519	-	14,710	-	3,633,544
Net Position of Financial Statement	26,514	(459,150)	87,566	1,388,864	94,890	182,413	19,484	56,939	356,562	32,362	27,768	542	(12,243)	1,584	(375,611)
Off-balance sheet derivative assets (*)	262,660	459,584	-	-	-	-	-	57,008	-	-	-	-	-	-	1,823,475
Off-balance sheet derivative liabilities (*)	(277,804)	(18,297)	(81,157)	(1,473,000)	(81,000)	(182,000)	(16,000)	(125,000)	(350,000)	-	(34,000)	-	-	-	(1,424,913)
Net position of off-balance sheet items	(15,144)	441,287	(81,157)	(1,473,000)	(81,000)	(182,000)	(16,000)	(67,992)	(350,000)	-	(34,000)	-	-	-	398,562
Net asset/(liability) position of foreign currency	11,370	(17,863)	6,409	(84,136)	13,890	413	3,484	(11,053)	6,562	32,362	(6,232)	542	(12,243)	1,584	22,951
Net asset/(liability) position of foreign currency monetary items	(14,414)	(587,534)	87,030	1,388,864	94,890	182,413	19,484	56,938	356,562	32,362	27,768	542	(14,710)	1,584	(790,744)
Fair value of financial instruments used for foreign exchange edge															21,775
Hedged amount of foreign currency assets	277,804	18,297	81,157	1,473,000	81,000	182,000	16,000	125,000	350,000	-	34,000	-	-	-	1,424,913
Hedged amount of foreign currency liabilities	112,660	459,584	-	-	-	-	-	57,008	-	-	-	-	-	-	1,400,370

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

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

December 31, 2014	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	TRY equivalent
Against TRY	7,183	21,189	(327)	(84,136)	13,890	413	3,494	(4,490)	-	-	(2,769)	-	(11,375)	1,584	71,439
Against EUR	-	7,101	-	-	-	-	-	-	19,287	-	-	-	-	-	20,325
Against RUB	1,990	4,038	-	-	-	-	-	-	-	-	-	-	-	-	14,977
Against PLN	(61)	17	-	-	-	-	-	-	-	-	-	-	-	-	(133)
Against GBP	(266)	58	-	-	-	-	-	-	-	-	-	-	-	-	(616)
Against RON	(346)	521	1,552	-	-	-	-	-	-	(71)	-	-	(868)	-	5,769
Against CZK	(2,356)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,646)
Against NOK	(418)	(62)	-	-	-	-	-	(6,563)	-	32,433	-	-	-	-	9,007
Against SEK	6,025	(11)	-	-	-	-	(10)	-	-	-	-	-	-	-	16,966
Against CNY	1,464	(11,012)	5,184	-	-	-	-	-	-	-	-	-	-	-	(2,764)
Against ZAR	(2,569)	(9,931)	-	-	-	-	-	-	-	-	-	-	-	-	(30,275)
Against AUD	(125)	(182)	-	-	-	-	-	-	-	-	-	542	-	-	210
Against EGP	4	(20,054)	-	-	-	-	-	-	-	-	-	-	-	-	(46,492)
Against UAH	(117)	(10,575)	-	-	-	-	-	-	-	-	-	-	-	-	(24,852)
Against CHF	909	1,040	-	-	-	-	-	-	-	-	-	-	-	-	4,976
Against BWP	-	-	-	-	-	-	-	-	(12,725)	-	-	-	-	-	(2,546)
Against NZD	-	-	-	-	-	-	-	-	-	-	(3,463)	-	-	-	(6,543)
Other	53	-	-	-	-	-	-	-	-	-	-	-	-	-	149
	11,370	(17,863)	6,409	(84,136)	13,890	413	3,484	(11,053)	6,562	32,362	(6,232)	542	(12,243)	1,584	22,951

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of June 30, 2015 and December 31, 2014, if related currencies had appreciated by 10% against TRY with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is presented in the tables below. Secured portions include impact of derivative instruments.

June 30, 2015	Gain/(Loss)		Other Comprehensive Income	
	appreciation by 10%	depreciation by 10%	appreciation by 10%	depreciation by 10%
USD net asset/liability	(120,992)	120,992	(120,244)	120,244
Secured portion from USD risk	129,080	(129,080)	129,080	(129,080)
USD Net effect	8,088	(8,088)	8,836	(8,836)
EUR net asset/liability	(1,619)	1,619	1,141	(1,141)
Secured portion from EUR risk	(14,055)	14,055	30,678	(30,678)
EUR Net effect	(15,674)	15,674	31,819	(31,819)
GBP net asset/liability	29,938	(29,938)	36,379	(36,379)
Secured portion from GBP risk	(26,782)	26,782	(26,782)	26,782
GBP Net effect	3,156	(3,156)	9,597	(9,597)
RUB net asset/liability	5,788	(5,788)	25,808	(25,808)
Secured portion from RUB risk	(6,198)	6,198	(6,198)	6,198
RUB Net effect	(410)	410	19,610	(19,610)
RON net asset/liability	-	-	48,072	(48,072)
Secured portion from RON risk	-	-	-	-
RON Net effect	-	-	48,072	(48,072)
PLN net asset/liability	5,146	(5,146)	15,005	(15,005)
Secured portion from PLN risk	(4,171)	4,171	(4,171)	4,171
PLN Net effect	975	(975)	10,834	(10,834)
CZK net asset/liability	1,566	(1,566)	4,239	(4,239)
Secured portion from CZK risk	(1,387)	1,387	(1,387)	1,387
CZK Net effect	179	(179)	2,852	(2,852)
NOK net asset/liability	743	(743)	1,210	(1,210)
Secured portion from NOK risk	(571)	571	(571)	571
NOK Net effect	172	(172)	639	(639)
SEK net asset/liability	1,459	(1,459)	3,800	(3,800)
Secured portion from SEK risk	(1,815)	1,815	(1,815)	1,815
SEK Net effect	(356)	356	1,985	(1,985)
NZD net asset/liability	1	(1)	1	(1)
Secured portion from NZD risk	-	-	-	-
NZD Net effect	1	(1)	1	(1)
ZAR net asset/liability	14,000	(14,000)	59,134	(59,134)
Secured portion from ZAR risk	(14,022)	14,022	(14,022)	14,022
ZAR Net effect	(22)	22	45,112	(45,112)
AUD net asset/liability	5,242	(5,242)	4,746	(4,746)
Secured portion from AUD risk	(5,539)	5,539	(5,539)	5,539
AUD Net effect	(297)	297	(793)	793
DKK net asset/liability	1,778	(1,778)	1,778	(1,778)
Secured portion from DKK risk	(1,397)	1,397	(1,397)	1,397
DKK Net effect	381	(381)	381	(381)
JPY net asset/liability	(1)	1	(1)	1
Secured portion from JPY risk	-	-	-	-
JPY Net effect	(1)	1	(1)	1
CAD net asset/liability	180	(180)	180	(180)
Secured portion from CAD risk	(217)	217	(217)	217
CAD Net effect	(37)	37	180	(180)
EGP net asset/liability	-	-	(840)	840
Secured portion from EGP risk	-	-	-	-
EGP Net effect	-	-	(840)	840
UAH net asset/liability	-	-	(1,201)	1,201
Secured portion from UAH risk	-	-	-	-
UAH Net effect	-	-	(1,201)	1,201
CNY net asset/liability	-	-	8,394	(8,394)
Secured portion from CNY risk	-	-	-	-
CNY Net effect	-	-	8,394	(8,394)
CHF net asset/liability	-	-	18,150	(18,150)
Secured portion from CHF risk	-	-	-	-
CHF Net effect	-	-	18,150	(18,150)
BWP net asset/liability	-	-	(739)	739
Secured portion from BWP risk	-	-	-	-
BWP Net effect	-	-	(739)	739
THB net asset/liability	-	-	7,648	(7,648)
Secured portion from BWP risk	-	-	-	-
THB Net effect	-	-	7,648	(7,648)
RSD net asset/liability	-	-	345	(345)
Secured portion from BWP risk	-	-	-	-
RSD Net effect	-	-	345	(345)
	(3,845)	3,845	210,664	(210,664)

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

December 31, 2014	Gain/(Loss)		Other Comprehensive Income	
	appreciation by 10%	depreciation by 10%	appreciation by 10%	depreciation by 10%
			Foreign exchange	
USD net asset/liability	(106,472)	106,472	(106,342)	106,342
Secured portion from USD risk	102,330	(102,330)	102,330	(102,330)
USD Net effect	(4,142)	4,142	(4,012)	4,012
EUR net asset/liability	49,789	(49,789)	49,225	(49,225)
Secured portion from EUR risk	(46,583)	46,583	(4,272)	4,272
EUR Net effect	3,206	(3,206)	44,953	(44,953)
GBP net asset/liability	31,490	(31,490)	37,328	(37,328)
Secured portion from GBP risk	(29,185)	29,185	(29,185)	29,185
GBP Net effect	2,305	(2,305)	8,143	(8,143)
RUB net asset/liability	5,589	(5,589)	20,519	(20,519)
Secured portion from RUB risk	(5,927)	5,927	(5,927)	5,927
RUB Net effect	(338)	338	14,592	(14,592)
RON net asset/liability	-	-	42,334	(42,334)
Secured portion from RON risk	-	-	-	-
RON Net effect	-	-	42,334	(42,334)
PLN net asset/liability	6,215	(6,215)	14,616	(14,616)
Secured portion from PLN risk	(5,304)	5,304	(5,304)	5,304
PLN Net effect	911	(911)	9,312	(9,312)
CZK net asset/liability	1,857	(1,857)	4,027	(4,027)
Secured portion from CZK risk	(1,853)	1,853	(1,853)	1,853
CZK Net effect	4	(4)	2,174	(2,174)
NOK net asset/liability	607	(607)	1,340	(1,340)
Secured portion from NOK risk	(498)	498	(498)	498
NOK Net effect	109	(109)	842	(842)
SEK net asset/liability	1,684	(1,684)	3,490	(3,490)
Secured portion from SEK risk	(2,011)	2,011	(2,011)	2,011
SEK Net effect	(327)	327	1,479	(1,479)
NZD net asset/liability	98	(98)	98	(98)
Secured portion from NZD risk	-	-	-	-
NZD Net effect	98	(98)	98	(98)
ZAR net asset/liability	7,131	(7,131)	47,747	(47,747)
Secured portion from ZAR risk	(7,000)	7,000	(7,000)	7,000
ZAR Net effect	131	(131)	40,747	(40,747)
AUD net asset/liability	5,245	(5,245)	4,803	(4,803)
Secured portion from AUD risk	(6,424)	6,424	(6,424)	6,424
AUD Net effect	(1,179)	1,179	(1,621)	1,621
DKK net asset/liability	1,224	(1,224)	1,224	(1,224)
Secured portion from DKK risk	-	-	-	-
DKK Net effect	1,224	(1,224)	1,224	(1,224)
JPY net asset/liability	(23)	23	(24)	24
Secured portion from JPY risk	-	-	-	-
JPY Net effect	(23)	23	(24)	24
CAD net asset/liability	316	(316)	316	(316)
Secured portion from CAD risk	-	-	-	-
CAD Net effect	316	(316)	316	(316)
EGP net asset/liability	-	-	(604)	604
Secured portion from EGP risk	-	-	-	-
EGP Net effect	-	-	(604)	604
UAH net asset/liability	-	-	(707)	707
Secured portion from UAH risk	-	-	-	-
UAH Net effect	-	-	(707)	707
CNY net asset/liability	-	-	8,342	(8,342)
Secured portion from CNY risk	-	-	-	-
CNY Net effect	-	-	8,342	(8,342)
CHF net asset/liability	-	-	14,112	(14,112)
Secured portion from CHF risk	-	-	-	-
CHF Net effect	-	-	14,112	(14,112)
BWP net asset/liability	-	-	(437)	437
Secured portion from BWP risk	-	-	-	-
BWP Net effect	-	-	(437)	437
	2,295	(2,295)	181,263	(181,263)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

Import and exports performed to / from Turkey for the periods ended as of June 30, 2015 and 2014 are as follows:

	June 30, 2015		June 30, 2014	
	Original amount	TRY equivalent	Original amount	TRY equivalent
EUR	467,429,326	1,335,026	504,042,729	1,494,954
USD	152,228,891	393,087	177,262,693	384,093
GBP	111,424,354	437,095	116,621,836	420,336
Other		246,737		268,885
Total exports		2,411,945		2,568,268
EUR	177,165,812	509,025	176,112,300	519,702
USD	428,053,137	1,087,279	435,074,179	944,116
GBP	547,401	2,097	404,569	1,449
Other		3,917		16,046
Total imports		1,602,318		1,481,313

Fair value hierarchy table

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at June 30, 2015 is as follows:

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

	Level 1	Level 2	Level 3
Derivative financial assets (Note 8)	-	97,912	-
Financial assets (Note 6)	-	637,253	-

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

Derivative financial liabilities (Note 8)	-	5,663	-
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

Fair value hierarchy table as of December 31, 2014 is as follows:

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

	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 8)	-	25,586	-
Financial investments (Note 6)	-	696,996	-

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

	Level 1	Level 2	Level 3
Derivative instruments (liabilities) (Note 8)	-	3,811	-

NOTE 32 - SUPPLEMENTARY CASH FLOW INFORMATION

Statements of cash flows are presented within the consolidated financial statements.

Details of “changes in provisions” line presented in the consolidated statements of cash flows are as follows:

	June 30, 2015	June 30, 2014
Changes in provisions:		
Accrual for customer premiums	41,078	47,772
Assembly and transportation provision	17,454	16,270
Warranty provision	13,178	(683)
Provision for employment termination benefits	12,802	12,592
Accrual for bonuses and premiums	9,698	34,254
Provision for doubtful receivables	6,004	9,914
Provision for vacation pay liability	3,283	2,637
Provision for impairment on inventories	801	1,226
Provision for legal claims	345	4
Return provisions	253	(128)
	104,896	123,858

NOTE 33 – SUBSEQUENT EVENTS

None.