

Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.5)

Arçelik Anonim Şirketi

Condensed interim consolidated financial statements for the period ended March 31, 2013

ARÇELİK ANONİM ŞİRKETİ

| CONTENTS | PAGE |
|---|-------------|
| CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS | 1-2 |
| CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME..... | 3 |
| CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME | 4 |
| CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY | 5 |
| CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS | 6 |
| NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS | 7-51 |
| NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS..... | 7-8 |
| NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS | 8-16 |
| NOTE 3 SEGMENT REPORTING..... | 16-17 |
| NOTE 4 CASH AND CASH EQUIVALENTS | 18 |
| NOTE 5 FINANCIAL INVESTMENTS..... | 18 |
| NOTE 6 FINANCIAL LIABILITIES..... | 19-20 |
| NOTE 7 DERIVATIVE FINANCIAL INSTRUMENTS..... | 21 |
| NOTE 8 TRADE RECEIVABLES AND PAYABLES..... | 21-22 |
| NOTE 9 INVENTORIES | 22 |
| NOTE 10 OTHER PAYABLES..... | 23 |
| NOTE 11 ASSOCIATES | 23-24 |
| NOTE 12 INVESTMENT PROPERTIES | 24 |
| NOTE 13 PROPERTY, PLANT AND EQUIPMENT | 25 |
| NOTE 14 INTANGIBLE ASSETS | 26 |
| NOTE 15 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES | 26-28 |
| NOTE 16 PROVISIONS | 28-29 |
| NOTE 17 OTHER ASSETS AND LIABILITIES | 29 |
| NOTE 18 EQUITY..... | 30-31 |
| NOTE 19 OTHER INCOME AND EXPENSES..... | 32 |
| NOTE 20 FINANCIAL INCOME..... | 32 |
| NOTE 21 FINANCIAL EXPENSES..... | 33 |
| NOTE 22 TAX ASSETS AND LIABILITIES..... | 33-35 |
| NOTE 23 EARNINGS PER SHARE | 35 |
| NOTE 24 RELATED PARTY DISCLOSURES | 36-39 |
| NOTE 25 NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS | 39-50 |
| NOTE 26 SUPPLEMENTARY CASH FLOW INFORMATION | 51 |
| NOTE 27 EVENTS AFTER BALANCE SHEET DATE | 51 |

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.5)

ARÇELİK ANONİM ŞİRKETİ

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012**

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

| | | Unaudited | Audited |
|----------------------------------|--------------|-----------------------|--------------------------|
| | Notes | March 31, 2013 | December 31, 2012 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 4 | 1,876,582 | 1,740,789 |
| Derivative financial instruments | 7 | 1,500 | 2,176 |
| Trade receivables | 8 | 3,341,727 | 3,261,477 |
| Inventories | 9 | 1,585,153 | 1,599,658 |
| Other current assets | 17 | 133,426 | 124,007 |
| Total current assets | | 6,938,388 | 6,728,107 |
| Assets held for sale | | 8,698 | 8,571 |
| Non-current assets | | | |
| Trade receivables | 8 | 13,696 | 10,969 |
| Financial investments | 5 | 638,741 | 638,741 |
| Associates | 11 | 167,368 | 182,614 |
| Investment properties | 12 | 4,984 | 5,099 |
| Property, plant and equipment | 13 | 1,588,746 | 1,603,403 |
| Intangible assets | 14 | 781,588 | 787,601 |
| Goodwill | | 165,564 | 177,080 |
| Deferred tax assets | 22 | 80,870 | 85,968 |
| Total non-current assets | | 3,441,557 | 3,491,475 |
| Total assets | | 10,388,643 | 10,228,153 |

These condensed interim consolidated financial statements as at and for the period ended March 31, 2013, have been approved for issue by the Board of Directors on April 30, 2013 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

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

| | | <u>Unaudited</u> | <u>Audited</u> |
|--|-------|-------------------|-------------------|
| | Notes | March 31, 2013 | December 31, 2012 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Financial liabilities | 6 | 2,178,075 | 2,144,406 |
| Financial liabilities due to related parties | 24 | 7,225 | 7,030 |
| Derivative financial instruments | 7 | 1,411 | 3,680 |
| Trade payables | 8 | 1,251,513 | 1,168,774 |
| Other payables | 10 | 510,145 | 164,984 |
| Current income tax liabilities | 22 | 32,472 | 24,008 |
| Provisions | 16 | 279,087 | 233,377 |
| Other current liabilities | 17 | 231,559 | 203,503 |
| Total current liabilities | | 4,491,487 | 3,949,762 |
| Non-current liabilities | | | |
| Financial liabilities | 6 | 1,748,631 | 1,859,103 |
| Financial liabilities due to related parties | 24 | 58,344 | 59,540 |
| Provision for employment termination benefits | | 113,590 | 112,254 |
| Deferred tax liabilities | 22 | 223,597 | 236,406 |
| Provisions | 16 | 80,263 | 82,148 |
| Other non-current liabilities | | 1,586 | 1,705 |
| Total non-current liabilities | | 2,226,011 | 2,351,156 |
| Total liabilities | | 6,717,498 | 6,300,918 |
| EQUITY | | | |
| Paid-in capital | 18 | 675,728 | 675,728 |
| Adjustment to share capital | 18 | 468,811 | 468,811 |
| Share premium | | 889 | 889 |
| Revaluation fund | 18 | 475,915 | 470,285 |
| Restricted reserves | 18 | 248,809 | 216,687 |
| Currency translation differences | | 48,674 | 86,790 |
| Contribution to shareholders’ equity related to merger | 18 | 14,507 | 14,507 |
| Retained earnings | | 1,521,254 | 1,383,191 |
| Net income for the period - attributable to equity holders of the parent | | 129,437 | 524,764 |
| Attributable to: | | | |
| Equity holders of the parent | | 3,584,024 | 3,841,652 |
| Non-controlling interest | | 87,121 | 85,583 |
| Total equity | | 3,671,145 | 3,927,235 |
| Total liabilities and equity | | 10,388,643 | 10,228,153 |
| Commitments, contingent assets and liabilities | 15 | | |

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012

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

| | Notes | Unaudited | |
|--|-------|---------------------------------|---------------------------------|
| | | January 1 - March 31 2013 | January 1 - March 31 2012 |
| Net sales | 3 | 2,430,171 | 2,405,985 |
| Cost of sales | | (1,691,658) | (1,725,248) |
| Gross profit | | 738,513 | 680,737 |
| Marketing, selling and distribution expenses | | (432,862) | (406,035) |
| General administrative expenses | | (96,552) | (84,436) |
| Research and development expenses | | (19,461) | (23,236) |
| Other income | 19 | 13,579 | 11,300 |
| Other expenses | 19 | (24,688) | (15,025) |
| Operating profit | | 178,529 | 163,305 |
| Income from associates (net) | 11 | 7,031 | 8,345 |
| Financial income | 20 | 118,540 | 133,106 |
| Financial expenses | 21 | (144,704) | (163,210) |
| Income before tax | | 159,396 | 141,546 |
| Income tax expense | | | |
| - Taxes on income | 22 | (33,537) | (19,691) |
| - Deferred tax expense | 22 | 8,262 | 5,160 |
| Net income | | 134,121 | 127,015 |
| Attributable to: | | | |
| Non-controlling interest | | 4,684 | 5,854 |
| Equity holders of the parent | | 129,437 | 121,161 |
| Earnings per share (Kr) | 23 | 0.192 | 0.179 |

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012

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

| | Unaudited | |
|--|---------------------------------|---------------------------------|
| | January 1 - March 31 2013 | January 1 - March 31 2012 |
| Net income for the period | 134,121 | 127,015 |
| Other comprehensive income /(expense): | | |
| Other comprehensive income/(expense) that probably will be reclassified to consolidated income statement: | | |
| Foreign currency hedge of net investments in foreign operations | 10,783 | 11,610 |
| Tax effect | (2,157) | (2,322) |
| | 8,626 | 9,288 |
| Share of other comprehensive income of associates | 198 | (431) |
| Tax effect of amortization calculated over intangible assets revaluation increases | 107 | 107 |
| Currency translation differences | (44,142) | (30,021) |
| Other comprehensive income/(loss) (net of tax) | (35,211) | (21,057) |
| Total comprehensive income for the period | 98,910 | 105,958 |
| Attributable to: | | |
| Non-controlling interest | 1,538 | 2,729 |
| Equity holders of the parent | 97,372 | 103,229 |

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.5)

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012

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

| | Paid in capital | Adjustment to share capital | Share premium | Revaluation funds | Restricted reserves | Currency translation differences | Contribution to shareholders' equity due to merger | Retained earnings | Net income for the period | Equity holders of the parent | Non-controlling interest | Total equity |
|---|--------------------|-----------------------------------|------------------|----------------------|------------------------|--|--|----------------------|------------------------------|---------------------------------|-----------------------------|------------------|
| Balance at 31 December 2011 - previously reported | 675,728 | 468,811 | 889 | 341,505 | 190,066 | 145,922 | 14,507 | 1,201,658 | 506,506 | 3,545,592 | 106,049 | 3,651,641 |
| Change in accounting policy - IAS 19 (Note 2) | - | - | - | - | - | - | - | (6,002) | 6,002 | - | - | - |
| Balance at 1 January 2012 – as restated | 675,728 | 468,811 | 889 | 341,505 | 190,066 | 145,922 | 14,507 | 1,195,656 | 512,508 | 3,545,592 | 106,049 | 3,651,641 |
| <i>Comprehensive income</i> | | | | | | | | | | | | |
| Net income for the period | - | - | - | - | - | - | - | - | 121,161 | 121,161 | 5,854 | 127,015 |
| <i>Other comprehensive income</i> | | | | | | | | | | | | |
| Foreign currency hedge of net investments in foreign operations (net) | - | - | - | 9,288 | - | - | - | - | - | 9,288 | - | 9,288 |
| Share of other comprehensive income of associates | - | - | - | (431) | - | - | - | - | - | (431) | - | (431) |
| Tax effect of amortisation calculated over intangible assets revaluation increases | - | - | - | 107 | - | - | - | - | - | 107 | - | 107 |
| Currency translation differences | - | - | - | (6,998) | - | (19,898) | - | - | - | (26,896) | (3,125) | (30,021) |
| Total other comprehensive income | - | - | - | 1,966 | - | (19,898) | - | - | - | (17,932) | (3,125) | (21,057) |
| Total comprehensive income | - | - | - | 1,966 | - | (19,898) | - | - | 121,161 | 103,229 | 2,729 | 105,958 |
| Transfers | - | - | - | - | - | - | - | 512,508 | (512,508) | - | - | - |
| Amortisation effect of the revaluation of intangible assets (net) | - | - | - | (419) | - | - | - | 419 | - | - | - | - |
| Dividends | - | - | - | - | 26,621 | - | - | (326,621) | - | (300,000) | - | (300,000) |
| Balance at 31 March 2012 – as restated | 675,728 | 468,811 | 889 | 343,052 | 216,687 | 126,024 | 14,507 | 1,381,962 | 121,161 | 3,348,821 | 108,778 | 3,457,599 |
| Balance at 31 December 2012 - previously reported | 675,728 | 468,811 | 889 | 470,285 | 216,687 | 86,790 | 14,507 | 1,383,191 | 524,764 | 3,841,652 | 85,583 | 3,927,235 |
| Change in accounting policy - IAS 19 (Note 2) | - | - | - | - | - | - | - | 6,311 | (6,311) | - | - | - |
| Balance at 1 January 2013 – as restated | 675,728 | 468,811 | 889 | 470,285 | 216,687 | 86,790 | 14,507 | 1,389,502 | 518,453 | 3,841,652 | 85,583 | 3,927,235 |
| <i>Comprehensive income</i> | | | | | | | | | | | | |
| Net income for the period | - | - | - | - | - | - | - | - | 129,437 | 129,437 | 4,684 | 134,121 |
| <i>Other comprehensive income</i> | | | | | | | | | | | | |
| Foreign currency hedge of net investments in foreign operations (net) | - | - | - | 8,626 | - | - | - | - | - | 8,626 | - | 8,626 |
| Share of other comprehensive income of associates | - | - | - | 198 | - | - | - | - | - | 198 | - | 198 |
| Tax effect of amortisation calculated over intangible assets revaluation increases | - | - | - | 107 | - | - | - | - | - | 107 | - | 107 |
| Currency translation differences | - | - | - | (2,880) | - | (38,116) | - | - | - | (40,996) | (3,146) | (44,142) |
| Total other comprehensive income | - | - | - | 6,051 | - | (38,116) | - | - | - | (32,065) | (3,146) | (35,211) |
| Total comprehensive income | - | - | - | 6,051 | - | (38,116) | - | - | 129,437 | 97,372 | 1,538 | 98,910 |
| Transfers | - | - | - | - | - | - | - | 518,453 | (518,453) | - | - | - |
| Amortisation effect of the revaluation of intangible assets (net) | - | - | - | (421) | - | - | - | 421 | - | - | - | - |
| Dividends | - | - | - | - | 32,122 | - | - | (387,122) | - | (355,000) | - | (355,000) |
| Balance at 31 March 2013 | 675,728 | 468,811 | 889 | 475,915 | 248,809 | 48,674 | 14,507 | 1,521,254 | 129,437 | 3,584,024 | 87,121 | 3,671,145 |

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR PERIODS ENDED MARCH 31, 2013 AND 2012

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

| | Notes | Unaudited | |
|--|-------|-------------------------------|-------------------------------|
| | | January 1 - March 31, 2013 | January 1 - March 31, 2012 |
| Operating activities: | | | |
| Income before tax | | 159,396 | 141,546 |
| <i>Adjustments to reconcile net cash provided from operating activities to income before taxes</i> | | | |
| Changes in provisions | 26 | 55,945 | 84,683 |
| Depreciation and amortization | | 73,580 | 64,154 |
| Interest income | 20 | (11,861) | (6,666) |
| Interest expenses | 21 | 39,251 | 41,596 |
| Income from associates (net) | 11 | (7,031) | (8,345) |
| Loss/(gain) from sales of tangible and intangible assets (net) | | (111) | (191) |
| Net cash flow from operating activities before changes in operating assets and liabilities | | 309,169 | 316,777 |
| Changes in operating assets and liabilities (net) | 26 | (11,742) | (291,273) |
| Corporate taxes paid | | (14,906) | (11,457) |
| Cash flows from operating activities | | 282,521 | 14,047 |
| Investing activities: | | | |
| Acquisition of tangible and intangible assets | | (67,782) | (57,434) |
| Interest received | | 9,624 | 5,242 |
| Cash provided from sales of tangible and intangible | | 1,445 | 645 |
| Dividends received | 11 | 22,475 | 10,807 |
| Cash flows from investing activities | | (34,238) | (40,740) |
| Financing activities: | | | |
| Proceeds from bank borrowings | | 225,685 | 599,916 |
| Repayment of bank borrowings | | (305,130) | (331,185) |
| Interest paid | | (36,609) | (39,259) |
| Cash flows from financing activities | | (116,054) | 229,472 |
| Currency translation differences (net) | | 1,327 | (7,691) |
| Net (decrease)/ increase in cash and cash equivalents | | 133,556 | 195,088 |
| Cash and cash equivalents at January 1 | 4 | 1,739,277 | 1,172,662 |
| Cash and cash equivalents at March 31 | 4 | 1,872,833 | 1,367,750 |

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 MARCH 31, 2013

(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 18).

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 Istanbul Stock Exchange (“ISE”) since 1986. At March 31, 2013, the publicly listed shares are 25.19% of the total shares.

The average number of employees of the Group in the period ended March 31, 2013 is 22,659 (1 January- 31 March 2012: 21,893).

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

| | <u>Country of incorporation</u> | <u>Core Business</u> | <u>Nature of business</u> |
|---|---------------------------------|----------------------|---------------------------|
| Subsidiaries | | | |
| Ceased operations as of balance sheet date: | | | |
| Archin Limited (“Archin”) | Hong Kong, China | - | - |
| ArcticPro SRL (“ArcticPro”) | Romania | - | - |
| Beko Cesko (“Beko Cesko”) | Czech Republic | - | - |
| Beko S.A. Hungary (“Beko Hungary”) | Hungary | - | - |
| Blomberg Werke GmbH (“Blomberg Werke”) | Germany | - | - |
| Defy (Swaziland) (Proprietary) Limited (“Defy Swaziland”) | Swaziland | - | - |
| Carron SA (Proprietary) Limited (“Defy Carron”) | Republic of South Africa | - | - |
| Grundig Ceska Republika S.r.o (“Grundig Czech Republic”) | Czech Republic | - | - |
| Grundig Intermedia Ges.m.b.H (“Grundig Austria”) | Austria | - | - |
| Grundig Magyarország Kft. (“Grundig Hungary”) | Hungary | - | - |
| Grundig Portuguesa, Lda (“Grundig Portugal”) | Portugal | - | - |
| Grundig Slovakia s.r.o (“Grundig Slovakia”) | Slovakia | - | - |
| Ocean Appliances Limited. (“Defy Ocean”) | Republic of South Africa | - | - |

Associates

| | | | |
|--|--------|------------------|--------------------------|
| Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”) | Turkey | Production/Sales | Consumer Durables |
| Koç Finansman A.Ş. (“Koç Finansman”) ⁽¹⁾ | 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 |

⁽¹⁾ Previously known as Koç Tüketici Finansmanı A.Ş.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

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

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the IASB, has not been applied in the financial statements for the accounting year commencing from January 1, 2005.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

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

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

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

New and amended standards and interpretations:

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

- i) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and,
- ii) analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment) (Continued)

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to IAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to IAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have an impact on the interim condensed consolidated financial statements of the Group.

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

The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. Effective from January 1, 2013, the Group recognizes actuarial gain and loss in the comprehensive income statement and the retrospective effects of the amendment are disclosed in Note 2.3.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This amendment did not have an 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 MARCH 31, 2013

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

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

IFRS 10 Consolidated Financial Statements

IFRS 10, IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard did not have an impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the requirements that are related to disclosures of an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Group did not provide this disclosure in the interim period.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after IFRS 13 is adopted. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim condensed consolidated financial statements according to IAS 34.16 A (j). The Group has presented these disclosures in Note 25. This standard did not have an impact on the financial position or performance of the Group.

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

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as ‘the beginning of the annual reporting period in which IFRS 10 is applied for the first time’. The assessment of whether control exists is made at ‘the date of initial application’ rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have an 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 MARCH 31, 2013

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

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

Improvements to IFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Group, except for the transfer of spare parts and servicing equipment from inventory to property, plant and equipment (Note 13).

IAS 1 Financial Statement Presentation:

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

IAS 16 Property, Plant and Equipment:

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

IAS 32 Financial Instruments: Presentation:

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

IAS 34 Interim Financial Reporting:

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

Standards issued but not yet effective and not early adopted

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

(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 – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amendment on 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 CMB Financial Reporting Standards to reflect the proper presentation and content. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are included in the “currency translation difference” under the shareholders’ equity.

Consolidation principles

The condensed interim consolidated financial statements, which have been prepared in accordance with the principles disclosed in the annual consolidated financial statements for the year ended December 31, 2012, 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 MARCH 31, 2013

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

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

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, at March 31, 2013 and December 31, 2012 (%) and their functional currencies:

| | Functional Currency | March 31, 2013 | | December 31, 2012 | |
|--|---------------------------------------|--------------------|------------------------|--------------------|------------------------|
| | | Ownership interest | Effective shareholding | Ownership interest | Effective shareholding |
| Continuing operations as of balance sheet date: | | | | | |
| Arctic | Romanian Lei | 96.71 | 96.71 | 96.71 | 96.71 |
| Ardutch | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Ardutch Taiwan | Taiwanese Dollar | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Australia | Australian Dollar/ New Zealand Dollar | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko China | Chinese Yuan | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Czech | Czech Koruna | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Deutschland | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Espana | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Egypt | Egyptian Lira | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko France | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Italy | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Polska | Polish Zloty | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Russia | Russian Ruble | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Slovakia | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Shanghai | Chinese Yuan | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko UK ⁽¹⁾ | British Pound/ Euro | 50.00 | 50.00 | 50.00 | 50.00 |
| Beko Ukraine | Ukrainian Hryvna | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy | South African Rand | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Botswana | Botswana Pula | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Kindoc | South African Rand | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Namibia | Namibian Dollar | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Trust | South African Rand | 100.00 | 100.00 | 100.00 | 100.00 |
| Elektra Bregenz | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Multimedia | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Intermedia | Euro/ Croatian Kuna | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Norway | Norwegian Krone | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Sweden | Swedish Krona | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Switzerland ⁽²⁾ | Swiss Franc | 100.00 | 100.00 | - | - |
| Raupach | Euro | 100.00 | 100.00 | 100.00 | 100.00 |
| Ceased operations as of balance sheet date: | | | | | |
| Archin | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Arctic Pro | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Cesko | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Beko Magyarorszag K.F.T. ⁽³⁾ | - | - | - | 100.00 | 100.00 |
| Beko Hungary | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Blomberg Werke | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Carron | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Ocean | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Defy Swaziland ⁽⁴⁾ | - | 100.00 | 100.00 | - | - |
| Grundig Czech Republic | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Austria | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Hungary | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Portugal | - | 100.00 | 100.00 | 100.00 | 100.00 |
| Grundig Slovakia | - | 100.00 | 100.00 | 100.00 | 100.00 |

⁽¹⁾ Arçelik Group owns full power over the operations of the Subsidiary while holding 50% of voting power of the Subsidiary, based on the declarations of the non-controlling interest holders’ stating that the power to govern the financial and operating policies of the Subsidiary is exerted by Arçelik A.Ş.

⁽²⁾ Continuing the operations as an individual entity. Subsidiary was previously performing as a branch of Grundig Multimedia.

⁽³⁾ Dissolved in 2013.

⁽⁴⁾ Founded as an individual entity in year 2013. Subsidiary was previously performing as a branch of Defy.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

(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 realise the assets and settle the liabilities simultaneously.

Comparatives and restatement of prior periods’ financial statements

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

In order to conform with changes in presentation in the current period condensed interim consolidated income statement, product recall expenses, which were accounted in marketing, selling and distribution expenses in the condensed interim consolidated income statements of prior periods, are classified under other operating expenses in the current period. Additionally, a reclassification is made in the prior period’s condensed interim consolidated statement of cash flow between changes in provisions and net change in operating assets and liabilities. As a result of these reclassifications, marketing, selling and distribution expenses decreased by amounting to TRY 5,815 which is classified under other operating expenses. The reclassification between changes in provision and net change of assets and liabilities amounts to TRY 12,858 in condensed interim consolidated statement of cash flow for the period ended March 31, 2012.

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

2.3 Changes in accounting policies and restatement of prior periods’ financial statements

IAS 19 (“Employee Benefits”) has been revised effective from the annual period beginning on or after January 1, 2013. In accordance with the revised standard, actuarial gain/ loss related to employee benefits shall be recognised in the statement of comprehensive income.

The Group used to recognize the actuarial gain/loss related to employee benefits in consolidated income statement until December 31, 2012. As a result of the revision in IAS 19, the Group applied the accounting policy change retrospectively, and actuarial gain/loss priorly recognized in statement of income, have been restated as a change in the opening balance of the retained earnings.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

2.4 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the period ended March 31, 2013 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2012 except for the restatements disclosed in Note 2.3. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012.

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

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

NOTE 3 - SEGMENT REPORTING

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

Accounting policies applied by each operational segment of Arçelik are the same as those are applied in Arçelik’s consolidated financial statements prepared in accordance with CMB Financial Reporting Standards.

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

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

- a) Operational segments which have been prepared in accordance with the reportable segments for the three-month period ended March 31, 2013 are as follows:

| | White goods | Consumer electronics | Other | Total |
|-------------------------------|------------------------|---------------------------------|--------------|--------------|
| Total segment revenue | 1,675,813 | 335,863 | 418,495 | 2,430,171 |
| Gross profit | 567,202 | 51,598 | 119,713 | 738,513 |
| Depreciation and amortisation | 59,817 | 12,036 | 2,921 | 74,774 |
| Capital expenditures | 55,952 | 10,163 | 2,861 | 68,976 |
| Income from associates | - | - | 7,031 | 7,031 |

- b) Operational segments which have been prepared in accordance with the reportable segments for the three-month period ended March 31, 2012 are as follows:

| | White goods | Consumer electronics | Other | Total |
|-------------------------------|------------------------|---------------------------------|--------------|--------------|
| Total segment revenue | 1,510,212 | 485,313 | 410,460 | 2,405,985 |
| Gross profit | 476,990 | 103,123 | 100,624 | 680,737 |
| Depreciation and amortisation | 51,783 | 11,108 | 2,643 | 65,534 |
| Capital expenditures | 42,213 | 14,117 | 2,484 | 58,814 |
| Income from associates | - | - | 8,345 | 8,345 |

- c) Sales revenue that are grouped geographically based on the location of the customers, for the three-month periods ended March 31, are shown as below:

| January 1 – March 31, 2013 | Turkey | Europe | Africa | Other | Total |
|-----------------------------------|---------------|---------------|---------------|--------------|--------------|
| Total segment revenue | 1,080,360 | 856,408 | 234,155 | 259,248 | 2,430,171 |
| Income from associates | 7,031 | - | - | - | 7,031 |
| January 1 – March 31, 2012 | Turkey | Europe | Africa | Other | Total |
| Total segment revenue | 1,037,183 | 899,845 | 222,641 | 246,316 | 2,405,985 |
| Income from associates | 8,345 | - | - | - | 8,345 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 4 - CASH AND CASH EQUIVALENTS

| | March 31, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| Cash in hand | 344 | 304 |
| Cash at banks | | |
| - demand deposits | 114,900 | 98,558 |
| - time deposits | 1,684,356 | 1,578,386 |
| Cheques and notes | 68,726 | 58,500 |
| Other | 4,507 | 3,529 |
| Cash and cash equivalents in cash flow statement | 1,872,833 | 1,739,277 |
| Interest income accruals | 3,749 | 1,512 |
| | 1,876,582 | 1,740,789 |

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

| | | |
|---------------|------------------|------------------|
| Up to 30 days | 1,689,388 | 1,362,729 |
| 30-90 days | 187,194 | 378,060 |
| | 1,876,582 | 1,740,789 |

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

| | | |
|-----|-----|-----|
| TRY | 6.9 | 8.4 |
| USD | 1.1 | 2.8 |
| EUR | 1.8 | 1.7 |
| RON | 3.7 | 5.3 |
| GBP | 0.3 | 0.3 |
| CNY | 1.4 | 2.2 |
| PLN | 3.0 | 4.3 |
| ZAR | 4.5 | 4.5 |
| NOK | 0.8 | 1.8 |
| SEK | 0.1 | 0.1 |
| CHF | 0.1 | 0.1 |
| EGP | 8.7 | 6.5 |

NOTE 5 - FINANCIAL INVESTMENTS

Available-for-sale investments

| | March 31, 2013 | | December 31, 2012 | |
|-----------------------------|----------------|----------------|-------------------|----------------|
| | % | TRY | % | TRY |
| Koç Finansal Hizmetler A.Ş. | 3.98 | 637,253 | 3.98 | 637,253 |
| Other | | 1,488 | | 1,488 |
| | | 638,741 | | 638,741 |

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

NOTE 6 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| Short-term bank borrowings | 760,859 | 785,039 |
| Short-term portion of long-term bank borrowings | 1,417,037 | 1,359,235 |
| Other | 179 | 132 |
| | 2,178,075 | 2,144,406 |

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

| Currency | Effective interest rate per annum (%) | Original currency | TRY equivalent |
|-----------------|--|------------------------------|---------------------------|
| TRY | 0.0 | 1,187,847 | 1,188 |
| EUR | 1.1 | 223,008,617 | 517,135 |
| USD | 1.1 | 95,665,508 | 173,030 |
| RUB | 7.7 | 876,619,482 | 50,791 |
| CNY | 5.6 | 62,093,022 | 17,982 |
| RON | 6.8 | 1,404,545 | 733 |
| | | | 760,859 |

As of December 31, 2012, the details of short-term bank borrowings are as follows:

| Currency | Effective interest rate per annum (%) | Original currency | TRY equivalent |
|-----------------|--|------------------------------|---------------------------|
| TRY | 0.0 | 12,175,451 | 12,175 |
| EUR | 1.1 | 240,788,355 | 566,262 |
| USD | 1.1 | 73,639,937 | 131,271 |
| RUB | 8.6 | 1,027,529,633 | 59,679 |
| CNY | 5.6 | 55,102,667 | 15,632 |
| RON | 7.8 | 38,968 | 20 |
| | | | 785,039 |

b) Long-term financial liabilities

| | March 31, 2013 | December 31, 2012 |
|---------------------------|---------------------------|------------------------------|
| Long-term bank borrowings | 1,748,428 | 1,858,992 |
| Other | 203 | 111 |
| | 1,748,631 | 1,859,103 |

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

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

| Currency | Effective interest rate per annum (%) | Original currency | TRY equivalent |
|--------------------------|--|------------------------------|---------------------------|
| TRY | 7.4 | 1,059,920,660 | 1,059,921 |
| EUR | 2.4 | 643,593,521 | 1,492,429 |
| USD | 2.5 | 178,409,456 | 322,689 |
| GBP | 2.6 | 50,495,698 | 138,565 |
| ZAR | 6.7 | 683,859,662 | 134,132 |
| RUB | 8.1 | 305,991,781 | 17,729 |
| | | | 3,165,465 |
| Less: Short-term portion | | | (1,417,037) |
| | | | 1,748,428 |

As of December 31, 2012, the details of the long-term bank borrowings are as follows:

| Currency | Effective interest rate per annum (%) | Original currency | TRY equivalent |
|--------------------------|--|------------------------------|---------------------------|
| TRY | 7.9 | 1,061,403,013 | 1,061,403 |
| EUR | 2.5 | 652,765,392 | 1,535,109 |
| USD | 2.5 | 177,442,071 | 316,309 |
| GBP | 2.6 | 50,172,417 | 144,035 |
| ZAR | 6.7 | 684,001,830 | 143,947 |
| RUB | 8.1 | 300,000,000 | 17,424 |
| | | | 3,218,227 |
| Less: Short-term portion | | | (1,359,235) |
| | | | 1,858,992 |

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

| | March 31, 2013 | December 31, 2012 |
|----------------|---------------------------|------------------------------|
| 2014 | 636,969 | 743,590 |
| 2015 | 812,579 | 812,294 |
| 2016 | 97,909 | 99,294 |
| 2017 | 97,909 | 99,294 |
| 2018 and after | 103,062 | 104,520 |
| | 1,748,428 | 1,858,992 |

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

| | | |
|----------------|------------------|------------------|
| Up to 6 months | 3,396,306 | 3,514,922 |
| 6 - 12 months | 296,535 | 176,840 |
| 1-5 years | 233,483 | 311,504 |
| | 3,926,324 | 4,003,266 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

| | March 31, 2013 | | | December 31, 2012 | | |
|---------------------------------|-----------------|-----------------------------------|----------------|-------------------|-----------------------------------|----------------|
| | Contract amount | Fair value Assets / (Liabilities) | | Contract amount | Fair value Assets / (Liabilities) | |
| <i>Held for trading:</i> | | | | | | |
| Forward transactions | 624,775 | 1,500 | (1,356) | 436,522 | 325 | (2,415) |
| Foreign currency swap contracts | 67,618 | - | (55) | 553,781 | 1,851 | (1,265) |
| | 692,393 | 1,500 | (1,411) | 990,303 | 2,176 | (3,680) |

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

| | March 31, 2013 | December 31, 2012 |
|---|------------------|-------------------|
| Short-term trade receivables: | | |
| Trade receivables | 2,140,724 | 1,906,489 |
| Notes receivables | 1,140,900 | 1,248,940 |
| Cheques receivables | 134,310 | 193,523 |
| Due from related parties (Note 24) | 40,011 | 22,586 |
| Short-term trade receivables (gross) | 3,455,945 | 3,371,538 |
| Less: Provision for doubtful receivables | (92,615) | (93,229) |
| Less: Unearned credit finance income | (21,603) | (16,832) |
| Short-term trade receivables (net) | 3,341,727 | 3,261,477 |

Movements in the provision for doubtful receivables for the three months periods ended March 31 are as follows:

| | 2013 | 2012 |
|----------------------------------|---------------|---------------|
| Balance as of January 1 | 93,229 | 93,579 |
| Additions (Note 19) | 291 | 3,168 |
| Provisions released (Note 19) | (30) | (1,027) |
| Write-offs | (593) | (530) |
| Currency translation differences | (282) | (1,825) |
| Balance as of March 31 | 92,615 | 93,365 |

| | March 31, 2013 | December 31, 2012 |
|-------------------------------------|----------------|-------------------|
| Long-term trade receivables: | | |
| Trade receivables | 13,696 | 10,969 |
| | 13,696 | 10,969 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

| | March 31, 2013 | December 31, 2012 |
|-----------------------------------|-------------------|----------------------|
| Short-term trade payables: | | |
| Trade payables | 1,079,500 | 1,001,156 |
| Due to related parties (Note 24) | 177,396 | 173,032 |
| Unearned credit finance charges | (5,383) | (5,414) |
| | 1,251,513 | 1,168,774 |

NOTE 9 - INVENTORIES

| | March 31, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| Raw materials and supplies | 747,938 | 807,397 |
| Work in progress | 60,844 | 61,216 |
| Finished goods | 631,582 | 648,538 |
| Trade goods | 204,450 | 142,292 |
| Inventories (gross) | 1,644,814 | 1,659,443 |
| Less: Provision for impairment on inventories | (59,661) | (59,785) |
| Inventories (net) | 1,585,153 | 1,599,658 |

There are no inventories pledged as security for liabilities (December 31, 2012: None).

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

| | March 31, 2013 | December 31, 2012 |
|----------------------------|-------------------|----------------------|
| Raw materials and supplies | 52,018 | 51,939 |
| Finished goods | 5,198 | 5,034 |
| Trade goods | 2,445 | 2,812 |
| | 59,661 | 59,785 |

Movements of provision for impairment on inventories for the periods ended March 31 are as follows:

| | 2013 | 2012 |
|------------------------------------|---------------|---------------|
| Balance as of January 1 | 59,785 | 63,311 |
| Additions (Note 19) | 881 | 451 |
| Realized due to sales of inventory | (783) | (165) |
| Currency translation differences | (222) | (246) |
| Balance as of March 31 | 59,661 | 63,351 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 10 - OTHER PAYABLES

| | March 31, 2013 | December 31, 2012 |
|-------------------------------------|-------------------|----------------------|
| Dividends payable to equity holders | 358,736 | 3,832 |
| Taxes and duties payable | 122,723 | 92,878 |
| Payables to personnel | 22,295 | 55,331 |
| Deposits and guarantees received | 5,117 | 9,876 |
| Other | 1,274 | 3,067 |
| | 510,145 | 164,984 |

NOTE 11 - ASSOCIATES

| | March 31, 2013 | | December 31, 2012 | |
|-----------------|----------------|----------------|-------------------|----------------|
| | % | TRY | % | TRY |
| Koç Finansman | 47.0 | 70,514 | 47.0 | 80,119 |
| Arçelik - LG | 45.0 | 83,224 | 45.0 | 80,625 |
| Ram Dış Ticaret | 33.5 | 7,520 | 33.5 | 15,478 |
| Tanı Pazarlama | 32.0 | 6,110 | 32.0 | 6,392 |
| | | 167,368 | | 182,614 |

The movements of associates for the three months periods ended March 31, are as follows:

| | 2013 | 2012 |
|--|----------------|----------------|
| Balance as of January 1 | 182,614 | 160,580 |
| Shares of income/loss of associates | 7,031 | 8,345 |
| Shares of other comprehensive income of associates | 198 | (431) |
| Dividends received | (22,475) | (10,807) |
| Balance as of March 31 | 167,368 | 157,687 |

Shares of income/loss from associates:

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|-----------------|------------------------------|------------------------------|
| Koç Finansman | 4,297 | 4,599 |
| Arçelik - LG | 2,599 | 2,584 |
| Ram Dış Ticaret | 417 | 1,227 |
| Tanı Pazarlama | (282) | (65) |
| | 7,031 | 8,345 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 11 – ASSOCIATES (Continued)

Aggregated summary figures of the financial statements of associates:

| | March 31, 2013 | December 31, 2012 |
|-------------------|----------------|-------------------|
| Total assets | 2,316,031 | 2,111,607 |
| Total liabilities | 1,939,514 | 1,692,604 |

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|---------------------------|------------------------------|------------------------------|
| Net sales | 431,597 | 421,273 |
| Net income for the period | 15,283 | 18,987 |

NOTE 12 - INVESTMENT PROPERTIES

| | 2013 | 2012 |
|--|--------------|--------------|
| Balance as of January 1 | | |
| Cost | 12,268 | 13,754 |
| Accumulated depreciation | (7,169) | (7,313) |
| Net carrying value | 5,099 | 6,441 |
| Net carrying value at the beginning of the period | 5,099 | 6,441 |
| Currency translation differences | (78) | (217) |
| Depreciation for the period | (37) | (36) |
| Net carrying value at the end of the period | 4,984 | 6,188 |
| Balance as of March 31 | | |
| Cost | 12,085 | 13,297 |
| Accumulated depreciation | (7,101) | (7,109) |
| Net carrying value | 4,984 | 6,188 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

| | 2013 | 2012 |
|--|------------------|------------------|
| Balance as of January 1: | | |
| Cost | 4,017,756 | 3,743,663 |
| Accumulated depreciation | (2,414,353) | (2,296,822) |
| Net carrying value | 1,603,403 | 1,446,841 |
| Net carrying value at the beginning of the period | 1,603,403 | 1,446,841 |
| Additions | 39,570 | 39,888 |
| Transfers ⁽¹⁾ | 11,015 | - |
| Disposals | (1,114) | (454) |
| Currency translation differences | (6,476) | (3,441) |
| Depreciation for the period | (57,652) | (48,800) |
| Net carrying value at the end of the period | 1,588,746 | 1,434,034 |
| Balance as of March 31 | | |
| Cost | 4,053,507 | 3,764,413 |
| Accumulated depreciation | (2,464,761) | (2,330,379) |
| Net carrying value | 1,588,746 | 1,434,034 |

There is no mortgage on property, plant and equipment as of March 31, 2013 (December 31, 2012: None).

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 14 - INTANGIBLE ASSETS

| | 2013 | 2012 |
|--|----------------|----------------|
| Balance as of January 1 | | |
| Cost | 1,023,120 | 960,127 |
| Accumulated amortization | (235,519) | (177,033) |
| Net carrying value | 787,601 | 783,094 |
| Net carrying value at the beginning of the period | 787,601 | 783,094 |
| Additions | 29,407 | 18,926 |
| Disposals | (220) | - |
| Currency translation differences | (18,105) | (9,421) |
| Amortization for the period | (17,086) | (16,698) |
| Net carrying value at the end of the period | 781,597 | 775,901 |
| Balance as of March 31 | | |
| Cost | 1,033,200 | 969,119 |
| Accumulated amortization | (251,612) | (193,218) |
| Net carrying value | 781,588 | 775,901 |

Net carrying value of the development costs as of March 31, 2013 is TRY 251,646 (December 31, 2012: TRY 241,862) and capitalized development costs in the period is TRY 23,628 (January 1 – March 31, 2012: TRY 17,317).

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of March 31, 2013, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 1,196,611,003 (December 31, 2012: USD 968,510,365). 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:

| | March 31, 2013 | December 31, 2012 |
|------------------------------------|-------------------|----------------------|
| Up to 1 year | 12,921 | 14,147 |
| 1-5 years | 24,687 | 27,211 |
| Over 5 years | 14,569 | 15,202 |
| Operating lease commitments | 52,177 | 56,560 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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

Derivative financial instruments contracts commitments

TRY equivalents of the Group’s foreign exchange purchase and sales commitments in terms of currencies as of March 31, 2013 and December 31, 2012 are as follows.

| March 31, 2013 | Foreign exchange purchase commitments | Foreign exchange sales commitments |
|-----------------------|--|---|
| TRY | - | 29,265 |
| USD | 231,089 | 2,467 |
| EUR | 75,575 | 36,890 |
| AUD | 573 | 18,792 |
| CZK | 657 | 9,008 |
| ZAR | - | 26,036 |
| GBP | - | 96,044 |
| SEK | 2,107 | 27,623 |
| PLN | 1,224 | 24,975 |
| RON | 34,746 | - |
| RUB | - | 75,322 |
| | 345,971 | 346,422 |

| December 31, 2012 | Foreign exchange purchase commitments | Foreign exchange sales commitments |
|--------------------------|--|---|
| TRY | 24,519 | 50,965 |
| USD | 320,581 | 17,241 |
| EUR | 104,514 | 37,983 |
| AUD | 657 | 18,477 |
| ZAR | - | 41,535 |
| GBP | - | 196,650 |
| SEK | 5,088 | 21,775 |
| PLN | 8,336 | 23,174 |
| RON | 23,371 | - |
| RUB | 8,317 | 87,120 |
| | 495,383 | 494,920 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
|--|-------------------|----------------------|

| | | |
|----------------------|-----------|-----------|
| Collaterals obtained | 2,224,389 | 2,205,854 |
|----------------------|-----------|-----------|

Collaterals, pledges and mortgages (CPM) given by the Group as of March 31, 2013 and December 31, 2012 are as follows:

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| CPM’s given by the Company | | |
| A. CPM’s given for companies own legal personality | 410,799 | 323,043 |
| B. CPM’s given on behalf of fully consolidated companies | 31,651 | 31,195 |
| C. CPM’s given for continuation of its economic activities on behalf of third parties | - | - |
| D. Total amount of other CPM’s | - | - |
| i) Total amount of CPM’s given on behalf of the majority shareholder | - | - |
| ii) Total amount of CPM’s given to on behalf of other Group companies which are not in scope of B and C. | - | - |
| iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C. | - | - |
| Toplam | 442,450 | 354,238 |

TRY equivalents of collaterals, pledges and mortgages are as follows on original currency basis are as follows:

| | March 31, 2013 | December 31, 2012 |
|-----------------------------------|-------------------|----------------------|
| CPM's given by the Company | | |
| USD | 395,359 | 311,784 |
| TRY | 30,367 | 26,059 |
| EUR | 12,816 | 12,714 |
| Other currencies | 3,908 | 3,681 |
| | 442,450 | 354,238 |

NOTE 16 - PROVISIONS

| | March 31, 2013 | December 31, 2012 |
|-----------------------------------|-------------------|----------------------|
| Short-term provisions: | | |
| Warranty provision | 141,067 | 136,967 |
| Assembly provision | 60,589 | 39,300 |
| Provision for transportation cost | 9,540 | 9,686 |
| Provision for lawsuit risks | 7,529 | 6,284 |
| Provision for returns | 7,494 | 7,461 |
| Other | 52,868 | 33,679 |
| | 279,087 | 233,377 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 16 – PROVISIONS (Continued)

| | March 31, 2013 | December 31, 2012 |
|------------------------------|-------------------|----------------------|
| Long-term provisions: | | |
| Warranty provision | 78,864 | 80,311 |
| Other | 1,399 | 1,837 |
| | 80,263 | 82,148 |

NOTE 17 - OTHER ASSETS AND LIABILITIES

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| Other current assets: | | |
| Prepaid expenses | 38,708 | 21,980 |
| Prepaid taxes and funds | 31,976 | 26,318 |
| Taxes and funds deductible | 16,703 | 39,596 |
| Advances given for fixed assets | 16,053 | 3,429 |
| Value added tax and private consumption tax receivables | 11,549 | 12,210 |
| Income accruals | 6,017 | 8,489 |
| Other | 12,420 | 11,985 |
| | 133,426 | 124,007 |
| Other current liabilities: | | |
| Accruals for customer premiums | 154,602 | 145,459 |
| Accruals for sales and marketing expenses | 24,005 | 17,165 |
| Accruals for license fee expenses | 23,109 | 22,121 |
| Accruals for bonuses and premiums | 18,411 | 6,926 |
| Accruals for advertising expenses | 7,977 | 8,071 |
| Advances received | 179 | 617 |
| Other | 3,276 | 3,144 |
| | 231,559 | 203,503 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 18 - EQUITY

Paid-in capital

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

| | March 31, 2013 | December 31, 2012 |
|---------------------------------------|-------------------|----------------------|
| 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:

| | March 31, 2013 | | December 31, 2012 | |
|---|----------------|------------------|-------------------|------------------|
| | 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 Kırac | 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 | 0.13 | 893 | 0.13 | 893 |
| Other | 25.19 | 170,204 | 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 CMB Financial Reporting Standards. “Adjustment to share capital” has no use other than being transferred to paid-in share capital.

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

NOTE 18 - EQUITY (Continued)

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

Contribution to shareholders’ equity related to the merger

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

Revaluation fund

Increases/decreases in carrying amounts resulted from revaluations recognized directly in the equity are followed in the funds described below:

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| Financial assets fair value difference | 468,793 | 468,792 |
| Non-current assets fair value difference | 55,829 | 59,024 |
| Foreign currency hedge of net investments in foreign operations | (48,348) | (56,974) |
| Cash flow hedges | (359) | (557) |
| Revaluation fund total | 475,915 | 470,285 |

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:

| | March 31, 2013 | December 31, 2012 |
|------------------------|---------------------------|------------------------------|
| General legal reserves | 83,690 | 83,690 |
| Other legal reserves | 165,119 | 132,997 |
| | 248,809 | 216,687 |

As agreed in the ordinary general meeting dated March 28, 2013, the decision to pay dividend as cash has been taken and the payment was made in April 2013 (previous year in April 2012). The dividend details are as follows: 52.5% (2012:44.4%) corresponding to gross TRY 0.52536 (full) (2012:TRY 0.44397 (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; 45.6% (2012: 40.1%) corresponding to gross TRY 0.52536 (full) (2012: TRY 0.44397 (full)) and net TRY 0.45612 (full) (2012: TRY 0.40056 (full)) per share of TRY 1,00 (full) nominal value to the other shareholders.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 19 - OTHER INCOME AND EXPENSES

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|---|------------------------------|------------------------------|
| Other operating income: | | |
| Income from claims and grants | 8,718 | 6,312 |
| Reversals of provisions | 302 | 412 |
| Income from sales of property, plant and equipment | 290 | 273 |
| Reversal of provisions for doubtful | 30 | 1,027 |
| Other | 4,239 | 3,276 |
| | 13,579 | 11,300 |
| Other operating expenses: | | |
| Product recall expenses | (4,388) | (5,815) |
| Provision expense for impairment on inventories | (881) | (451) |
| Provision expense for doubtful receivables | (291) | (3,168) |
| Loss from sales of property, plant and equipment | (179) | (82) |
| Other | (18,949) | (5,509) |
| | (24,688) | (15,025) |

NOTE 20 - FINANCIAL INCOME

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|---|------------------------------|------------------------------|
| Foreign exchange gains | 82,872 | 121,802 |
| Gains on derivative financial instruments | 15,548 | 1,541 |
| Interest income | 11,861 | 6,666 |
| Credit finance income | 8,241 | 3,068 |
| Other | 18 | 29 |
| | 118,540 | 133,106 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 21 - FINANCIAL EXPENSES

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|--|------------------------------|------------------------------|
| Foreign exchange losses | (98,407) | (95,920) |
| Interest expenses | (39,251) | (41,596) |
| Cash discounts expenses | (3,099) | (3,638) |
| Losses on derivative financial instruments | (2,011) | (16,633) |
| Credit finance charges | (126) | (3,402) |
| Other | (1,810) | (2,021) |
| | (144,704) | (163,210) |

NOTE 22 - TAX ASSETS AND LIABILITIES

| | March 31, 2013 | December 31, 2012 |
|---------------------------------------|------------------|-------------------|
| Corporation and income taxes | 35,055 | 86,591 |
| Less: prepaid tax | (2,583) | (62,583) |
| Taxes payable (net) | 32,472 | 24,008 |
| Deferred tax assets | 80,870 | 85,968 |
| Deferred tax liabilities | (223,597) | (236,406) |
| Deferred tax liabilities (net) | (142,727) | (150,438) |

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, 2012: 20%). Corporation tax is payable at a rate of 20% on the total income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

The taxes on income for the three months periods ended March 31, are summarised as follows:

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|------------------------------|--------------------------------------|--------------------------------------|
| Tax expenses | | |
| - Current period tax expense | (33,537) | (19,691) |
| - Deferred tax expense | 8,262 | 5,160 |
| Tax expenses (net) | (25,275) | (14,531) |

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

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

| | Cumulative temporary differences | | Deferred tax assets/(liabilities) | |
|---|---|------------------------------|--|------------------------------|
| | March 31, 2013 | December 31, 2012 | March 31, 2013 | December 31, 2012 |
| Property, plant and equipment and intangible assets | 1,219,650 | 1,213,884 | (260,268) | (261,202) |
| Available-for-sale investments | 493,467 | 493,467 | (24,672) | (24,672) |
| Unearned credit finance income/expense (net) | 23,525 | 27,427 | (4,705) | (5,485) |
| Derivative financial instruments | 89 | (1,504) | 3 | 201 |
| Unused tax credits | (263,319) | (276,205) | 51,540 | 57,116 |
| Provision for warranty and assembly expense | (204,106) | (163,698) | 41,848 | 33,066 |
| Provision for employment termination | (112,121) | (110,790) | 22,448 | 22,184 |
| Provision for impairment on inventories | (52,964) | (51,695) | 10,617 | 10,417 |
| Provision for doubtful receivables | (12,002) | (12,976) | 2,351 | 2,514 |
| Accrual for licenses | (3,400) | (1,815) | 680 | 363 |
| Other | (84,439) | (63,717) | 17,431 | 15,060 |
| Deferred tax liabilities (net) | | | (142,727) | (150,438) |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

Movements in the net deferred tax liability for the three months periods ended March 31, are as follows:

| | 2013 | 2012 |
|---|------------------|------------------|
| Balance as of January 1 | (150,438) | (162,755) |
| Tax expense recognized in income statement | 8,262 | 5,160 |
| Tax recognized directly in the shareholders’ equity | 107 | 107 |
| Currency translation differences | (658) | 2,225 |
| Balance as of March 31 | (142,727) | (155,263) |

NOTE 23 – EARNINGS PER SHARE

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

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

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

| | January 1 - March 31, 2013 | January 1 - March 31, 2012 |
|--|-------------------------------|-------------------------------|
| Net income attributable to the equity holders of the parent | 129,437 | 121,161 |
| Weighted average number of ordinary shares with nominal value (Kr1 each one) | 67,572,820,500 | 67,572,820,500 |
| Earnings per share (Kr) (*) | 0.192 | 0.179 |
| Dividends to be distributed to the equity holders of the parent | 355,000 | 300,000 |
| Gross dividend distributed per share (*) | 0.525 | 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.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 24 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| (a) Due from related parties: | | |
| Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ⁽¹⁾ | 35,511 | 19,441 |
| Koçtaş Yapı Marketleri Ticaret A.Ş. ⁽¹⁾ | 2,048 | 2,104 |
| Other | 2,452 | 1,041 |
| | 40,011 | 22,586 |
| (b) Due to related parties: | | |
| <i>Short term:</i> | | |
| Arçelik-LG ⁽²⁾ | 90,316 | 64,162 |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. ⁽¹⁾ | 66,781 | 83,719 |
| Ram Dış Ticaret ⁽²⁾ | 15,461 | 15,855 |
| Other | 4,838 | 9,296 |
| | 177,396 | 173,032 |

| | March 31, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| <i>Short term financial liabilities:</i> | | |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. (*) | 7,225 | 7,030 |
| <i>Long term financial liabilities:</i> | | |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. (*) | 58,344 | 59,540 |

(*) The Company has a contract regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.) for 20 years beginning on 2001. Due to the fact that the rights to use Beko brand will be held by the Company upon the expiration of the contract period, Beko brand has been recognized under intangible assets in the consolidated financial statements of the Group. Net book value of Beko brand, which is held under financial liabilities to related parties, amounts to TRY 81,040 as of March 31, 2013. (December 31, 2012: TRY 81,040).

⁽¹⁾ Koç Holding group companies

⁽²⁾ Associates

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

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

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| Financial liabilities to related parties - gross | | |
| Up to 1 year | 10,490 | 11,221 |
| 1 to 5 years | 41,147 | 40,823 |
| Over 5 years | 28,351 | 30,482 |
| | 79,988 | 82,526 |
| Less: future finance charges on financial liabilities | (14,419) | (15,956) |
| Present value of financial liabilities to related parties - net | 65,569 | 66,570 |

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

| | March 31, 2013 | December 31, 2012 |
|--------------|-------------------|----------------------|
| Up to 1 year | 7,225 | 7,030 |
| 1 to 5 years | 32,069 | 31,466 |
| Over 5 years | 26,275 | 28,074 |
| | 65,569 | 66,570 |

(c) Deposits:

| | | |
|--|---------|---------|
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries ⁽¹⁾ | 923,007 | 590,068 |
|--|---------|---------|

(d) Bank borrowings:

| | | |
|---|---------|---------|
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 368,012 | 370,755 |
|---|---------|---------|

e) Derivative financial instruments

| | Contract value | Fair value asset/(liability) |
|---|-------------------|---------------------------------|
| March 31, 2013 | | |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 113,367 | (82) |
| | | |
| | Contract value | Fair value asset/(liability) |
| December 31, 2012 | | |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 352,538 | (284) |

⁽¹⁾ Koç Holding group companies

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

(ii) Transactions with related parties

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|--|---------------------------------|---------------------------------|
| (a) Sales of goods and services: | | |
| Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. | 25,352 | 30,189 |
| Koçtaş Yapı Marketleri Ticaret A.Ş. | 4,043 | 4,060 |
| Arçelik-LG | 954 | 2,944 |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. | 293 | 13,908 |
| Ford Otomotiv Sanayi A.Ş. | - | 7,026 |
| Other | 916 | 1,889 |
| | 31,558 | 60,016 |
| (b) Purchases of goods and services | | |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. | 114,062 | 99,512 |
| Arçelik-LG | 102,743 | 82,433 |
| Ram Sigorta Aracılık Hizmetleri A.Ş. ⁽¹⁾ (*) | 19,932 | 15,047 |
| Ram Dış Ticaret | 15,611 | 14,029 |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ⁽¹⁾ | 8,468 | 6,004 |
| Koç Holding A.Ş. | 3,044 | 2,639 |
| Setur Servis Turistik A.Ş. ⁽¹⁾ | 1,930 | 2,589 |
| Other | 7,378 | 5,726 |
| | 273,168 | 227,979 |

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

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

⁽¹⁾ Koç Holding group companies

^(*) 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

(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 three months period ended March 31, 2013 amounts to TRY 1,645 (January 1 - March 31, 2012: TRY 1,430). The compensation includes only short-term benefits.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

(d) Other Transactions

| | January 1 - March 31 2013 | January 1 - March 31 2012 |
|---|---------------------------------|---------------------------------|
| <i>Interest income:</i> | | |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 5,317 | 3,134 |
| <i>Interest expenses:</i> | | |
| Yapı ve Kredi Bankası A.Ş. and its subsidiaries | 2,640 | 3,837 |

NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Hedging operations and derivative financial instruments

Liquidity Risk

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

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

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

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual repricing dates is crucial. In order to keep the exposure of financial liabilities to interest rate changes at a minimum, “fixed interest/ floating interest”, “short-term/ long-term”, “TRY/ foreign currency” balance should be structured consistent within and with assets in the balance sheet.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

NOTE 25 - 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.

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

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

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

Details of credit and receivable risk as of March 31, 2013 and December 31, 2012 are as follows:

| | Trade receivables | | Bank deposits | Derivative financial instruments |
|---|-------------------|------------------|------------------|----------------------------------|
| | Related party | Third party | | |
| March 31, 2013 | | | | |
| Maximum exposed credit risk as of reporting date ⁽¹⁾ | 40,011 | 3,315,412 | 1,803,005 | 1,500 |
| Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾ | - | (2,667,347) | - | - |
| A. Net book value of financial asset either are not due or not impaired | 40,011 | 3,075,045 | 1,803,005 | 1,500 |
| -Secured portion by guarantees, etc. | - | (2,457,431) | - | - |
| B. Financial assets with renegotiated conditions | - | 34,557 | - | - |
| -Secured portion by guarantees, etc. | - | (29,495) | - | - |
| C. Net book value of overdue but not impaired financial assets | - | 156,211 | - | - |
| -Secured portion by guarantees, etc. | - | (130,822) | - | - |
| D. Net book value of the impaired assets | - | 49,599 | - | - |
| -Overdue (Gross book value) | - | 142,214 | - | - |
| -Impairment (-) | - | (92,615) | - | - |
| -Secured portion of the net value by guarantees, etc. | - | (49,599) | - | - |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

| December 31, 2012 | Trade receivables | | Bank deposits | Derivative financial instruments |
|---|-------------------|------------------|------------------|----------------------------------|
| | Related parties | Third parties | | |
| Maximum exposed credit risk as of reporting date ⁽¹⁾ | 22,586 | 3,249,860 | 1,678,456 | 2,716 |
| Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾ | - | (2,712,636) | - | - |
| A. Net book value of financial asset either are not due or not impaired | 22,586 | 3,004,198 | 1,678,456 | 2,716 |
| -Secured portion by guarantees, etc. | - | (2,505,990) | - | - |
| B. Financial assets with renegotiated conditions | - | 26,556 | - | - |
| - Secured portion by guarantees, etc. | - | (25,967) | - | - |
| C. Net book value of overdue but not impaired financial assets | - | 168,384 | - | - |
| - Secured portion by guarantees, etc. | - | (129,957) | - | - |
| D. Net book value of the impaired assets | - | 50,722 | - | - |
| - Overdue (Gross book value) | - | 143,951 | - | - |
| - Impairment (-) | - | (93,229) | - | - |
| - Secured portion of the net value by guarantees, etc. | - | (50,722) | - | - |

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

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

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

| | March 31, 2013 | December 31, 2012 |
|---------|------------------|-------------------|
| Group 1 | 19,297 | 24,004 |
| Group 2 | 3,054,346 | 2,968,205 |
| Group 3 | 75,970 | 61,131 |
| | 3,149,613 | 3,053,340 |

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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

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

| | March 31, 2013 | December 31, 2012 |
|-------------|-------------------|----------------------|
| 0-1 month | 96,235 | 116,741 |
| 1-3 months | 27,245 | 31,983 |
| 3-12 months | 27,256 | 14,606 |
| 1-5 years | 5,475 | 5,054 |
| | 156,211 | 168,384 |

Foreign exchange risk

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

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

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

Foreign currency hedge of net investments in a foreign operation

The Group designated some portion of the Euro denominated bank loans as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income in the revaluation fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of March 31, 2013, a portion of bank borrowings in Euro amounting to EUR 328,750,000 (before tax) was designated as a net investment hedging instrument (December 31, 2012 – EUR 328,750,000).

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

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

Foreign currency position

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

| | March 31, 2013 | December 31, 2012 |
|--|-----------------------|--------------------------|
| Assets | 2,266,705 | 2,368,713 |
| Liabilities | (2,941,566) | (2,874,892) |
| Net balance sheet position | (674,861) | (506,179) |
| Net position of derivative financial instruments | 629,975 | 617,836 |
| Net foreign currency position | (44,886) | 111,657 |

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

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

Currencies, other than the functional currencies of the Company and its’ subsidiaries regarding to national economies, are accepted as foreign currencies. The original currencies are presented in thousands (‘000). The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at March 31, 2013 are as follows:

| | EUR | USD | GBP | RUB | PLN | CZK | NOK | SEK | ZAR | DKK | AUD | NZD | JPY | TRY Equivalent |
|---|------------------|------------------|---------------|------------------|---------------|---------------|--------------|-----------------|----------------|--------------|---------------|----------------|-----------------|-------------------|
| Current assets | | | | | | | | | | | | | | |
| Trade receivables | 317,940 | 136,448 | 90,436 | 1,595,301 | 47,780 | 99,805 | 9,595 | 94,296 | 270 | 232 | 14,262 | 677 | - | 1,417,132 |
| Monetary financial assets | 228,975 | 25,296 | 19 | - | 1 | - | - | 180 | 1 | 1,395 | - | 1,205 | - | 579,084 |
| Other | 14,859 | 53,813 | 18 | - | - | - | - | 20 | - | - | - | 368 | - | 132,401 |
| Non-Current assets | | | | | | | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - | 704,028 | - | - | - | - | 138,088 |
| Total assets | 561,774 | 215,557 | 90,473 | 1,595,301 | 47,781 | 99,805 | 9,595 | 94,496 | 704,299 | 1,627 | 14,262 | 2,250 | - | 2,266,705 |
| Current liabilities | | | | | | | | | | | | | | |
| Trade payables | 95,266 | 139,493 | 797 | 964 | - | - | - | 15,926 | - | - | 22 | 279 | 19,407 | 480,690 |
| Financial liabilities | 323,789 | 222,103 | 50,496 | - | - | - | - | - | 683,860 | - | - | - | - | 1,425,250 |
| Other monetary financial liabilities | 1,930 | 8,192 | 1,221 | - | - | - | - | - | - | - | - | 3,966 | - | 28,649 |
| Non-Current liabilities | | | | | | | | | | | | | | |
| Trade payables | - | 32,258 | - | - | - | - | - | - | - | - | - | - | - | 58,345 |
| Financial liabilities | 370,088 | 50,000 | - | - | - | - | - | - | - | - | - | - | - | 948,632 |
| Other monetary financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | 791,073 | 452,046 | 52,514 | 964 | - | - | - | 15,926 | 683,860 | - | 22 | 4,245 | 19,407 | 2,941,566 |
| Net balance sheet position | (229,299) | (236,489) | 37,959 | 1,594,337 | 47,781 | 99,805 | 9,595 | 78,570 | 20,439 | 1,627 | 14,240 | (1,995) | (19,407) | (674,861) |
| Off-balance sheet | | | | | | | | | | | | | | |
| derivative financial assets (*) | 295,591 | 127,765 | - | - | 2,205 | 7,289 | - | 7,626 | - | - | 305 | - | - | 921,096 |
| Off-balance sheet | | | | | | | | | | | | | | |
| derivative financial liabilities (*) | (15,909) | (1,364) | (35,000) | (1,300,000) | (45,000) | (100,000) | - | (100,000) | - | - | (10,000) | - | - | (291,121) |
| Net position of | | | | | | | | | | | | | | |
| off-balance sheet items | 279,682 | 126,401 | (35,000) | (1,300,000) | (42,795) | (92,711) | - | (92,374) | - | - | (9,695) | - | - | 629,975 |
| Net foreign currency asset/ (liability) position | 50,383 | (110,088) | 2,959 | 294,337 | 4,986 | 7,094 | 9,595 | (13,804) | 20,439 | 1,627 | 4,545 | (1,995) | (19,407) | (44,886) |

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.5)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

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

| March 31, 2013 | EUR | USD | GBP | RUB | PLN | CZK | NOK | SEK | ZAR | DKK | AUD | NZD | JPY | TRY Equivalent |
|----------------|---------------|------------------|--------------|----------------|--------------|--------------|--------------|-----------------|---------------|--------------|--------------|----------------|-----------------|-------------------|
| Against TRY | 21,058 | (75,691) | (166) | 294,337 | 4,986 | 7,095 | 9,595 | 1,923 | 270 | - | 4,545 | - | (16,251) | (56,286) |
| Against EUR | - | (19,869) | - | - | - | (1) | - | - | 20,169 | - | - | - | - | (31,981) |
| Against RUB | 3,841 | 216 | - | - | - | - | - | - | - | - | - | - | - | 9,298 |
| Against PLN | (3,145) | 4 | - | - | - | - | - | - | - | - | - | - | - | (7,286) |
| Against GBP | 4,843 | - | - | - | - | - | - | - | - | - | - | - | - | 11,230 |
| Against RON | 11,821 | (5,429) | 2,331 | - | - | - | - | - | - | (378) | - | - | (3,156) | 23,811 |
| Against CZK | (1,411) | - | - | - | - | - | - | - | - | - | - | - | - | (3,272) |
| Against NOK | 844 | (66) | - | - | - | - | - | (15,727) | - | 2,005 | - | - | - | (1,883) |
| Against SEK | 1,924 | (17) | - | - | - | - | - | - | - | - | - | - | - | 4,431 |
| Against CNY | 2,854 | 2,589 | 796 | - | - | - | - | - | - | - | - | - | - | 13,485 |
| Against ZAR | (2,308) | (4,659) | (2) | - | - | - | - | - | - | - | - | - | - | (13,784) |
| Against AUD | (529) | 112 | - | - | - | - | - | - | - | - | - | (1,995) | - | (4,045) |
| Against EGP | (1,207) | (8,333) | - | - | - | - | - | - | - | - | - | - | - | (17,871) |
| Against UAH | (3,115) | - | - | - | - | - | - | - | - | - | - | - | - | (7,223) |
| Against CHF | 14,919 | 1,055 | - | - | - | - | - | - | - | - | - | - | - | 36,504 |
| Other | (6) | - | - | - | - | - | - | - | - | - | - | - | - | (14) |
| | 50,383 | (110,088) | 2,959 | 294,337 | 4,986 | 7,094 | 9,595 | (13,804) | 20,439 | 1,627 | 4,545 | (1,995) | (19,407) | (44,886) |

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.5)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at December 31, 2012 are as follows:

| | EUR | USD | GBP | RUB | PLN | CZK | NOK | SEK | ZAR | DKK | RON | AUD | NZD | JPY | TRY Equivalent |
|---|------------------|------------------|----------------|------------------|---------------|---------------|--------------|----------------|----------------|------------|----------------|---------------|--------------|----------------|-------------------|
| Current assets | | | | | | | | | | | | | | | |
| Trade receivables | 356,153 | 95,911 | 116,538 | 1,714,475 | 45,479 | 93,253 | - | 154,373 | 20,644 | 671 | - | 14,515 | 567 | - | 1,552,016 |
| Monetary financial assets | 143,626 | 61,775 | 6 | 1 | - | - | - | - | 6,327 | - | - | - | 1,417 | - | 451,319 |
| Other | 21,570 | 43,307 | 52 | - | - | - | - | - | - | - | 131,669 | - | 770 | - | 198,464 |
| Non-Current assets | | | | | | | | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - | 793,130 | - | - | - | - | - | 166,914 |
| Total assets | 521,349 | 200,993 | 116,596 | 1,714,476 | 45,479 | 93,253 | - | 154,373 | 820,101 | 671 | 131,669 | 14,515 | 2,754 | - | 2,368,713 |
| Current liabilities | | | | | | | | | | | | | | | |
| Trade payables | 91,918 | 101,970 | 211 | 964 | - | - | 742 | 23,050 | - | - | - | - | 119 | 1,736 | 405,318 |
| Financial liabilities | 297,834 | 197,442 | 50,172 | - | - | - | - | - | 684,002 | - | - | - | - | - | 1,340,358 |
| Other monetary financial liabilities | 2,118 | 10,663 | 1,221 | - | - | - | - | - | - | - | - | - | 341 | - | 27,996 |
| Non-Current liabilities | | | | | | | | | | | | | | | |
| Trade payables | - | 33,400 | - | - | - | - | - | - | - | - | - | - | - | - | 59,539 |
| Financial liabilities | 405,048 | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | 1,041,681 |
| Other monetary financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | 796,918 | 393,475 | 51,604 | 964 | - | - | 742 | 23,050 | 684,002 | - | - | - | 460 | 1,736 | 2,874,892 |
| Net balance sheet position | (275,569) | (192,482) | 64,992 | 1,713,512 | 45,479 | 93,253 | (742) | 131,323 | 136,099 | 671 | 131,669 | 14,515 | 2,294 | (1,736) | (506,179) |
| Off-balance sheet | | | | | | | | | | | | | | | |
| derivative financial assets (*) | 297,838 | 179,839 | - | 143,203 | 14,389 | - | - | 18,694 | - | - | - | 356 | - | - | 1,043,406 |
| Off-balance sheet | | | | | | | | | | | | | | | |
| derivative financial liabilities (*) | (16,151) | (9,672) | (68,500) | (1,500,000) | (40,000) | - | - | (80,000) | (110,000) | - | - | (10,000) | - | - | (425,570) |
| Net position of | | | | | | | | | | | | | | | |
| off-balance sheet items | 281,687 | 170,167 | (68,500) | (1,356,797) | (25,611) | - | - | (61,306) | (110,000) | - | - | (9,644) | - | - | 617,836 |
| Net foreign currency asset/ (liability) position | 6,118 | (22,315) | (3,508) | 356,715 | 19,868 | 93,253 | (742) | 70,017 | 26,099 | 671 | 131,669 | 4,871 | 2,294 | (1,736) | 111,657 |

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH – SEE NOTE 2.5)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

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

| December 31, 2012 | EUR | USD | GBP | RUB | PLN | CZK | NOK | SEK | ZAR | DKK | RON | AUD | NZD | JPY | TRY Equivalent |
|-------------------|--------------|-----------------|----------------|----------------|---------------|---------------|--------------|---------------|---------------|------------|----------------|--------------|--------------|----------------|-------------------|
| Against TRY | (13,711) | (4,062) | (9,856) | 356,715 | 19,868 | 93,573 | 1 | 93,067 | 16,971 | - | - | 4,871 | - | - | 11,151 |
| Against EUR | - | (1,467) | - | - | - | (320) | - | - | 9,128 | - | 131,669 | - | - | - | 68,533 |
| Against RUB | 2,672 | (1,225) | - | - | - | - | - | - | - | - | - | - | - | - | 4,100 |
| Against PLN | (1,998) | 18 | - | - | - | - | - | - | - | - | - | - | - | - | (4,667) |
| Against GBP | 6,436 | - | - | - | - | - | - | - | - | - | - | - | - | - | 15,136 |
| Against RON | 6,365 | 1,126 | 3,234 | - | - | - | - | - | - | (34) | - | - | - | (1,736) | 26,213 |
| Against CZK | (1,305) | - | - | - | - | - | - | - | - | - | - | - | - | - | (3,069) |
| Against NOK | (8) | (299) | - | - | - | - | - | (23,050) | - | 705 | - | - | - | - | (6,604) |
| Against SEK | 35 | (79) | - | - | - | - | (743) | - | - | - | - | - | - | - | (296) |
| Against CNY | 3,786 | (15,360) | 3,114 | - | - | - | - | - | - | - | - | - | - | - | (9,537) |
| Against ZAR | (161) | 1,092 | - | - | - | - | - | - | - | - | - | - | - | - | 1,568 |
| Against AUD | 5,730 | 966 | - | - | - | - | - | - | - | - | - | - | 2,294 | - | 18,573 |
| Against EGP | (1,186) | (3,025) | - | - | - | - | - | - | - | - | - | - | - | - | (8,181) |
| Against UAH | (531) | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,249) |
| Other | (6) | - | - | - | - | - | - | - | - | - | - | - | - | - | (14) |
| | 6,118 | (22,315) | (3,508) | 356,715 | 19,868 | 93,253 | (742) | 70,017 | 26,099 | 671 | 131,669 | 4,871 | 2,294 | (1,736) | 111,657 |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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

As of March 31, 2013, sensitivity analysis of foreign exchange rate tables is presented below. Secured portions include impact of derivative financial instruments.

| | Gain/Loss | | Equity | |
|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Foreign Exchange appreciation by 10% | Foreign Exchange depreciation by 10% | Foreign Exchange appreciation by 10% | Foreign Exchange depreciation by 10% |
| USD net asset/liability | (42,774) | 42,774 | (42,774) | 42,774 |
| Secured portion from USD risk | 22,862 | (22,862) | 22,862 | (22,862) |
| USD Net effect | (19,912) | 19,912 | (19,912) | 19,912 |
| EUR net asset/liability | 7,814 | (7,814) | (19,867) | 19,867 |
| Secured portion from EUR risk | 3,868 | (3,868) | 64,855 | (64,855) |
| EUR Net effect | 11,682 | (11,682) | 44,988 | (44,988) |
| GBP net asset/liability | 10,416 | (10,416) | 26,085 | (26,085) |
| Secured portion from GBP risk | (9,604) | 9,604 | (9,604) | 9,604 |
| GBP Net effect | 812 | (812) | 16,481 | (16,481) |
| RUB net asset/liability | 9,238 | (9,238) | 24,868 | (24,868) |
| Secured portion from RUB risk | (7,532) | 7,532 | (7,532) | 7,532 |
| RUB Net effect | 1,706 | (1,706) | 17,336 | (17,336) |
| RON net asset/liability | - | - | 24,787 | (24,787) |
| Secured portion from RON risk | - | - | - | - |
| RON Net effect | - | - | 24,787 | (24,787) |
| PLN net asset/liability | 2,652 | (2,652) | 7,183 | (7,183) |
| Secured portion from PLN risk | (2,375) | 2,375 | (2,375) | 2,375 |
| PLN Net effect | 277 | (277) | 4,808 | (4,808) |
| CZK net asset/liability | 899 | (899) | 1,868 | (1,868) |
| Secured portion from CZK risk | (835) | 835 | (835) | 835 |
| CZK Net effect | 64 | (64) | 1,033 | (1,033) |
| NOK net asset/liability | 297 | (297) | 1,313 | (1,313) |
| Secured portion from NOK risk | - | - | - | - |
| NOK Net effect | 297 | (297) | 1,313 | (1,313) |
| SEK net asset/liability | 2,170 | (2,170) | 2,903 | (2,903) |
| Secured portion from SEK risk | (2,552) | 2,552 | (2,552) | 2,552 |
| SEK Net effect | (382) | 382 | 351 | (351) |
| NZD net asset/liability | (302) | 302 | (302) | 302 |
| Secured portion from NZD risk | - | - | - | - |
| NZD Net effect | (302) | 302 | (302) | 302 |
| ZAR net asset/liability | 401 | (401) | 36,775 | (36,775) |
| Secured portion from ZAR risk | - | - | - | - |
| ZAR Net effect | 401 | (401) | 36,775 | (36,775) |
| AUD net asset/liability | 2,676 | (2,676) | 2,547 | (2,547) |
| Secured portion from AUD risk | (1,822) | 1,822 | (1,822) | 1,822 |
| AUD Net effect | 854 | (854) | 725 | (725) |
| DKK net asset/liability | 51 | (51) | 51 | (51) |
| Secured portion from DKK risk | - | - | - | - |
| DKK Net effect | 51 | (51) | 51 | (51) |
| EGP net asset/liability | - | - | (91) | 91 |
| Secured portion from EGP risk | - | - | - | - |
| EGP Net effect | - | - | (91) | 91 |
| UAH net asset/liability | - | - | 179 | (179) |
| Secured portion from UAH risk | - | - | - | - |
| UAH Net effect | - | - | 179 | (179) |
| JPY net asset/liability | (37) | 37 | (37) | 37 |
| Secured portion from JPY risk | - | - | - | - |
| JPY Net effect | (37) | 37 | (37) | 37 |
| | (4,489) | 4,489 | 128,485 | (128,485) |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013

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

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

As of December 31, 2012, sensitivity analysis of foreign exchange rate tables is presented below, Secured portions include impact of derivative financial instruments.

| | Gain/Loss | | Equity | |
|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Foreign Exchange appreciation by 10% | Foreign Exchange depreciation by 10% | Foreign Exchange appreciation by 10% | Foreign Exchange depreciation by 10% |
| USD net asset/liability | (34,312) | 34,312 | (34,312) | 34,312 |
| Secured portion from USD risk | 30,334 | (30,334) | 30,334 | (30,334) |
| USD Net effect | (3,978) | 3,978 | (3,978) | 3,978 |
| EUR net asset/liability | (2,954) | 2,954 | (27,414) | 27,414 |
| Secured portion from EUR risk | 4,394 | (4,394) | 66,244 | (66,244) |
| EUR Net effect | 1,440 | (1,440) | 38,830 | (38,830) |
| GBP net asset/liability | 18,658 | (18,658) | 34,146 | (34,146) |
| Secured portion from GBP risk | (19,665) | 19,665 | (19,665) | 19,665 |
| GBP Net effect | (1,007) | 1,007 | 14,481 | (14,481) |
| RUB net asset/liability | 9,952 | (9,952) | 25,681 | (25,681) |
| Secured portion from RUB risk | (7,880) | 7,880 | (7,880) | 7,880 |
| RUB Net effect | 2,072 | (2,072) | 17,801 | (17,801) |
| RON net asset/liability | 6,926 | (6,926) | 31,006 | (31,006) |
| Secured portion from RON risk | - | - | - | - |
| RON Net effect | 6,926 | (6,926) | 31,006 | (31,006) |
| PLN net asset/liability | 2,635 | (2,635) | 6,927 | (6,927) |
| Secured portion from PLN risk | (1,484) | 1,484 | (1,484) | 1,484 |
| PLN Net effect | 1,151 | (1,151) | 5,443 | (5,443) |
| CZK net asset/liability | 877 | (877) | 1,770 | (1,770) |
| Secured portion from CZK risk | - | - | - | - |
| CZK Net effect | 877 | (877) | 1,770 | (1,770) |
| NOK net asset/liability | (24) | 24 | 973 | (973) |
| Secured portion from NOK risk | - | - | - | - |
| NOK Net effect | (24) | 24 | 973 | (973) |
| SEK net asset/liability | 3,574 | (3,574) | 4,365 | (4,365) |
| Secured portion from SEK risk | (1,669) | 1,669 | (1,669) | 1,669 |
| SEK Net effect | 1,905 | (1,905) | 2,696 | (2,696) |
| NZD net asset/liability | 338 | (338) | 338 | (338) |
| Secured portion from NZD risk | - | - | - | - |
| NZD Net effect | 338 | (338) | 338 | (338) |
| ZAR net asset/liability | 2,864 | (2,864) | 41,806 | (41,806) |
| Secured portion from ZAR risk | (2,315) | 2,315 | (2,315) | 2,315 |
| ZAR Net effect | 549 | (549) | 39,491 | (39,491) |
| AUD net asset/liability | 2,682 | (2,682) | 2,684 | (2,684) |
| Secured portion from AUD risk | (1,782) | 1,782 | (1,782) | 1,782 |
| AUD Net effect | 900 | (900) | 902 | (902) |
| DKK net asset/liability | 21 | (21) | 21 | (21) |
| Secured portion from DKK risk | - | - | - | - |
| DKK Net effect | 21 | (21) | 21 | (21) |
| EGP net asset/liability | - | - | 90 | (90) |
| Secured portion from EGP risk | - | - | - | - |
| EGP Net effect | - | - | 90 | (90) |
| UAH net asset/liability | - | - | 194 | (194) |
| Secured portion from UAH risk | - | - | - | - |
| UAH Net effect | - | - | 194 | (194) |
| JPY net asset/liability | (4) | 4 | (4) | 4 |
| Secured portion from JPY risk | - | - | - | - |
| JPY Net effect | (4) | 4 | (4) | (4) |
| | 11,166 | (11,166) | 150,054 | (150,054) |

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013

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

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

Imports and exports to / from Turkey for the periods ended as of March 31, 2013 and 2012 are as follows:

| | January 1 - March 31, 2013 | | January 1 - March 31, 2012 | |
|----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
| | Original amount | TRY equivalent | Original amount | TRY equivalent |
| EUR | 199,965,255 | 469,951 | 252,832,759 | 593,202 |
| USD | 96,979,809 | 173,364 | 90,151,827 | 160,490 |
| GBP | 60,515,568 | 167,027 | 48,040,668 | 134,805 |
| Other | | 102,092 | | 118,392 |
| Total exports | | 912,434 | | 1,006,889 |
| EUR | 99,902,187 | 234,709 | 97,077,969 | 227,967 |
| USD | 191,876,477 | 341,149 | 296,035,476 | 532,662 |
| GBP | 150,683 | 416 | 192,615 | 543 |
| Other | | 2,174 | | 854 |
| Total imports | | 578,448 | | 762,026 |

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 March 31, 2013 is as follows:

| Financial assets at fair value through profit or loss: | Level 1 | Level 2 | Level 3 |
|--|----------------|----------------|----------------|
| Derivative financial assets | - | 1,500 | - |
| Financial assets | - | 637,253 | - |
| Financial liabilities at fair value through profit or loss: | | | |
| Derivative financial liabilities | - | 1,411 | - |

Fair value hierarchy table as at December 31, 2012 is as follows:

| Financial assets at fair value through profit or loss: | Level 1 | Level 2 | Level 3 |
|--|----------------|----------------|----------------|
| Derivative financial assets | - | 2,176 | - |
| Financial assets | - | 637,253 | - |
| Financial liabilities at fair value through profit or loss: | | | |
| Derivative financial liabilities | - | 3,680 | - |

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2013**

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

NOTE 26 - SUPPLEMENTARY CASH FLOW INFORMATION

Condensed interim consolidated statements of cash flows are presented within the condensed interim consolidated financial statements,

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

| | March 31, 2013 | March 31, 2012 |
|---|-----------------------|-----------------------|
| Changes in provisions: | | |
| Assembly and transportation provision | 21,143 | 13,382 |
| Accrual for bonuses and premiums | 11,485 | 5,100 |
| Accrual for customer premiums | 9,143 | 31,351 |
| Accrual for sales and marketing expenses | 6,841 | 8,739 |
| Warranty provision | 2,653 | 4,747 |
| Provision for employment termination benefits | 1,336 | 4,887 |
| Provision for legal claims | 1,245 | 795 |
| Accruals for license expenses | 988 | 6,658 |
| Provision for impairment on inventories | 881 | 451 |
| Provision for doubtful receivables | 291 | 3,168 |
| Return provisions | 33 | (68) |
| Accrual for advertisement expenses | (94) | 5,473 |
| | 55,945 | 84,683 |
| Changes in operating assets and liabilities: | | |
| Trade payables and due to related parties | 81,738 | (34,986) |
| Inventories | 2,609 | (65,453) |
| Other non-current liabilities | (557) | (488) |
| Other current assets and liabilities | (12,264) | (31,819) |
| Trade receivables and due from related parties | (83,268) | (158,527) |
| | (11,742) | (291,273) |

NOTE 27 - EVENTS AFTER BALANCE SHEET DATE

The Group has finalized issuance of ten years bonds amounting USD 500 million listed in Irish Stock Exchange on April 3, 2013. Maturity date of the bonds is April 3, 2023 priced with a 5% coupon to yield 5.125%.

.....