

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

**ARÇELİK ANONİM ŞİRKETİ**

**JANUARY 1 - SEPTEMBER 30, 2019 CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

<b>CONTENTS</b>	<b>PAGES</b>
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....</b>	<b>1-3</b>
<b>CONSOLIDATED STATEMENTS OF PROFIT OR LOSS .....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS .....</b>	<b>7</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>8-59</b>
NOTE 1      GROUP'S ORGANISATION AND NATURE OF OPERATIONS.....	8-9
NOTE 2      BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	9-16
NOTE 3      BUSINESS COMBINATION.....	16-17
NOTE 4      SEGMENT REPORTING.....	18-19
NOTE 5      CASH AND CASH EQUIVALENTS.....	20
NOTE 6      FINANCIAL INVESTMENTS.....	21
NOTE 7      BORROWINGS.....	22-26
NOTE 8      DERIVATIVE INSTRUMENTS.....	27
NOTE 9      TRADE RECEIVABLES AND PAYABLES.....	28-29
NOTE 10     INVENTORIES.....	29
NOTE 11     OTHER PAYABLES.....	30
NOTE 12     INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD.....	30-31
NOTE 13     PROPERTY, PLANT AND EQUIPMENT.....	31-32
NOTE 14     OTHER INTANGIBLE ASSETS.....	32
NOTE 15     COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES.....	33-35
NOTE 16     OTHER PROVISIONS.....	35
NOTE 17     PREPAID EXPENSES.....	35
NOTE 18     CURRENT INCOME TAX ASSETS.....	35
NOTE 19     EMPLOYEE BENEFIT OBLIGATIONS.....	36
NOTE 20     OTHER ASSETS AND LIABILITIES.....	36
NOTE 21     EQUITY.....	36-38
NOTE 22     OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES.....	38
NOTE 23     INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES.....	39
NOTE 24     FINANCIAL INCOME.....	39
NOTE 25     FINANCIAL EXPENSES.....	39
NOTE 26     TAX ASSETS AND LIABILITIES.....	40-41
NOTE 27     EARNINGS PER SHARE.....	42
NOTE 28     RELATED PARTY DISCLOSURES.....	43-46
NOTE 29     FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	46-58
NOTE 30     SUPPLEMENTARY CASH FLOW INFORMATION.....	59
NOTE 31     EVENTS AFTER BALANCE SHEET DATE.....	59

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

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

	Notes	Unaudited	Audited
		September 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	5	5,481,640	5,341,524
Trade receivables			
-Due from related parties	28	34,888	12,059
-Trade receivables, third parties	9	9,546,392	7,744,252
Derivative instruments	8	8,261	28,405
Inventories	10	5,979,253	5,087,676
Prepaid expenses	17	309,588	181,987
Current income tax assets	18	126,182	118,220
Other current assets	20	730,857	681,903
<b>Total current assets</b>		<b>22,217,061</b>	<b>19,196,026</b>
<b>Non-current assets:</b>			
Financial investments	6	2,510	1,856
Trade receivables			
-Trade receivables, third parties	9	65,836	35,690
Derivate instruments	8	-	166,813
Investments accounted for using the equity method	12	470,164	346,605
Property, plant and equipment	13	5,614,898	4,534,276
Intangible assets			
-Goodwill		756,337	507,966
-Other intangible assets	14	2,749,697	2,600,849
Prepaid expenses		51,046	100,033
Deferred tax assets	26	1,014,171	878,247
<b>Total non-current assets</b>		<b>10,724,659</b>	<b>9,172,335</b>
<b>Total assets</b>		<b>32,941,720</b>	<b>28,368,361</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

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

		Unaudited	Audited
	Notes	September 30, 2019	December 31, 2018
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term borrowings	7	3,903,431	4,022,086
Short-term portion of long-term borrowings	7	2,050,400	1,494,640
Trade payables			
-Due to related parties	28	613,649	441,597
-Trade payables, third parties	9	5,257,180	4,292,847
Derivative instruments	8	4,156	251,095
Employee benefit obligations	19	389,978	344,171
Other payables			
-Due to related parties	28	30,043	27,794
-Other payables, third parties	11	365,074	241,069
Current income tax liabilities	26	40,420	42,978
Provisions			
-Other provisions	16	682,906	582,339
Other current liabilities	20	1,217,265	756,340
<b>Total current liabilities</b>		<b>14,554,502</b>	<b>12,496,956</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	7	7,898,368	6,431,552
Derivative instruments	8	60,986	-
Other payables			
-Due to related parties	28	7,472	28,180
Provisions			
-Provision for employee benefits		327,574	289,560
-Other provisions	16	161,205	155,868
Deferred tax liabilities	26	524,042	511,386
Other non-current liabilities	20	254,879	235,697
<b>Total non-current liabilities</b>		<b>9,234,526</b>	<b>7,652,243</b>
<b>Total liabilities</b>		<b>23,789,028</b>	<b>20,149,199</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

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

		Unaudited	Audited
	Notes	September 30, 2019	December 31, 2018
<b>EQUITY</b>			
Paid-in capital	21	675,728	675,728
Adjustment to share capital	21	468,811	468,811
Share premium/discount		889	889
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			
Gains/ losses on revaluation and remeasurement			
-Gain/loss arising from defined benefit plans		(198,576)	(177,981)
- Gains/ losses on financial assets measured at fair value through other comprehensive income		1,969	1,348
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
-Currency translation differences		3,108,994	2,871,675
Gains/ losses on hedge			
-Gains/ losses on hedges of net investment in foreign operations		(619,887)	(601,215)
-Gains/ losses on cash flow hedges		(53,710)	5,405
Balancing account for merger capital		14,507	14,507
Restricted reserves	21	409,115	409,115
Retained earnings		4,515,065	3,663,309
Net income for the period		684,827	851,756
Equity holders of the parent		9,007,732	8,183,347
Non-controlling interest		144,960	35,815
<b>Total equity</b>		<b>9,152,692</b>	<b>8,219,162</b>
<b>Total liabilities and equity</b>		<b>32,941,720</b>	<b>28,368,361</b>
Commitments, contingent assets and liabilities	15		

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

	Notes	Unaudited			
		January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
Net sales	4	23,575,708	19,490,122	8,245,951	7,696,011
Cost of sales		(15,968,210)	(13,354,694)	(5,520,482)	(5,185,275)
<b>Gross profit</b>	<b>4</b>	<b>7,607,498</b>	<b>6,135,428</b>	<b>2,725,469</b>	<b>2,510,736</b>
General administrative expenses		(1,193,844)	(891,503)	(409,140)	(353,604)
Marketing expenses		(4,484,376)	(3,752,295)	(1,603,703)	(1,509,756)
Research and development expenses		(186,464)	(141,064)	(64,921)	(51,018)
Other income from operating activities	22	677,082	1,801,299	161,467	1,133,164
Other expenses from operating activities	22	(397,632)	(656,836)	(90,618)	(345,858)
<b>Operating profit</b>		<b>2,022,264</b>	<b>2,495,029</b>	<b>718,554</b>	<b>1,383,664</b>
Income from investment activities	23	3,096	8,204	1,622	1,457
Expenses from investment activities	23	(6,735)	(3,896)	(4,582)	(150)
Share of profit/loss of investments accounted for using the equity method	12	24,388	15,481	8,016	(18,797)
<b>Operating income before financial income/(expense)</b>		<b>2,043,013</b>	<b>2,514,818</b>	<b>723,610</b>	<b>1,366,174</b>
Financial income	24	2,482,736	2,497,576	1,114,988	1,599,003
Financial expenses	25	(3,693,757)	(4,333,284)	(1,569,052)	(2,633,333)
<b>Profit from continuing operations before tax</b>		<b>831,992</b>	<b>679,110</b>	<b>269,546</b>	<b>331,844</b>
<b>Tax income/(expense), continuing operations</b>					
- Taxes on income	26	(229,974)	(204,262)	(47,253)	(122,949)
- Deferred tax income	26	109,103	100,086	30,739	43,862
<b>Net income</b>		<b>711,121</b>	<b>574,934</b>	<b>253,032</b>	<b>252,757</b>
<b>Attributable to:</b>					
Non-controlling interest		26,294	3,012	12,689	1,515
<b>Equity holders of the parent</b>	<b>27</b>	<b>684,827</b>	<b>571,922</b>	<b>240,343</b>	<b>251,242</b>
<b>Earnings per share (kurus)</b>	<b>27</b>	<b>1.013</b>	<b>0.846</b>	<b>0.356</b>	<b>0.372</b>
<b>Diluted earnings per share (kurus)</b>	<b>27</b>	<b>1.013</b>	<b>0.846</b>	<b>0.356</b>	<b>0.372</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

	Unaudited			
	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<b>Net income</b>	<b>711,121</b>	<b>574,934</b>	<b>253,032</b>	<b>252,757</b>
<b>Other comprehensive income:</b>				
<b>Not to be reclassified to profit or loss</b>	<b>(24,757)</b>	<b>(64,419)</b>	<b>(3,202)</b>	<b>(7,895)</b>
Gain/ loss arising from defined benefit plans	(24,068)	(63,787)	(3,033)	(7,825)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	(1,343)	(249)	(646)	(120)
Gain/ loss on financial assets measured at fair value through other comprehensive income	654	(383)	477	50
<b>Not to be reclassified to profit or loss, tax effect</b>	<b>4,783</b>	<b>12,767</b>	<b>582</b>	<b>1,555</b>
Gain/ loss arising from defined benefit plans, tax effect	4,816	12,748	606	1,558
Gain/ loss on financial assets measured at fair value through other comprehensive income, tax effect	(33)	19	(24)	(3)
<b>To be reclassified to profit or loss</b>	<b>140,698</b>	<b>2,042,620</b>	<b>(285,888)</b>	<b>1,483,278</b>
Currency translation differences	234,899	2,378,792	(267,661)	1,710,341
Other comprehensive income related with hedges of net investments in foreign operations	(23,938)	(374,615)	56,477	(252,504)
Other comprehensive income related with cash flow hedge	(60,986)	-	(64,794)	-
Share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss	(11,546)	10,428	(4,829)	5,933
Currency translation differences of investments accounted for using the equity method	2,269	28,015	(5,082)	19,508
<b>To be reclassified to profit or loss, tax effect</b>	<b>18,683</b>	<b>82,415</b>	<b>1,829</b>	<b>55,551</b>
Other comprehensive income related with hedges of net investments in foreign operations, tax effect	5,266	82,415	(12,425)	55,551
Other comprehensive income related with cash flow hedge, tax effect	13,417	-	14,254	-
<b>Other comprehensive income/ (loss) (net of tax)</b>	<b>139,407</b>	<b>2,073,383</b>	<b>(286,679)</b>	<b>1,532,489</b>
<b>Total comprehensive income</b>	<b>850,528</b>	<b>2,648,317</b>	<b>(33,647)</b>	<b>1,785,246</b>
<b>Attributable to:</b>				
Non-controlling interest	26,143	18,124	9,268	10,720
<b>Equity holders of the parent</b>	<b>824,385</b>	<b>2,630,193</b>	<b>(42,915)</b>	<b>1,774,526</b>

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

## ARÇELİK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

					Other accumulated comprehensive income and expense not to be reclassified to profit or loss	Other accumulated comprehensive income and expense to be reclassified to profit or loss		Accumulated profit						
	Paid-in capital	Adjustment to share capital	Share premium /discount	Balancing account for merger capital	Gain/(loss) arising from defined benefit plans	Gains/ losses on financial assets measured at fair value through other comprehensive income	Gains/ losses on hedge	Currency translation differences	Restricted reserves	Retained earnings	Net income	Equity holders of the parent	Non- controlling interest	Total equity
Balance at January 1, 2018	675,728	468,811	889	14,507	(112,902)	2,009	(412,452)	1,622,125	368,993	3,410,341	842,949	6,880,998	34,079	6,915,077
Other restatements	-	-	-	-	-	-	-	-	-	(114,859)	-	(114,859)	-	(114,859)
IFRS 15 effect, net	-	-	-	-	-	-	-	-	-	(111,693)	-	(111,693)	-	(111,693)
IFRS 9 effect, net	-	-	-	-	-	-	-	-	-	(3,166)	-	(3,166)	-	(3,166)
Restated balances	675,728	468,811	889	14,507	(112,902)	2,009	(412,452)	1,622,125	368,993	3,295,482	842,949	6,766,139	34,079	6,800,218
Transfers	-	-	-	-	-	-	-	-	40,122	802,827	(842,949)	-	-	-
Total comprehensive income	-	-	-	-	(51,288)	(364)	(281,772)	2,391,695	-	571,922	-	2,630,193	18,124	2,648,317
Net income	-	-	-	-	-	-	-	-	-	571,922	-	571,922	3,012	574,934
Other comprehensive income	-	-	-	-	(51,288)	(364)	(281,772)	2,391,695	-	-	-	2,058,271	15,112	2,073,383
Dividends paid	-	-	-	-	-	-	-	-	-	(435,000)	-	(435,000)	(12,110)	(447,110)
As of September 30, 2018	675,728	468,811	889	14,507	(164,190)	1,645	(694,224)	4,013,820	409,115	3,663,309	571,922	8,961,332	40,093	9,001,425
Balance at January 1, 2019	675,728	468,811	889	14,507	(177,981)	1,348	(595,810)	2,871,675	409,115	3,663,309	851,756	8,183,347	35,815	8,219,162
Transfers	-	-	-	-	-	-	-	-	-	851,756	(851,756)	-	-	-
Total comprehensive income	-	-	-	-	(20,595)	621	(77,787)	237,319	-	684,827	-	824,385	26,143	850,528
Net income	-	-	-	-	-	-	-	-	-	684,827	-	684,827	26,294	711,121
Other comprehensive income	-	-	-	-	(20,595)	621	(77,787)	237,319	-	-	-	139,558	(151)	139,407
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	83,002	83,002
As of September 30, 2019	675,728	468,811	889	14,507	(198,576)	1,969	(673,597)	3,108,994	409,115	4,515,065	684,827	9,007,732	144,960	9,152,692

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



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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

	Notes	Unaudited	
		January 1- September 30 2019	January 1- September 30 2018
<b>Cash flows from operating activities:</b>			
<b>Net income:</b>		<b>711,121</b>	<b>574,934</b>
<i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i>			
Adjustments for tax expense (income)	26	120,871	104,176
Adjustments for depreciation and amortisation expense		776,690	495,524
Adjustments for impairment loss	30	52,346	29,636
Adjustments for provisions	30	559,723	637,229
Adjustments for interest expense	25	1,156,212	696,934
Adjustments for interest income	24	(115,833)	(37,979)
Adjustments for undistributed profits of investments accounted for using equity method	12	(24,388)	(15,481)
Adjustments for fair value (gains) losses on derivative financial instruments	24.25	96,542	(249,206)
Adjustments for unrealised foreign exchange losses (gains)	24.25	60,236	1,416,729
Other adjustments to reconcile profit (loss)	24.25	13,864	9,230
Adjustments for income arised from government grants	22	(29,197)	(46,950)
Adjustments for dividend (income) expenses	23	-	(94)
Adjustments for (income) expense caused by sale or changes in share of associates, joint ventures and financial investments	23	4,320	-
Adjustments for losses (gains) on disposal of non-current assets	23	(681)	(4,214)
<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>		<b>3,381,826</b>	<b>3,610,468</b>
Changes in operating assets and liabilities:			
Adjustments for decrease (increase) in trade receivables		(1,741,538)	(2,948,333)
Adjustments for decrease (increase) in inventories		(610,973)	(2,457,030)
Decrease (increase) in prepaid expenses		(127,601)	8,741
Adjustments for increase (decrease) in trade payables		1,187,478	2,469,209
Increase (decrease) in employee benefit liabilities		(78,846)	(82,352)
Adjustments for increase (decrease) in other operating payables		(22,005)	133,906
Increase (decrease) in government grants and assistance		32,462	40,701
Other adjustments for other increase (decrease) in working capital		63,588	(255,787)
Income taxes refund (paid)		(119,741)	(89,261)
<b>Cash flows from operating activities</b>		<b>1,964,650</b>	<b>430,262</b>
<b>Investing activities:</b>			
Cash flows used in obtaining control of subsidiaries or other businesses	3	(406,321)	-
Purchase of property, plant, equipment and intangible assets		(898,757)	(1,077,008)
Proceeds from sales of property, plant, equipment and intangible assets		3,685	9,909
Advances given for fixed assets		-	(117,759)
Dividends received		-	26,265
Cash outflows from participations and / or joint ventures share acquisitions or capital increase	12	(112,480)	(57,237)
<b>Cash flows from investing activities</b>		<b>(1,413,873)</b>	<b>(1,215,830)</b>
<b>Financing activities:</b>			
Proceeds from borrowings		4,072,460	4,403,465
Repayments of borrowings		(4,493,188)	(2,081,393)
Dividends paid		-	(435,000)
Payments of lease liabilities	7	(199,280)	-
Interest paid		(1,001,007)	(584,526)
Interest received		111,902	36,033
Bonds issued		1,000,000	-
Cash receipts from future contracts, forward contracts, option contracts and swap contracts (net)		(154,998)	177,499
Other inflows (outflows) of cash	24.25	(13,864)	(9,230)
<b>Cash flows from financing activities</b>		<b>(677,975)</b>	<b>1,506,848</b>
<b>Net increase/(decrease) in cash and cash equivalents before currency translation differences</b>		<b>(127,198)</b>	<b>721,280</b>
Effect of currency translation differences		263,383	919,975
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>136,185</b>	<b>1,641,255</b>
<b>Cash and cash equivalents at January 1</b>	5	<b>5,337,278</b>	<b>2,580,893</b>
<b>Cash and cash equivalents at September 30</b>	5	<b>5,473,463</b>	<b>4,222,148</b>

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

(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 twenty-one manufacturing plants in Turkey, Romania, Russia, China, Republic of South Africa, Thailand, Pakistan and Bangladesh. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 21).

The Company’s head office is located at: Karaağaç Caddesi No: 2-6 Söğütözü 34445 Beyoğlu İstanbul / Turkey.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1986. As of September 30, 2019, the publicly listed shares are 25.15% of the total shares (December 31, 2018: 25.15%).

The average number of personnel employed by categories in the Group for the period ended September is 7,446 monthly-paid (January 1-September 30, 2018: 6,742) and 24,737 hourly paid (January 1- September 30, 2018: 23,071) totalling to 32,183 (January 1- September 30, 2018: 29,813).

<u>Subsidiaries and branches</u>	<u>Country of incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
<b>Continuing operations as of reporting date</b>			
Arçelik Pazarlama A.Ş. (“Pazarlama A.Ş.”)	Turkey	Service/Sales/Marketing	Consumer Durables/Electronics
Wat Motor San ve Tic. A.Ş. (“Wat Motor”)	Turkey	Production/Sales	Multi-Purpose Motor
Token Finansal Teknolojiler A.Ş. (“Token”)	Turkey	Information Techn,	Payment Systems
Arch R&D Co. Ltd. (“Arch R&D”) <sup>(1)</sup>	China	R&D	Developing technology and design
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Ardutch B.V. Taiwan (“Ardutch Taiwan”) <sup>(2)</sup>	Taiwan	Purchase	Consumer Durables/Electronics
Beko A and NZ Pty Ltd. (“Beko Australia”) <sup>(2)</sup>	Australia, New Zealand	Sales	Consumer Durables
Beko Appliances Indonesia. PT (“Beko Indonesia”)	Indonesia	Sales	Consumer Durables
Beko Appliances Malaysia Sdn. Bhd. (“Beko Malaysia”)	Malaysia	Sales	Consumer Durables
Beko Balkans D.O.O (“Beko Balkans”)	Serbia	Sales	Consumer Durables/Electronics
Beko Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer Durables/Electronics
Beko Egypt Trading LLC (“Beko Egypt”)	Egypt	Sales	Consumer Durables
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. (“Beko France”)	France	Sales	Consumer Durables/Electronics
Beko Gulf FZE (“Beko Gulf”)	United Arab Emirates	Sales	Consumer Durables/Electronics
Beko Hong Kong Ltd. (“Beko Hong Kong”)	Hong Kong, China	Purchase	Consumer Durables/Electronics
Beko Israel Household Appliances Ltd. (“Beko Israel”) <sup>(1)</sup>	Israel	Sales	Consumer Durables
Beko Italy SRL (“Beko Italy”)	Italy	Sales	Consumer Durables/Electronics
Beko LLC. (“Beko Russia”)	Russia	Production/Sales	Consumer Durables/Electronics
Beko Morocco Household Appliances SARL (“Beko Morocco”) <sup>(2)</sup>	Morocco	Sales	Consumer Durables/Electronics
Beko Plc. (“Beko UK”) <sup>(2)</sup>	UK, Republic of Ireland	Sales	Consumer Durables/Electronics
Beko S.A. (“Beko Polska”) <sup>(2)</sup>	Poland, Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko Thai Co. (“Beko Thailand”)	Thailand	Production/Sales	Consumer Durables
Beko Ukraine LLC. (“Beko Ukraine”)	Ukraine	Sales	Consumer Durables
Beko US INC. (“Beko US”)	United States of America	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer Durables
Dawlance (Private) Ltd. (“DPL”)	Pakistan	Production/Sales	Consumer Durables
Defy (Botswana) (Proprietary) Ltd. (“Defy Botswana”)	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Ltd. (“Defy Namibia”)	Namibia	Sales	Consumer Durables
Defy (Swaziland) (Proprietary) Ltd. (“Defy Swaziland”)	Swaziland	Sales	Consumer Durables
Defy Appliances (Proprietary) Ltd. (“Defy”)	Republic of South Africa	Production/Sales	Consumer Durables
DEL Electronics (Pvt.) Ltd. (DEL)	Pakistan	Sales	Consumer Durables
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Sales	Consumer Durables/Electronics
Grundig Intermedia GmbH (“Grundig Intermedia”) <sup>(2)</sup>	Germany, Croatia	Sales	Electronics
Grundig Multimedia A.G. (“Grundig Switzerland”)	Switzerland	Sales	Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Consumer Durables/Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Consumer Durables/Electronics
International Appliances Limited (“International Appliances”) (Note 3)	Bangladesh	Production/Sales	Consumer Durables/Electronics
Pan Asia Private Equity Ltd. (“Pan Asia”)	British Virgin Islands	Investment	Holding
Retail Holdings Bhold B.V (“Retail Holdings”) (Note 3)	Netherlands	Investment	Holding
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer Durables/Electronics
Singer Bangladesh Limited (“Singer”) (Note 3)	Bangladesh	Investment	Consumer Durables/Electronics
United Refrigeration Industries Ltd. (“URIL”)	Pakistan	Production/Sales	Consumer Durables
Vietbeko Limited Liability Company (“Vietbeko”)	Vietnam	Sales	Consumer Durables

<sup>(1)</sup> Branches of the Subsidiary, which operate in a different country, are separately presented.

<sup>(2)</sup> Beko Israel, has been established as a sales company in year 2019.

<sup>(2)</sup> Beko Morocco, has been established as a sales company in year 2019.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

<u>Subsidiaries and branches</u>	<u>Country of incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
<b>Ceased operations as of reporting date</b>			
Beko Cesko (“Beko Cesko”)	Czech Republic	-	-
Grundig Intermedia Ges,m,b,H (“Grundig Austria”)	Austria	-	-
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	-	-
<b>Associates</b>			
Koç Finansman A.Ş. (“Koç Finansman”)	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign Trade
Tanı Pazarlama İ.H.A.Ş. (“Tanı Pazarlama”)	Turkey	Consultancy	Marketing /Communication
<b>Joint Ventures</b>			
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer Durables
VoltBek Home Appliances Private Limited (“VoltBek”) (*)	India	Production/Sales	Consumer Durables

#### Approval of consolidated financial statements

These condensed interim consolidated financial statements as at and for the period ended September 30, 2019 has been approved for issue by the Board of Directors on October 30, 2019.

#### 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 Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676, TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

For the period ended September 30, 2019, the Group prepared its condensed interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting. Condensed interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements as of December 31, 2018.

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

##### 2.1 Basis of presentation (Continued)

###### Financial reporting standards (Continued)

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

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 September 2019 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/IFRS and IFRIC interpretations effective as of 1 January 2019.

###### Standards, amendments and interpretations effective as of 1 January 2019:

- TFRS 9 - Financial Instruments (Amendments)
- TFRS 16 - Leases
- TAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement (Amendments)
- TAS 28 - Investments in Associates and Joint Venture (Amendments)
- TFRIC 23 - Uncertainty Over Income Tax Treatments
- Annual Improvements to TFRSs - 2015 - 2017 Cycle: TFRS 3, TFRS 11, TAS 12 and TAS 23
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

Impacts of these amendments on the financial position or performance of the Group are explained in Note 2.2.

###### New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA:

- TAS 1 - Presentation of Financial Statements (Amendments)
- TAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)
- TFRS 3 - Business Combinations (Amendments)

###### 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 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

The Financial statements of subsidiaries operating in countries other than Turkey are compiled by the TAS/TFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are recognised in the “currency translation difference” under the use of equity.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.1 Basis of presentation (Continued)

Financial statements of subsidiaries operating in countries other than Turkey (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, as of September 30, 2019 and December 31, 2018 (%) and their functional currencies:

	Functional currency	September 30, 2019		December 31, 2018	
		Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
<b>Continuing operations as of balance sheet date:</b>					
Arctic	Romanian Lei ("RON")	96.72	96.72	96.72	96.72
Ardutch	Euro ("EUR")	100.00	100.00	100.00	100.00
Ardutch Taiwan	Taiwanese Dollar ("TWD")	100.00	100.00	100.00	100.00
Arch R&D	Chinese Yuan ("CYN")	100.00	100.00	100.00	100.00
Beko Australia	Australian Dollar ("AUD")/ New Zealand Dollar ("NZD")	100.00	100.00	100.00	100.00
Beko Balkans	Serbian Dinar ("SRD")	100.00	100.00	100.00	100.00
Beko China	Chinese Yuan ("CYN")	100.00	100.00	100.00	100.00
Beko Deutschland	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Espana	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Egypt	Egyptian Lira ("EGP")	100.00	100.00	100.00	100.00
Beko France	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Gulf	Dirham ("AED")	100.00	100.00	100.00	100.00
Beko Hong Kong	US Dollar ("USD")	100.00	100.00	100.00	100.00
Beko Indonesia	Indonesian Rupiah ("IDR")	100.00	100.00	100.00	100.00
Beko Italy	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Malaysia	Malaysian Ringgit ("MYR")	100.00	100.00	100.00	100.00
Beko Polska	Polish Zloty ("PLN")				
	Czech Koruna ("CZK")	100.00	100.00	100.00	100.00
Beko Russia	Russian Ruble ("RUB")	100.00	100.00	100.00	100.00
Beko Slovakia	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Shanghai	Chinese Yuan ("CNY")	10000	100.00	100.00	100.00
Beko Thailand	Thai Baht ("THB")	100.00	100.00	100.00	100.00
Beko UK	British Pound ("GBP")/ Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Ukraine	Ukrainian Hryvna ("UAH")	100.00	100.00	100.00	100.00
Beko US	US Dollar ("USD")	100.00	100.00	100.00	100.00
CoVii	Euro ("EUR")	-	-	51.00	51.00
DEL Electronics	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Dawlance (Private)	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Defy	South African Rand ("ZAR")	100.00	100.00	100.00	100.00
Defy Botswana	Botswana Pula ("BWP")	100.00	100.00	100.00	100.00
Defy Namibia	Namibian Dollar ("NAD")	100.00	100.00	100.00	100.00
Defy Swaziland	Svazi Lilangeni ("SZL")	100.00	100.00	100.00	100.00
Elektra Bregenz	Euro ("EUR")	100.00	100.00	100.00	100.00
Grundig Multimedia	Euro ("EUR")	100.00	100.00	100.00	100.00
Grundig Intermedia	Euro("EUR")/ Croatian Kuna ("HRK")	100.00	100.00	100.00	100.00
Grundig Norway	Norwegian Krone ("NOK")	100.00	100.00	100.00	100.00
Grundig Sweden	Swedish Krona ("SEK")	100.00	100.00	100.00	100.00
Grundig Switzerland	Swiss Franc ("CHF")	100.00	100.00	100.00	100.00
United Refrigeration Industries	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Pan Asia	US Dollar ("USD")	100.00	100.00	100.00	100.00
Pazarlama A.Ş.	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Wat Motor	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Token	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Beko Morocco	Moroccan Dirham ("MAD")	100.00	100.00	100.00	100.00
Singer Bangladesh	Bangladeshi Taka ("BDT")	56.99	56.99	-	-
Retail Holdings	Euro ("EUR")	100.00	100.00	-	-
International Appliances	Bangladeshi Taka ("BDT")	56.99	56.99	-	-
Vietbeko	Vietnamese Dong ("VND")	100.00	100.00	100.00	100.00
Beko Israel	Israeli New Shekel("ILS")	100.00	100.00	-	-
<b>Ceased operations as of balance sheet date:</b>					
Beko Cesko		-	100.00	100.00	100.00
Grundig Austria		-	100.00	100.00	100.00
Grundig Portugal		-	100.00	100.00	100.00

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

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

**2.1 Basis of presentation (Continued)**

**Going concern**

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

**Offsetting**

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

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

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

Group has applied consistent accounting policies in the preparation of condensed interim consolidated financial statements presented except for the following changes and the Group does not have any other significant changes in accounting policy and accounting estimates in the current period.

**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 standard is made either retrospectively or prospectively in accordance with the transition requirements. 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.

The Group has adopted TFRS 16 “Leases” as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the condensed interim consolidated financial statements of the Group are as below:

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

##### 2.2 Restatement and errors in the accounting policies and estimates (Continued)

###### IFRS 16 Leases

###### *The Group – as a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

###### *Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability;
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group; and
- d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset.
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies TMS16 “Property, Plant and Equipment” to amortize the right of use asset and to assess for any impairment.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

##### 2.2 Restatement and errors in the accounting policies and estimates (Continued)

##### IFRS 16 Leases (Continued)

##### Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

##### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

##### *Variable lease payments*

Group’s lease contracts also include variable lease payments which are not in the scope of IFRS 16. Variable lease payments are recognised in profit or loss in the related period.

##### *Exemptions and simplifications*

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period.

The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).



ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.2 Restatement and errors in the accounting policies and estimates (Continued)

**TFRS 16 Leases (Continued)**

*The Group – as a lessor*

The Group’s activities as a lessor are not material.

**First time adoption of TFRS 16 Leases**

The Group has applied TFRS 16 “Leases”, which replaces TAS 17, for the effective period beginning on 1 January 2019. The cumulative impact of applying TFRS 16 is accounted in the condensed interim consolidated financial statements retrospectively (“cumulative impact approach”) at the start of the current accounting period. The simplified transition approach of the related standard does not require a restatement in the comparative periods or in the retained earnings.

With the transition to TFRS 16 “Leases”, a “lease liability” is recognized in the condensed interim consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate on the effective transition date. The Group measured right-of-use assets at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments) under TFRS 16 simplified transition approach.

The reconciliation of operating lease commitments under TAS 17 before the transition date and the lease liabilities measured under TFRS 16 as of 1 January 2019 is as below:

	<b>1 January 2019</b>
<b>Operating lease commitments within the scope of TAS 17</b>	<b>407,801</b>
- Short term leases (-)	(14,210)
- Low value leases (-)	(811)
- Adjustments for extension or early termination options	466,677
- Finance lease obligations (+)	3,394
<b>Total lease liabilities within the scope of TFRS 16 (non-discounted)</b>	<b>862,851</b>
<b>Total lease liabilities within the scope of TFRS 16 (discounted with alternative borrowing rate)</b>	<b>743,980</b>
- Short term lease liabilities	209,102
- Long term lease liabilities	534,878

The weighted average of the Group’s incremental borrowing rates for all currencies as at 1 January 2019 is 10.39%.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

2.2 Restatement and errors in the accounting policies and estimates (Continued)

TFRS 16 Leases (Continued)

As of January 1, 2019, and September 30, 2019, the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

	30 September 2019	1 January 2019
Lands	1,816	-
Buildings	594,933	609,989
Machinery, equipment and installations	26,899	49,547
Motor vehicles	64,136	84,315
Furnitures and fixtures	40	129
<b>Total right of use</b>	<b>687,824</b>	<b>743,980</b>

NOTE 3- BUSINESS COMBINATION

On April 3, 2019 the Group has acquired 100% of the shares of Retail Holdings Bhold B.V. located in the Netherlands, who owns 56.99% share in Singer Bangladesh Ltd, (to be called as “Singer Bangladesh” hereinafter).

Singer Bangladesh is a public company and one of the leading companies in Bangladeshi home appliance market and manufactures refrigerators, TV AC's and furniture with Singer brand in its 2 manufacturing facilities in Bangladesh. This acquisition is expected to contribute to the Group's goals to grow in emerging markets.

The difference between total consideration amount and net assets acquired has been accounted in accordance with TFRS 3, “Business Combinations”.

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

<b>Consideration paid- cash</b>	<b>415,713</b>
Cash and cash equivalents	9,392
Trade receivables (*)	163,492
Inventories	300,534
Other current assets	24,774
Tangible assets (Note 13)	148,750
Intangible assets (Note 14)	66,671
Other non-current assets	24,034
Borrowings	(260,808)
Trade and other payables	(71,491)
Lease liabilities (Note 7)	(52,216)
Other liabilities	(48,887)
Deferred tax liabilities (Note 26)	(15,486)
<b>Total fair value of identifiable net assets</b>	<b>288,759</b>
Total fair value of %56.99 shares acquired	164,564
Goodwill	251,149
<b>Total Consideration</b>	<b>415,713</b>

(\*) The fair value of the trade receivables acquired in this business combination is TRY 163,492. (Gross amount is: TRY 166,730 and TRY 3,238 of provision was recognised).

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

**NOTE 3 – BUSINESS COMBINATIONS (Continued)**

The Group used independent professional assessment companies for the valuation of property plant equipment, brand and customer relationships. The acquisition accounting has been finalized as of 30 September 2019 and the assets, liabilities and contingent liabilities determined based on TFRS 3, have been recorded based on their fair values at the date of acquisition. Since the acquisition includes transfer of control, goodwill is recognized during this acquisition.

Any excess of the cost of acquisition over the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. Goodwill includes, the value of the distribution network, the synergy that will be created, revenue increase, the future benefits to be obtained as a result of growth in market and labor force. None of the goodwill recognised is expected to be deductible for income tax purposes.

Non controlling interests has been accounted as their share percentages of the net fair value of acquiree’s identifiable assets on the day of acquisition.

In this acquisition, weighted average cost of capital (“WACC”) -after tax, used in the revaluations has been determined as 14.5% based on the cash flows, profit and loss statements in the business plans together with the financial market data. Adding 1% relative risk factor for brand use contract, the discount rate was determined as 15.5%. Brand use contract was valued with relief-from-royalty method.

In the consolidated income statement, contribution to consolidated sales by Singer Bangladesh after the date of acquisition is TRY 725,871. The contribution by Singer Bangladesh to consolidated net profit of Arçelik Group amounts to TRY 55,161.

Had the financial statements of Singer Bangladesh been consolidated since January 1, 2019, the consolidated sales and net profit of Arçelik Group would have been higher by TRY 914,711 and TRY 63,294 respectively.

As of September 30, 2019, the total amount of acquisition costs, which is included in the general and administrative expenses, is TRY 2,667.

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

Total consideration in cash	415,713
Cash and cash equivalents – acquired	(9,392)
<b>Cash outflow due to acquisition of subsidiary (net)</b>	<b>406,321</b>

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

#### NOTE 4 – SEGMENT REPORTING

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

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

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

- a) Operational segments which have been prepared in accordance with the reportable segments for the nine-month periods ended September 30, 2019 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Net sales (*)	18,015,894	2,284,106	3,275,708	23,575,708
Gross profit	6,118,332	543,189	945,977	7,607,498
Depreciation and amortization	604,265	107,009	75,588	786,862
Capital expenditures	766,805	109,925	32,198	908,928

- (\*) The Group recognised net sales amounting to TRY 23,554,191 with respect to the performance obligations satisfied at a point in time for the nine-month periods ended September 30, 2019.

- b) Operational segments which have been prepared in accordance with the reportable segments for the nine-month periods ended September 30, 2018 are as follows:

	<b>White goods</b>	<b>Consumer electronics</b>	<b>Other</b>	<b>Total</b>
Net sales	14,750,080	1,998,204	2,741,838	19,490,122
Gross profit	4,803,384	468,454	863,590	6,135,428
Depreciation and amortization	387,039	76,601	41,688	505,328
Capital expenditures	927,005	123,030	36,777	1,086,812

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 4 – SEGMENT REPORTING (Continued)

c) Operational segments which have been prepared in accordance with the reportable segments for the three-month periods between July 1 – September 30, 2019 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales (*)	6,479,797	799,209	966,945	8,245,951
Gross profit	2,278,904	179,954	266,611	2,725,469
Depreciation and amortization	213,242	37,182	22,760	273,184
Capital expenditures	262,069	41,046	11,886	315,001

(\*) The Group recognised net sales amounting to TRY 8,238,253 with respect to the performance obligations satisfied at a point in time for the three-month periods between July 1- September 30, 2019.

d) Operational segments which have been prepared in accordance with the reportable segments for the three-month periods between July 1 – September 30, 2018 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales	6,160,704	662,684	872,623	7,696,011
Gross profit	2,038,032	164,279	308,425	2,510,736
Depreciation and amortization	147,408	25,797	15,165	188,370
Capital expenditures	397,748	40,237	13,528	451,513

e) Sales revenue grouped geographically based on the location of the customers for the nine-month periods ended September 30 are shown as below:

January 1 – September 30, 2019	Asia					Total
	Turkey	Europe	Africa	Pacific	Other	
Total segment revenue	7,886,878	10,640,810	1,507,414	2,544,949	995,657	23,575,708

January 1 – September 30, 2018	Asia					Total
	Turkey	Europe	Africa	Pacific	Other	
Total segment revenue	6,580,665	9,043,837	1,342,124	1,794,879	728,617	19,490,122

f) Sales revenue grouped geographically based on the location of the customers for the three-month periods between July 1 - September 30 are shown as below:

July 1 – September 30, 2019	Asia					Total
	Turkey	Europe	Africa	Pacific	Other	
Total segment revenue	2,758,076	3,805,634	439,017	871,500	371,724	8,245,951

July 1 – September 30, 2018	Asia					Total
	Turkey	Europe	Africa	Pacific	Other	
Total segment revenue	2,312,979	3,860,345	556,281	658,076	308,330	7,696,011

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018
Cash in hand	984	763
Cash at banks		
- demand deposits	474,450	569,097
- time deposits	4,847,611	4,652,265
Cheques and notes	97,688	62,200
Other	52,730	52,953
<b>Cash and cash equivalents in cash flow statement</b>	<b>5,473,463</b>	<b>5,337,278</b>
Interest income accruals	8,177	4,246
	<b>5,481,640</b>	<b>5,341,524</b>

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

Up to 30 days	4,748,732	5,135,129
30-90 days	732,908	206,395
	<b>5,481,640</b>	<b>5,341,524</b>

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

	September 30, 2019	December 31, 2018
TRY	15.6	23.0
USD	2.7	3.4
EUR	0.0	1.5
BWP	-	1.0
CZK	0.8	-
CNY	1.8	3.0
AUD	0.7	-
ZAR	6.1	5.3
HKD	0.1	0.3
GBP	0.6	0.6
NZD	1.3	-
SEK	(0.8)	-
CHF	(0.7)	(0.7)
EGP	5.1	10.4
NAD	-	5.0
NOK	1.2	0.5
PKR	11.3	4.8
ROL	(0.3)	0.1
RUB	7.7	7.2
RSD	-	3.2
THB	0.7	0.7
VND	1.0	1.0

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 6 - FINANCIAL INVESTMENTS

*Fair value gain/ losses of financial assets reflected to other comprehensive income*

	September 30, 2019	December 31, 2018
Fair value gain/losses of financial assets reflected to other comprehensive income	2,510	1,856
<b>Total</b>	<b>2,510</b>	<b>1,856</b>

	September 30, 2019 (%)	TRY	December 31, 2018 (%)	TRY
Tat Gıda Sanayi A.Ş.	0.34	2,431	0.34	1,777
Other		79		79
		<b>2,510</b>		<b>1,856</b>

Available-for-sale investment of the Group includes shares of Tat Gıda Sanayi A.Ş., as a listed company, whose fair value is determined by using the remaining bid offer in BIST as of balance sheet date.

The unrealized gain (net) arising from the changes in the fair value of Tat Gıda Sanayi A.Ş. the available for sale investment, amounting to TRY 621 (September 30, 2018: TRY 364 unrealized loss(net)) and net of deferred tax effect amounting to TRY 33 (September 30, 2018: TRY 19) have been recognized in consolidated shareholders’ equity under the “Gain/losses on remeasuring and/or reclassification of available-for-sale financial assets” for the nine-month periods ended September 30, 2019.

The details of financial investments for the nine-month periods ended September 30, are as follows:

	2019	2018
<b>As of January, 1</b>	<b>1,856</b>	<b>2,552</b>
Change in fair value	654	(383)
<b>As of September, 30</b>	<b>2,510</b>	<b>2,169</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 7 – BORROWINGS

a) Short-term borrowings

	September 30, 2019	December 31, 2018
Short-term bank borrowings	3,614,950	3,896,688
Short-term lease liabilities	181,333	-
Payables from factoring activities (*)	107,148	124,696
Other	-	702
<b>Total short-term borrowings</b>	<b>3,903,431</b>	<b>4,022,086</b>
Short-term portion of long-term bank borrowings and interest accruals	1,945,121	1,438,524
Interest accruals of long-term bond issued (**)	105,279	56,116
<b>Total short-term portion of long-term borrowings</b>	<b>2,050,400</b>	<b>1,494,640</b>

(\*) Factoring liabilities are amounting to TRY 61,664 denominated in EUR (December 31, 2018: TRY 75,179), TRY 45,484 denominated in GBP (December 31, 2018: TRY 49,517) and interest rates are between 0.6 % for EUR (December 31, 2018: 0.6%) and 1.36 % for GBP (December 31, 2018: 1.5%).

(\*\*) **Long term bonds issued:**

**2019:**

The Company issued bond amounting to TL 500 million, quoted in Borsa Istanbul with quarterly interest payment on February 15, 2019, Maturity of the bond is February 12, 2021 and coupon rate is 3MTRLIBOR+0.75.

The Company issued bond amounting to TL 500 million, quoted in Borsa Istanbul with quarterly interest payment on July 24, 2019, Maturity of the bond is July 16, 2021 and coupon rate is 3MTRLIBOR+0.50.

**2014:**

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

**2013:**

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



ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 7 – BORROWINGS (Continued)

a) Short-term borrowings (Continued)

As of September 30, 2019, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	22.3	1,619,968,861	1,619,967
EUR	0.5	146,845,794	908.037
PKR	12.5	13,906,265,033	498.957
ROL	3.7	200,000,000	258.900
BDT	9.6	2,691,327,689	180.264
ZAR	8.4	250,000,000	93.975
AUD	3.3	14,207,881	54.212
RUB	9.2	7,300,137	638
			<b>3,614,950</b>

As of December 31, 2018, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	21.2	2,306,188,778	2,306,189
EUR	0.5	159,429,560	961,041
PKR	9.3	14,229,053,772	532,025
ZAR	8.2	250,000,000	91,670
ROL	4.9	4,478,922	5,763
			<b>3,896,688</b>

b) Long-term borrowings

	September 30, 2019	December 31, 2018
Long-term bank borrowings	1,373,165	1,698,024
Long-term bonds issued	5,985,618	4,730,835
Long-term lease liabilities	539,585	-
Other	-	2,693
	<b>7,898,368</b>	<b>6,431,552</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 7 - BORROWINGS (Continued)

b) Long-term borrowings (Continued)

As of September 30, 2019, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	21.9	2,599,067,889	2,599,068
EUR	2.1	79,559,292	491,963
ZAR	10.0	500,000,000	187,950
PKR	12.8	1,020,801,096	36,626
BDT	9.3	40,018,037	2,679
			<b>3,318,286</b>
Short-term portion of long-term loans and interest accruals			(1,945,121)
			<b>1,373,165</b>

As of December 31, 2018, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	20.0	2,333,785,861	2,333,786
EUR	2.1	90,271,178	544,155
ZAR	9.9	500,000,000	183,340
PKR	10.1	2,013,060,000	75,267
			<b>3,136,548</b>
Short-term portion of long-term loans and interest accruals			(1,438,524)
			<b>1,698,024</b>

As of September 30, 2019, detail of discounted amounts of long-term bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	5.1	511,512,681	2,894,701
EUR	4.0	350,009,043	2,164,317
TRY	19.1	1,031,878,885	1,031,879
			<b>6,090,897</b>
Interest accruals of long-term bonds issued			(105,279)
			<b>5,985,618</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

**NOTE 7 - BORROWINGS (Continued)**

**b) Long-term borrowings (Continued)**

As of December 31, 2018, detail of discounted amounts of long-term bonds issued is given below:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
USD	5.1	505,002,896	2,656,770
EUR	4.0	353,381,156	2,130,181
			<b>4,786,951</b>
Interest accruals of long-term bonds issued			(56,116)
			<b>4,730,835</b>

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
2020	-	1,288,120
2021	3,631,150	2,141,331
2022	179,235	63,062
2023 to 2027	3,556,590	2,945,761
	<b>7,366,975</b>	<b>6,438,274</b>

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Up to 3 months	3,058,184	3,214,446
3 - 12 months	3,204,094	2,145,905
1-5 years	5,911,469	5,770,250
Over 5 years	455,506	409,904
	<b>12,629,253</b>	<b>11,540,505</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

**NOTE 7 - BORROWINGS (Continued)**

**Net financial debt reconciliation**

As of September 30, 2019, and December 31, 2018, the net financial debt reconciliation is as follows:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents	5,481,640	5,341,524
Borrowings and bill of exchange – repayable within one year	(5,772,498)	(5,516,726)
Borrowings and bill of exchange – repayable after one year	(7,358,783)	(6,431,552)
Lease Liabilities – repayable within one year	(181,333)	-
Lease Liabilities – repayable after one year	(539,585)	-
	<b>(8,370,559)</b>	<b>(6,606,754)</b>

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents	5,481,640	5,341,524
Borrowings and bill of exchange - fixed interest rates	(10,626,096)	(10,425,912)
Borrowings and bill of exchange – floating interest rate	(2,505,185)	(1,522,366)
Lease Liabilities	(720,918)	-
	<b>(8,370,559)</b>	<b>(6,606,754)</b>

<b>2019</b>	<b>Lease Liabilities</b>	<b>Borrowings and bonds issued due within 1 year</b>	<b>Borrowings and bonds issued due after 1 year</b>	<b>Total</b>
<b>Financial debt as of January 1</b>	<b>-</b>	<b>(5,516,726)</b>	<b>(6,431,552)</b>	<b>(11,948,278)</b>
Effect of change due to TFRS 16	<b>(743,980)</b>			<b>(743,980)</b>
Cash flows	199,280	112,501	(691,773)	(379,992)
Changes in interest accruals	(41,230)	(113,975)	-	(155,205)
Changes in factoring liabilities	-	17,548	-	17,548
Changes in lease liabilities	(65,824)	-	-	(65,824)
Acquisitions	(52,216)	(257,298)	(3,510)	(313,024)
Currency translation adjustments	(16,948)	(14,548)	(231,948)	(263,444)
<b>Financial debt as of September 30</b>	<b>(720,918)</b>	<b>(5,772,498)</b>	<b>(7,358,783)</b>	<b>(13,852,199)</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 8 - DERIVATIVE INSTRUMENTS

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

	September 30, 2019		December 31, 2018	
	Contract amount	Fair value assets /(liabilities)	Contract amount	Fair value assets /(liabilities)
<i>Short-term derivative instruments</i>				
<i>Held for trading:</i>				
Forward transactions	1,654,936	3,629 (1,688)	6,184,770	11,761 (20,200)
Foreign currency swap contracts	3,928,342	4,632 (2,468)	5,906,441	16,644 (230,895)
		<b>8,261 (4,156)</b>		<b>28,405 (251,095)</b>
<i>Long-term derivative instruments</i>				
<i>Held for trading:</i>				
Cross-currency fixed interest rate swap <sup>(*)</sup>	-	-	3,540,742	166,813 -
<i>Cash flow hedge:</i>				
Interest rate swap contracts <sup>(**)</sup>	1,000,000	- (60,986)		- -
		<b>(60,986)</b>		<b>166,813 -</b>

<sup>(\*)</sup> In order to mitigate foreign exchange risk and to naturally hedge principal and interest payments of the long-term bond issued in 2013 in US Dollars against the major foreign currencies that sales and collections are performed in. the Company entered into cross currency fixed interest rate swap amounting to EUR 202.8 million with 4.65% interest rate in return for USD 270 million and amounting to GBP 57.5 million with 5% interest rate in return for USD 90 million in April 2013.

The Company has released the related cross currency transactions on 25 July 2019.

<sup>(\*\*)</sup> As of 30 September 2019, interest rate swap transactions consist of the exchange of floating rate instalment payments for long term bond issued on 15 February 2019 and 24 July 2019 with fixed rate instalment payments for cash flow hedging.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

	September 30, 2019	December 31, 2018
<b>Short-term trade receivables:</b>		
Trade receivables	7,740,079	6,011,821
Notes receivables	1,764,227	1,625,067
Cheques receivables	374,260	393,722
<b>Short-term trade receivables (gross)</b>	<b>9,878,566</b>	<b>8,030,610</b>
Provision for doubtful receivables	(234,750)	(207,121)
Unearned credit finance income	(97,424)	(79,237)
<b>Short-term trade receivables (net)</b>	<b>9,546,392</b>	<b>7,744,252</b>

As of September 30, 2019, the Group has offsetted TRY 1,056,340 (December 31, 2018: TRY 1,182,846) from trade receivables that are collected from factoring companies as part of the irrevocable factoring.

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 93,423 related with its local bank borrowings (December 31, 2018: TRY 78,018).

The movements of provision for doubtful receivables for the nine-month periods ended September 30, are as follows:

	2019	2018
<b>As of January, 1</b>	<b>207,121</b>	<b>171,031</b>
Current year additions (Note 22)	31,604	19,372
Provisions no longer required (Note 22)	(2,700)	(3,291)
Write-offs (*)	(5,275)	(12,671)
Acquisitions	3,238	-
Currency translation differences	762	31,021
<b>As of September, 30</b>	<b>234,750</b>	<b>205,462</b>

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

	September 30, 2019	December 31, 2018
<b>Long-term trade receivables</b>		
Trade receivables	77,112	41,450
Unearned credit finance income	(11,276)	(5,760)
	<b>65,836</b>	<b>35,690</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

	September 30, 2019	December 31, 2018
<b>Short-term trade payables:</b>		
Trade payables	4,847,339	4,032,950
Debt accruals	453,182	314,565
Unearned credit finance charges	(43,341)	(54,668)
	<b>5,257,180</b>	<b>4,292,847</b>

NOTE 10 - INVENTORIES

	September 30, 2019	December 31, 2018
Raw materials and supplies	2,173,442	2,042,764
Work in progress	162,596	149,579
Finished goods	2,942,949	2,141,994
Trade goods	822,044	858,125
<b>Inventories (gross)</b>	<b>6,101,031</b>	<b>5,192,462</b>
Provision for impairment on inventories	(121,778)	(104,786)
<b>Inventories (net)</b>	<b>5,979,253</b>	<b>5,087,676</b>

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 106,640 related with its local bank borrowings (December 31, 2018: TRY 176,263).

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

	September 30, 2019	December 31, 2018
Raw materials and supplies	69,831	69,929
Finished goods	42,148	27,904
Trade goods	9,799	6,953
	<b>121,778</b>	<b>104,786</b>

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

	2019	2018
<b>As of January 1</b>	<b>104,786</b>	<b>84,976</b>
Current year additions (Note 22)	20,742	10,264
Realized due to sales of inventory	(13,719)	(7,213)
Acquisitions	8,092	-
Currency translation differences	1,877	13,880
<b>As of September 30</b>	<b>121,778</b>	<b>101,907</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 11 - OTHER PAYABLES

	September 30, 2019	December 31, 2018
Taxes and duties payable	288,884	175,158
Dividend payables to shareholders	23,433	20,219
Deposits and guarantees received	4,958	3,400
Other	47,799	42,292
	<b>365,074</b>	<b>241,069</b>

NOTE 12 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2019		December 31, 2018	
	%	TRY	%	TRY
Koç Finansman	47.0	171,633	47.0	149,131
VoltBek	49.0	141,404	49.0	64,015
Arçelik - LG	45.0	147,523	45.0	124,716
Ram Dış Ticaret	33.5	7,717	33.5	5,643
Tanı Pazarlama	32.0	1,887	32.0	3,100
		<b>470,164</b>		<b>346,605</b>

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

	2019	2018
<b>As of January, 1</b>	<b>346,605</b>	<b>282,261</b>
Share participation in joint venture	112,480	57,237
Shares of income/loss of associates	24,388	15,481
Currency translation difference	2,269	28,015
Gross profit elimination on inventory	(2,689)	11,484
Shares of other comprehensive income/loss of associates	(12,889)	10,179
Dividends received	-	(26,170)
<b>As of September, 30</b>	<b>470,164</b>	<b>378,487</b>

*Shares of income/loss from associates and joint venture:*

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
Koç Finansman	34,051	31,384	7,892	9,660
Arçelik – LG	26,375	(3,825)	7,530	(18,587)
Ram Dış Ticaret	2,108	1,300	869	301
Tanı Pazarlama	(786)	(2,388)	(338)	(190)
VoltBek	(37,360)	(10,990)	(7,937)	(9,981)
	<b>24,388</b>	<b>15,481</b>	<b>8,016</b>	<b>(18,797)</b>



**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

**NOTE 12 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)**

*Aggregated summary figures of the financial statements of associates and joint venture:*

	<b>September 30, 2019</b>		<b>December 31, 2018</b>	
Total assets	4,774,948		6,072,971	
Total liabilities	3,764,430		5,321,349	
	<b>January 1- September 30, 2019</b>	<b>January 1- September 30, 2018</b>	<b>July 1- September 30, 2019</b>	<b>July 1- September 30, 2018</b>
Total sales	3,785,112	2,684,023	1,118,213	933,099
Net income for the period	52,676	57,784	13,120	(20,187)

**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT**

	<b>2019</b>	<b>2018</b>
<b>As of January 1</b>		
Cost	9,078,527	7,150,246
Accumulated depreciation	(4,544,251)	(3,885,475)
<b>Net carrying value</b>	<b>4,534,276</b>	<b>3,264,771</b>
<b>Effect of change due to TFRS 16<sup>(**)</sup></b>	743,980	-
<b>Net carrying value at the beginning of the period</b>	<b>5,278,256</b>	<b>3,264,771</b>
Acquisitions	148,750	-
Additions	686,540	854,629
Transfers <sup>(*)</sup>	(335)	(42,893)
Disposals	(10,570)	(5,294)
Currency translation differences	118,156	762,347
Depreciation for the period	(605,899)	(365,153)
<b>Net carrying value at the end of the period</b>	<b>5,614,898</b>	<b>4,468,407</b>
<b>As of September 30</b>		
Cost	10,778,689	9,121,312
Accumulated depreciation	(5,163,791)	(4,652,905)
<b>Net carrying value</b>	<b>5,614,898</b>	<b>4,468,407</b>

(\*) Consists of transfers amounting to TRY 335 from property, plant and equipment to other intangible assets (Note 14).

(\*\*) As of September 30, 2019, the net book value of the right of use assets included in property, plant and equipment is TRY 687,824. The details of the initial recognition of the right of use assets under TFRS 16 are presented in Note 2.2.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

Additions to right of use assets are TRY 60,886 and depreciation expenses are TRY 179,162 for the nine-month periods ended September 30, 2019.

There is no mortgage on property, plant and equipment as of September 30, 2019 (December 31, 2018: None).

**NOTE 14 – OTHER INTANGIBLE ASSETS**

	<b>2019</b>	<b>2018</b>
<b>As of January 1</b>		
Cost	3,614,533	2,944,381
Accumulated amortization	(1,013,684)	(804,043)
<b>Net carrying value</b>	<b>2,600,849</b>	<b>2,140,338</b>
<b>Net carrying value at the beginning of the period</b>	<b>2,600,849</b>	<b>2,140,338</b>
Acquisitions	66,671	-
Additions	283,274	232,183
Transfers <sup>(*)</sup>	335	42,893
Disposals	(76)	(401)
Currency translation differences	(20,393)	640,475
Amortization for the period	(180,963)	(140,175)
<b>Net carrying value at the end of the period</b>	<b>2,749,697</b>	<b>2,915,313</b>
<b>As of September, 30</b>		
Cost	3,944,945	3,906,820
Accumulated amortization	(1,195,248)	(991,507)
<b>Net carrying value</b>	<b>2,749,697</b>	<b>2,915,313</b>

<sup>(\*)</sup> Consists of transfers from property, plant and equipment,

Net carrying value of the development costs as of September 30, 2019 is TRY 813,777 (December 31, 2018: TRY 685,536) and capitalized development costs for the period is TRY 245,517 (January 1 - September 30, 2018: TRY 193,814).

As of September 30, 2019, total amount of borrowing costs capitalized is none (December 31, 2018: none).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of September 30, 2019, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 504,071,383 (December 31, 2018: USD 255,196,533). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

Derivative instruments contracts commitments

TRY equivalents of the Group’s foreign exchange purchase and sales commitments in terms of currencies as of September 30, 2019 and December 31, 2018 are as follows:

September 30, 2019	Purchase Commitments	Sales Commitments
TRY	1,537,521	227,067
USD	380,984	108,809
EUR	441,428	291,990
AUD	39,542	110,652
CZK	-	51,442
CNY	88,706	398,814
DKK	-	42,171
ZAR	-	107,716
GBP	34,744	651,302
SEK	67,620	-
CHF	10,116	-
CAD	-	6,393
MYR	-	27,832
NOK	51,513	-
PKR	-	19,318
PLN	19,767	170,846
ROL	52,557	432,371
RUB	28,199	37,149
THB	49,208	2,200
NZD	-	47,693
VND	-	47,608
	<b>2,801,905</b>	<b>2,781,373</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

December 31, 2018	Purchase Commitments	Sales Commitments
TRY	2,737,411	1,236,152
USD	2,799,081	576,621
EUR	1,854,102	3,594,909
AUD	33,927	185,130
CZK	-	79,655
CNY	59,464	426,737
DKK	-	64,483
ZAR	-	134,930
GBP	30,008	682,535
SEK	42,101	-
CHF	68,461	-
CAD	-	3,861
MYR	-	15,291
NOK	64,293	12,000
PKR	-	604
PLN	-	171,215
ROL	55,094	543,013
RUB	39,158	45,957
RSD	-	24,341
THB	18,986	-
NZD	-	32,433
	<b>7,802,086</b>	<b>7,829,867</b>

September 30, 2019 December 31, 2018

Collaterals obtained	3,946,519	3,616,758
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Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of September 30, 2019 and December 31, 2018 are as follows:

CPMB’s given by the Company	September 30, 2019	December 31, 2018
A. CPMB’s given for Company’s own legal personality	185,805	160,425
B. CPMB’s given on behalf of fully consolidated companies	1,391	1,356
C. CPMB’s given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>187,196</b>	<b>161,781</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

TRY equivalents of CPMB given as of September 30, 2019 and December 31, 2018 are as follows on original currency basis are as follows:

<b>CPMB's given by the Company</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
TRY	77,298	68,845
EUR	42,686	43,203
USD	41,533	27,160
Other currencies	25,679	22,573
	<b>187,196</b>	<b>161,781</b>

NOTE 16 – OTHER PROVISIONS

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>Other short-term provisions</b>		
Warranty provision	375,058	333,359
Assembly provision	118,198	108,248
Provision for transportation cost	49,174	41,996
Provision for lawsuit risks	26,309	15,648
Provision for returns	12,531	14,946
Other	101,636	68,142
	<b>682,906</b>	<b>582,339</b>
<b>Other long-term provisions</b>		
Warranty provision	157,185	155,747
Other	4,020	121
	<b>161,205</b>	<b>155,868</b>

NOTE 17 – PREPAID EXPENSES

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Short-term prepaid expenses	282,291	156,879
Advances given for inventories	27,297	25,108
	<b>309,588</b>	<b>181,987</b>

NOTE 18 – CURRENT INCOME TAX ASSETS

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Prepaid taxes and funds	126,182	118,220
	<b>126,182</b>	<b>118,220</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 19 – EMPLOYEE BENEFIT OBLIGATIONS

	September 30, 2019	December 31, 2018
Payables to personnel	163,545	201,246
Accruals for bonuses and premiums	125,152	39,711
Social security payables	101,281	103,214
Accruals for bonuses and premiums	<b>389,978</b>	<b>344,171</b>

NOTE 20 - OTHER ASSETS AND LIABILITIES

	September 30, 2019	December 31, 2018
<b>Other current assets:</b>		
Taxes and funds deductible	475,991	127,534
Value added tax and private consumption tax receivables	161,276	460,277
Income accruals	11,150	27,739
Other	82,440	66,353
	<b>730,857</b>	<b>681,903</b>
<b>Other current liabilities:</b>		
Accruals for customer premiums	984,104	620,522
Advances received	118,603	90,532
Deferred income	98,016	35,144
Other	16,542	10,142
	<b>1,217,265</b>	<b>756,340</b>
<b>Other long-term liabilities:</b>		
Deferred income	201,303	178,871
Other	53,576	56,826
	<b>254,879</b>	<b>235,697</b>

NOTE 21 – EQUITY

**Paid-in capital**

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of kurus1. Registered and issued share capital of the Company is as follows:

	September 30, 2019	December 31, 2018
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.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

#### NOTE 21 - EQUITY(Continued)

The shareholding structure of the Company is as follows:

	September 30, 2019		December 31, 2018	
	Share (%)	Amount	Share (%)	Amount
<b>Shareholders</b>				
Koç Holding A.Ş.	40.51	273,742	40.51	273,742
Temel Ticaret ve Yatırım A.Ş.	2.75	18,577	2.75	18,577
Koç Family Members	8.67	58,590	8.67	58,590
<b>Total Koç Family members and companies owned by Koç Family members</b>	<b>51.93</b>	<b>350,909</b>	<b>51.93</b>	<b>350,909</b>
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	5.14	34,722	5.14	34,722
Vehbi Koç Vakfı	0.17	1,137	0.17	1,137
Other	25.15	169,960	25.15	169,960
<b>Paid-in capital</b>	<b>100.00</b>	<b>675,728</b>	<b>100.00</b>	<b>675,728</b>
Adjustment to share capital (*)		468,811		468,811
<b>Total share capital</b>		<b>1,144,539</b>		<b>1,144,539</b>

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

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

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

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

#### Restricted reserves

The Turkish Commercial Code (“TCC”) stipulates that the 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, 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.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 21 – EQUITY (Continued)

The details of these restricted reserves are as follows:

	September 30, 2019	December 31, 2018
Legal reserves	409,115	409,115

Dividends

In General Assembly on 19 March 2019, the Company approved not to distribute 2018 profits, in line with the Capital Markets legislation and Article 18 of the Company's Articles of Association and the Profit Distribution policy approved at the General Assembly on 27 March 2014.

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<b>Other income from operating</b>				
Foreign exchange gains arising from trading activities	600,721	1,620,781	145,008	1,062,410
Income from claims and grants	29,197	46,950	8,288	19,615
Credit finance income arising from trading activities	37,344	70,322	6,217	40,398
Reversal of provisions for doubtful receivables (Note 9)	2,700	3,291	596	1,461
Other	7,120	59,955	1,358	9,280
	<b>677,082</b>	<b>1,801,299</b>	<b>161,467</b>	<b>1,133,164</b>
<b>Other expenses from operating activities:</b>				
Foreign exchange losses arising from trading activities	(204,635)	(498,135)	(30,246)	(292,570)
Cash discount expenses	(82,481)	(36,683)	(31,967)	(18,310)
Provision expense for doubtful receivables (Note 9)	(31,604)	(19,372)	(6,675)	(5,268)
Provision expense for inventory impairment (Note 10)	(20,742)	(10,264)	(2,816)	(4,167)
Credit finance charges arising from trading activities	(30,549)	(51,120)	(13,498)	(9,493)
Other	(27,621)	(41,262)	(5,416)	(16,050)
	<b>(397,632)</b>	<b>(656,836)</b>	<b>(90,618)</b>	<b>(345,858)</b>



ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 23 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<b>Income from investment activities:</b>				
Income from sales of property plant and equipment	3,096	8,110	1,622	1,457
Dividends received from financial investments	-	94	-	-
	<b>3,096</b>	<b>8,204</b>	<b>1,622</b>	<b>1,457</b>
<b>Expenses from investment activities:</b>				
Loss from sales financial assets	(4,320)	-	(4,320)	-
Loss from sales of property plant and equipment	(2,415)	(3,896)	(262)	(150)
	<b>(6,735)</b>	<b>(3,896)</b>	<b>(4,582)</b>	<b>(150)</b>

NOTE 24- FINANCIAL INCOME

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
Foreign exchange gains (*)	1,398,182	1,690,793	570,588	1,033,113
Gains on derivative instruments	963,618	768,633	498,550	546,013
Interest income	115,833	37,979	45,751	19,767
Other	5,103	171	99	110
	<b>2,482,736</b>	<b>2,497,576</b>	<b>1,114,988</b>	<b>1,599,003</b>

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

NOTE 25 - FINANCIAL EXPENSES

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
Foreign exchange losses (*)	(1,458,418)	(3,107,522)	(533,959)	(2,060,391)
Interest expenses	(1,156,212)	(696,934)	(376,734)	(295,347)
Losses on derivative instruments	(1,060,160)	(519,427)	(649,502)	(273,595)
Other	(18,967)	(9,401)	(8,857)	(4,000)
	<b>(3,693,757)</b>	<b>(4,333,284)</b>	<b>(1,569,052)</b>	<b>(2,633,333)</b>

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 26 - TAX ASSETS AND LIABILITIES

	September 30, 2019	December 31, 2018
Corporation and income taxes	198,363	164,206
Prepaid tax	(157,943)	(121,228)
<b>Tax liabilities (net)</b>	<b>40,420</b>	<b>42,978</b>
Deferred tax assets	1,014,171	878,247
Deferred tax liabilities	(524,042)	(511,386)
<b>Deferred tax assets, net</b>	<b>490,129</b>	<b>366,861</b>

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

The corporation tax rate is 22% in Turkey (December 31, 2018: 22%), Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

Income tax expense for the nine-month periods ended September 30 is as follows:

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<b>Tax (expense)/income</b>				
- Current period tax expense	(229,974)	(204,262)	(47,253)	(122,949)
- Deferred tax income	109,103	100,086	30,739	43,862
<b>Total tax (expense)/income, net</b>	<b>(120,871)</b>	<b>(104,176)</b>	<b>(16,514)</b>	<b>(79,087)</b>

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

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

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Property, plant and equipment and intangible assets	3,351,048	3,274,756	(837,771)	(800,105)
Unearned credit finance income/expense (net)	33,609	81,580	(7,394)	(17,948)
Unused tax advantages (*)	-	-	639,564	639,641
Provision for doubtful receivables	(36,906)	(36,233)	16,880	9,736
Derivative instruments	(54,011)	(59,079)	11,877	12,929
Provision for impairment on inventories	(76,870)	(69,048)	19,162	14,879
Provision for employment termination benefits	(267,695)	(248,744)	53,693	49,881
Provision for warranty, assembly and transportation expenses	(603,974)	(607,584)	152,366	132,421
Unused tax credits	(246,341)	(566,644)	216,346	157,065
Other	(805,615)	(598,461)	225,406	168,362
<b>Deferred tax assets, net</b>			<b>490,129</b>	<b>366,861</b>

(\*) Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount. In this context, as of September 30, 2019 the tax advantage of TRY 639,564 (December 31, 2018: TRY 639,641) from which the Company predicts to benefit in the foreseeable future is recognized as deferred tax asset in the condensed interim consolidated financial statements.

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

	2019	2018
<b>Balance as of January 1-reported</b>	<b>366,861</b>	<b>208,098</b>
Adjustments from changes in accounting policies	-	30,760
<b>Balance as of January 1-revised</b>	<b>366,861</b>	<b>238,858</b>
Deferred tax income recognized in statement of profit or loss	109,103	100,086
Deferred tax income recognized directly in the equity	18,200	12,767
Acquisitions	(15,486)	-
Currency translation differences	11,451	(120,623)
<b>Balance as of September 30</b>	<b>490,129</b>	<b>231,088</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

**NOTE 27 - EARNINGS PER SHARE**

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

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

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

	<b>January 1- September 30, 2019</b>	<b>January 1- September 30, 2018</b>	<b>July 1- September 30, 2019</b>	<b>July 1- September 30, 2018</b>
Profit for the year attributable to shareholders of the Company	684,827	571,922	240,343	251,242
Weighted average number of ordinary shares with nominal value (kurus 1 each one)	67,572,820,500	67,572,820,500	67,572,820,500	67,572,820,500
<b>Earnings per share (kurus) (*)</b>	<b>1.013</b>	<b>0.846</b>	<b>0.356</b>	<b>0.372</b>
<b>Diluted earnings per share (kurus) (*)</b>	<b>1.013</b>	<b>0.846</b>	<b>0.356</b>	<b>0.372</b>

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 28 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	September 30, 2019	December 31, 2018
<b>(a) Due from related parties:</b>		
Koçtaş Yapı Marketleri Ticaret A.Ş. <sup>(1)</sup>	23,160	8,487
Yapı ve Kredi Bankası A.Ş. <sup>(1)</sup>	5,965	3,340
Other	5,763	232
	<b>34,888</b>	<b>12,059</b>
<b>(b) Due to related parties:</b>		
<i>Current:</i>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. <sup>(1)</sup>	282,748	236,701
Arçelik-LG <sup>(3)</sup>	179,309	41,068
Ram Dış Ticaret A.Ş. <sup>(2)</sup>	102,368	95,226
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. <sup>(1)</sup>	18,152	16,132
Koç Holding A.Ş. <sup>(4)</sup>	8,545	24,813
Bilkom Bilişim Hizmetleri A.Ş. <sup>(1)</sup>	3,851	7,832
Other	18,676	19,825
	<b>613,649</b>	<b>441,597</b>

<sup>(1)</sup> Koç Holding group companies

<sup>(2)</sup> Associates

<sup>(3)</sup> Joint ventures

<sup>(4)</sup> Parent company

	September 30, 2019	December 31, 2018
<b>Other payables to related parties – Current:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. <sup>(*)</sup>	29,628	27,253
Other	415	541
	<b>30,043</b>	<b>27,794</b>
<b>Other payables to related parties – Non-Current:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. <sup>(*)</sup>	7,472	27,641
Other	-	539
	<b>7,472</b>	<b>28,180</b>

<sup>(\*)</sup> The Company has a contract regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.) for 20 years beginning on 2001. Due to the fact that the rights to use Beko brand will be held by the Company upon the expiration of the contract period. Beko brand has been recognized under intangible assets in the consolidated financial statements of the Group. Net book value of Beko brand, which is held under other liabilities to related parties, amounts to TRY 81,040 as of September 30, 2019 (December 31, 2018: TRY 81,040).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

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

	September 30, 2019	December 31, 2018
<b>Other payables to related parties (gross)</b>		
Up to 1 year	30,411	28,426
1 to 5 years	7,500	28,424
	<b>37,911</b>	<b>56,850</b>
Future finance charges on other liabilities	(396)	(876)
<b>Present value of other payables to related parties (net)</b>	<b>37,515</b>	<b>55,974</b>

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

	September 30, 2019	December 31, 2018
Up to 1 year	30,043	27,794
1 to 5 years	7,472	28,180
	<b>37,515</b>	<b>55,974</b>

**(c) Deposits:**

Yapı ve Kredi Bankası A.Ş. and its subsidiaries <sup>(1)</sup>	1,455,732	2,433,594
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**(d) Bank borrowings:**

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	-	-
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**(e) Derivative instruments**

	Contract amount	Fair value assets/(liabilities)	
<b>September 30, 2019</b>			
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	268,085	1,254	-
<b>December 31, 2018</b>			
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	1,583,952	5,080	(2,001)

<sup>(1)</sup> Koç Holding group companies

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 28 - RELATED PARTY DISCLOSURES

(ii) Transactions with related parties

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<b>(a) Sales of goods and services:</b>				
Koçtaş Yapı Marketleri Ticaret A.Ş.	36,559	25,336	11,695	10,829
Yapı ve Kredi Bankası A.Ş.	16,448	10,915	5,585	1,384
Other	6,309	8,344	2,614	3,100
	<b>59,316</b>	<b>44,595</b>	<b>19,894</b>	<b>15,313</b>

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<b>(b) Purchases of goods and services:</b>				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1,006,464	831,304	405,015	417,739
Arçelik-LG	380,273	747,356	183,698	203,379
Ram Dış Ticaret	259,803	274,321	87,824	114,393
Bilkom Bilişim Hizmetleri A.Ş.	102,974	112,216	22,943	112,216
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	65,141	53,068	21,866	18,122
Ram Sigorta Aracılık Hizmetleri A.Ş. <sup>(1)(*)</sup>	52,485	18,032	602	699
Other	236,384	230,946	117,065	104,675
	<b>2,103,524</b>	<b>2,267,243</b>	<b>839,013</b>	<b>971,223</b>

<sup>(1)</sup> Koç Holding group companies

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

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

<sup>(\*)</sup> The amount consists insurance premium liabilities and accruals to non-related insurance companies over the contracts signed through insurance agency Ram Sigorta Aracılık Hizmetleri A.Ş.

<sup>(\*\*)</sup> The amount is charged by the main shareholder Koç holding A.Ş. for the financial, legal, planning, tax and management services provided to the Company in line with the Transfer Pricing Communique No 1 - “Intra-group transactions”.

**(a) Key management compensation:**

Total compensation provided to members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to General Manager by the Company during the nine-month periods ended September 30, 2019 amounts to TRY 13,808 (January 1- September 30, 2018: TRY 12,893). Compensation includes only short-term benefits. There is no redundancy payments made to the senior executives as of September 30, 2019 (January 1- September 30, 2018: None).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

(b) Other transactions:

	January 1- September 30, 2019	January 1- September 30, 2018	July 1- September 30, 2019	July 1- September 30, 2018
<i>Interest income:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	40,012	16,444	13,781	8,159
<i>Interest expense:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	2,772	5,840	-	-

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

*Hedging operations and derivative instruments*

*Liquidity Risk*

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

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

**Interest Rate Risk**

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities. These exposures are managed by establishing a fixed-floating balance in the consolidated financial statements and balancing interest rate sensitive assets and maturity with inter balance sheet items and using derivative instruments when considered necessary.

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

*Funding risk*

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



ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

*Credit risk*

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

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

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

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

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

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

Details of credit and receivable risk as of September 30, 2019 and December 31, 2018 are as follows:

September 30, 2019	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>34,888</b>	<b>9,612,228</b>	<b>5,330,238</b>	<b>8,261</b>
Secured portion of the maximum credit risk by guarantees, etc. <sup>(2)</sup>	-	(7,882,138)	-	-
A. Net book value of financial asset either are not due or not impaired	34,888	8,992,564	5,330,238	8,261
-Secured portion by guarantees, etc,	-	(7,392,964)	-	-
B. Net book value of overdue but not impaired financial assets	-	578,674	-	-
- Secured portion by guarantees, etc,	-	(439,269)	-	-
C. Net book value of the impaired assets	-	49,907	-	-
- Overdue (Gross book value)	-	275,744	-	-
- Impairment (-)	-	(225,833)	-	-
- Secured portion of the net value by guarantees, etc,	-	(49,905)	-	-
D. Expected credit losses (-)	-	(8,917)	-	-

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

<sup>(2)</sup> Major part of guarantees is composed of mortgages and trade receivable insurances.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

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

December 31, 2018	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>12,059</b>	<b>7,779,942</b>	<b>5,225,608</b>	<b>195,218</b>
Secured portion of the maximum credit risk by guarantees, etc, <sup>(2)</sup>	-	(6,537,570)	-	-
A. Net book value of financial asset either are not due or not impaired	12,059	7,151,501	5,225,608	195,218
-Secured portion by guarantees, etc,	-	(6,072,337)	-	-
B. Net book value of overdue but not impaired financial assets	-	594,427	-	-
- Secured portion by guarantees, etc,	-	(426,948)	-	-
C. Net book value of the impaired assets	-	38,285	-	-
- Overdue (Gross book value)	-	241,135	-	-
- Impairment (-)	-	(202,850)	-	-
- Secured portion of the net value by guarantees, etc,	-	(38,285)	-	-
D. Expected credit losses (-)	-	(4,271)	-	-

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

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

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

	September 30, 2019	December 31, 2018
Group 1	120,113	19,717
Group 2	8,620,552	6,849,922
Group 3	286,787	293,921
	<b>9,027,452</b>	<b>7,163,560</b>

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

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

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

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

	September 30, 2019	December 31, 2018
0-1 month	305,479	298,221
1-3 months	86,364	157,045
3-12 months	136,383	97,192
1-5 years	50,448	41,969
	<b>578,674</b>	<b>594,427</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

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

The Group has applied the simplified approach stated in TFRS 9 for the calculation of expected credit loss provision for trade receivables. This approach allows expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group appropriately classified its trade receivables based on maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and forward-looking macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and totals of trade receivable.

The calculation as of September 30, 2019 is as follows:

	<b>Undue</b>	<b>Overdue 0-1 month</b>	<b>Overdue 1-3 months</b>	<b>Overdue more than 3 months</b>	<b>Total</b>
Expected loss rate %	0.01	1.12	1.45	0.63	
Gross carrying amount	9,027,452	314,378	86,364	453,676	<b>9,881,870</b>
Loss allowance provision	1,317	3,511	1,248	2,841	<b>8,917</b>

The calculation as of December 31, 2018 is as follows:

	<b>Undue</b>	<b>Overdue 0-1 month</b>	<b>Overdue 1-3 months</b>	<b>Overdue more than 3 months</b>	<b>Total</b>
Expected loss rate %	0.04	0.08	0.38	0.51	
Gross carrying amount	7,151,501	298,221	157,045	139,161	<b>7,745,928</b>
Loss allowance provision	2,740	229	591	711	<b>4,271</b>

***Foreign exchange risk***

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

Trade relations between the Company and its subsidiaries are structured within the framework of relevant legislations and managed centrally by subsidiaries’ functional currencies. Thus, foreign currency risk born by the subsidiaries is minimized. It is aimed to set the ratio of foreign exchange risk position over equity at a predetermined interval.

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

*Foreign currency hedge of net investments in foreign operations*

The Group designated some portion of the Euro dominated bonds issued as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in equity in foreign currency hedge of net investments in foreign operations fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of September 30, 2019, a portion of bank borrowings amounting to EUR 153,846,154 (before tax) was designated as a net investment hedging instrument (December 31, 2018: EUR 153,846,154).

*Foreign currency position*

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Assets	8,880,727	8,419,230
Liabilities	(9,038,022)	(8,169,123)
<b>Net position of financial statement</b>	<b>(157,295)</b>	<b>250,107</b>
Net position of derivative instruments	(63,047)	(347,860)
<b>Foreign currency position (net)</b>	<b>(220,342)</b>	<b>(97,753)</b>

## ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of September 30, 2019 are as follows:

	EUR	USD	GBP	RUB	PLN	ROL	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	THB	CNY	CHF	VND	PKR	TRY Equivalent	
<b>Current Assets</b>																						
Trade receivables	425,389	198,234	94,757	484,364	119,471	-	217,683	-	-	6	68,741	29,396	1,473	-	1,593	-	506,757	-	195,676,088	385	5,302,874	
Monetary financial assets	54,971	506,600	21	-	11,507	-	11	-	-	-	4,397	54	3	-	-	-	23,126	-	-	-	-	3,245,331
Other	15,287	40,774	76	-	-	-	-	-	-	-	-	-	-	-	-	-	4,278	588	-	-	-	332,522
<b>Total Assets</b>	<b>495,647</b>	<b>745,608</b>	<b>94,854</b>	<b>484,364</b>	<b>130,978</b>	<b>-</b>	<b>217,694</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>73,138</b>	<b>29,450</b>	<b>1,476</b>	<b>-</b>	<b>1,593</b>	<b>-</b>	<b>534,161</b>	<b>588</b>	<b>195,676,088</b>	<b>385</b>	<b>8,880,727</b>	
<b>Current Liabilities</b>																						
Trade payables	256,751	295,679	4,637	-	-	-	-	40	847	14,081	20,192	16	-	4	-	714	48,013	624	904,342	-	-	3,357,525
Financial liabilities	12,119	16,041	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165,717
Other monetary liabilities	793	9,135	-	-	-	-	-	-	-	-	9,062	515	-	-	-	-	-	-	-	-	-	93,013
<b>Non-Current Liabilities</b>																						
Financial liabilities	418,000	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,414,295
Other monetary liabilities	-	1,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,472
<b>Total Liabilities</b>	<b>687,663</b>	<b>822,175</b>	<b>4,637</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>847</b>	<b>14,081</b>	<b>20,192</b>	<b>9,078</b>	<b>515</b>	<b>4</b>	<b>-</b>	<b>714</b>	<b>48,013</b>	<b>624</b>	<b>904,342</b>	<b>-</b>	<b>-</b>	<b>9,038,022</b>
<b>Net Position of Financial Statement</b>	<b>(192,016)</b>	<b>(76,567)</b>	<b>90,217</b>	<b>484,364</b>	<b>130,978</b>	<b>-</b>	<b>217,694</b>	<b>(40)</b>	<b>(847)</b>	<b>(14,075)</b>	<b>52,946</b>	<b>20,372</b>	<b>961</b>	<b>(4)</b>	<b>1,593</b>	<b>(714)</b>	<b>486,148</b>	<b>(36)</b>	<b>194,771,746</b>	<b>385</b>	<b>(157,295)</b>	
Off-balance sheet derivative assets (*)	221,826	67,322	5,000	-	14,000	-	-	-	-	-	-	8,360	-	-	-	-	23,126	-	-	-	-	1,857,340
Off-balance sheet derivative liabilities (*)	(47,220)	(19,227)	(93,730)	(425,000)	(121,004)	-	(214,672)	-	-	-	(51,000)	(29,000)	(900)	-	(1,500)	-	(505,000)	-	(195,181,346)	-	-	(1,920,387)
Net position of off-balance sheet items	174,606	48,095	(88,730)	(425,000)	(107,004)	-	(214,672)	-	-	-	(51,000)	(20,640)	(900)	-	(1,500)	-	(481,874)	-	(195,181,346)	-	-	(63,047)
<b>Net Asset/(Liability) Position of Foreign Currency</b>	<b>(17,410)</b>	<b>(28,472)</b>	<b>1,487</b>	<b>59,364</b>	<b>23,974</b>	<b>-</b>	<b>3,022</b>	<b>(40)</b>	<b>(847)</b>	<b>(14,075)</b>	<b>1,946</b>	<b>(268)</b>	<b>61</b>	<b>(4)</b>	<b>93</b>	<b>(714)</b>	<b>4,274</b>	<b>(36)</b>	<b>(409,600)</b>	<b>385</b>	<b>(220,342)</b>	
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(207,303)	(117,341)	90,141	484,364	130,978	-	217,694	(40)	(847)	(14,075)	52,946	20,372	961	(4)	1,593	(714)	481,870	(624)	194,771,746	385	(489,817)	
Fair Value of Financial Instruments Used for Foreign Exchange Hedge																						-
Hedged Amount of Foreign Currency Assets	47,220	19,227	93,730	425,000	121,004	-	214,672	-	-	-	51,000	29,000	900	-	1,500	-	505,000	-	195,181,346	-	-	1,920,387
Hedged Amount of Foreign Currency Liabilities	67,980	67,322	5,000	-	14,000	-	-	-	-	-	-	8,360	-	-	-	-	23,126	-	-	-	-	906,017

(\*) Some portion of EUR denominated bonds issued 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.

## ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

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

September 30, 2019	EUR	USD	GBP	RUB	PLN	RON	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	THB	CNY	CHF	VND	PKR	TRY equivalent	
Against TRY	(10,417)	(10,404)	1,973	59,364	23,974	-	3,015	-	-	-	(112)	392	-	-	93	-	(1,674)	(36)	-	385	(69,535)	
Against EUR	-	(752)	(949)	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	-	(10,848)
Against RUB	(989)	671	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,319)
Against PLN	(4,268)	(70)	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,786)
Against GBP	1,053	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,579
Against RON	622	474	388	-	-	-	-	-	-	-	(11)	-	-	(4)	-	-	-	-	-	-	-	9,215
Against CZK	(822)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,083)
Against NOK	17	-	-	-	-	-	-	-	(847)	-	2,069	-	-	-	-	-	-	-	-	-	-	1,328
Against SEK	(1,032)	-	-	-	-	-	-	(40)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,406)
Against CNY	(242)	909	74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,162
Against ZAR	714	175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,405
Against AUD	(184)	392	-	-	-	-	-	-	-	-	-	-	61	-	-	-	-	-	-	-	-	1,297
Against EGP	30	(1,524)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,438)
Against UAH	(3,270)	(18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,322)
Against CHF	1,584	(12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,727
Against BWP	-	-	-	-	-	-	-	-	-	(14,081)	-	-	-	-	-	-	-	-	-	-	-	(5,293)
Against NZD	(2)	-	-	-	-	-	-	-	-	-	-	(661)	-	-	-	-	-	-	-	-	-	(2,534)
Against USD	436	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,696
Against RSD	(133)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(822)
Against IDR	-	(917)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,189)
Against THB	(42)	(322)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(409,601)	-	-	(2,181)
Against MYR	-	(700)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,961)
Against VND	-	(8,406)	-	-	-	-	-	-	-	-	-	-	-	-	-	(714)	-	-	-	-	-	(47,702)
Against AED	-	4,159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,536
Against PKR	(464)	(12,139)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,948	-	-	-	-	(66,868)
	(17,409)	(28,472)	1,486	59,364	23,974	-	3,022	(40)	(847)	(14,075)	1,946	(269)	61	(4)	93	(714)	4,274	(36)	(409,601)	385	(220,342)	

## ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2018 are as follows:

	EUR	USD	GBP	RUB	PLN	ROL	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	THB	CNY	CHF	PKR	TRY Equivalent
<b>Current Assets</b>																				
Trade receivables	428,626	184,618	105,679	621,748	124,607	-	314,323	-	-	155,964	51,586	49,663	1,276	-	1,146	-	560,922	-	385	5,272,472
Monetary financial assets	349,882	115,207	23	-	-	6	-	-	1,019	5	28,505	-	18	-	-	-	1	4	-	2,739,003
Other	20,919	47,406	27	-	-	-	-	-	-	-	-	14	-	504	-	-	37,878	588	-	407,755
<b>Total Assets</b>	<b>799,427</b>	<b>347,231</b>	<b>105,729</b>	<b>621,748</b>	<b>124,607</b>	<b>6</b>	<b>314,323</b>	<b>-</b>	<b>1,019</b>	<b>155,969</b>	<b>80,091</b>	<b>49,677</b>	<b>1,294</b>	<b>504</b>	<b>1,146</b>	<b>-</b>	<b>598,801</b>	<b>592</b>	<b>385</b>	<b>8,419,230</b>
<b>Current Liabilities</b>																				
Trade payables	214,069	225,131	908	18	-	-	-	1,861	1,756	-	2,145	761	-	9,866	-	714	54,671	619	-	2,533,080
Financial liabilities	56,997	6,111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	375,727
Other monetary liabilities	795	8,464	-	-	-	-	-	-	-	-	-	8,858	515	-	-	-	-	-	-	83,939
<b>Non-Current Liabilities</b>																				
Financial liabilities	417,765	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,148,737
Other monetary liabilities	-	5,254	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,640
<b>Total Liabilities</b>	<b>689,626</b>	<b>744,960</b>	<b>908</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,861</b>	<b>1,756</b>	<b>-</b>	<b>2,145</b>	<b>9,619</b>	<b>515</b>	<b>9,866</b>	<b>-</b>	<b>714</b>	<b>54,671</b>	<b>619</b>	<b>-</b>	<b>8,169,123</b>
<b>Net Position of Financial Statement</b>	<b>109,801</b>	<b>(397,729)</b>	<b>104,821</b>	<b>621,730</b>	<b>124,607</b>	<b>6</b>	<b>314,323</b>	<b>(1,861)</b>	<b>(737)</b>	<b>155,969</b>	<b>77,946</b>	<b>40,058</b>	<b>779</b>	<b>(9,362)</b>	<b>1,146</b>	<b>(714)</b>	<b>544,130</b>	<b>(27)</b>	<b>385</b>	<b>250,107</b>
Off-balance sheet																				
derivative assets (*)	450,463	532,054	-	-	-	-	-	-	-	-	-	7,500	-	-	-	-	788	-	-	5,542,842
Off-balance sheet																				
derivative liabilities (*)	(596,368)	(109,605)	(102,594)	(610,000)	(122,000)	-	(340,000)	-	-	(150,000)	(80,000)	(50,000)	(1,300)	-	(1,000)	-	(560,000)	-	-	(5,890,702)
Net position of																				
off-balance sheet items	(145,905)	422,449	(102,594)	(610,000)	(122,000)	-	(340,000)	-	-	(150,000)	(80,000)	(42,500)	(1,300)	-	(1,000)	-	(559,212)	-	-	(347,860)
<b>Net Asset/(Liability) Position of Foreign Currency</b>	<b>(36,104)</b>	<b>24,720</b>	<b>2,227</b>	<b>11,730</b>	<b>2,607</b>	<b>6</b>	<b>(25,677)</b>	<b>(1,861)</b>	<b>(737)</b>	<b>5,969</b>	<b>(2,054)</b>	<b>(2,442)</b>	<b>(521)</b>	<b>(9,362)</b>	<b>146</b>	<b>(714)</b>	<b>(15,082)</b>	<b>(27)</b>	<b>385</b>	<b>(97,753)</b>
Net Asset/(Liability) Position of Foreign																				
Currency Monetary Items	88,882	(445,135)	104,794	621,730	124,607	6	314,323	(1,861)	(737)	155,969	77,946	40,044	779	(9,866)	1,146	(714)	506,252	(615)	385	(157,648)
Fair Value of Financial Instruments Used																				
for Foreign Exchange Hedge																				(55,877)
Hedged Amount of Foreign Currency	596,368	109,605	102,594	610,000	122,000	-	340,000	-	-	150,000	80,000	50,000	1,300	-	1,000	-	560,000	-	-	5,890,702
Hedged Amount of Foreign Currency																				
Liabilities	296,617	532,054	-	-	-	-	-	-	-	-	-	7,500	-	-	-	-	788	-	-	4,615,457

(\*) Some portion of EUR denominated bonds issued 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.

## ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

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

December 31, 2018	EUR	USD	GBP	RUB	PLN	RON	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	THB	CNY	CHF	PKR	TRY equivalent	
Against TRY	(22,243)	53,018	2,030	11,730	2,607	6	(25,677)	-	-	-	(56)	(1,085)	-	(8,756)	146	-	742	(27)	385	153,401	
Against EUR	-	400	-	-	-	-	-	-	-	5,969	-	-	-	-	-	-	-	-	-	-	4,293
Against RUB	413	(1,252)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,175)	-	-	-	(8,041)
Against PLN	(4)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
Against GBP	(2,808)	72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,548)
Against RON	(4,839)	(3,780)	266	-	-	-	-	-	-	-	(90)	-	-	-	-	-	-	-	-	-	(47,358)
Against CZK	(265)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,597)
Against NOK	(1,901)	-	-	-	-	-	-	-	(737)	-	(1,908)	-	-	-	-	-	-	-	-	-	(13,428)
Against SEK	3,985	-	-	-	-	-	-	(1,861)	-	-	-	-	-	-	-	-	-	-	-	-	22,904
Against CNY	318	1,352	(69)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,571
Against ZAR	145	39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,079
Against AUD	1,123	(522)	-	-	-	-	-	-	-	-	-	-	(521)	-	-	-	-	-	-	-	2,181
Against EGP	5	(461)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,395)
Against UAH	(3,093)	(29)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,798)
Against CHF	603	(7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,598
Against BWP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Against NZD	(519)	(1,100)	-	-	-	-	-	-	-	-	-	(1,357)	-	-	-	-	-	-	-	-	(13,940)
Against USD	377	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,273
Against RSD	(5,306)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,985)
Against THB	33	329	-	-	-	-	-	-	-	-	-	-	-	(606)	-	-	-	-	-	-	1,901
Against MYR	-	612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,220
Against VND	-	(12,671)	-	-	-	-	-	-	-	-	-	-	-	-	-	(714)	-	-	-	-	(66,776)
Against AED	(28)	1,808	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,343
Against PKR	(2,100)	(13,094)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,649)	-	-	-	(89,659)
	<b>(36,104)</b>	<b>24,720</b>	<b>2,227</b>	<b>11,730</b>	<b>2,607</b>	<b>6</b>	<b>(25,677)</b>	<b>(1,861)</b>	<b>(737)</b>	<b>5,969</b>	<b>(2,054)</b>	<b>(2,442)</b>	<b>(521)</b>	<b>(9,362)</b>	<b>146</b>	<b>(714)</b>	<b>(15,082)</b>	<b>(27)</b>	<b>385</b>	<b>(97,753)</b>	



ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

As of September 30, 2019, and December 31, 2018, if related currencies had appreciated by 10% against TRY with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is presented in the tables below. Secured portions include impact of derivative instruments.

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
<b>September 30, 2019</b>				
USD net asset/liability	(43,333)	43,333	(45,125)	45,125
Secured portion from USD risk	27,217	(27,217)	27,217	(27,217)
<b>USD Net effect</b>	<b>(16,116)</b>	<b>16,116</b>	<b>(17,908)</b>	<b>17,908</b>
EUR net asset/liability	(23,602)	23,602	(69,201)	69,201
Secured portion from EUR risk	12,837	(12,837)	107,969	(107,969)
<b>EUR Net effect</b>	<b>(10,765)</b>	<b>10,765</b>	<b>38,768</b>	<b>(38,768)</b>
GBP net asset/liability	62,689	(62,689)	72,239	(72,239)
Secured portion from GBP risk	(61,656)	61,656	(61,656)	61,656
<b>GBP Net effect</b>	<b>1,033</b>	<b>(1,033)</b>	<b>10,583</b>	<b>(10,583)</b>
RUB net asset/liability	4,234	(4,234)	79,421	(79,421)
Secured portion from RUB risk	(3,715)	3,715	(3,715)	3,715
<b>RUB Net effect</b>	<b>519</b>	<b>(519)</b>	<b>75,706</b>	<b>(75,706)</b>
RON net asset/liability	-	-	114,116	(114,116)
Secured portion from RON risk	-	-	-	-
<b>RON Net effect</b>	-	-	<b>114,116</b>	<b>(114,116)</b>
PLN net asset/liability	18,493	(18,493)	31,193	(31,193)
Secured portion from PLN risk	(15,108)	15,108	(15,108)	15,108
<b>PLN Net effect</b>	<b>3,385</b>	<b>(3,385)</b>	<b>16,085</b>	<b>(16,085)</b>
CZK net asset/liability	5,217	(5,217)	10,434	(10,434)
Secured portion from CZK risk	(5,144)	5,144	(5,144)	5,144
<b>CZK Net effect</b>	<b>73</b>	<b>(73)</b>	<b>5,290</b>	<b>(5,290)</b>
NOK net asset/liability	(2)	2	1,379	(1,379)
Secured portion from NOK risk	-	-	-	-
<b>NOK Net effect</b>	<b>(2)</b>	<b>2</b>	<b>1,379</b>	<b>(1,379)</b>
SEK net asset/liability	(49)	49	7,798	(7,798)
Secured portion from SEK risk	-	-	-	-
<b>SEK Net effect</b>	<b>(49)</b>	<b>49</b>	<b>7,798</b>	<b>(7,798)</b>
NZD net asset/liability	343	(343)	343	(343)
Secured portion from NZD risk	(321)	321	(321)	321
<b>NZD Net effect</b>	<b>22</b>	<b>(22)</b>	<b>22</b>	<b>(22)</b>
ZAR net asset/liability	(529)	529	104,858	(104,858)
Secured portion from ZAR risk	-	-	-	-
<b>ZAR Net effect</b>	<b>(529)</b>	<b>529</b>	<b>104,858</b>	<b>(104,858)</b>
AUD net asset/liability	7,773	(7,773)	425	425
Secured portion from AUD risk	(7,875)	7,875	(7,875)	7,875
<b>AUD Net effect</b>	<b>(102)</b>	<b>102</b>	<b>(8,300)</b>	<b>8,300</b>
DKK net asset/liability	4,378	(4,378)	4,378	(4,378)
Secured portion from DKK risk	(4,217)	4,217	(4,217)	4,217
<b>DKK Net effect</b>	<b>161</b>	<b>(161)</b>	<b>161</b>	<b>(161)</b>
JPY net asset/liability	-	-	25,001	(25,001)
Secured portion from JPY risk	-	-	-	-
<b>JPY Net effect</b>	-	-	<b>25,001</b>	<b>(25,001)</b>
CAD net asset/liability	679	(679)	679	(679)
Secured portion from CAD risk	(639)	639	(639)	639
<b>CAD Net effect</b>	<b>40</b>	<b>(40)</b>	<b>40</b>	<b>(40)</b>
THB net asset/liability	(13)	13	55,849	(55,849)
Secured portion from THB risk	-	-	-	-
<b>THB Net effect</b>	<b>(13)</b>	<b>13</b>	<b>55,849</b>	<b>(55,849)</b>
EGP net asset/liability	-	-	6,354	(6,354)
Secured portion from EGP risk	-	-	-	-
<b>EGP Net effect</b>	-	-	<b>6,354</b>	<b>(6,354)</b>
UAH net asset/liability	-	-	2,927	(2,927)
Secured portion from UAH risk	-	-	-	-
<b>UAH Net effect</b>	-	-	<b>2,927</b>	<b>(2,927)</b>
CNY net asset/liability	38,393	(38,393)	49,438	(49,438)
Secured portion from CNY risk	(38,055)	38,055	(38,055)	38,055
<b>CNY Net effect</b>	<b>338</b>	<b>(338)</b>	<b>11,383</b>	<b>(11,383)</b>
CHF net asset/liability	(20)	20	20,306	(20,306)
Secured portion from CHF risk	-	-	-	-
<b>CHF Net effect</b>	<b>(20)</b>	<b>20</b>	<b>20,306</b>	<b>(20,306)</b>
BWP net asset/liability	-	-	(64)	64
Secured portion from BWP risk	-	-	-	-
<b>BWP Net effect</b>	-	-	<b>(64)</b>	<b>64</b>
RSD net asset/liability	-	-	4,511	(4,511)
Secured portion from RSD risk	-	-	-	-
<b>RSD Net effect</b>	-	-	<b>4,511</b>	<b>(4,511)</b>
MYR net asset/liability	-	-	(433)	433
Secured portion from MYR risk	-	-	-	-
<b>MYR Net effect</b>	-	-	<b>(433)</b>	<b>433</b>
VND net asset/liability	4,751	(4,751)	3,152	(3,152)
Secured portion from VND risk	(4,761)	4,761	(4,761)	4,761
<b>VND Net effect</b>	<b>(10)</b>	<b>10</b>	<b>(1,609)</b>	<b>1,609</b>
PKR net asset/liability	1	(1)	105,253	(105,253)
Secured portion from PKR risk	-	-	-	-
<b>PKR Net effect</b>	<b>1</b>	<b>(1)</b>	<b>105,253</b>	<b>(105,253)</b>
AED net asset/liability	-	-	1,990	(1,990)
Secured portion from AED risk	-	-	-	-
<b>AED Net effect</b>	-	-	<b>1,990</b>	<b>(1,990)</b>
IDR net asset/liability	-	-	1,093	(1,093)
Secured portion from IDR risk	-	-	-	-
<b>IDR Net effect</b>	-	-	<b>1,093</b>	<b>(1,093)</b>
	<b>(22,034)</b>	<b>22,034</b>	<b>581,159</b>	<b>(581,159)</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
<b>December 31, 2018</b>				
USD net asset/liability	(209,241)	209,241	(209,377)	209,377
Secured portion from USD risk	222,248	(222,248)	222,246	(222,246)
<b>USD Net effect</b>	<b>13,007</b>	<b>(13,007)</b>	<b>12,869</b>	<b>(12,869)</b>
EUR net asset/liability	158,927	(158,927)	105,281	(105,281)
Secured portion from EUR risk	(180,690)	180,690	(87,952)	87,952
<b>EUR Net effect</b>	<b>(21,763)</b>	<b>21,763</b>	<b>17,329</b>	<b>(17,329)</b>
GBP net asset/liability	69,735	(69,735)	86,654	(86,654)
Secured portion from GBP risk	(68,253)	68,253	(68,253)	68,253
<b>GBP Net effect</b>	<b>1,482</b>	<b>(1,482)</b>	<b>18,401</b>	<b>(18,401)</b>
RUB net asset/liability	4,684	(4,684)	63,241	(63,241)
Secured portion from RUB risk	(4,596)	4,596	(4,596)	4,596
<b>RUB Net effect</b>	<b>88</b>	<b>(88)</b>	<b>58,645</b>	<b>(58,645)</b>
RON net asset/liability	1	(1)	106,047	(106,047)
Secured portion from RON risk	-	-	-	-
<b>RON Net effect</b>	<b>1</b>	<b>(1)</b>	<b>106,047</b>	<b>(106,047)</b>
PLN net asset/liability	17,487	(17,487)	30,264	(30,264)
Secured portion from PLN risk	(17,121)	17,121	(17,121)	17,121
<b>PLN Net effect</b>	<b>366</b>	<b>(366)</b>	<b>13,143</b>	<b>(13,143)</b>
CZK net asset/liability	7,364	(7,364)	12,507	(12,507)
Secured portion from CZK risk	(7,966)	7,966	(7,966)	7,966
<b>CZK Net effect</b>	<b>(602)</b>	<b>602</b>	<b>4,541</b>	<b>(4,541)</b>
NOK net asset/liability	(112)	112	883	(883)
Secured portion from NOK risk	-	-	-	-
<b>NOK Net effect</b>	<b>(112)</b>	<b>112</b>	<b>883</b>	<b>(883)</b>
SEK net asset/liability	(43)	43	7,468	(7,468)
Secured portion from SEK risk	-	-	-	-
<b>SEK Net effect</b>	<b>(43)</b>	<b>43</b>	<b>7,468</b>	<b>(7,468)</b>
NZD net asset/liability	275	(275)	275	(275)
Secured portion from NZD risk	(460)	460	(460)	460
<b>NZD Net effect</b>	<b>(185)</b>	<b>185</b>	<b>(185)</b>	<b>185</b>
ZAR net asset/liability	5,719	(5,719)	106,333	(106,333)
Secured portion from ZAR risk	(5,500)	5,500	(5,500)	5,500
<b>ZAR Net effect</b>	<b>219</b>	<b>(219)</b>	<b>100,833</b>	<b>(100,833)</b>
AUD net asset/liability	14,832	(14,832)	8,225	(8,225)
Secured portion from AUD risk	(15,736)	15,736	(15,736)	15,736
<b>AUD Net effect</b>	<b>(904)</b>	<b>904</b>	<b>(7,511)</b>	<b>7,511</b>
DKK net asset/liability	6,283	(6,283)	6,283	(6,283)
Secured portion from DKK risk	(6,448)	6,448	(6,448)	6,448
<b>DKK Net effect</b>	<b>(165)</b>	<b>165</b>	<b>(165)</b>	<b>165</b>
JPY net asset/liability	(45)	45	(45)	45
Secured portion from JPY risk	-	-	-	-
<b>JPY Net effect</b>	<b>(45)</b>	<b>45</b>	<b>(45)</b>	<b>45</b>
CAD net asset/liability	442	(442)	442	(442)
Secured portion from CAD risk	(386)	386	(386)	386
<b>CAD Net effect</b>	<b>56</b>	<b>(56)</b>	<b>56</b>	<b>(56)</b>
THB net asset/liability	(12)	12	53,181	(53,181)
Secured portion from THB risk	-	-	-	-
<b>THB Net effect</b>	<b>(12)</b>	<b>12</b>	<b>53,181</b>	<b>(53,181)</b>
EGP net asset/liability	-	-	4,493	(4,493)
Secured portion from EGP risk	-	-	-	-
<b>EGP Net effect</b>	<b>-</b>	<b>-</b>	<b>4,493</b>	<b>(4,493)</b>
UAH net asset/liability	-	-	1,688	(1,688)
Secured portion from UAH risk	-	-	-	-
<b>UAH Net effect</b>	<b>-</b>	<b>-</b>	<b>1,688</b>	<b>(1,688)</b>
CNY net asset/liability	41,464	(41,464)	53,086	(53,086)
Secured portion from CNY risk	(42,614)	42,614	(42,614)	42,614
<b>CNY Net effect</b>	<b>(1,150)</b>	<b>1,150</b>	<b>10,472</b>	<b>(10,472)</b>
CHF net asset/liability	(14)	14	25,552	(25,552)
Secured portion from CHF risk	-	-	-	-
<b>CHF Net effect</b>	<b>(14)</b>	<b>14</b>	<b>25,552</b>	<b>(25,552)</b>
BWP net asset/liability	-	-	109	(109)
Secured portion from BWP risk	-	-	-	-
<b>BWP Net effect</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>(109)</b>
RSD net asset/liability	-	-	5,325	(5,325)
Secured portion from RSD risk	-	-	-	-
<b>RSD Net effect</b>	<b>-</b>	<b>-</b>	<b>5,325</b>	<b>(5,325)</b>
MYR net asset/liability	-	-	689	(689)
Secured portion from MYR risk	-	-	-	-
<b>MYR Net effect</b>	<b>-</b>	<b>-</b>	<b>689</b>	<b>(689)</b>
VND net asset/liability	-	-	886	(886)
Secured portion from VND risk	-	-	-	-
<b>VND Net effect</b>	<b>-</b>	<b>-</b>	<b>886</b>	<b>(886)</b>
PKR net asset/liability	1	(1)	106,993	(106,993)
Secured portion from PKR risk	-	-	-	-
<b>PKR Net effect</b>	<b>1</b>	<b>(1)</b>	<b>106,993</b>	<b>(106,993)</b>
AED net asset/liability	-	-	1,604	(1,604)
Secured portion from AED risk	-	-	-	-
<b>AED Net effect</b>	<b>-</b>	<b>-</b>	<b>1,604</b>	<b>(1,604)</b>
IDR net asset/liability	-	-	1,746	(1,746)
Secured portion from IDR risk	-	-	-	-
<b>IDR Net effect</b>	<b>-</b>	<b>-</b>	<b>1,746</b>	<b>(1,746)</b>
	<b>(9,775)</b>	<b>9,775</b>	<b>545,047</b>	<b>(545,047)</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

Import and exports performed to / from Turkey for the nine-month periods ended as of September 30 are as follows:

	September 30, 2019		September 30, 2018	
	Original Amount	TRY equivalent	Original amount	TRY equivalent
EUR	771,155,165	4,875,288	702,459,628	3,915,116
USD	239,772,281	1,353,544	288,129,034	1,362,369
GBP	222,453,580	1,590,142	218,917,551	1,387,409
Other		816,982		764,340
<b>Total exports</b>		<b>8,635,956</b>		<b>7,429,234</b>
EUR	237,359,212	1,547,770	259,243,220	1,558,508
USD	579,733,466	3,462,769	652,490,582	3,298,808
GBP	610,199	4,475	872,903	6,317
Other		2,491		4,024
<b>Total imports</b>		<b>5,017,505</b>		<b>4,867,657</b>

*Fair value of financial instruments*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

*Financial Assets*

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

*Financial Liabilities*

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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

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

As of September 30, 2019, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 9,409,184 (December 31, 2018: TRY 7,923,499) (Note 7) and TRY 9,570,568 (December 31, 2018: TRY 7,712,416) respectively. Fair value is calculated by discounting the cash out flows regarding due dates of borrowings considering the changing country risk premium and changes in market interest rates.

**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. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of September 30, 2019 is as follows:

<b>Financial assets carried at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative instruments (assets) (Note 8)	-	8,261	-
Financial investments (Note 6)	2,431	-	-

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

Derivative instruments (liabilities) (Note 8)	-	65,142	-
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Fair value hierarchy table as of December 31, 2018 is as follows:

<b>Financial assets carried at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative instruments (assets) (Note 8)	-	195,218	-
Financial investments (Note 6)	1,777	-	-

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

Derivative instruments (liabilities) (Note 8)	-	251,095	-
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**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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

**NOTE 30 - SUPPLEMENTARY CASH FLOW INFORMATION**

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

Details of “adjustments for provisions” and “adjustments for impairment loss” lines presented in the consolidated statements of cash flows are as follows:

	<b>January 1- September 30, 2019</b>	<b>January 1- September 30, 2018</b>
<b>Adjustments for provisions:</b>		
Accrual for customer premiums	363,582	336,367
Accrual for bonuses and premiums	85,441	82,460
Warranty provision	43,137	147,029
Provision for employment termination benefits	23,940	23,751
Provision for vacation pay liability	18,249	20,069
Provision for assembly and transportation cost	17,128	16,921
Provision for legal claims	10,661	3,348
Return provisions	(2,415)	7,284
	<b>559,723</b>	<b>637,229</b>
<b>Adjustments for impairment loss:</b>		
Provision for doubtful receivables	31,604	19,372
Provision for impairment on inventories	20,742	10,264
	<b>52,346</b>	<b>29,636</b>

**NOTE 31 – EVENTS AFTER BALANCE SHEET DATE**

None.