

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

## **Arçelik Anonim Şirketi**

**January 1 – March 31, 2012 condensed interim consolidated financial statements**

## ARÇELİK ANONİM ŞİRKETİ

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**ARÇELİK ANONİM ŞİRKETİ**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2012 AND DECEMBER 31, 2011**

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

		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	1,370,402	1,173,889
Derivative financial instruments	7	1,237	2,932
Trade receivables	8	3,329,640	3,180,870
Inventories	9	1,595,143	1,530,141
Other current assets	17	149,186	146,017
<b>Total current assets</b>		<b>6,445,608</b>	<b>6,033,849</b>
<b>Non-current assets:</b>			
Trade receivables	8	22,607	16,018
Financial investments	5	491,376	491,376
Associates	11	157,687	160,580
Investment properties	12	6,188	6,441
Property, plant and equipment	13	1,434,034	1,446,841
Intangible assets	14	775,901	783,094
Goodwill		194,923	196,167
Deferred tax assets	22	70,408	63,387
<b>Total non-current assets</b>		<b>3,153,124</b>	<b>3,163,904</b>
<b>Total assets</b>		<b>9,598,732</b>	<b>9,197,753</b>

These condensed interim consolidated financial statements as at and for the period ended March 31, 2012, have been approved for issue by the Board of Directors on April 30, 2012 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

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

**ARÇELİK ANONİM ŞİRKETİ**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2012 AND DECEMBER 31, 2011**

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

		<b>Unaudited</b>	<b>Audited</b>
	<b>Notes</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Financial liabilities	6	1,574,913	1,628,943
Derivative financial instruments	7	1,072	195
Trade payables	8	1,220,550	1,249,531
Other payables	10	472,300	183,691
Current income tax liabilities	22	9,178	23,250
Provisions	16	252,713	232,390
Other non-current liabilities	17	273,235	212,620
<b>Total current liabilities</b>		<b>3,803,961</b>	<b>3,530,620</b>
<b>Non-current liabilities:</b>			
Financial liabilities	6	1,853,335	1,528,237
Due to related parties	24	64,534	70,539
Provisions for employment termination benefits		111,669	106,782
Deferred tax liabilities	22	225,671	226,142
Provisions	16	79,901	81,519
Other non-current liabilities		2,062	2,273
<b>Total non-current liabilities</b>		<b>2,337,172</b>	<b>2,015,492</b>
<b>Total liabilities</b>		<b>6,141,133</b>	<b>5,546,112</b>
<b>EQUITY</b>			
Paid-in capital	18	675,728	675,728
Adjustment to share capital	18	468,811	468,811
Share premium		889	889
Revaluation fund	18	343,052	341,505
Restricted reserves	18	216,687	190,066
Currency translation differences		126,024	145,922
Contribution to shareholders’ equity due to merger	18	14,507	14,507
Retained earnings		1,381,962	1,201,658
Net income for the period- equity holders of the parent		121,161	506,506
<b>Attributable to</b>		<b>3,348,821</b>	<b>3,545,592</b>
Equity holders of the parent			
Non-controlling interest		108,778	106,049
<b>Total equity</b>		<b>3,457,599</b>	<b>3,651,641</b>
<b>Total liabilities and equity</b>		<b>9,598,732</b>	<b>9,197,753</b>

Commitments, contingent assets and

Liabilities 15

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011

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

		Unaudited	Unaudited
		January 1 -	January 1 -
		March 31	March 31
	Notes	2012	2011
Net sales	3	2,405,985	1,699,386
Cost of sales		(1,725,248)	(1,166,731)
<b>Gross profit</b>		<b>680,737</b>	<b>532,655</b>
Marketing, selling and distribution expenses		(411,850)	(292,953)
General administrative expenses		(84,436)	(71,899)
Research and development expenses		(23,236)	(17,625)
Other income	19	11,300	7,081
Other expenses	19	(9,210)	(10,013)
<b>Operating profit</b>		<b>163,305</b>	<b>147,246</b>
Income from associates (net)	11	8,345	6,744
Financial income	20	133,106	159,933
Financial expenses	21	(163,210)	(152,501)
<b>Income before tax</b>		<b>141,546</b>	<b>161,422</b>
<b>Income tax</b>			
- Taxes on income	22	(19,691)	(26,090)
- Deferred tax income/expense	22	5,160	(2,496)
<b>Net income</b>		<b>127,015</b>	<b>132,836</b>
<b>Attributable to:</b>			
Non-controlling interest		5,854	7,230
<b>Equity holders of the parent</b>		<b>121,161</b>	<b>125,606</b>
<b>Earnings per share (Kr)</b>	23	<b>0.179</b>	<b>0.186</b>

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

**ARÇELİK ANONİM ŞİRKETİ**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011**

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

	<b>Unaudited</b>	<b>Unaudited</b>
	<b>January 1- March 31</b>	<b>January 1- March 31</b>
	<b>2012</b>	<b>2011</b>
<b>Net income for the period</b>	<b>127,015</b>	<b>132,836</b>
<b>Other comprehensive income /(expense):</b>		
Foreign currency hedge of net investments in foreign operations	11,610	(19,536)
Tax effect	(2,322)	3,907
	<b>9,288</b>	<b>(15,629)</b>
<b>Share of other comprehensive income of associates</b>	<b>(431)</b>	<b>-</b>
<b>Tax effect of amortization calculated over intangible assets revaluation increases</b>	<b>107</b>	<b>98</b>
Currency translation differences	(30,021)	54,482
<b>Other comprehensive income/(loss) (net of tax)</b>	<b>(21,057)</b>	<b>38,951</b>
<b>Total comprehensive income</b>	<b>105,958</b>	<b>171,787</b>
<b>Attributable to:</b>		
Non-controlling interest	2,729	10,604
Equity holders of the parent	<b>103,229</b>	<b>161,183</b>

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

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

## ARÇELİK ANONİM ŞİRKETİ

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011

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

	Paid-in capital	Adjustment to share capital	Share premium	Revaluation funds	Restricted reserves	Currency translation	Contribution to shareholders' equity due to merger	Retained earnings	Net income for the period	Equity holders of the parent	Non- controlling interest	Total equity
<b>As of January 1, 2011</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>511,969</b>	<b>168,445</b>	<b>29,585</b>	<b>14,507</b>	<b>954,525</b>	<b>517,093</b>	<b>3,341,552</b>	<b>66,182</b>	<b>3,407,734</b>
<i>Comprehensive income</i>												
Net income for the period	-	-	-	-	-	-	-	-	125,606	125,606	7,230	132,836
<i>Other comprehensive income:</i>												
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	(15,629)	-	-	-	-	-	(15,629)	-	(15,629)
Tax effect of amortisation calculated over intangible assets revaluation increases	-	-	-	98	-	-	-	-	-	98	-	98
Currency translation differences	-	-	-	12,740	-	38,368	-	-	-	51,108	3,374	54,482
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,791)</b>	<b>-</b>	<b>38,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,577</b>	<b>3,374</b>	<b>38,951</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,791)</b>	<b>-</b>	<b>38,368</b>	<b>-</b>	<b>-</b>	<b>125,606</b>	<b>161,183</b>	<b>10,604</b>	<b>171,787</b>
Transfers	-	-	-	-	-	-	-	517,093	(517,093)	-	-	-
Amortisation effect of the revaluation of intangible assets (net)	-	-	-	(384)	-	-	-	384	-	-	-	-
Dividends paid	-	-	-	-	21,621	-	-	(271,621)	-	(250,000)	-	(250,000)
<b>As of March 31, 2011</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>508,794</b>	<b>190,066</b>	<b>67,953</b>	<b>14,507</b>	<b>1,200,381</b>	<b>125,606</b>	<b>3,252,735</b>	<b>76,786</b>	<b>3,329,521</b>
<b>As of January 1, 2012</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>341,505</b>	<b>190,066</b>	<b>145,922</b>	<b>14,507</b>	<b>1,201,658</b>	<b>506,506</b>	<b>3,545,592</b>	<b>106,049</b>	<b>3,651,641</b>
<i>Comprehensive income</i>												
Net income for the period	-	-	-	-	-	-	-	-	121,161	121,161	5,854	127,015
<i>Other comprehensive income:</i>												
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	9,288	-	-	-	-	-	9,288	-	9,288
Share of other comprehensive income/(loss) of associates	-	-	-	(431)	-	-	-	-	-	(431)	-	(431)
Tax effect of amortisation calculated over intangible assets revaluation increases	-	-	-	107	-	-	-	-	-	107	-	107
Currency translation differences	-	-	-	(6,998)	-	(19,898)	-	-	-	(26,896)	(3,125)	(30,021)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,966</b>	<b>-</b>	<b>(19,898)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,932)</b>	<b>(3,125)</b>	<b>(21,057)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,966</b>	<b>-</b>	<b>(19,898)</b>	<b>-</b>	<b>-</b>	<b>121,161</b>	<b>103,229</b>	<b>2,729</b>	<b>105,958</b>
Transfers	-	-	-	-	-	-	-	506,506	(506,506)	-	-	-
Amortisation effect of the revaluation of intangible assets (net)	-	-	-	(419)	-	-	-	419	-	-	-	-
Dividends paid	-	-	-	-	26,621	-	-	(326,621)	-	(300,000)	-	(300,000)
<b>As of March 31, 2012</b>	<b>675,728</b>	<b>468,811</b>	<b>889</b>	<b>343,052</b>	<b>216,687</b>	<b>126,024</b>	<b>14,507</b>	<b>1,381,962</b>	<b>121,161</b>	<b>3,348,821</b>	<b>108,778</b>	<b>3,457,599</b>

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR PERIODS ENDED MARCH 31, 2012 AND 2011

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

	Notes	Unaudited 1 January- 31 March 2012	Unaudited 1 January- 31 March 2011
<b>Operating activities:</b>			
<b>Income before tax</b>		<b>141,546</b>	<b>161,422</b>
<i>Adjustments to reconcile net cash provided from operating activities to income before taxes:</i>			
Changes in provisions	26	71,825	72,001
Depreciation and amortization		64,154	52,145
Interest income	20	(6,666)	(13,919)
Interest expenses	21	41,596	23,716
Income from associates (net)	11	(8,345)	(6,744)
Gain/ loss from sales of tangible and intangible assets (net)		(191)	619
<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>		<b>303,919</b>	<b>289,240</b>
Changes in operating assets and liabilities (net)	26	(278,415)	(305,660)
Corporate taxes paid		(11,457)	(7,172)
<b>Cash flows from operating activities</b>		<b>14,047</b>	<b>(23,592)</b>
<b>Investing activities:</b>			
Acquisition of tangible and intangible assets		(57,434)	(41,496)
Interest received		5,242	16,614
Cash provided from sales of tangible and intangible assets		645	3,592
Dividends received	11	10,807	5,553
<b>Cash flows from investing activities</b>		<b>(40,740)</b>	<b>(15,737)</b>
<b>Financing activities:</b>			
Proceeds from bank borrowings		599,916	369,583
Repayment of bank borrowings		(331,185)	(315,668)
Dividends paid		-	(250,000)
Interest paid		(39,259)	(19,848)
<b>Cash flows from financing activities</b>		<b>229,472</b>	<b>(215,933)</b>
Currency translation differences (net)		(7,691)	10,706
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>195,088</b>	<b>(244,556)</b>
<b>Cash and cash equivalents at January 1</b>	4	<b>1,172,662</b>	<b>1,313,075</b>
<b>Cash and cash equivalents at March 31</b>	4	<b>1,367,750</b>	<b>1,068,519</b>

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

Arçelik Anonim Şirketi (a Turkish corporation - “Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates fourteen manufacturing plants in Turkey, Romania, Russia, China and Republic of South Africa. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 18).

The Company’s head office is located at:

Karaağaç Caddesi No: 2-6

Sütlüce 34445 Beyoğlu

Istanbul / Turkey

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1986. At March 31, 2012, the publicly quoted shares are 25.19% of the total shares.

The average number of employees of the Group in the period ended March 31, 2012 is 21,893 (1 January-31 March 2011: 18,149).

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Core Business</u>	<u>Nature of business</u>
<b>Ceased operations as of balance sheet date</b>			
Archin Limited (“Archin”)	Hong Kong, China	-	-
ArcticPro SRL (“ArcticPro”)	Romania	-	-
Beko Cesko (“Beko Cesko”)	Czech Republic	-	-
Beko Magyarország K.F.T. (“Beko Magyarország”)	Hungary	-	-
Beko S.A. Hungary (“Beko Hungary”)	Hungary	-	-
Blomberg Vertriebsgesellschaft GmbH (“Blomberg Vertrieb”)	Germany	-	-
Blomberg Werke GmbH (“Blomberg Werke”)	Germany	-	-
Carron SA (Proprietary) Limited (“Defy Carron”)	Republic of South Africa	-	-
Grundig Ceska Republika S.r.o (“Grundig Ceska”)	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	-	-
Grundig Italiana S.p.A. (“Grundig Italy”)	Italy	-	-
Grundig Magyarország Kft. (“Grundig Hungary”)	Hungary	-	-
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	-	-
Grundig Slovakia s.r.o (“Grundig Slovakia”)	Slovakia	-	-
Ocean Appliances Limited. (“Defy Ocean”)	Republic of South Africa	-	-
<b>Associates</b>			
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer durables
Koç Tüketici Finansmanı A.Ş. (“Koç Tüketici Finans”)	Turkey	Finance	Consumer finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign trade
Tanı Pazarlama İ.H.A.Ş. (“Tanı Pazarlama”)	Turkey	Consultancy	Marketing and communication

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

##### 2.1 Basis of presentation

##### Financial reporting standards

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

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the condensed interim consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The condensed interim consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated April 14, 2008 and January 9, 2009 including the compulsory disclosures.

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

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

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 31 March 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2012. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

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

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

##### **IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)**

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have impact on the financial position or performance of the Group.

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

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

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

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

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

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

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

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

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

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

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

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

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

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

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

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

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

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

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

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

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

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

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

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

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

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

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

##### **Functional and presentation currency**

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

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

Financial statements of subsidiaries operating in countries other than Turkey are adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are included in the “currency translation difference” under the shareholders’ equity.

##### **Consolidation principles**

The condensed interim consolidated financial statements, which have been prepared in accordance with the principles disclosed in the annual consolidated financial statements for the year ended December 31, 2011, include the accounts of the parent company, Arçelik, and its Subsidiaries.

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012**

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

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

The table below sets out all Subsidiaries included in the scope of consolidation and discloses their direct and indirect ownership, which are identical to their economic interests, at March 31, 2012 and December 31, 2011 (%):

	March 31, 2012		December 31, 2011	
	Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
Archin	100.00	100,00	100,00	100,00
Arctic	96.71	96,71	96,71	96,71
Arctic Pro	100.00	100,00	100,00	100,00
Ardutch	100.00	100,00	100,00	100,00
Ardutch Taiwan	100.00	100,00	100,00	100,00
Beko Australia	100.00	100,00	100,00	100,00
Beko Cesko	100.00	100,00	100,00	100,00
Beko China	100.00	100,00	100,00	100,00
Beko Czech	100.00	100,00	100,00	100,00
Beko Deutschland <sup>(1)</sup>	100.00	100,00	100,00	100,00
Beko Espana	100.00	100,00	100,00	100,00
Beko France	100.00	100,00	100,00	100,00
Beko Hungary	100.00	100,00	100,00	100,00
Beko Italy	100.00	100,00	100,00	100,00
Beko Magyarorszag	100.00	100,00	100,00	100,00
Beko Polska	100.00	100,00	100,00	100,00
Beko Russia	100.00	100,00	100,00	100,00
Beko Slovakia	100.00	100,00	100,00	100,00
Beko Shanghai	100.00	100,00	100,00	100,00
Beko UK	50.00	50,00	50,00	50,00
Blomberg Vertrieb <sup>(1)</sup>	100.00	100,00	100,00	100,00
Blomberg Werke	100.00	100,00	100,00	100,00
Defy	100.00	100,00	100,00	100,00
Defy Botswana	100.00	100,00	-	-
Defy Carron	100.00	100,00	100,00	100,00
Defy Kindoc	100.00	100,00	100,00	100,00
Defy Namibia	100.00	100,00	100,00	100,00
Defy Ocean	100.00	100,00	100,00	100,00
Defy Trust Two	100.00	100,00	100,00	100,00
Elektra Bregenz	100.00	100,00	100,00	100,00
Grundig Multimedia	100.00	100,00	100,00	100,00
Grundig Austria	100.00	100,00	100,00	100,00
Grundig Czech Republic	100.00	100,00	100,00	100,00
Grundig Intermedia	100.00	100,00	100,00	100,00
Grundig Italy	100.00	100,00	100,00	100,00
Grundig Hungary	100.00	100,00	100,00	100,00
Grundig Norway	100.00	100,00	100,00	100,00
Grundig Portugal	100.00	100,00	100,00	100,00
Grundig Polska <sup>(2)</sup>	-	-	100,00	100,00
Grundig Slovakia	100.00	100,00	100,00	100,00
Grundig Sweden	100.00	100,00	100,00	100,00
Raupach	100.00	100,00	100,00	100,00

<sup>(1)</sup> Beko Deutschland and Bloomberg Vertrieb were legally merged in April 2012.

<sup>(2)</sup> Dissolved in 2012.

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

##### Going concern

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

##### Offsetting

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

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

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

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

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

#### 2.3 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the period ended March 31, 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2011. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011.

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

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

#### NOTE 3 - SEGMENT REPORTING

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

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

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

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

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

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

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2012**

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

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

- b) Operational segments which have been prepared in accordance with the reportable segments for the three-month period ended March 31, 2011 are as follows:

	<b>White Goods</b>	<b>Consumer Electronics</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,099,497	318,503	281,386	1,699,386
Gross profit	390,793	67,314	74,548	532,655
Depreciation and amortisation	41,886	9,037	1,867	52,790
Capital expenditures	34,215	7,250	676	42,141
Income from associates	-	-	6,744	6,744

- c) Sales revenue that is grouped geographically for the three-months periods ended at March 31 are shown below:

<b>January 1 – March 31, 2012</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	1,037,183	899,845	222,641	246,316	2,405,985
Income from associates	8,345	-	-	-	8,345
<b>January 1 – March 31, 2011</b>	<b>Turkey</b>	<b>Europe</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	840,583	647,541	22,914	188,348	1,699,386
Income from associates	6,744	-	-	-	6,744

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2012

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	March 31, 2012	December 31, 2011
Cash in hand	318	309
Cash at banks		
- demand deposits	89,577	90,986
- time deposits	1,240,394	1,040,416
Cheques and notes	32,407	38,044
Other	5,054	2,907
<b>Cash and cash equivalents in cash flow statement</b>	<b>1,367,750</b>	<b>1,172,662</b>
Interest income accruals	2,652	1,227
	<b>1,370,402</b>	<b>1,173,889</b>

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

Up to 30 days	1,057,691	839,628
30-90 days	312,711	334,261
	<b>1,370,402</b>	<b>1,173,889</b>

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

TRY	10.0	-
USD	2.0	1.9
EUR	1.8	1.8
RON	3.0	4.7
GBP	0.2	0.2
CNY	2.3	2.1
PLN	4.2	4.1
ZAR	5.0	5.0

NOTE 5 - FINANCIAL INVESTMENTS

*Available-for-sale investments*

	March 31, 2012		December 31, 2011	
	%	TRY	%	TRY
Koç Finansal Hizmetler A.Ş.	3.98	489,888	3.98	489,888
Other		1,488		1,488
		<b>491,376</b>		<b>491,376</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2012**

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

**NOTE 6 - FINANCIAL LIABILITIES**

**a) Short-term financial liabilities**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Short-term bank borrowings	1,068,463	1,078,206
Short-term portion of long-term bank borrowings	506,336	550,554
Other	114	183
	<b>1,574,913</b>	<b>1,628,943</b>

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

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	8.7	-	55,017
EUR	1.7	348,453,874	824,578
RUB	7.8	1,522,795,082	91,109
USD	1.3	42,519,037	75,382
CNY	6.1	42,071,167	11,745
SEK	2.8	39,794,280	10,592
RON	4.5	75,499	40
			<b>1,068,463</b>

As of December 31, 2011, the details of short-term bank borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	13.0	-	26,710
EUR	2.1	388,022,169	948,245
RUB	7.3	1,564,499,204	90,976
CNY	6.0	35,056,933	10,570
USD	0.4	887,118	1,676
RON	6.3	52,422	29
			<b>1,078,206</b>

**b) Long-term financial liabilities**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Long-term bank borrowings	1,853,245	1,528,130
Other	90	107
	<b>1,853,335</b>	<b>1,528,237</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2012**

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

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

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

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY Equivalent</b>
TRY	11.2	-	756,011
EUR	3.4	453,955,655	1,074,241
USD	2.2	127,924,610	226,798
ZAR	7.2	684,110,810	158,969
GBP	3.2	50,608,830	143,562
			<b>2,359,581</b>
Less: Short-term portion			(506,336)
			<b>1,853,245</b>

As of December 31, 2011, the details of the long-term bank borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original currency</b>	<b>TRY Equivalent</b>
TRY	11.6	-	505,254
EUR	3.7	419,908,838	1,026,175
USD	2.2	127,356,398	240,563
ZAR	7.2	684,257,945	160,246
GBP	3.2	50,204,425	146,446
			<b>2,078,684</b>
Less: Short-term portion			(550,554)
			<b>1,528,130</b>

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
2013	1,129,965	1,039,370
2014	473,280	488,760
2015	250,000	-
	<b>1,853,245</b>	<b>1,528,130</b>

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

Up to 6 months	3,428,044	3,156,890
	<b>3,428,044</b>	<b>3,156,890</b>

**ARÇELİK ANONİM ŞİRKETİ**

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

**NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>March 31, 2012</b>			<b>December 31, 2011</b>		
	<b>Contract amount</b>	<b>Fair value</b>		<b>Contract amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>(Liabilities)</b>		<b>Assets</b>	<b>(Liabilities)</b>
<i>Held for trading:</i>						
Forward transactions	501,326	1,237	(161)	400,607	2,364	(134)
Foreign currency swap contracts	196,945	-	(911)	294,270	568	(61)
	<b>698,271</b>	<b>1,237</b>	<b>(1,072)</b>	<b>694,877</b>	<b>2,932</b>	<b>(195)</b>

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Short-term trade receivables:</b>		
Trade receivables	2,020,667	1,864,092
Notes receivables	1,212,507	1,241,891
Cheques receivables	169,598	165,888
Due from related parties (Note 24)	41,701	23,402
<b>Short-term trade receivables (gross)</b>	<b>3,444,473</b>	<b>3,295,273</b>
Provision for doubtful receivables	(93,365)	(93,579)
Unearned credit finance income	(21,468)	(20,824)
<b>Short-term trade receivables (net)</b>	<b>3,329,640</b>	<b>3,180,870</b>

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

	<b>2012</b>	<b>2011</b>
<b>Balance as of January 1</b>	<b>93,579</b>	<b>110,611</b>
Additions (Note 19)	3,168	3,730
Provisions released (Note 19)	(1,027)	(849)
Write-offs	(530)	(60)
Currency translation differences	(1,825)	2,144
<b>Balance as of March 31</b>	<b>93,365</b>	<b>115,576</b>

**ARÇELİK ANONİM ŞİRKETİ**

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Long-term trade receivables:</b>		
Trade receivables	22,607	16,018
	<b>22,607</b>	<b>16,018</b>
<b>Short-term trade payables:</b>		
Trade payables	1,062,876	1,127,816
Due to related parties (Note 24)	166,163	133,283
Unearned credit finance charges	(8,489)	(11,568)
	<b>1,220,550</b>	<b>1,249,531</b>

**NOTE 9 - INVENTORIES**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Raw materials and supplies	697,969	783,785
Work in progress	54,533	49,382
Finished goods	709,429	576,128
Trade goods	196,563	184,157
<b>Inventories (gross)</b>	<b>1,658,494</b>	<b>1,593,452</b>
Provision for impairment on inventories	(63,351)	(63,311)
<b>Inventories (net)</b>	<b>1,595,143</b>	<b>1,530,141</b>

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Raw materials and supplies	55,209	55,059
Finished goods	5,585	5,698
Trade goods	2,557	2,554
	<b>63,351</b>	<b>63,311</b>

**ARÇELİK ANONİM ŞİRKETİ**

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**NOTE 9 – INVENTORIES (Continued)**

Movement of provision for impairment on inventories for the three months periods ended March 31, is as follows:

	<b>2012</b>	<b>2011</b>
<b>Balance as of January 1</b>	<b>63,311</b>	<b>72,578</b>
Additions (Note 19)	451	793
Realised due to sales of inventory	(165)	(990)
Currency translation differences	(246)	444
<b>Balance as of March 31</b>	<b>63,351</b>	<b>72,825</b>

**NOTE 10 – OTHER PAYABLES**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Dividends payable to equity holders	301,917	2,002
Taxes and duties payable	142,687	122,096
Payables to personnel	17,662	51,655
Deposits and guarantees received	9,157	6,243
Other	877	1,695
	<b>472,300</b>	<b>183,691</b>

**NOTE 11 - ASSOCIATES**

	<b>March 31, 2012</b>		<b>December 31, 2011</b>	
	<b>%</b>	<b>TL</b>	<b>%</b>	<b>TL</b>
Koç Tüketici Finans	47.0	69,055	47.0	74,287
Arçelik - LG	45.0	69,880	45.0	67,296
Ram Dış Ticaret	33.5	12,846	33.5	13,026
Tanı Pazarlama	32.0	5,906	32.0	5,971
		<b>157,687</b>		<b>160,580</b>

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

	<b>2012</b>	<b>2011</b>
<b>Balance as of January 1</b>	<b>160,580</b>	<b>136,604</b>
Shares of income/loss of associates	8,345	6,744
Shares of other comprehensive income of associates	(431)	-
Dividends received	(10,807)	(5,553)
<b>Balance as of March 31</b>	<b>157,687</b>	<b>137,795</b>

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 11 – ASSOCIATES (Continued)

*Shares of income/loss from associates*

	January 1 - March 31 2012	January 1 - March 31 2011
Koç Tüketici Finans	4,599	3,436
Arçelik - LG	2,584	1,538
Ram Dış Ticaret	1,227	1,064
Tanı Pazarlama	(65)	706
	<b>8,345</b>	<b>6,744</b>

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

	March 31, 2012	December 31, 2011
Total assets	2,170,542	1,996,446
Total liabilities	1,811,522	1,631,776

  

	January 1 - March 31 2012	January 1 - March 31 2011
Sales revenues	421,273	382,063
Net income/loss for the period	18,987	16,113

NOTE 12 - INVESTMENT PROPERTIES

	2012	2011
<b>Balance as of January 1:</b>		
Cost	13,754	11,441
Accumulated depreciation	(7,313)	(5,961)
<b>Net carrying value</b>	<b>6,441</b>	<b>5,480</b>
<b>Net carrying value at the beginning of the period</b>	<b>6,441</b>	<b>5,480</b>
Currency translation differences	(217)	371
Depreciation for the period	(36)	(33)
<b>Net carrying value at the end of the period</b>	<b>6,188</b>	<b>5,818</b>
<b>Balance as of March 31:</b>		
Cost	13,297	12,222
Accumulated depreciation	(7,109)	(6,404)
<b>Net carrying value</b>	<b>6,188</b>	<b>5,818</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT**

	<b>2012</b>	<b>2011</b>
<b>Balance as of January 1:</b>		
Cost	3,743,663	3,410,540
Accumulated depreciation	(2,296,822)	(2,158,295)
<b>Net carrying value</b>	<b>1,446,841</b>	<b>1,252,245</b>
<b>Net carrying value at the beginning of the period</b>		
Additions	39,888	26,501
Disposals	(454)	(4,191)
Currency translation differences	(3,441)	18,078
Depreciation for the period	(48,800)	(42,342)
<b>Net carrying value at the end of the period</b>	<b>1,434,034</b>	<b>1,250,291</b>
<b>Balance as of March 31:</b>		
Cost	3,764,413	3,459,491
Accumulated depreciation	(2,330,379)	(2,209,200)
<b>Net carrying value</b>	<b>1,434,034</b>	<b>1,250,291</b>

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

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 14 - INTANGIBLE ASSETS**

	<b>2012</b>	<b>2011</b>
<b>Balance as of January 1:</b>		
Cost	960,127	597,299
Accumulated amortisation	(177,033)	(135,882)
<b>Net carrying value</b>	<b>783,094</b>	<b>461,417</b>
<b>Net carrying value at the beginning of the period</b>	<b>783,094</b>	<b>461,417</b>
Additions	18,926	15,640
Disposals	-	(20)
Currency translation differences	(9,421)	12,400
Amortisation for the period	(16,698)	(10,415)
<b>Net carrying value at the end of the period</b>	<b>775,901</b>	<b>479,022</b>
<b>Balance as of March 31:</b>		
Cost	969,119	626,294
Accumulated amortisation	(193,218)	(147,272)
<b>Net carrying value</b>	<b>775,901</b>	<b>479,022</b>

Net carrying value of the development costs as of March 31, 2012 is TRY 202,324 (March 31, 2011: TRY 167,242), and capitalized development costs in the period is TRY 17,317 (January 1 - March 31 2011: TRY 13,663).

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

As of March 31, 2012, export commitments from Turkey under the scope of export incentives amounts to full USD 1,313,415,835 (December 31, 2011: USD 1,244,265,732).

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Up to 1 year	13,726	14,330
1-5 years	24,837	25,651
Over 5 years	17,495	19,076
<b>Operating lease commitments</b>	<b>56,058</b>	<b>59,057</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Derivative financial instruments contracts commitments**

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

	<b>Foreign exchange purchase commitment</b>	<b>Foreign exchange sales commitment</b>
<b>March 31, 2012</b>		
EUR	40,745	-
TRY	-	72,500
USD	306,990	-
GBP	-	99,284
PLN	-	37,237
RUB	-	89,745
SEK	-	26,616
ZAR	-	25,154
	<b>347,735</b>	<b>350,536</b>

	<b>Foreign exchange purchase commitment</b>	<b>Foreign exchange sales commitment</b>
<b>December 31, 2011</b>		
EUR	79,772	19,550
TRY	-	38,916
USD	250,916	5,899
GBP	-	102,096
PLN	-	26,507
RUB	5,815	95,948
RON	12,273	-
SEK	-	39,470
ZAR	-	17,715
	<b>348,776</b>	<b>346,101</b>

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Collaterals obtained	1,983,205	1,989,719

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>CPM’s given by the Company</b>		
A. CPM’s given for companies own legal personality	306,384	177,329
B. CPM’s given on behalf of fully consolidated companies	13,297	14,167
C. CPM’s given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM’s	-	-
i) Total amount of CPM’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPM’s given to on behalf of other Group Companies which are not in scope of B and C.	-	-
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C.	-	-
<b>Total</b>	<b>319,681</b>	<b>191,496</b>

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

<b>CPM's given by the Company</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
USD	269,315	130,297
EUR	26,661	26,857
TRY	20,053	32,248
Other	3,652	2,094
	<b>319,681</b>	<b>191,496</b>

**NOTE 16 - PROVISIONS**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Short-term provisions:</b>		
Warranty provision	135,083	128,996
Assembly provision	58,463	44,605
Provision for lawsuit risks	8,816	8,021
Provision for transportation cost	8,774	9,250
Provision for returns	6,688	6,756
Other	34,889	34,762
	<b>252,713</b>	<b>232,390</b>
<b>Long-term provisions:</b>		
Warranty provision	78,420	79,761
Other	1,481	1,758
	<b>79,901</b>	<b>81,519</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 17 - OTHER ASSETS AND LIABILITIES**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Other current assets:</b>		
Prepaid expenses	36,865	15,988
Value added tax and personal consumption tax receivables	34,749	24,811
Prepaid taxes and funds	29,078	24,855
Taxes and funds deductible	21,581	59,136
Advances given for fixed assets	7,178	4,480
Assets obtained as loan/receivable collaterals	6,883	7,021
Order advances given	1,523	1,530
Other	11,329	8,196
	<b>149,186</b>	<b>146,017</b>
<b>Other current liabilities:</b>		
Accruals for customer premiums	146,758	115,406
Advances received	53,161	47,483
Accruals for license fee expenses	25,779	19,121
Accruals for sales and marketing expenses	19,973	11,234
Accruals for bonuses and premiums	12,157	7,057
Accruals for advertising expenses	11,639	6,166
Liabilities attributable to the acquisition of subsidiary	-	2,676
Other	3,768	3,477
	<b>273,235</b>	<b>212,620</b>

**NOTE 18 - EQUITY**

**Paid-in capital**

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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#### NOTE 18 – EQUITY (Continued)

The shareholding structure of the Company is as follows:

	March 31, 2012		December 31, 2011	
	Share %	Amount	Share %	Amount
<b>Shareholders:</b>				
Koç Holding A.Ş.	40.51	273,742	40.51	273,742
Temel Ticaret ve Yatırım A.Ş.	2.75	18,577	2.75	18,577
Semahat S. Arsel	2.72	18,397	2.72	18,397
Suna Kıraç	2.60	17,542	2.60	17,542
Rahmi M. Koç	2.44	16,474	2.44	16,474
Mustafa V. Koç	0.91	6,177	0.91	6,177
<b>Total Koç Family members and companies owned by Koç Family members</b>	<b>51.93</b>	<b>350,909</b>	<b>51.93</b>	<b>350,909</b>
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	5.14	34,722	5.14	34,722
Vehbi Koç Vakfı	0.13	893	0.13	893
Other	25.19	170,204	25.19	170,204
<b>Paid-in capital</b>	<b>100.00</b>	<b>675,728</b>	<b>100.00</b>	<b>675,728</b>
Adjustment to share capital (*)		468,811		468,811
<b>Total share capital</b>		<b>1,144,539</b>		<b>1,144,539</b>

(\*) “Adjustment to share capital” represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. “Adjustment to share capital” has no use other than being transferred to paid-in share capital.

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

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

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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#### NOTE 18 – EQUITY (Continued)

##### Revaluation fund

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

	March 31, 2012	December 31, 2011
Financial assets fair value difference	328,795	328,795
Non-current assets fair value difference	61,349	68,660
Foreign currency hedge of net investments in foreign operations	(46,661)	(57,101)
Cash flow hedges	(431)	1,151
<b>Revaluation fund total</b>	<b>343,052</b>	<b>341,505</b>

##### Restricted reserves

The Turkish Commercial Code (“TCC”) stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In addition, according to exemption for sale of participation shares and property, a 75% portion of corporations’ profits arising from such sales are not withdrawn within five years and are followed in special reserves.

The details of these restricted reserves are as follows:

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

As agreed in the ordinary general meeting dated March 29, 2012, the decision to pay dividend as cash has been taken and the payment was made in April 2012 (previous year in March 2011). The dividend details are as follows: 44.4% (2011:37.0%) corresponding to gross TRY 0.44397 (full) (2011:TRY 0.36997 (full)) (net amount being equal to gross amount) per share of TRY 1.00 (full) nominal value to the institutional shareholders who are full taxpayers and to the limited liable taxpayers who obtain dividends through a business or permanent representative in Turkey; 40.1% (2011:37.0%) corresponding to gross TRY 0.44397 (full) (2011: TRY 0.36997 (full)) and net TRY 0.40056 (full) (2011: TRY 0.31449 (full)) per share of TRY 1.00 (full) nominal value to the other shareholders.

ARÇELİK ANONİM ŞİRKETİ

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NOTE 19 - OTHER INCOME AND EXPENSES

	January 1 - March 31 2012	January 1 - March 31 2011
<b>Other operating income:</b>		
Income from claims and grants	6,312	2,387
Reversal of provisions for doubtful receivables	1,027	849
Reversals of provisions	412	122
Income from sales of property, plant and equipment	273	109
Other	3,276	3,614
	<b>11,300</b>	<b>7,081</b>
<b>Other operating expenses:</b>		
Provision expense for doubtful receivables	(3,168)	(3,730)
Provision expense for impairment on inventories	(451)	(793)
Loss from sales of property, plant and equipment	(82)	(728)
Other	(5,509)	(4,762)
	<b>(9,210)</b>	<b>(10,013)</b>

NOTE 20 - FINANCIAL INCOME

	January 1 - March 31 2012	January 1 - March 31 2011
Foreign exchange gains	121,802	117,868
Interest income	6,666	13,919
Interest income	3,068	24,812
Gains on derivative financial instruments	1,541	3,310
Other	29	24
	<b>133,106</b>	<b>159,933</b>

NOTE 21 - FINANCIAL EXPENSES

	January 1 - March 31 2012	January 1 - March 31 2011
Foreign exchange losses	(95,920)	(110,657)
Interest expenses	(41,596)	(23,716)
Losses on derivative financial instruments	(16,633)	(4,433)
Cash discounts expenses	(3,638)	(4,222)
Credit finance charges	(3,402)	(8,306)
Other	(2,021)	(1,167)
	<b>(163,210)</b>	<b>(152,501)</b>

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 22 - TAX ASSETS AND LIABILITIES**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Corporation and income taxes	22,090	61,483
Less: prepaid tax	(12,912)	(38,233)
<b>Taxes payable (net)</b>	<b>9,178</b>	<b>23,250</b>
Deferred tax assets	70,408	63,387
Deferred tax liabilities	(225,671)	(226,142)
<b>Deferred tax liabilities (net)</b>	<b>(155,263)</b>	<b>(162,755)</b>

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

The corporation tax rate is 20% in Turkey (December 31, 2011: 20%). Corporation tax is payable at a rate of 20% on the total income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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

	<b>January 1 - March 31 2012</b>	<b>January 1 -March 31 2011</b>
<b>Tax expenses</b>		
- Current period tax expense	(19,691)	(26,090)
- Deferred tax expense	5,160	(2,496)
<b>Tax expenses (net)</b>	<b>(14,531)</b>	<b>(28,586)</b>

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

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

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Property, plant and equipment and intangible assets	1,166,495	1,148,784	(261,228)	(257,693)
Available-for-sale investments	346,102	346,102	(17,305)	(17,305)
Unearned credit finance income/expense (net)	38,876	41,353	(7,775)	(8,271)
Derivative financial instruments	48	2,308	(10)	(462)
Unused tax credits	(199,465)	(178,166)	47,612	42,150
Provision for warranty and assembly expenses	(185,607)	(166,353)	37,060	33,158
Provision for employment termination benefits	(104,292)	(103,621)	20,858	20,761
Provision for impairment on inventories	(56,900)	(57,077)	11,463	11,467
Provision for doubtful receivables	(9,733)	(12,967)	1,750	2,266
Accrual for licenses	(8,651)	(7,322)	1,730	1,464
Other	(44,153)	(38,940)	10,582	9,710
<b>Deferred tax liabilities (net)</b>			<b>(155,263)</b>	<b>(162,755)</b>

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

	2012	2011
<b>Balance as of January 1</b>	<b>(162,755)</b>	<b>(89,305)</b>
Tax expense recognized in income statement	5,160	(2,496)
Tax recognized directly in the shareholders’ equity	107	(1,036)
Currency translation differences	2,225	(1,813)
<b>Balance as of March 31</b>	<b>(155,263)</b>	<b>(94,650)</b>

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**NOTE 23 – EARNINGS PER SHARE**

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

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

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

	<b>January 1 - March 31, 2012</b>	<b>January 1 - March 31, 2011</b>
Net income attributable to the equity holders of the parent	121,161	125,606
Weighted average number of ordinary shares with nominal value (Kr1 each one)	67,572,820,500	67,572,820,500
<b>Earnings per share (Kr) (*)</b>	<b>0.179</b>	<b>0.180</b>
Dividends distributed to the equity holders of the parent	300,000	250,000
<b>Gross dividend distributed per share (*)</b>	<b>0.444</b>	<b>0.370</b>

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

**NOTE 24 - RELATED PARTY DISCLOSURES**

**(i) Balances with related parties**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>(a) Due from related parties</b>		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	34,591	16,876
Setur Servis Turistik A.Ş.	3,181	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	3,059	5,286
Other	870	1,240
	<b>41,701</b>	<b>23,402</b>
<b>(b) Due to related parties:</b>		
<i>Short term:</i>		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	81,497	88,065
Arçelik-LG	64,451	15,955
Ram Dış Ticaret	10,319	19,139
Other	9,896	10,124
	<b>166,163</b>	<b>133,283</b>

ARÇELİK ANONİM ŞİRKETİ

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NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

	March 31, 2012	December 31, 2011
<b>Long term:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	64,534	70,539
	<b>64,534</b>	<b>70,539</b>

(\*) In January 2001, a contract was signed regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products for the following 20 years, between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.). 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. The long term payables to related parties include the principal amount of the payables in USD, which will be paid until 2020, in exchange of the value determined and recognized as intangible asset.

(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	434,321	430,733
	<b>434,321</b>	<b>430,733</b>

(d) Borrowings:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	440,540	446,220
	<b>440,540</b>	<b>446,220</b>

(e) Derivative financial instruments

	Contract value	Fair value asset/(liability)
<b>March 31, 2012</b>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	84,702	- (92)
	<b>84,702</b>	<b>- (92)</b>

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

**ARÇELİK ANONİM ŞİRKETİ**

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

**(ii) Transactions with related parties**

	<b>January 1 - March 31 2012</b>	<b>January 1 - March 31 2011</b>
<b>(a) Sales of goods and services:</b>		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	30,189	24,570
Zer Merkezi Hizmetler ve Ticaret A.Ş.	13,908	10,675
Ford Otomotiv Sanayi A.Ş.	7,026	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	4,060	4,404
Arçelik-LG	2,944	2,596
Other	1,889	2,228
	<b>60,016</b>	<b>44,473</b>
<b>(b) Purchases of goods and services:</b>		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	99,512	74,619
Arçelik-LG	82,433	68,082
Ram Sigorta Aracılık Hizmetleri A.Ş.	15,047	16,561
Ram Dış Ticaret	14,029	17,765
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	6,004	4,533
Koç Holding A.Ş.	2,639	2,478
Setur Servis Turistik A.Ş.	2,589	1,525
Other	5,726	9,083
	<b>227,979</b>	<b>194,646</b>

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

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

**ARÇELİK ANONİM ŞİRKETİ**

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

**(c) Key management compensation**

Total compensation provided to members of the Board of Directors, General Manager and Assistant General Managers by the Company during the period ended March 31, 2012 amounts to TRY 1,430 (March 31, 2011: TRY 5,388). The compensation includes only short-term benefits.

**(d) Other transactions**

	<b>January 1 - March 31 2012</b>	<b>January 1 - March 31 2011</b>
<i>Interest income:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	3,134	3,402
<i>Interest expenses:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	3,837	1,662

**NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

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

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

***Liquidity Risk***

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

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

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

***Interest Rate Risk***

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

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

## ARÇELİK ANONİM ŞİRKETİ

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

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

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

##### *Funding risk*

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

##### *Credit risk*

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

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

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

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

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

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

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

	Trade receivables		Deposits in banks	Derivative financial instruments
	Related party	Third party		
<b>March 31, 2012</b>				
<b>Maximum exposed credit risk as of reporting date <sup>(1)</sup></b>	<b>41,701</b>	<b>3,310,546</b>	<b>1,332,623</b>	<b>1,237</b>
Secured portion of the maximum credit risk by guarantees, etc,	-	(2,667,263)	-	-
A. Net book value of financial asset either are not due or not impaired	41,701	3,085,922	1,332,623	1,237
-Secured portion by guarantees, etc	-	(2,472,307)	-	-
B. Financial assets with renegotiated conditions	-	33,029	-	-
-Secured portion by guarantees, etc,	-	(29,866)	-	-
C. Net book value of overdue but not impaired financial assets	-	134,441	-	-
-Secured portion by guarantees, etc,	-	(107,936)	-	-
D. Net book value of the impaired assets	-	57,154	-	-
-Overdue (Gross book value)	-	150,519	-	-
-Impairment (-)	-	(93,365)	-	-
-Secured portion of the net value by guarantees, etc.	-	(57,154)	-	-

**ARÇELİK ANONİM ŞİRKETİ**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012**

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

<b>December 31, 2011</b>	<b>Trade receivables</b>		<b>Deposits in banks</b>	<b>Derivative financial instruments</b>
	<b>Related party</b>	<b>Third party</b>		
<b>Maximum exposed credit risk as of reporting date</b> <sup>(1)</sup>	<b>23,402</b>	<b>3,173,486</b>	<b>1,132,629</b>	<b>2,932</b>
Secured portion of the maximum credit risk by guarantees, etc,	-	(2,379,314)	-	-
A. Net book value of financial asset either are not due or not impaired	23,402	2,944,983	1,132,629	2,932
-Secured portion by guarantees, etc	-	(2,187,054)	-	-
B. Financial assets with renegotiated conditions	-	29,685	-	-
-Secured portion by guarantees, etc,	-	(26,850)	-	-
C. Net book value of overdue but not impaired financial assets	-	140,562	-	-
-Secured portion by guarantees, etc,	-	(106,980)	-	-
D. Net book value of the impaired assets	-	58,256	-	-
-Overdue (Gross book value)	-	151,835	-	-
-Impairment (-)	-	(93,579)	-	-
-Secured portion of the net value by guarantees, etc.	-	(58,376)	-	-

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Group 1	29,916	10,458
Group 2	3,021,842	2,917,628
Group 3	108,894	69,984
	<b>3,160,652</b>	<b>2,998,070</b>

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

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

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
0-1 month	81,469	100,241
1-3 months	29,547	22,109
3-12 months	18,180	10,995
1-5 years	5,245	7,217
	<b>134,441</b>	<b>140,562</b>

**ARÇELİK ANONİM ŞİRKETİ**

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

*Foreign exchange risk*

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

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

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

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

The Group designated some portion of the Euro dominated bank loans as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income in the revaluation fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of March 31, 2012, a portion of bank borrowings in Euro amounting to EUR 150,000,000 (before tax) was designated as a net investment hedging instrument (December 31, 2011 – EUR 150,000,000).

*Foreign currency position*

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Assets	1,768,003	1,762,858
Liabilities	(2,533,432)	(2,496,757)
<b>Net balance sheet position</b>	<b>(765,429)</b>	<b>(733,899)</b>
Net position of derivative financial instruments	378,820	340,290
<b>Net foreign currency position</b>	<b>(386,609)</b>	<b>(393,609)</b>

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

Currencies, other than the functional currencies of the Company and its’ subsidiaries regarding to national economies, are accepted as foreign currencies. The original currencies are presented in thousands (‘000). The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at March 31, 2012 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	DKK	ZAR	AED	TRY Equivalents
<b>Current assets</b>												
Trade receivables	341,352	124,074	79,661	1,548,613	61,431	78,349	-	114,539	2,178	-	9,840	1,425,052
Monetary financial assets	22,186	3,322	238	-	48	-	84	-	-	-	-	59,119
Other	15,460	49,783	7	-	-	-	-	-	-	-	-	124,865
<b>Non-Current assets</b>												
Trade receivables	-	-	-	-	-	-	-	-	-	684,111	-	158,967
<b>Total assets</b>	<b>378,998</b>	<b>177,179</b>	<b>79,906</b>	<b>1,548,613</b>	<b>61,479</b>	<b>78,349</b>	<b>84</b>	<b>114,539</b>	<b>2,178</b>	<b>684,111</b>	<b>9,840</b>	<b>1,768,003</b>
<b>Current liabilities</b>												
Trade payables	88,390	135,150	4,671	-	-	-	502	97,763	-	-	-	488,200
Financial liabilities	229,448	40,925	609	-	-	-	-	-	-	4,111	-	618,205
Other monetary financial liabilities	1,901	2,628	-	-	-	-	-	-	-	-	-	9,158
<b>Non-Current liabilities</b>												
Trade payables	-	36,400	-	-	-	-	-	-	-	-	-	64,536
Financial liabilities	350,038	127,000	50,000	-	-	-	-	-	-	680,000	-	1,353,333
<b>Total liabilities</b>	<b>669,777</b>	<b>342,103</b>	<b>55,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>502</b>	<b>97,763</b>	<b>-</b>	<b>684,111</b>	<b>-</b>	<b>2,533,432</b>
<b>Net balance sheet position</b>	<b>(290,779)</b>	<b>(164,924)</b>	<b>24,626</b>	<b>1,548,613</b>	<b>61,479</b>	<b>78,349</b>	<b>(418)</b>	<b>16,776</b>	<b>2,178</b>	<b>-</b>	<b>9,840</b>	<b>(765,429)</b>
Off-balance sheet												
derivative financial assets (*)	137,218	173,157	-	-	-	-	-	-	-	-	-	631,703
Off-balance sheet												
derivative financial liabilities (*)	-	-	(35,000)	(1,500,000)	(65,000)	-	-	(100,000)	-	-	-	(252,883)
Net position of												
off-balance sheet items	137,218	173,157	(35,000)	(1,500,000)	(65,000)	-	-	(100,000)	-	-	-	378,820
<b>Net foreign currency asset/ (liability) position</b>	<b>(153,561)</b>	<b>8,233</b>	<b>(10,374)</b>	<b>48,613</b>	<b>(3,521)</b>	<b>78,349</b>	<b>(418)</b>	<b>(83,224)</b>	<b>2,178</b>	<b>-</b>	<b>9,840</b>	<b>(386,609)</b>

(\*) Total amount designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation is included in off balance sheet derivative assets.

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

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

	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>RUB</b>	<b>PLN</b>	<b>CZK</b>	<b>NOK</b>	<b>SEK</b>	<b>DKK</b>	<b>AED</b>	<b>TRY Equivalents</b>
Against TRY	(161,925)	26,908	(12,744)	48,613	(6,759)	78,669	85	14,539	-	9,840	(356,356)
Against EUR	-	1,898	-	-	3,238	(320)	-	-	-	-	5,189
Against RUB	571	904	-	-	-	-	-	-	-	-	2,954
Against PLN	(2,357)	159	-	-	-	-	-	-	-	-	(5,296)
Against GBP	3,447	-	-	-	-	-	-	-	-	-	8,157
Against RON	12,858	(4,471)	2,022	-	-	-	-	-	-	-	28,236
Against CZK	(1,037)	-	-	-	-	-	-	-	-	-	(2,454)
Against NOK	203	-	-	-	-	-	-	(97,763)	2,178	-	(24,848)
Against SEK	182	(1,413)	-	-	-	-	(503)	-	-	-	(2,230)
Against CNY	2,739	(9,981)	348	-	-	-	-	-	-	-	(10,226)
Against ZAR	(8,437)	(5,771)	-	-	-	-	-	-	-	-	(30,196)
Other	195	-	-	-	-	-	-	-	-	-	461
	<b>(153,561)</b>	<b>8,233</b>	<b>(10,374)</b>	<b>48,613</b>	<b>(3,521)</b>	<b>78,349</b>	<b>(418)</b>	<b>(83,224)</b>	<b>2,178</b>	<b>9,840</b>	<b>(386,609)</b>

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at December 31, 2011 are as follows:

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

(\*) Total amount designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation is included in off balance sheet derivative assets.

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

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

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

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

As of March 31, 2012, sensitivity analysis of foreign exchange rate tables is presented below:

	Gain/Loss		Equity	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(29,239)	29,239	(29,239)	29,239
Secured portion from USD risk (*)	30,699	(30,699)	30,699	(30,699)
<b>USD net effect</b>	<b>1,460</b>	<b>(1,460)</b>	<b>1,460</b>	<b>(1,460)</b>
+/-10% fluctuation of EUR rate				
EUR net asset/liability	(40,413)	40,413	(49,463)	49,463
Secured portion from EUR risk (*)	4,074	(4,074)	32,471	(32,471)
<b>EUR net effect</b>	<b>(36,339)</b>	<b>36,339</b>	<b>(16,992)</b>	<b>16,992</b>
+/-10% fluctuation of GBP rate				
GBP net asset/liability	6,986	(6,986)	26,892	(26,892)
Secured portion from GBP risk (*)	(9,928)	9,928	(9,928)	9,928
<b>GBP net effect</b>	<b>(2,942)</b>	<b>2,942</b>	<b>16,964</b>	<b>(16,964)</b>
+/-10% fluctuation of RUB rate				
RUB net asset/liability	9,265	(9,265)	24,439	(24,439)
Secured portion from RUB risk (*)	(8,975)	8,975	(8,975)	8,975
<b>RUB net effect</b>	<b>290</b>	<b>(290)</b>	<b>15,464</b>	<b>(15,464)</b>
+/-10% fluctuation of RON rate				
RON net asset/liability	-	-	27,425	(27,425)
Secured portion from RON risk (*)	-	-	-	-
<b>RON net effect</b>	<b>-</b>	<b>-</b>	<b>27,425</b>	<b>(27,425)</b>
+/-10% fluctuation of PLN rate				
PLN net asset/liability	3,522	(3,522)	6,417	(6,417)
Secured portion from PLN risk (*)	(3,724)	3,724	(3,724)	3,724
<b>PLN net effect</b>	<b>(202)</b>	<b>202</b>	<b>2,693</b>	<b>(2,693)</b>
+/-10% fluctuation of CZK rate				
CZK net asset/liability	753	(753)	1,335	(1,335)
Secured portion from CZK risk (*)	-	-	-	-
<b>CZK net effect</b>	<b>753</b>	<b>(753)</b>	<b>1,335</b>	<b>(1,335)</b>
+/-10% fluctuation of NOK rate				
NOK net asset/liability	(13)	13	246	(246)
Secured portion from NOK risk (*)	-	-	-	-
<b>NOK net effect</b>	<b>(13)</b>	<b>13</b>	<b>246</b>	<b>(246)</b>
+/-10% fluctuation of SEK rate				
SEK net asset/liability	447	(447)	1,134	(1,134)
Secured portion from SEK risk (*)	(2,662)	2,662	(2,662)	2,662
<b>SEK net effect</b>	<b>(2,215)</b>	<b>2,215</b>	<b>(1,528)</b>	<b>1,528</b>
+/-10% fluctuation of ZAR rate				
ZAR net asset/liability	-	-	39,872	(39,872)
Secured portion from ZAR risk (*)	-	-	-	-
<b>ZAR net effect</b>	<b>-</b>	<b>-</b>	<b>39,872</b>	<b>(39,872)</b>
+/-10% fluctuation of AED rate				
AED net asset/liability	477	(477)	477	(477)
Secured portion from AED risk (*)	-	-	-	-
<b>AED net effect</b>	<b>477</b>	<b>(477)</b>	<b>477</b>	<b>(477)</b>
+/-10% fluctuation of DKK rate				
DKK net asset/liability	69	(69)	(1,182)	1,182
Secured portion from DKK risk (*)	-	-	-	-
<b>DKK net effect</b>	<b>69</b>	<b>(69)</b>	<b>(1,182)</b>	<b>1,182</b>
+/-10% fluctuation of AUD rate				
AUD net asset/liability	-	-	176	(176)
Secured portion from AUD risk (*)	-	-	-	-
<b>AUD net effect</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>(176)</b>
	<b>(38,662)</b>	<b>38,662</b>	<b>86,410</b>	<b>(86,410)</b>

(\*) Includes impact of derivative financial instruments

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

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

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

(\*) Includes impact of derivative financial instruments

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

Imports and exports to / from Turkey for the three months period ended as of March 31, 2012 and 2011 are as follows:

	January 1 - March 31, 2012		January 1 - March 31, 2011	
	Original amount	TRY equivalent	Original amount	TRY equivalent
EUR	252,832,759	593,202	164,641,827	354,680
USD	90,151,827	160,490	67,566,585	106,163
GBP	48,040,668	134,805	48,723,042	122,435
Other		118,392		52,858
<b>Total exports</b>		<b>1,006,889</b>		<b>636,136</b>
EUR	97,077,969	227,967	91,674,475	195,555
USD	296,035,476	532,662	169,788,050	265,956
GBP	192,615	543	136,235	340
Other		854		544
<b>Total imports</b>		<b>762,026</b>		<b>462,395</b>

**NOTE 26 - SUPPLEMENTARY CASH FLOW INFORMATION**

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

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

	March 31, 2012	March 31, 2011
<b>Changes in provisions:</b>		
Accrual for customer premiums	31,351	29,683
Assembly and transportation provision	13,382	9,433
Accrual for sales and marketing expenses	8,739	10,199
Accrual for bonuses and premiums	5,100	280
Provision for employment termination benefits	4,887	1,906
Warranty provision	4,747	15,977
Provision for doubtful receivables	3,168	3,730
Provision for impairment on inventories	451	793
	<b>71,825</b>	<b>72,001</b>
<b>Changes in operating assets and liabilities:</b>		
Trade receivables and due from related parties	(158,527)	(17,747)
Inventories	(65,453)	(136,026)
Trade payables and due to related parties	(34,986)	(83,730)
Other current assets and liabilities	(18,961)	(67,611)
Other long term liabilities	(488)	(546)
	<b>(278,415)</b>	<b>(305,660)</b>