

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

ARÇELİK ANONİM ŞİRKETİ

**JANUARY 1 - MARCH 31, 2019 CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

CONTENTS	PAGES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	1-3
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	4
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	5
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	8-58
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS.....	8-9
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	9-18
NOTE 3 SEGMENT REPORTING.....	18-19
NOTE 4 CASH AND CASH EQUIVALENTS.....	20
NOTE 5 FINANCIAL INVESTMENTS.....	21
NOTE 6 BORROWINGS	22-25
NOTE 7 DERIVATIVE INSTRUMENTS	26
NOTE 8 TRADE RECEIVABLES AND PAYABLES	27-28
NOTE 9 INVENTORIES	28
NOTE 10 OTHER PAYABLES	29
NOTE 11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	29-30
NOTE 12 PROPERTY, PLANT AND EQUIPMENT	30-31
NOTE 13 OTHER INTANGIBLE ASSETS	31
NOTE 14 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES	31-34
NOTE 15 OTHER PROVISIONS	34
NOTE 16 PREPAID EXPENSES.....	34
NOTE 17 CURRENT INCOME TAX ASSETS	34
NOTE 18 EMPLOYEE BENEFIT OBLIGATIONS.....	35
NOTE 19 OTHER ASSETS AND LIABILITIES	35
NOTE 20 EQUITY	35-37
NOTE 21 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES.....	37
NOTE 22 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES	38
NOTE 23 FINANCIAL INCOME.....	38
NOTE 24 FINANCIAL EXPENSES.....	38
NOTE 25 TAX ASSETS AND LIABILITIES	39-40
NOTE 26 EARNINGS PER SHARE	41
NOTE 27 RELATED PARTY DISCLOSURES	42-45
NOTE 28 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	45-56
NOTE 29 FINANCIAL INSTRUMENTS.....	56-57
NOTE 30 SUPPLEMENTARY CASH FLOW INFORMATION	58
NOTE 31 EVENTS AFTER BALANCE SHEET DATE.....	58

ARÇELİK ANONİM ŞİRKETİ

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

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

	Notes	Unaudited	Audited
		March 31, 2019	December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	4	6,478,098	5,341,524
Trade receivables			
-Due from related parties	27	21,382	12,059
-Trade receivables, third parties	8	8,208,631	7,744,252
Derivative instruments	7	11,794	28,405
Inventories	9	5,438,959	5,087,676
Prepaid expenses	16	277,639	181,987
Current income tax assets	17	120,200	118,220
Other current assets	19	709,091	681,903
Total current assets		21,265,794	19,196,026
Non-current assets:			
Financial investments	5	2,075	1,856
Trade receivables			
-Trade receivables, third parties	8	33,617	35,690
Derivate instruments	7	250,611	166,813
Investments accounted for using the equity method	11	402,480	346,605
Property, plant and equipment	12	5,508,513	4,534,276
Intangible assets			
-Goodwill		537,925	507,966
-Other intangible assets	13	2,736,834	2,600,849
Prepaid expenses		54,784	100,033
Deferred tax assets	25	914,683	878,247
Total non-current assets		10,441,522	9,172,335
Total assets		31,707,316	28,368,361

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

ARÇELİK ANONİM ŞİRKETİ

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

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

		Unaudited	Audited
	Notes	March 31, 2019	December 31, 2018
LIABILITIES			
Current liabilities:			
Short-term borrowings	6	4,472,528	4,022,086
Short-term portion of long-term borrowings	6	1,338,043	1,494,640
Trade payables			
-Due to related parties	27	480,582	441,597
-Trade payables, third parties	8	4,828,706	4,292,847
Derivative instruments	7	285,070	251,095
Employee benefit obligations	18	275,692	344,171
Other payables			
-Due to related parties	27	29,827	27,794
-Other payables, third parties	10	285,067	241,069
Current income tax liabilities	25	42,666	42,978
Provisions			
-Other provisions	15	692,525	582,339
Other current liabilities	19	865,287	756,340
Total current liabilities		13,595,993	12,496,956
Non-current liabilities:			
Long-term borrowings	6	8,056,518	6,431,552
Other payables			
-Due to related parties	27	22,781	28,180
Provisions			
-Provision for employee benefits		299,894	289,560
-Other provisions	15	146,950	155,868
Deferred tax liabilities	25	546,776	511,386
Other non-current liabilities	19	242,111	235,697
Total non-current liabilities		9,315,030	7,652,243
Total liabilities		22,911,023	20,149,199

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

ARÇELİK ANONİM ŞİRKETİ

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

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

		Unaudited	Audited
	Notes	March 31,	December 31,
		2019	2018
EQUITY			
Paid-in capital	20	675,728	675,728
Adjustment to share capital	20	468,811	468,811
Share premium/discount		889	889
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			
Gains/ losses on revaluation and remeasurement			
-Gain/loss arising from defined benefit plans		(186,462)	(177,981)
- Gains/ losses on financial assets measured at fair value through other comprehensive income		1,556	1,348
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
-Currency translation differences		3,251,861	2,871,675
Gains/ losses on hedge			
-Gains/ losses on hedges of net investment in foreign operations		(636,111)	(601,215)
-Gains/ losses on cash flow hedges		18,464	5,405
Balancing account for merger capital		14,507	14,507
Restricted reserves	20	409,115	409,115
Retained earnings		4,515,065	3,663,309
Net income for the period		225,422	851,756
Equity holders of the parent		8,758,845	8,183,347
Non-controlling interest		37,448	35,815
Total equity		8,796,293	8,219,162
Total liabilities and equity		31,707,316	28,368,361
Commitments, contingent assets and liabilities	14		

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED MARCH 31, 2019

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

	Notes	Unaudited	
		January 1- March 31, 2019	January 1- March 31, 2018
Net sales	3	6,902,157	5,282,218
Cost of sales		(4,663,460)	(3,631,546)
Gross profit		2,238,697	1,650,672
General administrative expenses		(354,253)	(259,228)
Marketing expenses		(1,379,958)	(980,286)
Research and development expenses		(59,545)	(43,475)
Other income from operating activities	21	348,333	270,898
Other expenses from operating activities	21	(153,335)	(134,154)
Operating profit		639,939	504,427
Income from investment activities	22	550	2,470
Expenses from investment activities	22	(1,022)	(2,440)
Share of profit/loss of investments accounted for using the equity method	11	14,968	10,691
Operating income before financial income/(expense)		654,435	515,148
Financial income	23	719,739	334,627
Financial expenses	24	(1,113,332)	(691,954)
Profit from continuing operations before tax		260,842	157,821
Tax income/(expense), continuing operations			
- Taxes on income	25	(60,704)	(30,347)
- Deferred tax income	25	25,956	50,113
Net income		226,094	177,587
Attributable to			
Non-controlling interest		672	735
Equity holders of the parent		225,422	176,852
Earnings per share (kurus)	26	0.334	0.262
Diluted earnings per share (kurus)	26	0.334	0.262

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2019

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

	Unaudited	
	January 1- March 31, 2019	January 1- March 31, 2018
Net income	226,094	177,587
Other comprehensive income		
Not to be reclassified to profit or loss	(10,328)	(25,606)
Gain/ loss arising from defined benefit plans	(10,345)	(25,602)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	(202)	(199)
Gain/ loss on financial assets measured at fair value through other comprehensive income	219	195
Not to be reclassified to profit or loss, tax effect	2,055	5,110
Gain/ loss arising from defined benefit plans, tax effect	2,066	5,120
Gain/ loss on financial assets measured at fair value through other comprehensive income, tax effect	(11)	(10)
To be reclassified to profit or loss	356,955	245,781
Currency translation differences	373,183	300,759
Other comprehensive income related with hedges of net investments in foreign operations	(44,738)	(54,123)
Other comprehensive income related with cash flow hedge	34,033	-
Share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss	(13,487)	(2,475)
Currency translation differences of investments accounted for using the equity method	7,964	1,620
To be reclassified to profit or loss, tax effect	2,355	11,907
Other comprehensive income related with hedges of net investments in foreign operations, tax effect	9,842	11,907
Other comprehensive income related with cash flow hedge, tax effect	(7,487)	-
Other comprehensive income/ (loss) (net of tax)	351,037	237,192
Total comprehensive income	577,131	414,779
Attributable to:		
Non-controlling interest	1,633	3,368
Equity holders of the parent	575,498	411,411

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

ARÇELİK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED MARCH 31, 2019**

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

					Other accumulated comprehensive income and expense not to be reclassified to profit or loss		Other accumulated comprehensive income and expense to be reclassified to profit or loss		Accumulated profit					
	Paid-in capital	Adjustment to share capital	Share premium /discount	Balancing account for merger capital	Gain/(loss) arising from defined benefit plans	Gains/ losses on financial assets measured at fair value through other comprehensive income	Gains/ losses on hedge	Currency translation differences	Restricted reserves	Retained earnings	Net income	Equity holders of the parent	Non-controlling interest	Total equity
Balance at January 1, 2018	675,728	468,811	889	14,507	(112,902)	2,009	(412,452)	1,622,125	368,993	3,410,341	842,949	6,880,998	34,079	6,915,077
Other restatements	-	-	-	-	-	-	-	-	-	(114,859)	-	(114,859)	-	(114,859)
IFRS 15 effect, net	-	-	-	-	-	-	-	-	-	(111,693)	-	(111,693)	-	(111,693)
IFRS 9 effect, net	-	-	-	-	-	-	-	-	-	(3,166)	-	(3,166)	-	(3,166)
Restated balances	675,728	468,811	889	14,507	(112,902)	2,009	(412,452)	1,622,125	368,993	3,295,482	842,949	6,766,139	34,079	6,800,218
Transfers	-	-	-	-	-	-	-	40,122	-	802,827	(842,949)	-	-	-
Total comprehensive income	-	-	-	-	(20,681)	185	(44,691)	299,746	-	-	176,852	411,411	3,368	414,779
Net income	-	-	-	-	-	-	-	-	-	-	176,852	176,852	735	177,587
Other comprehensive income	-	-	-	-	(20,681)	185	(44,691)	299,746	-	-	-	234,559	2,633	237,192
Dividends paid	-	-	-	-	-	-	-	-	-	(435,000)	-	(435,000)	-	(435,000)
As of March 31, 2018	675,728	468,811	889	14,507	(133,583)	2,194	(457,143)	1,921,871	409,115	3,663,309	176,852	6,742,550	37,447	6,779,997
Balance at January 1, 2019	675,728	468,811	889	14,507	(177,981)	1,348	(595,810)	2,871,675	409,115	3,663,309	851,756	8,183,347	35,815	8,219,162
Transfers	-	-	-	-	-	-	-	-	-	851,756	(851,756)	-	-	-
Total comprehensive income	-	-	-	-	(8,481)	208	(21,837)	380,186	-	-	225,422	575,498	1,633	577,131
Net income	-	-	-	-	-	-	-	-	-	-	225,422	225,422	672	226,094
Other comprehensive income	-	-	-	-	(8,481)	208	(21,837)	380,186	-	-	-	350,076	961	351,037
As of March 31, 2019	675,728	468,811	889	14,507	(186,462)	1,556	(617,647)	3,251,861	409,115	4,515,065	225,422	8,758,845	37,448	8,796,293

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

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

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2019

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

	Notes	Unaudited	
		January 1- March 31 2019	January 1- March 31 2018
Cash flows from operating activities:			
Net income:		226,094	177,587
<i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i>			
Adjustments for tax expense (income)	25	34,748	(19,766)
Adjustments for depreciation and amortisation expense		249,102	149,575
Adjustments for impairment loss	30	15,398	13,487
Adjustments for provisions	30	183,632	42,758
Adjustments for interest expense	24	378,782	183,058
Adjustments for interest income	23	(34,543)	(9,168)
Adjustments for undistributed profits of investments accounted for using equity method	11	(14,968)	(10,691)
Adjustments for fair value (gains) losses on derivative financial instruments	23, 24	(31,269)	110,409
Adjustments for unrealised foreign exchange losses (gains)	23, 24	77,317	70,757
Other adjustments to reconcile profit (loss)	23, 24	3,306	2,271
Adjustments for income arised from government grants	21	(12,355)	(4,542)
Adjustments for dividend (income) expenses	22	-	(94)
Adjustments for losses (gains) on disposal of non-current assets	22	472	64
Net cash flow from operating activities before changes in operating assets and liabilities		1,075,716	705,705
Changes in operating assets and liabilities:			
Adjustments for decrease (increase) in trade receivables		(502,963)	(288,752)
Adjustments for decrease (increase) in inventories		(353,226)	(532,101)
Decrease (increase) in prepaid expenses		(95,652)	(31,459)
Adjustments for increase (decrease) in trade payables		574,844	252,525
Increase (decrease) in employee benefit liabilities		(86,518)	(148,062)
Adjustments for increase (decrease) in other operating payables		27,021	15,188
Increase (decrease) in government grants and assistance		23,723	2,393
Other adjustments for other increase (decrease) in working capital		24,419	64,959
Income taxes refund (paid)		(11,309)	(26,203)
Cash flows from operating activities		676,055	14,193
Investing activities:			
Purchase of property, plant, equipment and intangible assets		(325,181)	(232,809)
Proceeds from sales of property, plant, equipment and intangible assets		5,150	3,256
Dividends received		-	26,264
Cash outflows from participations and / or joint ventures share acquisitions or capital increase	11	(53,537)	(27,383)
Cash flows from investing activities		(373,568)	(230,672)
Financing activities:			
Proceeds from borrowings		2,361,056	2,016,538
Repayments of borrowings		(2,035,645)	(1,349,877)
Dividends paid		-	(435,000)
Payments of lease liabilities	6	(60,360)	-
Interest paid		(249,782)	(129,765)
Interest received		31,887	8,636
Bonds issued		500,000	-
Cash receipts from future contracts, forward contracts, option contracts and swap contracts (net)		31,240	(36,930)
Other inflows (outflows) of cash	23, 24	(3,306)	(2,271)
Cash flows from financing activities		575,090	71,331
Net increase/(decrease) in cash and cash equivalents before currency translation differences		877,577	(145,148)
Effect of currency translation differences		256,341	174,237
Net increase/(decrease) in cash and cash equivalents		1,133,918	29,089
Cash and cash equivalents at January 1	4	5,337,278	2,580,893
Cash and cash equivalents at March 31	4	6,471,196	2,609,982

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (“Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates eighteen manufacturing plants in Turkey, Romania, Russia, China, Republic of South Africa, Thailand and Pakistan. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 20).

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

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

The average number of personnel employed by categories in the Group in 2019 is 6,850 monthly paid (January 1-March 31, 2018: 6,683) and 22,944 hourly paid (January 1-March 31, 2018: 21,753) totalling to 29,794 (January 1-March 31, 2018: 28,436).

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

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

** Beko Israel, has been established as a sales company in year 2019.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

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

Approval of consolidated financial statements

These condensed interim consolidated financial statements as at and for the period ended 31 March 2019 has been approved for issue by the Board of Directors on 29 April 2019.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

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

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

2.1 Basis of presentation (Continued)

Financial reporting standards (Continued)

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

a. Standards, amendments and interpretations applicable as at 31 March 2019:

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at March 31, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/IFRS and IFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

IFRS 9 Financial instruments – Amendments

Effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TAS 28 Investments in associates and joint venture

Effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 16 Leases

Effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

2.1 Basis of presentation (Continued)

a. Standards, amendments and interpretations applicable as at 31 March 2019 (continued):

IFRIC 23 Uncertainty over income tax treatments

Effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that TAS 12, not TAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Annual improvements 2015-2017

Effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- TFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- TAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

2.1 Basis of presentation (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 31 March 2019

Amendments to TAS 1 and TAS 8 on the definition of material

Effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements’, and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other TFRSs:

- i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in TAS 1 about immaterial information.

Amendments to TFRS 3 - definition of a business

Effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

TFRS 17 Insurance contracts

Effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Functional and presentation currency

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

Financial statements of subsidiaries operating in countries other than Turkey

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

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

2.1 Basis of presentation (Continued)

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

	Functional currency	March 31, 2019		December 31, 2018	
		Ownership interest	Effective shareholding	Ownership interest	Effective shareholding
Continuing operations as of balance sheet date:					
Arctic	Romanian Lei ("RON")	96.72	96.72	96.72	96.72
Ardutch	Euro ("EUR")	100.00	100.00	100.00	100.00
Ardutch Taiwan	Taiwanese Dollar ("TWD")	100.00	100.00	100.00	100.00
Arch R&D ⁽⁴⁾	Chinese Yuan ("CYN")	100.00	100.00	100.00	100.00
Beko Australia	Australian Dollar ("AUD")/ New Zealand Dollar ("NZD")	100.00	100.00	100.00	100.00
Beko Balkans	Serbian Dinar ("SRD")	100.00	100.00	100.00	100.00
Beko China	Chinese Yuan ("CYN")	100.00	100.00	100.00	100.00
Beko Deutschland	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Espana	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Egypt	Egyptian Lira ("EGP")	100.00	100.00	100.00	100.00
Beko France	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Gulf ⁽²⁾	Dirham ("AED")	100.00	100.00	100.00	100.00
Beko Hong Kong	US Dollar ("USD")	100.00	100.00	100.00	100.00
Beko Indonesia	Indonesian Rupiah ("IDR")	100.00	100.00	100.00	100.00
Beko Italy	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Malaysia	Malaysian Ringgit ("MYR")	100.00	100.00	100.00	100.00
Beko Polska	Polish Zloty ("PLN")	100.00	100.00	100.00	100.00
Beko Russia	Czech Koruna ("CZK")	100.00	100.00	100.00	100.00
Beko Slovakia	Russian Ruble ("RUB")	100.00	100.00	100.00	100.00
Beko Shanghai	Euro ("EUR")	100.00	100.00	100.00	100.00
Beko Thailand	Chinese Yuan ("CNY")	100.00	100.00	100.00	100.00
Beko UK	Thai Baht ("THB")	100.00	100.00	100.00	100.00
Beko Ukraine	British Pound ("GBP")/ Euro ("EUR")	100.00	100.00	100.00	100.00
Beko US	Ukrainian Hryvna ("UAH")	100.00	100.00	100.00	100.00
CoVii	US Dollar ("USD")	100.00	100.00	100.00	100.00
Dawlance Electronics	Euro ("EUR")	51.00	51.00	51.00	51.00
Dawlance (Private)	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Defy	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Defy Botswana	South African Rand ("ZAR")	100.00	100.00	100.00	100.00
Defy Namibia	Botswana Pula ("BWP")	100.00	100.00	100.00	100.00
Defy Swaziland	Namibian Dollar ("NAD")	100.00	100.00	100.00	100.00
Elektra Bregenz	Svazi Lilangeni ("SZL")	100.00	100.00	100.00	100.00
Grundig Multimedia	Euro ("EUR")	100.00	100.00	100.00	100.00
Grundig Intermedia	Euro("EUR")/ Croatian Kuna ("HRK")	100.00	100.00	100.00	100.00
Grundig Norway	Norwegian Krone ("NOK")	100.00	100.00	100.00	100.00
Grundig Sweden	Swedish Krona ("SEK")	100.00	100.00	100.00	100.00
Grundig Switzerland	Swiss Franc ("CHF")	100.00	100.00	100.00	100.00
United Refrigeration Industries	Pakistani Rupee ("PKR")	100.00	100.00	100.00	100.00
Pan Asia	US Dollar ("USD")	100.00	100.00	100.00	100.00
Pazarlama A.Ş.	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Wat Motor ⁽¹⁾	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Token ⁽²⁾	Turkish Lira ("TRY")	100.00	100.00	100.00	100.00
Vietbeko	Vietnamese Dong ("VND")	100.00	100.00	100.00	100.00
Beko Israel	Israeli New Shekel("ILS")	100.00	100.00	-	-
Ceased operations as of balance sheet date:					
Beko Cesko	-	100.00	100.00	100.00	100.00
Grundig Austria	-	100.00	100.00	100.00	100.00
Grundig Portugal	-	100.00	100.00	100.00	100.00

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

2.1 Basis of presentation (Continued)

Going concern

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

Offsetting

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

Comparatives and restatement of prior periods’ financial statements

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

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

2.2 Restatement and errors in the accounting policies and estimates

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

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

IFRS 16 Leases

The Group – as a lessee

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

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

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

Right of use asset

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

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

The Group re-measure the right of use asset:

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

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

IFRS 16 Leases (Continued)

Lease Liability

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

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

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

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Extension and termination options

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

Variable lease payments

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

Exemptions and simplifications

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

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

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

IFRS 16 Leases (Continued)

The Group – as a lessor

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

First time adoption of IFRS 16 Leases

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

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

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

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

The weighted average of the Group’s incremental borrowing rates for all currencies as at 1 January 2019 is 10,39%.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

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

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

IFRS 16 Leases (Continued)

As of January 1, 2019 and March 31, 2019, the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

	31 March 2019	1 January 2019
Lands	1,856	-
Buildings	602,259	609,989
Machinery, equipment and installations	46,097	49,547
Motor vehicles	78,511	84,315
Furnitures and fixtures	104	129
Total right of use	728,827	743,980

NOTE 3 - SEGMENT REPORTING

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

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

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

- a) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2019 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales (*)	5,191,580	725,477	985,100	6,902,157
Gross profit	1,777,673	168,680	292,344	2,238,697
Depreciation and amortization	192,104	35,563	24,745	252,412
Capital expenditures	287,409	32,363	8,719	328,491

- (*) The Group recognised net sales amounting to TRY 6,895,657 with respect to the performance obligations satisfied at a point in time for the three months period ended March 31, 2019.

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019**

(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 months period ended March 31, 2018 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales	3,868,704	632,019	781,495	5,282,218
Gross profit	1,258,539	153,096	239,037	1,650,672
Depreciation and amortization	115,507	24,562	12,645	152,714
Capital expenditures	194,275	32,246	9,427	235,948

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

January 1 – March 31, 2019	Turkey	Europe	Africa	Asia Pacific	Other	Total
Total segment revenue	2,202,976	3,292,125	508,344	622,988	275,724	6,902,157

January 1 – March 31, 2018	Turkey	Europe	Africa	Asia Pacific	Other	Total
Total segment revenue	1,905,892	2,351,552	374,419	474,609	175,746	5,282,218

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	March 31, 2019	December 31, 2018
Cash in hand	753	763
Cash at banks		
- demand deposits	607,888	569,097
- time deposits	5,706,774	4,652,265
Cheques and notes	83,882	62,200
Other	71,899	52,953
Cash and cash equivalents in cash flow statement	6,471,196	5,337,278
Interest income accruals	6,902	4,246
	6,478,098	5,341,524

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

Up to 30 days	6,102,667	5,135,129
30-90 days	375,431	206,395
	6,478,098	5,341,524

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

	March 31, 2019	December 31, 2018
TRY	20.4	23.0
USD	3.1	3.4
EUR	1.1	1.5
BWP	0.6	1.0
CZK	0.5	-
CNY	1.0	3.0
IDR	5.5	-
ZAR	5.3	5.3
HKD	0.3	0.3
GBP	0.6	0.6
SEK	(0.8)	-
CHF	(0.7)	(0.7)
EGP	9.7	10.4
NAD	5.3	5.0
NOK	0.7	0.5
PKR	8.8	4.8
ROL	0.1	0.1
RUB	7.6	7.2
RSD	-	3.2
THB	0.7	0.7
VND	2.2	1.0

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 5 - FINANCIAL INVESTMENTS

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

	March 31, 2019	December 31, 2018
Fair value gain/losses of financial assets reflected to other comprehensive income	2,075	1,856
Total	2,075	1,856

	<u>March 31, 2019</u>		<u>December 31, 2018</u>	
	(%)	TRY	(%)	TRY
Tat Gıda Sanayi A.Ş.	0.34	1,996	0.34	1,777
Other		79		79
		2,075		1,856

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

The unrealized gain (net) arising from the changes in the fair value of Tat Gıda Sanayi A.Ş. the available for sale investment, amounting to TRY 208 (March 31, 2018: TRY 185) and net of deferred tax effect amounting to TRY 11 (March 31, 2018: TRY 10) have been recognized in consolidated shareholders’ equity under the “Gain/losses on remeasuring and/or reclassification of available-for-sale financial assets ” in the three months period ended March 31, 2019.

The details of financial investments for the three months period ended March 31, are as follows:

	2019	2018
As of January 1	1,856	2,552
Change in fair value	219	195
As of March 31	2,075	2,747

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 6 - BORROWINGS

a) Short-term borrowings

	March 31, 2019	December 31, 2018
Short-term bank borrowings	4,154,654	3,896,688
Short-term lease liabilities	208,527	-
Payables from factoring activities (*)	109,347	124,696
Other	-	702
Total short-term borrowings	4,472,528	4,022,086
Short-term portion of long-term bank borrowings and interest accruals	1,206,954	1,438,524
Interest accruals of long-term bond issued (**)	131,089	56,116
Total short-term portion of long-term borrowings	1,338,043	1,494,640

(*) Factoring liabilities are amounting to TRY 60,662 denominated in EUR (December 31, 2018: TRY 75,179), TRY 48,685 denominated in GBP (December 31, 2018: TRY 49,517) and interest rates are between 0.6 % for EUR (December 31, 2018: 0.6%) and 1.43 % for GBP (December 31, 2017: 1.12%).

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

2019:

The Company issued bond amounting to TL 500 million, quoted in Borsa Istanbul with quarterly interest payment on February 15, 2019. Maturity of the bond is February 17, 2021 and coupon rate is 3MTRYIBOR+0.75.

2014:

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

2013:

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 6 - BORROWINGS (Continued)

As of March 31, 2019, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	25.1	2,314,172,368	2,314,172
EUR	0.5	170,363,920	1,076,496
PKR	10.7	15,837,961,307	629,559
ZAR	8.5	250,000,000	96,930
RON	5.2	21,485,314	28,343
RUB	9.9	105,907,670	9,154
			4,154,654

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

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

b) Long-term borrowings

	March 31, 2019	December 31, 2018
Long-term bank borrowings	2,013,288	1,698,024
Long-term bonds issued	5,516,018	4,730,835
Long-term lease liabilities	527,212	-
Other	-	2,693
	8,056,518	6,431,552

As of March 31, 2019, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
TRY	21.3	2,372,875,181	2,372,875
EUR	2.1	90,745,766	573,405
ZAR	10.1	500,000,000	193,860
PKR	11.0	2,015,144,658	80,102
			3,220,242
Short-term portion of long-term loans and interest accruals			(1,206,954)
			2,013,288

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 6 - BORROWINGS (Continued)

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

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

As of March 31, 2019, detail of discounted amounts of long-term bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	5.1	511,386,188	2,878,286
EUR	4.0	356,643,467	2,253,559
TRY	24.8	515,262,418	515,262
			5,647,107
Interest accruals of long-term bonds issued			(131,089)
			5,516,018

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

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

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

	March 31, 2019	December 31, 2018
2020	1,263,610	1,288,120
2021	3,064,634	2,141,331
2022	66,104	63,062
2023 to 2027	3,144,720	2,945,761
	7,539,068	6,438,274

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 6 - BORROWINGS (Continued)

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

	March 31, 2019	December 31, 2018
Up to 3 months	3,476,508	3,214,446
3 - 12 months	2,343,834	2,145,905
1-5 years	6,541,041	5,770,250
Over 5 years	264,417	409,904
	12,625,800	11,540,505

Net financial debt reconciliation

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

	March 31, 2019	December 31, 2018
Cash and cash equivalents	6,478,098	5,341,524
Borrowings and bill of exchange – repayable within one year	(5,602,044)	(5,516,726)
Borrowings and bill of exchange – repayable after one year	(7,529,306)	(6,431,552)
Lease Liabilities – repayable within one year	(208,527)	-
Lease Liabilities – repayable after one year	(527,212)	-
	(7,388,991)	(6,606,754)
Cash and cash equivalents	6,478,098	5,341,524
Borrowings and bill of exchange - fixed interest rates	(10,890,453)	(10,425,912)
Borrowings and bill of exchange – floating interest rate	(2,240,897)	(1,522,366)
Lease Liabilities	(735,739)	-
	(7,388,991)	(6,606,754)

2019	Lease Liabilities	Borrowings and bonds issued due within 1 year	Borrowings and bonds issued due after 1 year	Total
Financial debt as of January 1st	-	(5,516,726)	(6,431,552)	(11,948,278)
Effect of change due to TFRS 16	(743,980)	-	-	(743,980)
Cash flows	60,360	23,972	(849,383)	(765,051)
Changes in interest accruals	(12,131)	(116,869)	-	(129,000)
Changes in factoring liabilities	-	15,349	-	15,349
Changes in lease liabilities	(9,542)	-	-	(9,542)
Currency translation adjustments	(30,446)	(7,769)	(248,371)	(286,586)
Financial debt as of March 31th	(735,739)	(5,602,043)	(7,529,306)	(13,867,088)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 7 - DERIVATIVE INSTRUMENTS

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

	March 31, 2019			December 31, 2018		
	Contract amount	Fair value assets /(liabilities)		Contract amount	Fair value assets /(liabilities)	
<i>Short-term derivative instruments</i>						
<i>Held for trading:</i>						
Forward transactions	1,470,528	1,013	(8,230)	6,184,770	11,761	(20,200)
Foreign currency swap contracts	10,027,579	10,781	(276,840)	5,906,441	16,644	(230,895)
		11,794	(285,070)		28,405	(251,095)
<i>Long-term derivative instruments</i>						
<i>Held for trading:</i>						
Cross-currency fixed interest rate swap (*)	3,819,486	216,578	-	3,540,742	166,813	-
<i>Cash flow hedge:</i>						
Interest rate swap contracts	500,000	34,033	-			-
		250,611	-		166,813	-

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

(**) As of 31 March 2019, interest rate swap transactions consist of exchange of floating rate instalment payments of long term bond issued amounting to TL 500,000 with fixed rate instalment payments for cash flow hedging.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	March 31, 2019	December 31, 2018
Short-term trade receivables:		
Trade receivables	7,056,757	6,011,821
Notes receivables	1,240,348	1,625,067
Cheques receivables	225,757	393,722
Short-term trade receivables (gross)	8,522,862	8,030,610
Provision for doubtful receivables	(221,027)	(207,121)
Unearned credit finance income	(93,204)	(79,237)
Short-term trade receivables (net)	8,208,631	7,744,252

As of March 31, 2019, the Group has offsetted TRY 1,008,233 (December 31, 2018: TRY 1,182,846) from trade receivables that are collected from factoring companies as part of the irrevocable factoring.

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 114,667 related with its local bank borrowings (December 31, 2018: TRY 78,018).

The movements of provision for doubtful receivables for the three months period ended March 31, are as follows:

	2019	2018
As of January, 1	207,121	171,031
Current year additions (Note 21)	10,510	11,404
Provisions no longer required (Note 21)	(726)	(507)
Write-offs (*)	(1,353)	(19)
Currency translation differences	5,475	3,732
As of March, 31	221,027	185,641

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

	March 31, 2019	December 31, 2018
Long-term trade receivables		
Trade receivables	39,977	41,450
Unearned credit finance income	(6,360)	(5,760)
	33,617	35,690

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

	March 31, 2019	December 31, 2018
Short-term trade payables:		
Trade payables	4,482,848	4,032,950
Debt accruals	418,793	314,565
Unearned credit finance charges	(72,935)	(54,668)
	4,828,706	4,292,847

NOTE 9 - INVENTORIES

	March 31, 2019	December 31, 2018
Raw materials and supplies	1,943,630	2,042,764
Work in progress	139,730	149,579
Finished goods	2,511,923	2,141,994
Trade goods	953,431	858,126
Inventories (gross)	5,548,714	5,192,463
Provision for impairment on inventories	(109,755)	(104,787)
Inventories (net)	5,438,959	5,087,676

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 182,495 related with its local bank borrowings (December 31, 2018: TRY 176,263).

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

	March 31, 2019	December 31, 2018
Raw materials and supplies	70,605	69,929
Finished goods	32,044	27,904
Trade goods	7,106	6,954
	109,755	104,787

Movements of provision for impairment on inventories for the three months period ended March 31 are as follows:

	2019	2018
As of January 1	104,787	84,976
Current year additions (Note 21)	4,888	2,083
Realized due to sales of inventory	(3,879)	(1,920)
Currency translation differences	3,959	1,717
As of March 31	109,755	86,856

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 10 - OTHER PAYABLES

	March 31, 2019	December 31, 2018
Taxes and duties payable	201,974	175,158
Dividend payables to shareholders	21,773	20,219
Deposits and guarantees received	4,105	3,400
Other	57,215	42,292
	285,067	241,069

NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2019		December 31, 2018	
	%	TRY	%	TRY
Koç Finansman	47.0	150,373	47.0	149,131
Arçelik - LG	45.0	128,566	45.0	124,716
VoltBek	49.0	112,741	49.0	64,015
Ram Dış Ticaret	33.5	6,572	33.5	5,643
Tanı Pazarlama	32.0	4,228	32.0	3,100
		402,480		346,605

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

	2019	2018
As of January 1	346,605	282,261
Shares of income/loss of associates	14,968	10,691
Shares of other comprehensive income/loss of associates	(13,689)	(2,674)
Gross profit elimination on inventory	(6,905)	(1,921)
Dividends received	-	(26,170)
Share participation in joint venture	53,537	27,383
Currency translation difference	7,964	1,620
As of March 31	402,480	291,190

Shares of income/loss from associates and joint venture:

	January 1-March 31, 2019	January 1-March 31, 2018
Koç Finansman	14,733	11,769
Arçelik - LG	10,972	2,191
Ram Dış Ticaret	923	524
Tanı Pazarlama	1,112	(1,204)
VoltBek	(12,772)	(2,589)
	14,968	10,691

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

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

	March 31, 2019	December 31, 2018
Total assets	6,279,541	6,072,971
Total liabilities	5,410,982	5,321,349
	January 1-March 31, 2019	January 1-March 31, 2018
Net sales	1,165,683	700,930
Net income for the period	20,550	18,158

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	2019	2018
As of January 1		
Cost	9,078,527	7,150,246
Accumulated depreciation	(4,544,251)	(3,885,475)
Net carrying value	4,534,276	3,264,771
Effect of change due to TFRS 16^(**)	743,980	
Net carrying value at the beginning of the period	5,278,256	3,264,771
Additions	244,587	155,237
Transfers ^(*)	(335)	-
Disposals	(5,735)	(2,875)
Currency translation differences	188,332	99,770
Depreciation for the period	(196,592)	(109,565)
Net carrying value at the end of the period	5,508,513	3,407,338
As of March 31		
Cost	10,329,103	7,447,652
Accumulated depreciation	(4,820,590)	(4,040,314)
Net carrying value	5,508,513	3,407,338

^(*) Consists of transfers amounting to TRY 335 from property, plant and equipment to other intangible assets (Note 13).

^(**) As of March 31, 2019, the net book value of the right of use assets included in property, plant and equipment is TRY 728.827. The details of the initial recognition of the right of use assets under TFRS 16 are presented in Note 2.2.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Additions to right of use assets are TRY 9,653 and depreciation expenses are TRY 59,061 for the three months period ended March 31, 2019.

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

NOTE 13 – OTHER INTANGIBLE ASSETS

	2019	2018
As of January 1		
Cost	3,614,533	2,944,381
Accumulated amortization	(1,013,684)	(804,043)
Net carrying value	2,600,849	2,140,338
Net carrying value at the beginning of the period		
Additions	93,557	80,711
Transfers ^(*)	335	-
Disposals	-	(445)
Currency translation differences	97,913	61,722
Amortization for the period	(55,820)	(43,149)
Net carrying value at the end of the period	2,736,834	2,239,177
As of March 31		
Cost	3,814,475	3,090,976
Accumulated amortization	(1,077,641)	(851,799)
Net carrying value	2,736,834	2,239,177

^(*) Consists of transfers from property, plant and equipment.

Net carrying value of the development costs as of March 31, 2019 is TRY 728,342 (December 31, 2018: TRY 685,536) and capitalized development costs for the period is TRY 80,369 (January 1 - March 31, 2018: TRY 62,725).

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

NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of March 31, 2019, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 943,916,086 (December 31, 2018: USD 255,196,533). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivative instruments contracts commitments

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

March 31, 2019	Purchase Commitments	Sales Commitments
TRY	3,364,884	1,299,525
USD	2,171,056	807,269
EUR	1,669,859	2,989,909
AUD	51,261	183,108
CZK	-	50,784
CNY	99,856	437,430
DKK	-	76,911
ZAR	-	160,359
GBP	-	716,313
SEK	63,015	-
CHF	35,504	-
CAD	-	16,742
MYR	-	18,060
NOK	77,023	18,941
PKR	-	53,234
PLN	-	151,056
ROL	51,454	571,029
RUB	24,049	50,129
THB	46,280	-
NZD	-	52,415
VND	-	10,136
	7,654,241	7,663,350

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	March 31, 2019	December 31, 2018
Collaterals obtained	3,614,059	3,616,758

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of March 31, 2019 and December 31, 2018 are as follows:

	March 31, 2019	December 31, 2018
CPMB’s given by the Company		
A. CPMB’s given for Company’s own legal personality	199,412	160,425
B. CPMB’s given on behalf of fully consolidated companies	1,422	1,356
C. CPMB’s given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
Total	200,834	161,781

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

CPMB's given by the Company	March 31, 2019	December 31, 2018
TRY	70,477	68,845
USD	59,589	27,160
EUR	45,289	43,203
Other currencies	25,479	22,573
	200,834	161,781

NOTE 15 – OTHER PROVISIONS

	March 31, 2019	December 31, 2018
Other short-term provisions		
Warranty provision	380,389	333,359
Assembly provision	125,670	108,248
Provision for transportation cost	49,935	41,996
Provision for lawsuit risks	19,826	15,648
Provision for returns	15,458	14,946
Other	101,247	68,142
	692,525	582,339
Other long-term provisions		
Warranty provision	145,455	155,747
Other	1,495	121
	146,950	155,868

NOTE 16 – PREPAID EXPENSES

	March 31, 2019	December 31, 2018
Short-term prepaid expenses	261,161	156,879
Advances given for inventories	16,478	25,108
	277,639	181,987

NOTE 17 – CURRENT INCOME TAX ASSETS

	March 31, 2019	December 31, 2018
Prepaid taxes and funds	120,200	118,220
	120,200	118,220

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 18 – EMPLOYEE BENEFIT OBLIGATIONS

	March 31, 2019	December 31, 2018
Social security payables	131,095	103,214
Payables to personnel	97,625	201,246
Accruals for bonuses and premiums	46,972	39,711
	275,692	344,171

NOTE 19 - OTHER ASSETS AND LIABILITIES

	March 31, 2019	December 31, 2018
Other current assets:		
Value added tax and private consumption tax receivable	465,254	460,277
Taxes and funds deductible	167,550	127,534
Income accruals	5,983	27,739
Other	70,304	66,353
	709,091	681,903
Other current liabilities:		
Accruals for customer premiums	719,758	620,521
Advances received	93,821	90,532
Deferred income	36,284	35,144
Other	15,424	10,143
	865,287	756,340
Other long term liabilities:		
Deferred income	184,285	178,871
Other	57,826	56,826
	242,111	235,697

NOTE 20 – EQUITY

Paid-in capital

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

	March 31, 2019	December 31, 2018
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 20 - EQUITY(Continued)

The shareholding structure of the Company is as follows:

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

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

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

Contribution to shareholders’ equity related to the merger

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 20 – EQUITY (Continued)

Restricted reserves

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

The details of these restricted reserves are as follows:

	March 31, 2019	December 31, 2018
Legal reserves	409,115	409,115

Dividends

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

NOTE 21 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1- March 31, 2019	January 1- March 31, 2018
Other income from operating activities:		
Foreign exchange gains arising from trading activities	311,305	232,165
Credit finance income arising from trading activities	22,769	8,014
Income from claims and grants	12,355	4,542
Reversal of provisions for doubtful receivables (Note 8)	726	507
Reversals of provisions	-	9
Other	1,178	25,661
	348,333	270,898
Other expenses from operating activities:		
Foreign exchange losses arising from trading activities	(95,056)	(62,760)
Cash discounts expenses	(24,294)	(9,374)
Provision expense for doubtful receivables (Note 8)	(10,510)	(11,404)
Provision expense for inventory impairment (Note 9)	(4,888)	(2,083)
Credit finance charges arising from trading activities	(4,785)	(36,867)
Other	(13,802)	(11,666)
	(153,335)	(134,154)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 22 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- March 31, 2019	January 1- March 31, 2018
Income from investment activities:		
Income from sales of property plant and equipment	550	2,376
Dividends received from financial investments	-	94
	550	2,470
Expenses from investment activities:		
Loss from sales of property plant and equipment	(1,022)	(2,440)
	(1,022)	(2,440)

NOTE 23- FINANCIAL INCOME

	January 1- March 31, 2019	January 1- March 31, 2018
Foreign exchange gains (*)	439,784	284,138
Gains on derivative instruments	244,367	41,286
Interest income	34,543	9,168
Other	1,045	35
	719,739	334,627

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

NOTE 24 - FINANCIAL EXPENSES

	January 1- March 31, 2019	January 1- March 31, 2018
Foreign exchange losses (*)	(517,101)	(354,895)
Interest expenses	(378,782)	(183,058)
Losses on derivative instruments	(213,098)	(151,695)
Other	(4,351)	(2,306)
	(1,113,332)	(691,954)

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 25 - TAX ASSETS AND LIABILITIES

	March 31, 2019	December 31, 2018
Corporation and income taxes	78,966	164,206
Prepaid tax	(36,300)	(121,228)
Tax liabilities (net)	42,666	42,978
Deferred tax assets	914,683	878,247
Deferred tax liabilities	(546,776)	(511,386)
Deferred tax assets, net	367,907	366,861

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

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

Income tax expense for the three month period ended March 31 is as follows:

	January 1- March 31, 2019	January 1- March 31, 2018
Tax income		
- Current period tax expense	(60,704)	(30,347)
- Deferred tax income	25,956	50,113
Tax income	(34,748)	19,766

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

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

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Property, plant and equipment and intangible assets	3,418,547	3,274,756	(832,638)	(800,105)
Unearned credit finance income/expense (net)	55,596	81,580	(12,231)	(17,948)
Fair value gain/losses of financial assets reflected to other comprehensive income	1,639	1,420	(82)	(71)
Unused tax advantages (*)	-	-	637,787	639,641
Provision for doubtful receivables	(45,806)	(36,233)	12,233	9,736
Derivative instruments	(17,937)	(59,079)	3,924	12,929
Provision for impairment on inventories	(76,530)	(69,048)	16,416	14,879
Provision for employment termination benefits	(255,320)	(248,744)	51,216	49,881
Provision for warranty, assembly and transportation expenses	(675,966)	(607,584)	147,335	132,421
Unused tax credits	(618,859)	(566,644)	170,316	157,065
Other	(677,102)	(599,881)	173,631	168,433
Deferred tax assets, net			367,907	366,861

(*) Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount. In this context, as of March 31, 2019 the tax advantage of TRY 637,787 (December 31, 2018: TRY 639,641) from which the Company predicts to benefit in the foreseeable future is recognized as deferred tax asset in the condensed interim consolidated financial statements.

Movements in deferred tax asset / (liabilities) for the three month period ended March 31 are as follows:

	2019	2018
Balance as of January 1	366,861	238,858
Deferred tax income recognized in statement of profit or loss	25,956	50,113
Deferred tax income recognized directly in the equity	(5,432)	5,110
Currency translation differences	(19,478)	(8,680)
Balance as of March 31	367,907	285,401

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 26 - EARNINGS PER SHARE

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

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

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

	January 1- March 31, 2019	January 1- March 31, 2018
Profit for the year attributable to shareholders of the Company	225,422	176,852
Weighted average number of ordinary shares with nominal value (kurus1 each one)	67,572,820,500	67,572,820,500
Earnings per share (kurus) (*)	0.334	0.262
Diluted earnings per share (kurus) (*)	0.334	0.262

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 27 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	March 31, 2019	December 31, 2018
(a) Due from related parties:		
Koçtaş Yapı Marketleri Ticaret A.Ş. ⁽¹⁾	10,931	8,487
Setur Servis Turistik A.Ş. ⁽¹⁾	5,627	-
Yapı ve Kredi Bankası A.Ş. ⁽¹⁾	3,251	3,340
Other	1,573	232
	21,382	12,059
(b) Due to related parties:		
Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ⁽¹⁾	251,749	236,701
Ram Dış Ticaret ⁽²⁾	82,499	95,226
Arçelik-LG ⁽³⁾	80,102	41,068
Ram Sigorta ⁽¹⁾	33,067	383
Bilkom Bilişim Hizmetleri A.Ş. ⁽¹⁾	14,228	7,832
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ⁽¹⁾	10,303	16,132
Koç Holding A.Ş. ⁽⁴⁾	2,095	24,813
Otokoç Otomotiv Tic. ve San. A.Ş. ⁽¹⁾	1,645	2,889
Other	4,894	16,553
	480,582	441,597

⁽¹⁾ Koç Holding group companies

⁽²⁾ Associates

⁽³⁾ Joint ventures

⁽⁴⁾ Parent company

	March 31, 2019	December 31, 2018
Other payables to related parties – Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ^(*)	29,262	27,253
Other	565	541
	29,827	27,794
Other payables to related parties – Non-Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ^(*)	22,214	27,641
Other	567	539
	22,781	28,180

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

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

	March 31, 2019	December 31, 2018
Other payables to related parties (gross)		
Up to 1 year	30,395	28,426
1 to 5 years	22,939	28,424
	53,334	56,850
Future finance charges on other liabilities	(726)	(876)
Present value of other payables to related parties (net)	52,608	55,974

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

	March 31, 2019	December 31, 2018
Up to 1 year	29,827	27,794
1 to 5 years	22,781	28,180
	52,608	55,974

(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries ⁽¹⁾	3,418,676	2,433,594
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(d) Bank borrowings:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	43,337	-
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⁽¹⁾ Koç Holding group companies

(e) Derivative instruments

	Contract amount	Fair value assets/(liabilities)
March 31, 2019		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	1,575,735	- (8,877)
December 31, 2018		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	1,583,952	5,080 (2,001)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 27 - RELATED PARTY DISCLOSURES

(ii) Transactions with related parties

	January 1- March 31, 2019	January 1- March 31, 2018
(a) Sales of goods and services:		
Koçtaş Yapı Marketleri Ticaret A.Ş.	6,441	5,916
Yapı ve Kredi Bankası A.Ş.	4,506	4,356
Zer Merkezi Hizmetler ve Ticaret A.Ş.	500	1,360
Other	2,142	1,451
	13,589	13,083
(b) Purchases of goods and services:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	279,337	194,054
Ram Dış Ticaret	69,950	66,015
Arçelik-LG	69,167	161,762
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	49,334	14,982
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	25,513	8,841
Bilkom Bilişim Hizmetleri A.Ş.	19,359	26,780
Koç Holding A.Ş. (**)	18,491	9,062
Other	30,041	44,276
	561,192	525,772

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

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

(*) The amount consists insurance premium liabilities and accruals to insurance companies over the contracts signed through insurance agency Ram Sigorta Aracılık Hizmetleri A.Ş.

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

(c) Key management compensation:

Total compensation provided to members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to General Manager by the Company during the three month period ended March 31, 2019 amounts to TRY 4,613 (January 1-March 31, 2018: TRY 5,176). Compensation includes only short-term benefits. There is no redundancy payments made to the senior executives as of March 31, 2019 (January 1-March 31, 2018: None).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 27 - RELATED PARTY DISCLOSURES (Continued)

(d) Other transactions:

	January 1- March 31, 2019	January 1- March 31, 2018
<i>Interest income:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	16,104	4,511
<i>Interest expense:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	2,508	5,773

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Hedging operations and derivative instruments

Liquidity Risk

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

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

Interest Rate Risk

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

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

Funding risk

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(Continued)

Credit risk

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

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

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

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

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

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

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

March 31, 2019	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
Maximum exposed credit risk as of reporting date ⁽¹⁾	21,382	8,242,248	6,321,564	262,405
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(6,869,140)	-	-
A. Net book value of financial asset either are not due or not impaired	21,382	7,416,955	6,321,564	262,405
-Secured portion by guarantees, etc.	-	(6,191,569)	-	-
B. Net book value of overdue but not impaired financial assets	-	780,057	-	-
- Secured portion by guarantees, etc.	-	(626,626)	-	-
C. Net book value of the impaired assets	-	50,945	-	-
- Overdue (Gross book value)	-	266,261	-	-
- Impairment (-)	-	(215,318)	-	-
- Secured portion of the net value by guarantees, etc.	-	(50,945)	-	-
D. Expected credit losses (-)	-	(5,709)	-	-

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

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

	March 31, 2019	December 31, 2018
Group 1	113,920	19,717
Group 2	7,033,410	6,849,922
Group 3	291,007	293,921
	7,438,337	7,163,560

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

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

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

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

	March 31, 2019	December 31, 2018
0-1 month	519,741	298,221
1-3 months	123,142	157,045
3-12 months	69,893	97,192
1-5 years	67,281	41,969
	780,057	594,427

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

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

The calculation as of 31 March 2019 is as follows:

	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected loss rate %	0.02	0.05	1.25	0.71	
Gross carrying amount	7,438,235	531,234	121,004	394,181	8,484,654
Loss allowance provision	1,148	270	1,507	2,784	5,709

The calculation as of 31 December 2018 is as follows:

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

Foreign exchange risk

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

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

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

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

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019**

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

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Foreign currency hedge of net investments in foreign operations

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

Foreign currency position

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

	March 31, 2019	December 31, 2018
Assets	9,649,718	8,419,230
Liabilities	(8,582,052)	(8,169,123)
Net position of financial statement	1,067,666	250,107
Net position of derivative instruments	(725,693)	(347,860)
Foreign currency position (net)	341,973	(97,753)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of March 31, 2019 are as follows:

	EUR	USD	GBP	RUB	PLN	ROL	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	THB	CNY	CHF	VND	PKR	TRY Equivalent	
Current Assets																						
Trade receivables	395,839	198,658	98,262	550,990	105,436	-	217,030	-	-	6	67,408	47,026	1,307	-	4,201	-	552,071	-	42,648,236	385	5,333,023	
Monetary financial assets	368,287	279,350	191	1	-	42	7	-	265	159,833	7,245	34	3	-	-	-	2,224	-	-	-	3,971,136	
Other	19,298	38,779	17	-	-	-	-	-	-	-	-	5	-	-	-	-	2,273	588	-	-	345,559	
Total Assets	783,424	516,787	98,470	550,991	105,436	42	217,037	-	265	159,839	74,653	47,065	1,310	-	4,201	-	556,568	588	42,648,236	385	9,649,718	
Current Liabilities																						
Trade payables	194,412	218,365	152	-	-	-	-	1,999	2,311	16,816	2,421	7	-	311	-	714	83,659	595	869,374	-	2,543,316	
Financial liabilities	60,387	16,393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	473,839	
Other monetary liabilities	836	7,787	-	-	-	-	-	-	-	-	-	9,079	515	-	-	-	-	-	-	-	87,223	
Non-Current Liabilities																						
Financial liabilities	418,000	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,455,458	
Other monetary liabilities	-	3,947	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,216	
Total Liabilities	673,635	746,492	152	-	-	-	-	1,999	2,311	16,816	2,421	9,086	515	311	-	714	83,659	595	869,374	-	8,582,052	
Net Position of Financial Statement	109,789	(229,705)	98,318	550,991	105,436	42	217,037	(1,999)	(2,046)	143,023	72,232	37,979	795	(311)	4,201	(714)	472,909	(7)	41,778,862	385	1,067,666	
Off-balance sheet derivative assets (*)	404,865	385,732	-	-	-	-	-	-	-	-	-	9,725	-	-	-	-	64,413	-	-	-	4,821,698	
Off-balance sheet derivative liabilities (*)	(471,934)	(143,428)	(97,652)	(580,000)	(102,766)	-	(207,282)	-	-	(159,833)	(91,000)	(46,000)	(910)	-	(4,000)	-	(525,000)	-	(41,780,000)	-	(5,547,391)	
Net position of off-balance sheet items	(67,069)	242,305	(97,652)	(580,000)	(102,766)	-	(207,282)	-	-	(159,833)	(91,000)	(36,275)	(910)	-	(4,000)	-	(460,587)	-	(41,780,000)	-	(725,693)	
Net Asset/(Liability) Position of Foreign Currency	42,720	12,600	666	(29,009)	2,670	42	9,755	(1,999)	(2,046)	(16,810)	(18,768)	1,704	(115)	(311)	201	(714)	12,322	(7)	(1,138)	385	341,973	
Net Asset/(Liability) Position of Foreign Currency Monetary Items	90,491	(268,484)	98,301	550,991	105,436	42	217,037	(1,999)	(2,046)	143,023	72,232	37,974	795	(311)	4,201	(714)	470,636	(595)	41,778,862	385	722,107	
Fair Value of Financial Instruments Used for Foreign Exchange Hedge																						(56,699)
Hedged Amount of Foreign Currency Assets	471,934	143,428	97,652	580,000	102,766	-	207,282	-	-	159,833	91,000	46,000	910	-	4,000	-	525,000	-	41,780,000	-	5,547,391	
Hedged Amount of Foreign Currency Liabilities	251,019	385,732	-	-	-	-	-	-	-	-	-	9,725	-	-	-	-	64,413	-	-	-	3,849,575	

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

March 31, 2019	EUR	USD	GBP	RUB	PLN	RON	CZK	NOK	SEK	ZAR	DKK	AUD	NZD	JPY	CAD	THB	CNY	CHF	VND	PKR	TRY equivalent	
Against TRY	53,650	41,947	237	(29,009)	2,670	42	9,748	-	2	-	(113)	1,023	-	(311)	201	-	26,892	(7)	-	385	607,881	
Against EUR	-	(3,212)	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	-	(18,076)
Against RUB	(294)	794	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65	-	-	-	-	2,665
Against PLN	(1,183)	5	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,445)
Against GBP	774	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,172
Against RON	(5,539)	(2,329)	297	-	-	-	-	-	-	-	(10)	-	-	-	-	-	-	-	-	-	-	(45,938)
Against CZK	(595)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,760)
Against NOK	1,503	-	-	-	-	-	-	-	(2,048)	-	(18,645)	-	-	-	-	-	-	-	-	-	-	(7,498)
Against SEK	(2,549)	-	-	-	-	-	-	(1,999)	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,407)
Against CNY	5	822	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,710
Against ZAR	(1,136)	141	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,384)
Against AUD	(522)	600	-	-	-	-	-	-	-	-	-	-	(115)	-	-	-	-	-	-	-	-	(361)
Against EGP	-	(2,621)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,752)
Against UAH	(1,629)	(27)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,445)
Against CHF	1,537	(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,684
Against BWP	-	-	-	-	-	-	-	-	-	(16,816)	-	-	-	-	-	-	-	-	-	-	-	(6,520)
Against NZD	(55)	(71)	-	-	-	-	-	-	-	-	-	681	-	-	-	-	-	-	-	-	-	1,963
Against USD	159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,005
Against RSD	(698)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,411)
Against HUF	(9)	(917)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,218)
Against THB	(179)	44	125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,138)	-	-	35
Against MYR	-	(149)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(839)
Against VND	-	(13,453)	-	-	-	-	-	-	-	-	-	-	-	-	-	(714)	-	-	-	-	-	(75,846)
Against AED	-	2,993	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,846
Against PKR	(520)	(12,012)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,635)	-	-	-	-	(83,088)
	42,720	12,600	666	(29,009)	2,670	42	9,755	(1,999)	(2,046)	(16,810)	(18,768)	1,704	(115)	(311)	201	(714)	12,322	(7)	(1,138)	385	341,973	

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

ARÇELİK ANONİM ŞİRKETİ**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

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

March 31, 2019	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
USD net asset/liability	(129,287)	129,287	(130,105)	130,105
Secured portion from USD risk	136,381	(136,381)	136,379	(136,379)
USD Net effect	7,094	(7,094)	6,274	(6,274)
EUR net asset/liability	166,586	(166,586)	112,446	(112,446)
Secured portion from EUR risk	(139,592)	139,592	(42,380)	42,380
EUR Net effect	26,994	(26,994)	70,066	(70,066)
GBP net asset/liability	72,120	(72,120)	91,848	(91,848)
Secured portion from GBP risk	(71,631)	71,631	(71,631)	71,631
GBP Net effect	489	(489)	20,217	(20,217)
RUB net asset/liability	4,762	(4,762)	73,417	(73,417)
Secured portion from RUB risk	(5,013)	5,013	(5,013)	5,013
RUB Net effect	(251)	251	68,404	(68,404)
RON net asset/liability	6	(6)	110,723	(110,723)
Secured portion from RON risk	-	-	-	-
RON Net effect	6	(6)	110,723	(110,723)
PLN net asset/liability	15,498	(15,498)	29,025	(29,025)
Secured portion from PLN risk	(15,106)	15,106	(15,106)	15,106
PLN Net effect	392	(392)	13,919	(13,919)
CZK net asset/liability	5,317	(5,317)	10,939	(10,939)
Secured portion from CZK risk	(5,078)	5,078	(5,078)	5,078
CZK Net effect	239	(239)	5,861	(5,861)
NOK net asset/liability	(130)	130	1,438	(1,438)
Secured portion from NOK risk	-	-	-	-
NOK Net effect	(130)	130	1,438	(1,438)
SEK net asset/liability	(124)	124	7,681	(7,681)
Secured portion from SEK risk	-	-	-	-
SEK Net effect	(124)	124	7,681	(7,681)
NZD net asset/liability	304	(304)	304	(304)
Secured portion from NZD risk	(349)	349	(349)	349
NZD Net effect	(45)	45	(45)	45
ZAR net asset/liability	5,545	(5,545)	112,199	(112,199)
Secured portion from ZAR risk	(6,197)	6,197	(6,197)	6,197
ZAR Net effect	(652)	652	106,002	(106,002)
AUD net asset/liability	15,118	(15,118)	7,792	(7,792)
Secured portion from AUD risk	(14,440)	14,440	(14,440)	14,440
AUD Net effect	678	(678)	(6,648)	6,648
DKK net asset/liability	6,105	(6,105)	6,105	(6,105)
Secured portion from DKK risk	(7,691)	7,691	(7,691)	7,691
DKK Net effect	(1,586)	1,586	(1,586)	1,586
JPY net asset/liability	(2)	2	(2)	2
Secured portion from JPY risk	-	-	-	-
JPY Net effect	(2)	2	(2)	2
CAD net asset/liability	1,758	(1,758)	1,758	(1,758)
Secured portion from CAD risk	(1,674)	1,674	(1,674)	1,674
CAD Net effect	84	(84)	84	(84)
THB net asset/liability	(13)	13	57,679	(57,679)
Secured portion from THB risk	-	-	-	-
THB Net effect	(13)	13	57,679	(57,679)
EGP net asset/liability	-	-	5,035	(5,035)
Secured portion from EGP risk	-	-	-	-
EGP Net effect	-	-	5,035	(5,035)
UAH net asset/liability	-	-	1,889	(1,889)
Secured portion from UAH risk	-	-	-	-
UAH Net effect	-	-	1,889	(1,889)
CNY net asset/liability	39,403	(39,403)	51,823	(51,823)
Secured portion from CNY risk	(38,376)	38,376	(38,376)	38,376
CNY Net effect	1,027	(1,027)	13,447	(13,447)
CHF net asset/liability	(4)	4	27,899	(27,899)
Secured portion from CHF risk	-	-	-	-
CHF Net effect	(4)	4	27,899	(27,899)
BWP net asset/liability	-	-	(86)	86
Secured portion from BWP risk	-	-	-	-
BWP Net effect	-	-	(86)	86
RSD net asset/liability	-	-	5,938	(5,938)
Secured portion from RSD risk	-	-	-	-
RSD Net effect	-	-	5,938	(5,938)
MYR net asset/liability	-	-	368	(368)
Secured portion from MYR risk	-	-	-	-
MYR Net effect	-	-	368	(368)
VND net asset/liability	-	-	379	(379)
Secured portion from VND risk	-	-	-	-
VND Net effect	-	-	379	(379)
PKR net asset/liability	2	(2)	115,087	(115,087)
Secured portion from PKR risk	-	-	-	-
PKR Net effect	2	(2)	115,087	(115,087)
AED net asset/liability	-	-	1,804	(1,804)
Secured portion from AED risk	-	-	-	-
AED Net effect	-	-	1,804	(1,804)
IDR net asset/liability	-	-	1,592	(1,592)
Secured portion from IDR risk	-	-	-	-
IDR Net effect	-	-	1,592	(1,592)
	34,198	(34,198)	633,419	(633,419)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

Import and exports performed to / from Turkey for the three month period ended as of March 31 are as follows:

	March 31, 2019		December 31, 2018	
	Original Amount	TRY equivalent	Original amount	TRY equivalent
EUR	253,175,452	1,544,731	230,990,813	1,085,208
USD	85,799,010	462,425	86,464,606	333,120
GBP	75,963,070	531,228	62,851,324	334,627
Other		275,869		227,613
Total exports		2,814,253		1,980,568
EUR	66,716,814	419,391	83,820,641	412,719
USD	185,462,594	1,053,786	215,986,336	884,130
GBP	70,473	515	180,147	1,023
Other		687		980
Total imports		1,474,379		1,298,852

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

Financial Assets

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

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

Financial Liabilities

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019

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

NOTE 29 - FINANCIAL INSTRUMENTS (Continued)

As of March 31, 2019, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 8,867,349 (December 31, 2018: TRY 7,923,499) (Note 6) and TRY 8,628,463 (December 31, 2017: TRY 7,712,416) respectively. Fair value is calculated by discounting the cash out flows regarding due dates of borrowings considering the changing country risk premium and changes in market interest rates.

Fair value hierarchy table

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

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

Level 2: Other valuation techniques includes direct or indirect observable inputs. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of March 31, 2019 is as follows:

Financial assets carried at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 7)		262,405	
Financial investments (Note 5)	1,996		
Financial liabilities carried at fair value in statement of financial position			
Derivative instruments (liabilities) (Note 7)		285,070	

Fair value hierarchy table as of December 31, 2018 is as follows:

Financial assets carried at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 7)	-	195,218	-
Financial investments (Note 5)	1,777	-	-
Financial liabilities carried at fair value in statement of financial position			
Derivative instruments (liabilities) (Note 7)	-	251,095	-

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019**

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

NOTE 30 - SUPPLEMENTARY CASH FLOW INFORMATION

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

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

	1 January- March 31, 2019	1 January- March 31, 2018
Adjustments for provisions:		
Accrual for customer premiums	99,237	29,207
Warranty provision	36,736	(29,505)
Accrual for bonuses and premiums	7,260	10,839
Provision for employment termination benefits	5,896	4,593
Provision for vacation pay liability	4,448	2,091
Provision for legal claims	4,179	20
Return provisions	512	1,047
Provision for assembly and transportation cost	25,364	24,466
	183,632	42,758
Adjustments for impairment loss:		
Provision for doubtful receivables	10,510	11,404
Provision for impairment on inventories	4,888	2,083
	15,398	13,487

NOTE 31 – EVENTS AFTER BALANCE SHEET DATE

A Purchase Agreement has been signed between the Company and Retail Holdings Bhold B.V., located in the Netherlands, to acquire all of the shares of Retail Holdings Bhold B.V., that holds 56,99% shares of Singer Bangladesh Ltd. which operates with the Singer brand in Bangladesh. The share transfer has been completed on 3 April 2019 following the payment of the share purchase price amounting to USD 75 million. The purchase price is subject to the price adjustment as per the net working capital and net debt levels of the acquired company as per the balance sheets dated 31 March 2019.