

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

Arçelik Anonim Şirketi

January 1 – September 30, 2011 condensed interim consolidated financial statements

ARÇELİK ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2011

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

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

		Unaudited	Audited
	Notes	September 30, 2011	December 31, 2010
ASSETS			
Current assets:			
Cash and cash equivalents	4	1,051,821	1,317,166
Derivative financial instruments	7	1,211	1,185
Trade receivables	8	3,206,128	2,324,578
Inventories	9	1,370,504	987,526
Other current assets	16	93,887	117,984
Total current assets		5,723,551	4,748,439
Non-current assets:			
Trade receivables	8	21,324	12,461
Financial investments	5	602,896	658,679
Associates	10	154,252	136,604
Investment properties	11	6,681	5,480
Property, plant and equipment	12	1,295,272	1,252,245
Intangible assets	13	521,202	461,417
Goodwill		8,057	7,190
Deferred tax assets	21	46,353	39,244
Total non-current assets		2,656,037	2,573,320
Total assets		8,379,588	7,321,759

These condensed interim consolidated financial statements as at and for the period ended September 30, 2011, have been approved for issue by the Board of Directors on October 27, 2011 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

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

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

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

	Notes	Unaudited September 30, 2011	Audited December 31, 2010
LIABILITIES			
Current liabilities:			
Financial liabilities	6	1,370,246	839,220
Derivative financial instruments	7	12,791	239
Trade payables	8	1,142,539	968,962
Other payables		128,053	129,530
Current income tax liabilities	21	22,565	18,970
Provisions	15	253,599	205,160
Other current liabilities	16	302,510	179,908
Total current liabilities		3,232,303	2,341,989
Non-current liabilities:			
Financial liabilities	6	1,132,033	1,218,072
Due to related parties	23	70,806	63,681
Provisions for employment termination benefits		107,569	99,700
Deferred tax liabilities	21	141,146	128,549
Provisions	15	70,715	58,136
Other non-current liabilities	16	3,387	3,898
Total non-current liabilities		1,525,656	1,572,036
Total liabilities		4,757,959	3,914,025
EQUITY			
Paid-in capital	17	675,728	675,728
Adjustment to share capital	17	468,811	468,811
Share premium		889	889
Revaluation fund	17	435,850	511,969
Restricted reserves	17	190,066	168,445
Currency translation differences		125,527	29,585
Contribution to shareholders’ equity related to merger	17	14,507	14,507
Retained earnings		1,201,217	954,525
Net income for the period		414,407	517,093
Attributable to			
Equity holders of the parent		3,527,002	3,341,552
Non-controlling interest		94,627	66,182
Total equity		3,621,629	3,407,734
Total liabilities and equity		8,379,588	7,321,759
Commitments, contingent assets and liabilities	14		

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

ARÇELİK ANONİM ŞİRKETİ

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30**

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

	Notes	Unaudited			
		January 1 - September 30, 2011	January 1 - September 30, 2010	July 1 - September 30, 2011	July 1 - September 30, 2010
Net sales	3	6,043,017	5,100,508	2,314,570	1,846,727
Cost of sales		(4,172,084)	(3,543,562)	(1,598,214)	(1,292,767)
Gross profit		1,870,933	1,556,946	716,356	553,960
Marketing, selling and distribution expenses		(1,075,151)	(854,677)	(421,978)	(296,813)
General administrative expenses		(218,514)	(188,564)	(73,793)	(61,819)
Research and development expenses		(54,717)	(42,550)	(19,024)	(15,391)
Other operating income	18	37,387	90,306	10,988	19,901
Other operating expenses	18	(36,308)	(38,328)	(9,033)	(17,509)
Operating profit		523,630	523,133	203,516	182,329
Income from associates (net)	10	24,275	12,061	6,796	6,944
Financial income	19	357,466	218,970	95,402	54,062
Financial expenses	20	(385,329)	(218,134)	(122,643)	(50,534)
Income before tax		520,042	536,030	183,071	192,801
Income tax					
- Taxes on income	21	(79,813)	(70,582)	(22,684)	(13,396)
- Deferred tax income/expense	21	(1,900)	(22,789)	(50)	(21,752)
Net income		438,329	442,659	160,337	157,653
Attributable to:					
Non-controlling interest		23,922	24,049	8,708	9,516
Equity holders of the parent		414,407	418,610	151,629	148,137
Earnings per share (Kr)	22	0.613	0.619	0.224	0.219

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED SEPTEMBER 30

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

	Unaudited			
	January 1 - September 30, 2011	January 1 - September 30, 2010	July 1 - September 30, 2011	July 1 - September 30, 2010
Net income for the period	438,329	442,659	160,337	157,653
Other comprehensive income:				
Decrease in value of non-current assets	(1,220)	(1,068)	(435)	(381)
Tax effect	311	272	111	97
	(909)	(796)	(324)	(284)
Fair value increase/decrease on financial assets	(55,760)	131,432	-	-
Tax effect	2,788	(6,572)	-	-
	(52,972)	124,860	-	-
Cash flow hedges	(12,107)	644	(12,107)	1,284
Tax effect	2,421	(129)	2,421	(257)
	(9,686)	515	(9,686)	1,027
Share of other comprehensive income of associates	(1,074)	-	(1,074)	-
	(1,074)	-	(1,074)	-
Foreign currency hedge of net investments in foreign operations	(69,990)	(5,723)	(24,975)	(4,699)
Tax effect	13,998	1,145	4,995	940
	(55,992)	(4,578)	(19,980)	(3,759)
Currency translation differences	156,804	(46,389)	51,655	3,890
Reclassifications:				
Decrease in value of non-current assets	1,220	1,068	435	381
Cash flow hedge fund (net)	(271)	(58)	-	(570)
Other comprehensive income (net of tax)	37,120	74,622	21,026	685
Total comprehensive income	475,449	517,281	181,363	158,338
Attributable to:				
Non-controlling interest	39,999	21,709	17,584	8,663
Equity holders of the parent	435,450	495,572	163,779	149,675

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

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH - PERIODS ENDED SEPTEMBER 30

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

	Paid-in capital	Adjustment to share capital	Share premium	Revaluation funds	Restricted reserves	Currency translation differences	Contribution to shareholders' equity due to merger	Retained earnings	Net income for the period	Equity holders of the parent	Non- controlling interest	Total equity
As of January 1, 2010	675,728	468,811	889	283,558	161,824	35,137	14,507	574,257	485,410	2,700,121	43,382	2,743,503
<i>Comprehensive income</i>												
Net income for the period	-	-	-	-	-	-	-	-	418,610	418,610	24,049	442,659
<i>Other comprehensive income:</i>												
Fair value gains on financial assets (net)	-	-	-	124,860	-	-	-	-	-	124,860	-	124,860
Cash flow hedges (net)	-	-	-	457	-	-	-	-	-	457	-	457
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	(4,578)	-	-	-	-	-	(4,578)	-	(4,578)
Depreciation effect of the revaluation of non-current assets (net)	-	-	-	(796)	-	-	-	1,068	-	272	-	272
Currency translation differences	-	-	-	(17,875)	-	(26,174)	-	-	-	(44,049)	(2,340)	(46,389)
Total other comprehensive income	-	-	-	102,068	-	(26,174)	-	1,068	-	76,962	(2,340)	74,622
Total comprehensive income	-	-	-	102,068	-	(26,174)	-	1,068	418,610	495,572	21,709	517,281
Transfers	-	-	-	-	-	-	-	485,410	(485,410)	-	-	-
Purchase of additional shares in subsidiaries	-	-	-	-	-	-	-	57	-	57	(57)	-
Dividends paid	-	-	-	-	6,621	-	-	(106,621)	-	(100,000)	(9,384)	(109,384)
As of September 30, 2010	675,728	468,811	889	385,626	168,445	8,963	14,507	954,171	418,610	3,095,750	55,650	3,151,400
As of January 1, 2011	675,728	468,811	889	511,969	168,445	29,585	14,507	954,525	517,093	3,341,552	66,182	3,407,734
<i>Comprehensive income</i>												
Net income for the period	-	-	-	-	-	-	-	-	414,407	414,407	23,922	438,329
<i>Other comprehensive income:</i>												
Fair value losses on financial assets (net)	-	-	-	(52,972)	-	-	-	-	-	(52,972)	-	(52,972)
Cash flow hedges (net)	-	-	-	(9,957)	-	-	-	-	-	(9,957)	-	(9,957)
Foreign currency hedge of net investments in foreign operations (net)	-	-	-	(55,992)	-	-	-	-	-	(55,992)	-	(55,992)
Share of other comprehensive income/(loss) of associates	-	-	-	(1,074)	-	-	-	-	-	(1,074)	-	(1,074)
Depreciation effect of the revaluation of non-current assets (net)	-	-	-	(909)	-	-	-	1,220	-	311	-	311
Currency translation differences	-	-	-	44,785	-	95,942	-	-	-	140,727	16,077	156,804
Total other comprehensive income	-	-	-	(76,119)	-	95,942	-	1,220	-	21,043	16,077	37,120
Total comprehensive income	-	-	-	(76,119)	-	95,942	-	1,220	414,407	435,450	39,999	475,449
Transfers	-	-	-	-	-	-	-	517,093	(517,093)	-	-	-
Dividends paid	-	-	-	-	21,621	-	-	(271,621)	-	(250,000)	(11,554)	(261,554)
As of September 30, 2011	675,728	468,811	889	435,850	190,066	125,527	14,507	1,201,217	414,407	3,527,002	94,627	3,621,629

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30

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

	Notes	Unaudited	
		September 30, 2011	September 30, 2010
Operating activities:			
Income before tax		520,042	536,030
<i>Adjustments to reconcile net cash provided from operating activities to income before taxes:</i>			
Changes in provisions	25	222,129	87,137
Depreciation and amortisation		159,397	143,041
Interest income	19	(28,424)	(29,794)
Interest expense	20	71,746	80,879
Income from associates (net)	10	(24,275)	(12,061)
Gain/losses on sales of tangible and intangible assets (net)	18	724	(37,243)
Losses from sales of financial assets		19	-
Income from operating activities before changes in operating assets and liabilities		921,358	767,989
Net change in operating assets and liabilities	25	(1,129,499)	(194,726)
Income tax paid		(47,519)	(37,353)
Cash flows from operating activities		(255,660)	535,910
Investing activities:			
Cash provided from sales of tangible and intangible assets		4,680	25,545
Acquisition of tangible and intangible assets		(178,493)	(136,965)
Cash provided from sales of financial assets		4	-
Dividends received	10	5,553	4,472
Currency translation differences (net)		18,460	(20,394)
Cash flows from investing activities		(149,796)	(127,342)
Financing activities:			
Proceeds from bank borrowings		969,102	1,494,725
Repayment of bank borrowings		(531,432)	(1,781,396)
Interest paid		(64,429)	(85,049)
Dividends paid		(261,554)	(109,384)
Interest received		31,102	32,818
Cash flows from financing activities		142,789	(448,286)
Net increase/decrease in cash and cash equivalents		(262,667)	(39,718)
Cash and cash equivalents at January 1	4	1,313,075	900,133
Cash and cash equivalents at September 30	4	1,050,408	860,415

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (a Turkish corporation - “Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates eleven manufacturing plants in Turkey, Romania, Russia and China. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 17).

The Company’s head office is located at:

Karaağaç Caddesi No: 2-6

Sütlüce 34445 Beyoğlu

Istanbul / Turkey

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1986. At September 30, 2011, the publicly quoted shares are 25.19% of the total shares.

The average number of employees of the Group as of September 30, 2011 is 18,693 (December 31, 2010: 17,931).

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Core business</u>	<u>Nature of business</u>
Continuing operations as of balance sheet date:			
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Ardutch B.V. Taiwan (“Ardutch Taiwan”)	Taiwan	Sourcing support	Consumer durables/Electronics
Beko A and NZ Pty Ltd. (“Beko Australia”)	Australia	Sales	Consumer durables/Electronics
Beko Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer durables/Electronics
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer durables/Electronics
Beko France S.A.S. (Beko France”)	France	Sales	Consumer durables/Electronics
Beko Italy SRL (“Beko Italy”)	Italy	Sales	Consumer durables/Electronics
Beko Llc. (“Beko Russia”)	Russia	Production/Sales	Consumer durables/Electronics
Beko Plc. (“Beko UK”)	United Kingdom	Sales	Consumer durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer durables/Electronics
Beko S.A. (“Beko Polska”)	Poland	Sales	Consumer durables/Electronics
Beko S.A. Czech Republic (“Beko Czech”)	Czech Republic	Sales	Consumer durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer durables/Electronics
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer durables
Elektra Bregenz AG (“Elektra Bregenz”)	Austria	Sales	Consumer durables/Electronics
Grundig Multimedia B.V. (“Grundig Multimedia”)	Netherlands	Investment	Holding
Grundig Intermedia GmbH (“Grundig Intermedia”)	Germany	Sales	Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Electronics
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Electronics
Raupach Wollert GmbH (“Raupach”)	Germany	Investment	Holding
SC Arctic SA (“Arctic”)	Romania	Production/Sales	Consumer durables/Electronics
Ceased operations as of balance sheet date:			
Archin Limited (“Archin”)	Hong Kong, China	Sales	Consumer durables/Electronics
ArcticPro SRL (“ArcticPro”)	Romania	Service	Consumer durables
Beko Cesko (“Beko Cesko”)	Czech Republic	Sales	Consumer durables/Electronics
Beko Magyarorszag K.F.T. (“Beko Magyarorszag”)	Hungary	Sales	Consumer durables/Electronics
Beko S.A. Hungary (“Beko Hungary”)	Hungary	Sales	Consumer durables/Electronics
Blomberg Vertriebsgesellschaft GmbH (“Blomberg Vertrieb”)	Germany	Sales	Consumer durables/Electronics
Blomberg Werke GmbH (“Blomberg Werke”)	Germany	Production	Consumer durables/Electronics
Grundig Ceska Republika S.r.o (“Grundig Czech Republic”)	Czech Republic	Sales	Electronics
Grundig Nordic Denmark A/S (“Grundig Denmark”)	Denmark	Sales	Electronics
Grundig Intermedia Ges.m.b.H (“Grundig Austria”)	Austria	Sales	Electronics
Grundig Italiana S.p.A. (“Grundig Italy”)	Italy	Sales	Electronics
Grundig Magyarorszag Kft. (“Grundig Hungary”)	Hungary	Sales	Electronics
Grundig Polska Sp.z o.o. (“Grundig Polska”)	Poland	Sales	Electronics
Grundig Portuguesa, Lda (“Grundig Portugal”)	Portugal	Sales	Electronics
Grundig Slovakia s.r.o (“Grundig Slovakia”)	Slovakia	Sales	Electronics

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

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

<u>Associates</u>	<u>Country of incorporation</u>	<u>Core Business</u>	<u>Nature of business</u>
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. (“Arçelik-LG”)	Turkey	Production/Sales	Consumer durables
Koç Tüketici Finansmanı A.Ş. (“Koç Tüketici Finans”)	Turkey	Finance	Consumer finance
Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”)	Turkey	Sales	Foreign trade
Tanı Pazarlama İ.H.A.Ş. (“Tanı Pazarlama”)	Turkey	Consultancy	Marketing and communication

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

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

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

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

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

Standards, revision and interpretations in issue but not effective and yet adopted on financial statements

Standards, interpretations and revision in issue but not effective and yet adopted on financial statements are summarized below:

IFRS 9 Financial Instruments – Phase 1 financial instruments, classification and measurement

The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. The amendments made to IFRS 9 in October 2010 affect the measurement of fair value option (“FVO”) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is assessing the impact of the new standard.

IAS 12 Income Taxes- Deferred Taxes: Recovery of underlying assets (Amendment)

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. IAS 12 has been updated to include (i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and (ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial statements of the Group.

IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amendment)

The amendment is effective for annual periods beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial statements of the Group.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

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

IFRS 10 Consolidated Financial Statements

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

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

IFRS 11 Joint Arrangements

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

The standard is with regard to the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted to account for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this new standard will have an impact on the financial statements of the Group.

IFRS 12 Disclosure of Interests in Other Entities

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

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

IFRS 13 Fair Value Measurement

Standard provides guidance on how to measure fair value however the requirements regarding which items should be measured or disclosed at fair value does not change. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Group is assessing the impact of the new standard.

IAS 27 Separate Financial Statements (Amended)

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

IAS 28 Investments in Associates and Joint Ventures (Amended)

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

IAS 19 Employee Benefits (Amended)

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

IAS 1 Presentation of Financial Statements (Amended)

The amendments are effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. This standard has not yet been endorsed by the EU.

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

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

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

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

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

Consolidation principles

The condensed interim consolidated financial statements, which have been prepared in accordance with the principles disclosed in the annual consolidated financial statements for the year ended December 31, 2010, include the accounts of the parent company, Arçelik, and its Subsidiaries.

ARÇELİK ANONİM ŞİRKETİ

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

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

As of September 30, 2011 and December 31, 2010, ownership interests and effective interests of the Subsidiaries, which are included in the scope of consolidation, are shown as above (%):

	<u>September 30, 2011</u>		<u>December 31, 2010</u>	
	<u>Ownership interest</u>	<u>Economic interest</u>	<u>Ownership interest</u>	<u>Economic interest</u>
Archin	100.00	100.00	100.00	100.00
Arctic	96.71	96.71	96.71	96.71
Arctic Pro	100.00	100.00	100.00	100.00
Ardutch	100.00	100.00	100.00	100.00
Ardutch Taiwan	100.00	100.00	-	-
Bekodutch B.V. ("Bekodutch") (*)	-	-	100.00	100.00
Beko Australia	100.00	100.00	-	-
Beko Cesko	100.00	100.00	100.00	100.00
Beko China	100.00	100.00	100.00	100.00
Beko Czech	100.00	100.00	100.00	100.00
Beko Deutschland	100.00	100.00	100.00	100.00
Beko Elektronik Llc ("Beko Elektronik Russia") (**)	-	-	100.00	100.00
Beko Espana	100.00	100.00	100.00	100.00
Beko France	100.00	100.00	100.00	100.00
Beko Hungary	100.00	100.00	100.00	100.00
Beko Italy	100.00	100.00	100.00	100.00
Beko Magyarorszag	100.00	100.00	100.00	100.00
Beko Polska	100.00	100.00	100.00	100.00
Beko Russia	100.00	100.00	100.00	100.00
Beko Slovakia	100.00	100.00	100.00	100.00
Beko Shanghai	100.00	100.00	100.00	100.00
Beko UK (****)	50.00	50.00	50.00	50.00
Blomberg Vertrieb	100.00	100.00	100.00	100.00
Blomberg Werke	100.00	100.00	100.00	100.00
Elektra Bregenz	100.00	100.00	100.00	100.00
Grundig Multimedia	100.00	100.00	100.00	100.00
Grundig Austria	100.00	100.00	100.00	100.00
Grundig Czech Republic	100.00	100.00	100.00	100.00
Grundig Nordic DK A/S (“Grundig Denmark”) (***)	-	-	100.00	100.00
Grundig Nordic Fin OY (“Grundig Finland”) (***)	-	-	100.00	100.00
Grundig Intermedia	100.00	100.00	100.00	100.00
Grundig Italy	100.00	100.00	100.00	100.00
Grundig Hungary	100.00	100.00	100.00	100.00
Grundig Norway	100.00	100.00	100.00	100.00
Grundig Portugal	100.00	100.00	100.00	100.00
Grundig Polska	100.00	100.00	100.00	100.00
Grundig Slovakia	100.00	100.00	100.00	100.00
Grundig Sweden	100.00	100.00	100.00	100.00
Grundig Schweiz AG ("Grundig Switzerland") (***)	-	-	100.00	100.00
Raupach	100.00	100.00	100.00	100.00

(*) Merged with Ardutch in 2011.

(**) Merged with Beko Russia in 2011.

(***) The Companies were dissolved in 2011.

(****) Activities like appointment of the subsidiary's management or votes of the board of directors are controlled by Arçelik; accordingly the subsidiary has been fully consolidated when the shareholding percentage is 50%.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

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

Going concern

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

Offsetting

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

Comparatives and restatement of prior periods’ financial statements

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

In order to ensure consistency with the presentation of the current period interim condensed consolidated statement of income, after sales services expenses, which had been accounted under general administrative expenses in prior periods, have been accounted under marketing, selling and distribution expenses in the current period with the intention to present the substance of the related expense more precisely. As a result of this change, general administrative expenses for the period ended September 30, 2010 has decreased by TRY 66,063, whereas marketing, selling and distribution expenses has increased by the same amount.

2.2 Changes and errors in the accounting policies and estimates

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior periods consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The estimates used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2010, except for the changes explained below in Note 2.2.1 and Note 2.2.2.

2.2.1. Changes in estimates used in revenue recognition

Sales on credit terms are discounted using an imputed rate of interest, and the difference between fair value and nominal value of the sales consideration is recognized in the following periods on an accrual basis as financial income. Applicable for the periods beginning on or after January 1, 2011, with the effect of the declining effective interest rates compared to previous periods, sales with the credit terms with less than one year, are recognized with nominal values and are not subject to any discounting due to materiality.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

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

2.2.2 Changes in estimates used in recognition of material and inventory purchases

When the materials constituting the cost of material and stocks are purchased on credit terms, these purchases and assets are recognized by discounting in order to eliminate the credit finance part over the purchase. Applicable for the periods beginning on or after January 1, 2011, purchases of materials and stocks are accounted for with nominal values and are not subject to any discounting due to materiality.

2.3 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the period ended September 30, 2011 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2010, except changes in accounting policies of derivative instruments explained below in Note 2.3.1. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2010.

2.3.1 Derivative financial instruments

Derivative financial instruments held for hedging

Cash flow hedge

The Group designated derivative financial contracts as a cash flow hedge against the foreign currency risk in the cash outflows expected during highly probable entity acquisition.

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

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

NOTE 3 - SEGMENT REPORTING

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

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

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

- a) Operational segments which have been prepared in accordance with the reportable segments for the nine-month period ended September 30, 2011 are as follows:

	White Goods	Consumer Electronics	Other	Total
Total segment revenue	3,972,224	952,984	1,117,809	6,043,017
Gross profit	1,347,587	210,155	313,191	1,870,933
Depreciation and amortisation	125,510	29,572	6,350	161,432
Capital expenditures	152,807	22,985	4,736	180,528
Income from associates	-	-	24,275	24,275

- b) Operational segments which have been prepared in accordance with the reportable segments for the nine-month period ended September 30, 2010 are as follows:

	White Goods	Consumer Electronics	Other	Total
Total segment revenue	3,251,849	849,789	998,870	5,100,508
Gross profit	1,215,098	176,922	164,926	1,556,946
Depreciation and amortisation	106,419	33,460	5,956	145,835
Capital expenditures	113,680	24,956	1,123	139,759
Income from associates	-	-	12,061	12,061

- c) Operational segments which have been prepared in accordance with the reportable segments for the period between July 1 – September 30, 2011 are as follows:

	White Goods	Consumer Electronics	Other	Total
Total segment revenue	1,589,313	342,848	382,409	2,314,570
Gross profit	531,160	73,169	112,027	716,356
Depreciation and amortisation	43,906	11,090	1,917	56,913
Capital expenditures	64,746	8,117	2,157	75,020
Income from associates	-	-	6,796	6,796

- d) Operational segments which have been prepared in accordance with the reportable segments for the period between July 1 – September 30, 2010 are as follows:

	White Goods	Consumer Electronics	Other	Total
Total segment revenue	1,218,140	247,407	381,180	1,846,727
Gross profit	443,778	49,195	60,987	553,960
Depreciation and amortisation	35,853	10,847	2,105	48,805
Capital expenditures	52,999	5,513	422	58,934
Income from associates	-	-	6,944	6,944

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 3 - SEGMENT REPORTING (Continued)

e) Sales revenue that is grouped geographically for the nine-months periods ended at September 30 are shown below:

January 1 - September 30, 2011	Turkey	Europe	Other	Total
Total segment revenue	3,007,568	2,240,886	794,563	6,043,017
Income from associates	24,275	-	-	24,275
January 1 - September 30, 2010	Turkey	Europe	Other	Total
Total segment revenue	2,586,120	1,858,884	655,504	5,100,508
Income from associates	12,061	-	-	12,061

f) Sales revenue that is grouped geographically for the period between July 1 – September 30, 2011 and 2010 are shown below:

July 1 – September 30, 2011	Turkey	Europe	Other	Total
Total segment revenue	1,122,265	892,088	300,217	2,314,570
Income from associates	6,796	-	-	6,796
July 1 – September 30, 2010	Turkey	Europe	Other	Total
Total segment revenue	973,630	643,196	229,901	1,846,727
Income from associates	6,944	-	-	6,944

NOTE 4 - CASH AND CASH EQUIVALENTS

	September 30, 2011	December 31, 2010
Cash in hand	280	328
Cash at banks		
- demand deposits	72,816	52,587
- time deposits	940,370	1,229,706
Cheques and notes	33,553	29,914
Other	3,389	540
Cash and cash equivalents in cash flow statement	1,050,408	1,313,075
Interest income accruals	1,413	4,091
	1,051,821	1,317,166

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

	September 30, 2011	December 31, 2010
Up to 30 days	875,722	887,270
30 - 90 days	176,099	429,896
	1,051,821	1,317,166

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

	September 30, 2011	December 31, 2010
TRY	-	9.0
USD	3.0	3.1
EUR	2.7	1.6
RON	4.6	2.6
GBP	0.4	0.3
RUB	-	2.2
CNY	1.4	1.1
PLN	-	3.4

NOTE 5 - FINANCIAL INVESTMENTS

	September 30, 2011		December 31, 2010	
Available-for-sale investments	%	TRY	%	TRY
Koç Finansal Hizmetler A.Ş.	3.98	601,408	3.98	657,168
Other		1,488		1,511
		602,896		658,679

NOTE 6 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

	September 30, 2011	December 31, 2010
Short-term bank borrowings	763,510	599,098
Short-term portion of long-term bank borrowings	606,469	239,738
Other	267	384
	1,370,246	839,220

As of September 30, 2011, the details of the short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Amount
TRY	-	-	16,161
EUR	2.3	259,463,650	652,730
RUB	5.5	1,548,736,692	88,774
CNY	5.9	20,029,280	5,805
RON	4.6	63,906	40
			763,510

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

As of December 31, 2010, the details of the short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Amount
TRY	-	-	11,574
EUR	1.8	267,733,921	548,614
RUB	7.3	578,733,822	29,070
CNY	4.5	40,049,800	9,365
RON	3.6	614,033	291
USD	1.0	119,278	184
			599,098

b) Long-term financial liabilities

	September 30, 2011	December 31, 2010
Long-term bank borrowings	1,131,913	1,218,002
Other	120	70
	1,132,033	1,218,072

As of September 30, 2011, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Amount
TRY	8.6	503,894,487	503,895
EUR	3.5	338,796,609	852,311
USD	2.2	127,941,886	236,091
GBP	3.0	50,576,558	146,085
			1,738,382
Less: short-term portion			(606,469)
			1,131,913

As of December 31, 2010, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Amount
TRY	8.3	503,403,833	503,404
EUR	2.7	308,180,043	631,492
USD	2.3	100,312,500	155,083
RUB	6.3	953,094,699	47,874
GBP	2.9	50,191,264	119,887
			1,457,740
Less: short-term portion			(239,738)
			1,218,002

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

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

	September 30, 2011	December 31, 2010
2012	-	489,062
2013	880,342	728,940
2014	251,571	-
	1,131,913	1,218,002

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

Up to 6 months	2,501,892	1,929,393
6 - 12 months	-	127,445
	2,501,892	2,056,838

NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

	September 30, 2011		December 31, 2010			
	Contract value	Fair value Asset / (Liability)	Contract value	Fair value Asset / (Liability)		
<i>Held for trading</i>						
Forward contracts	464,717	1,067	(506)	217,977	817	(207)
Foreign currency swap contracts	87,746	144	(178)	71,440	29	(32)
<i>Held for hedging</i>						
Commodity swap contracts	-	-	-	1,414	339	-
Options (*)	372,857	-	(7,239)	-	-	-
Forward contracts (*)	249,067	-	(4,868)	-	-	-
	1,174,387	1,211	(12,791)	290,831	1,185	(239)

(*) Held for hedging against the foreign currency risk in the cash outflows expected during highly probable entity acquisition.

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

	September 30, 2011	December 31, 2010
Short-term trade receivables:		
Trade receivables	1,871,013	1,381,506
Notes receivables	1,220,312	961,075
Cheques receivables	197,798	128,754
Due from related parties (Note 23)	38,092	22,869
Short-term trade receivables (gross)	3,327,215	2,494,204
Provision for doubtful receivables	(93,362)	(110,611)
Unearned credit finance income	(27,725)	(59,015)
Short-term trade receivables (net)	3,206,128	2,324,578

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements in the provision for doubtful receivables for the periods ended September 30 are as follows:

	2011	2010
Balance as of January 1	110,611	107,312
Current period additions (Note 18)	14,773	10,137
Provisions no longer required (Note 18)	(1,426)	(5,323)
Write-offs (*)	(36,582)	(2,316)
Currency translation differences	5,986	(4,586)
Balance as of September 30	93,362	105,224

(*) Doubtful receivables, for which it is evaluated that no possibility of collection is foreseen, are written off from the records along with the related provisions.

	September 30, 2011	December 31, 2010
Long-term trade receivables:		
Trade receivables	21,324	12,461
	21,324	12,461
Short-term trade payables:		
Trade payables	982,240	787,755
Due to related parties (Note 23)	167,335	186,003
Unearned credit finance charges	(7,036)	(4,796)
	1,142,539	968,962

NOTE 9 - INVENTORIES

	September 30, 2011	December 31, 2010
Raw materials and supplies	687,967	560,738
Work in progress	47,927	37,861
Finished goods	532,417	346,418
Trade goods	174,587	115,087
Inventories (gross)	1,442,898	1,060,104
Provision for impairment on inventories	(72,394)	(72,578)
Inventories (net)	1,370,504	987,526

There are no inventories pledged as security for liabilities (December 31, 2010: None).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 9 – INVENTORIES (Continued)

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

	September 30, 2011	December 31, 2010
Raw materials and supplies	64,324	63,734
Finished goods	4,799	6,442
Trade goods	3,271	2,402
	72,394	72,578

Movement of provision for impairment on inventories for the periods ended September 30 is as follows:

	2011	2010
Balance as of January 1	72,578	98,339
Current year additions (Note 18)	1,708	4,660
Realised due to sales of inventory	(3,322)	(25,085)
Currency translation differences	1,430	(2,474)
Balance as of September 30	72,394	75,440

NOTE 10 - ASSOCIATES

	September 30, 2011		December 31, 2010	
	%	TRY	%	TRY
Koç Tüketici Finansmanı A.Ş.	47.0	68,037	47.0	62,787
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	45.0	66,365	45.0	58,778
Ram Dış Ticaret A.Ş.	33.5	12,737	33.5	10,358
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	32.0	7,113	32.0	4,681
		154,252		136,604

	2011	2010
Balance as of January 1	136,604	129,169
Shares of income/loss of associates	24,275	12,061
Shares of other comprehensive income of associates	(1,074)	-
Dividends received	(5,553)	(4,472)
Balance as of September 30	154,252	136,758

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 10 – ASSOCIATES (Continued)

Shares of income/loss from associates

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Koç Tüketici Finansmanı A.Ş.	11,023	6,395	3,872	2,719
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	7,587	2,438	1,413	2,766
Ram Dış Ticaret A.Ş.	3,233	2,563	984	1,607
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	2,432	665	527	(148)
	24,275	12,061	6,796	6,944

Aggregated summary figures of the financial statements of associates:

	September 30, 2011	December 31, 2010
Total assets	1,999,425	1,773,383
Total liabilities	1,646,934	1,463,626
	September 30, 2011	September 30, 2010
Sales revenues	1,326,353	905,997
Net income/loss for the period (net)	57,564	28,807

NOTE 11 - INVESTMENT PROPERTIES

	2011	2010
As of January 1		
Cost	11,441	12,711
Accumulated depreciation	(5,961)	(6,367)
Net book value	5,480	6,344
Net book value at the beginning of the period	5,480	6,344
Disposals	-	(412)
Currency translation differences	1,307	(534)
Current period depreciation	(106)	(93)
Net book value at the end of the period	6,681	5,305
As of September 30		
Cost	14,175	10,912
Accumulated depreciation	(7,494)	(5,607)
Net book value	6,681	5,305

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	2011	2010
As of January 1		
Cost	3,410,540	3,332,557
Accumulated depreciation	(2,158,295)	(2,088,448)
Net book value	1,252,245	1,244,109
Net book value at the beginning of the period	1,252,245	1,244,109
Additions	131,488	90,843
Disposals	(5,371)	(14,995)
Currency translation differences	44,336	(16,589)
Current period depreciation	(127,426)	(117,413)
Net book value at the end of the period	1,295,272	1,185,955
As of September 30		
Cost	3,590,441	3,332,805
Accumulated depreciation	(2,295,169)	(2,146,850)
Net book value	1,295,272	1,185,955

There is no mortgage on property, plant and equipment as of September 30, 2011. (September 30, 2010: None).

NOTE 13 - INTANGIBLE ASSETS

	2011	2010
As of January 1		
Cost	597,299	539,682
Accumulated amortisation	(135,882)	(99,689)
Net book value	461,417	439,993
Net book value at the beginning of the period	461,417	439,993
Additions	49,040	48,916
Disposals	(33)	(50)
Currency translation differences	44,678	(17,520)
Amortisation for the period	(33,900)	(28,329)
Net book value at the end of the period	521,202	443,010
As of September 30		
Cost	694,667	569,516
Accumulated amortisation	(173,465)	(126,506)
Net book value	521,202	443,010

Net carrying value of the development costs as of September 30, 2011 is TRY 179,293 (September 30, 2010: TRY 153,457), and capitalized development costs in the period is TRY 44,059 (September 30, 2010: TRY 44,580).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 14 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Commitments are as follows:

	September 30, 2011	December 31, 2010
Operational lease commitments	40,284	41,869
Future minimum rentals payable under non-cancellable operating lease are as follows:		
Up to 1 year	8,639	10,972
1-5 years	13,966	13,928
Over 5 years	17,679	16,969
	40,284	41,869

The Company has export commitment of full USD 428,513,082 in scope of export incentive as of September 30, 2011 (December 31, 2010: full USD 480,534,762).

Derivative financial instruments contracts commitments

TRY equivalents of the Group’s foreign exchange purchase and sales commitments in terms of currencies as of September 30, 2011 and December 31, 2010 are as follows.

September 30, 2011

	Foreign exchange purchase commitment	Foreign exchange sales commitment
EUR	47,942	334,589
TRY	-	15,007
USD	216,199	-
GBP	-	101,094
PLN	-	21,111
RUB	-	85,979
RON	12,442	-
SEK	-	32,563
ZAR	307,461	-
	584,044	590,343

December 31, 2010

	Foreign exchange purchase commitment	Foreign exchange sales commitment
EUR	93,903	3,396
TRY	23,930	11,830
USD	23,768	-
GBP	-	83,601
PLN	2,691	12,935
RUB	713	32,650
	145,005	144,412

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

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

	September 30, 2011	December 31, 2010
Collaterals obtained	1,783,020	1,887,230

Collaterals, pledges and mortgages ("CPM") given by the Group as of September 30, 2011 and December 31, 2010 are as follows:

CPM's given by the Company	September 30, 2011	December 31, 2010
A. CPM's given for companies own legal personality	125,549	110,512
B. CPM's given on behalf of fully consolidated companies	13,841	11,595
C. CPM's given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM's	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given to on behalf of other Group Companies which are not in scope of B and C.	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-
Total	139,390	122,107

TRY equivalents of collaterals, pledges and mortgages are as follows on currency basis as of September 30, 2011 and December 31, 2010:

CPM's given by the Company	September 30, 2011	December 31, 2010
USD	91,351	82,777
EUR	28,523	21,747
TRY	18,627	16,806
Other	889	777
	139,390	122,107

NOTE 15 - PROVISIONS

	September 30, 2011	December 31, 2010
Short-term provisions:		
Warranty provision	133,790	111,890
Assembly provision	58,728	38,774
Provision for transportation costs	9,891	7,591
Provision for cost and expenses	6,864	6,235
Other	44,326	40,670
	253,599	205,160
Long-term provisions:		
Warranty provision	69,019	56,682
Other	1,696	1,454
	70,715	58,136

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

	September 30, 2011	December 31, 2010
Other current assets		
VAT and PCT receivables	22,951	21,709
Taxes and funds deductible	21,521	29,920
Prepaid expenses	19,127	16,079
Advances given for fixed assets	9,073	2,149
Assets obtained as loan/receivable collaterals	6,849	6,433
Prepaid taxes and funds	2,030	12,393
Order advances given	1,557	16,222
Other	10,779	13,079
	93,887	117,984

	September 30, 2011	December 31, 2010
Other current liabilities:		
Accruals for customer premiums	166,001	47,781
Advances received	51,861	71,620
Accruals for sales and marketing expenses	25,418	19,347
Accruals for bonuses and premiums	23,472	6,474
Accruals for license fee expenses	20,379	20,028
Accruals for advertising expenses	10,790	11,100
Liabilities attributable to the acquisition	1,026	1,669
Other	3,563	1,889
	302,510	179,908

Other non-current liabilities:		
Liabilities attributable to the acquisition	933	1,596
Other	2,454	2,302
	3,387	3,898

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 17 - EQUITY

Paid-in capital

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

	September 30, 2011	December 31, 2010
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

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

The shareholding structure of the Company is as follows:

	September 30, 2011		December 31, 2010	
	Share %	Amount	Share %	Amount
Shareholders				
Koç Holding A.Ş.	40.51	273,742	40.51	273,742
Temel Ticaret ve Yatırım A.Ş.	2.75	18,577	2.75	18,577
Semahat S.Arsel	2.72	18,397	2.72	18,397
Suna Kıraç	2.60	17,542	2.60	17,542
Rahmi M.Koç	2.44	16,474	2.44	16,474
Mustafa V.Koç	0.91	6,177	0.91	6,177
Total Koç Family members and companies owned by Koç Family members	51.93	350,909	51.93	350,909
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	5.14	34,722	5.14	34,722
Vehbi Koç Vakfı	0.13	893	0.13	893
Other	25.19	170,204	25.19	170,204
Paid-in capital	100.00	675,728	100.00	675,728
Adjustment to share capital (*)		468,811		468,811
Total share capital		1,144,539		1,144,539

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 17 – EQUITY (Continued)

Contribution to shareholders’ equity related to the merger

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

Revaluation fund

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

	September 30, 2011	December 31, 2010
Financial assets fair value reserve	434,739	487,711
Non-current assets fair value reserve	77,600	33,724
Foreign currency hedge of net investments in foreign operations	(65,729)	(9,737)
Cash flow hedges	(10,760)	271
Revaluation fund total	435,850	511,969

Restricted reserves

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

The details of these restricted reserves are as follows:

	September 30, 2011	December 31, 2010
Legal reserves	185,902	164,281
Contribution to shareholders equity due to merger	4,040	4,040
Special reserves	124	124
	190,066	168,445

In accordance with the decision taken in general meeting, the Company paid in March 2011 the following dividends: 37% corresponding to gross TRY 0.36997 (full) (net amount being equal to gross amount) per share of TRY 1.00 (full) nominal value to the institutional shareholders who are full taxpayers and to the limited liable taxpayers who obtain dividends through a business or permanent representative in Turkey; 37% corresponding to gross TRY 0.36997 (full) and net TRY 0.31449 (full) per share of TRY 1.00 (full) nominal value to the other shareholders.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 18 - OTHER INCOME AND EXPENSES

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Other operating income:				
Income from claims and grants	17,566	31,023	6,245	14,873
Reversals of provisions	4,358	4,392	2,128	1,884
Reversal of provisions for doubtful receivables	1,426	5,323	336	1,238
Income from sales of property, plant and equipment (*)	1,209	41,409	228	941
Other	12,828	8,159	2,051	965
	37,387	90,306	10,988	19,901

(*) In the period ended September 30, 2010, the Group realized gain on sales of factory land, buildings and annexes located in Topkapı, Istanbul to Koç University amounting to TRY 40,055 (Note 23).

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Other operating expenses:				
Provision expense for doubtful receivables	(14,773)	(10,137)	(5,275)	(3,803)
Loss from sales of property, plant and equipment	(1,933)	(4,166)	(316)	(345)
Provision expense for impairment on inventories	(1,708)	(4,660)	(560)	(391)
Other	(17,894)	(19,365)	(2,882)	(12,970)
	(36,308)	(38,328)	(9,033)	(17,509)

NOTE 19 - FINANCIAL INCOME

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Foreign exchange gains	262,489	101,603	69,650	10,748
Credit finance income	46,797	60,706	5,329	24,816
Interest income	28,424	29,794	6,869	9,968
Gains on derivative financial instruments	19,653	26,787	13,526	8,507
Other	103	80	28	23
	357,466	218,970	95,402	54,062

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 20 - FINANCIAL EXPENSES

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Foreign exchange losses	(273,110)	(96,746)	(84,076)	(12,702)
Interest expenses	(71,746)	(80,879)	(23,525)	(23,996)
Cash discounts expenses	(13,178)	(9,358)	(4,568)	(2,642)
Losses on derivative financial instruments	(11,309)	(10,474)	(5,049)	(2,522)
Credit finance charges	(8,336)	(17,395)	(7)	(7,605)
Other	(7,650)	(3,282)	(5,418)	(1,067)
	(385,329)	(218,134)	(122,643)	(50,534)

NOTE 21 - TAX ASSETS AND LIABILITIES

	September 30, 2011	December 31, 2010
Corporation and income taxes	67,130	82,688
Less: prepaid tax	(44,565)	(63,718)
Taxes payable (net)	22,565	18,970
Deferred tax assets	46,353	39,244
Deferred tax liabilities	(141,146)	(128,549)
Deferred tax liabilities (net)	(94,793)	(89,305)

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

The corporation tax rate is 20% in Turkey (December 31, 2010: 20%). Corporation tax is payable at a rate of 20% on the total income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

The taxes on income for the periods ended September 30 are summarised as follows:

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Tax expenses				
- Current period tax expense	(79,813)	(70,582)	(22,684)	(13,396)
- Deferred tax expense	(1,900)	(22,789)	(50)	(21,752)
Tax expenses (net)	(81,713)	(93,371)	(22,734)	(35,148)

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Property, plant and equipment and intangible assets	869,179	755,046	(181,723)	(158,277)
Available-for-sale investments	457,622	513,381	(22,881)	(25,669)
Derivative financial instruments	(11,859)	946	2,372	(189)
Provision for warranty and assembly expenses	(190,326)	(146,672)	37,549	29,014
Unused tax credits	(107,488)	(91,109)	21,499	18,223
Provision for employment termination benefits	(103,964)	(96,635)	20,793	19,327
Provision for impairment on inventories	(65,238)	(64,941)	13,034	12,996
Accruals for license fee expenses	(20,379)	(20,028)	4,076	4,006
Provision for doubtful receivables	(10,689)	(6,796)	1,958	1,215
Unearned credit finance income/expense (net)	19,344	(15,302)	(3,869)	3,032
Other	(53,522)	(31,271)	12,399	7,017
Deferred tax liabilities (net)			(94,793)	(89,305)
			2011	2010
As of January 1			(89,305)	(53,692)
Tax expense recognized in income statement			(1,900)	(22,789)
Tax expense recognized in the shareholders’ equity			5,520	(6,413)
Currency translation differences			(9,108)	2,203
As of September 30			(94,793)	(80,691)

As a result of Group management’s evaluation, the Group has estimated the tax discounts to be used until the expiration date in accordance with applicable tax laws as TRY 107,488 (December 31, 2010: TRY 91,109) and accounted a deferred tax asset of TRY 21,499 (December 31, 2010 TRY 18,223).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 22 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the condensed interim consolidated statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class 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 and revaluation surplus calculated. 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 in terms of share groups are as follows:

	January 1- September 30 2011	January 1- September 30 2010	July 1- September 30 2011	July 1- September 30 2010
Net income attribute to the equity holders of the parent	414,407	418,610	151,629	148,137
Weighted average number of ordinary shares with nominal value(Kr each one)	67,572,820,500	67,572,820,500	67,572,820,500	67,572,820,500
Earnings per share (kr)	0.613	0.619	0.224	0.219
Dividends paid	250,000	100,000	-	-
Dividends paid per share (kr)	0.370	0.148	-	-

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

NOTE 23 – RELATED PARTY DISCLOSURES

(i) Balances with related parties

	September 30, 2011	December 31, 2010
(a) Due from related parties		
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	28,072	10,153
Koçtaş Yapı Marketleri Ticaret A.Ş.	7,646	-
Other	2,374	12,716
	38,092	22,869
(b) Due to related parties		
Short term payables:		
Arçelik-LG Klima San. ve Tic. A.Ş.	87,606	105,054
Zer Merkezi Hizmetler ve Ticaret A.Ş.	49,767	63,454
Ram Dış Ticaret A.Ş.	24,917	10,892
Other	5,045	6,603
	167,335	186,003

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

	September 30, 2011	December 31, 2010
Long term payables:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	70,806	63,681
	70,806	63,681

(*) In January 2001, a contract was signed regarding the right to use Beko brand and undertaking the marketing, sales and distribution activities of Beko brand products for the following 20 years, between the Company and Zer Merkezi Hizmetler ve Ticaret A.Ş. (prior title was Beko Ticaret A.Ş.). Due to the fact that the rights to use Beko brand will be held by the Company upon the expiration of the contract period, Beko brand has been recognized under intangible assets in the consolidated financial statements of the Group. The long term payables to related parties include the principal amount of the payables in USD, which will be paid until 2020, in exchange of the value determined and recognized as intangible asset.

(c) Deposits:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	395,537	473,926
	395,537	473,926

(d) Bank borrowings:

Yapı ve Kredi Bankası A.Ş. and its subsidiaries	310,363	259,851
	310,363	259,851

e) Derivative financial instruments:

September 30, 2011	Contract	Fair value	
	Amount	Assets/(Liabilities)	
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	30,101	94	-
	30,101	94	-

December 31, 2010	Contract	Fair value	
	Amount	Assets/(Liabilities)	
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	119,452	270	(32)
	119,452	270	(32)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

(ii) Transactions with related parties

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
(a) Sales of goods and services:				
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	61,006	51,952	15,338	15,927
Zer Merkezi Hizmetler ve Ticaret A.Ş.	33,828	31,662	12,418	12,799
Koçtaş Yapı Marketleri Ticaret A.Ş.	22,409	19,135	8,862	8,876
Arçelik-LG Klima San. Ve Ticaret A.Ş.	15,798	26,295	7,947	17,246
Other	10,682	13,420	3,840	5,667
	143,723	142,464	48,405	60,515

(b) Purchases of goods and services

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Zer Merkezi Hizmetler ve Ticaret A.Ş.	363,068	291,295	191,996	135,408
Arçelik-LG Klima San. ve Tic. A.Ş.	344,540	224,342	108,419	101,693
Ram Dış Ticaret A.Ş.	69,460	23,511	29,842	11,386
Ram Sigorta Aracılık Hizmetleri A.Ş.	20,146	16,984	418	222
Setur Servis Turistik A.Ş.	13,633	9,768	7,013	7,386
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	12,784	12,265	5,293	3,989
Other	49,022	41,154	22,230	15,998
	872,653	619,319	365,211	276,082

The Group performs purchases of 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 Klima San. ve Tic. A.Ş. Purchase conditions are determined in line with the due dates periods and rates pertaining to trade receivables from third parties.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

(c) Key management compensation

Total compensation provided to Board of Directors, General Manager and Assistant General Managers by the Company during the period ended September 30, 2011 amounts to TRY 7,855 (September 30, 2010: TRY 9,444). The compensation includes only short-term benefits.

(d) Other transactions

	January 1- September 30, 2011	January 1- September 30, 2010	July 1- September 30, 2011	July 1- September 30, 2010
Income from sale of tangible assets	-	40,055	-	-
<i>Interest income:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	8,130	5,772	2,966	2,255
<i>Interest expenses:</i>				
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	5,684	3,657	2,011	1,072

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

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

Hedging operations and derivative financial instruments

Liquidity Risk

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

**NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS
(Continued)**

Interest Rate Risk

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

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

Funding risk

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

Credit risk

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

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

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

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

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

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Details of credit and receivable risk as of September 30, 2011 and December 31, 2010 are as follows:

September 30, 2011	Trade receivables		Deposits in banks	Derivative financial instruments
	Related party	Third party		
Maximum exposed credit risk as of reporting date ⁽¹⁾	38,092	3,189,360	1,014,599	1,211
Secured portion of the maximum credit risk by guarantees, etc.	-	(2,160,803)	-	-
A. Net book value of financial asset either are not due or not impaired	38,092	2,986,150	1,014,599	1,211
-Secured portion by guarantees, etc.	-	(1,992,136)	-	-
B. Financial assets with renegotiated conditions	-	21,227	-	-
-Secured portion by guarantees, etc.	-	(19,060)	-	-
C. Net book value of overdue but not impaired financial assets	-	129,548	-	-
-Secured portion by guarantees, etc.	-	(97,172)	-	-
D. Net book value of the impaired assets	-	52,435	-	-
-Overdue (Gross book value)	-	145,797	-	-
-Impairment (-)	-	(93,362)	-	-
-Secured portion of the net value by guarantees, etc.	-	(52,435)	-	-

December 31, 2010	Trade receivables		Deposits in banks	Derivative financial instruments
	Related party	Third party		
Maximum exposed credit risk as of reporting date ⁽¹⁾	22,869	2,314,170	1,286,384	1,185
Secured portion of the maximum credit risk by guarantees, etc.	-	(1,725,492)	-	-
A. Net book value of financial asset either are not due or not impaired	22,869	2,098,900	1,286,384	1,185
-Secured portion by guarantees, etc.	-	(1,559,134)	-	-
B. Financial assets with renegotiated conditions	-	21,387	-	-
-Secured portion by guarantees, etc.	-	(20,108)	-	-
C. Net book value of overdue but not impaired financial assets	-	148,556	-	-
-Secured portion by guarantees, etc.	-	(101,196)	-	-
D. Net book value of the impaired assets	-	45,327	-	-
-Overdue (Gross book value)	-	155,938	-	-
-Impairment (-)	-	(110,611)	-	-
-Secured portion of the net value by guarantees, etc.	-	(45,054)	-	-

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS
(Continued)

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

	September 30, 2011	December 31, 2010
Group 1	23,544	10,045
Group 2	2,873,014	1,940,405
Group 3	148,911	192,706
	3,045,469	2,143,156

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

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

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

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

	September 30, 2011	December 31, 2010
0-1 month	81,218	74,712
1-3 months	15,355	27,378
3-12 months	20,031	29,305
1-5 years	12,944	17,161
	129,548	148,556

Foreign exchange risk

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

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

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

The Group holds derivative financial instruments in forms of foreign exchange forward contracts and options, which are designated as a cash flow hedge against the foreign currency risk in the cash outflows expected during highly probable entity acquisition.

The Group is exposed to foreign exchange rate risk mainly for Euro, US dollar, Great Britain Pound, Romanian Lei, Russian Ruble, and Poland Zloty.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS
(Continued)

Foreign currency hedge of net investments in a foreign operation

The Group designated some portion of the Euro dominated bank loans as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe from Euro to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income in the revaluation fund in order to net off the foreign currency difference arisen from the translation of the net assets of investments in foreign operations. As of September 30, 2011 a portion of bank borrowings in Euro amounting to full EUR 150,000,000 (before tax) was designated as a net investment hedging instrument (December 31, 2010 – full EUR 87,500,000).

Foreign currency position

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

	September 30, 2011	December 31, 2010
Assets	1,630,151	1,362,205
Liabilities	(1,992,127)	(1,586,420)
Net balance sheet position	(361,976)	(224,215)
Net position of derivative financial instruments	298,150	131,932
Net foreign currency position	(63,826)	(92,283)

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Currencies, other than the functional currencies of the Company and its’ subsidiaries regarding to national economies, are accepted as foreign currencies. The original currencies are presented in thousands (‘000). The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at September 30, 2011 are as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	AED	TRY Equivalent
Current assets											
Trade receivables	304,602	85,944	82,760	1,595,909	42,041	74,641	13	121,605	-	2,902	1,321,302
Monetary financial assets	77,120	4,638	-	69	-	-	66	-	-	-	202,591
Other	13,100	39,692	20	-	-	-	-	-	-	-	106,258
Total assets	394,822	130,274	82,780	1,595,978	42,041	74,641	79	121,605	-	2,902	1,630,151
Current liabilities											
Trade payables	93,905	88,973	2,748	-	-	-	157	47,681	-	-	421,345
Financial liabilities	233,961	942	576	-	-	-	-	-	-	-	591,978
Other monetary financial liabilities	3,114	7,702	1,033	-	-	-	-	-	-	-	25,031
Non-current liabilities											
Trade payables	-	38,371	-	-	-	-	-	-	-	-	70,806
Financial liabilities	200,048	127,000	50,000	-	-	-	-	-	-	-	882,034
Other monetary financial liabilities	-	-	323	-	-	-	-	-	-	-	933
Total liabilities	531,028	262,988	54,680	-	-	-	157	47,681	-	-	1,992,127
Net balance sheet position	(136,206)	(132,714)	28,100	1,595,978	42,041	74,641	(78)	73,924	-	2,902	(361,976)
Derivative financial assets (*)	139,057	117,162	-	-	-	-	-	-	1,303,518	-	873,486
Derivative financial liabilities (*)	(133,000)	-	(35,000)	(1,500,000)	(37,000)	-	-	(120,000)	-	-	(575,336)
Net position of derivative financial instruments	6,057	117,162	(35,000)	(1,500,000)	(37,000)	-	-	(120,000)	1,303,518	-	298,150
Net foreign currency asset/ (liability) position	(130,149)	(15,552)	(6,900)	95,978	5,041	74,641	(78)	(46,076)	1,303,518	2,902	(63,826)

(*) Total amount designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation and cash flow hedge against the foreign currency risk in the cash outflows expected during the highly probable entity acquisition are included in derivative assets and liabilities.

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Net foreign currency position at September 30, 2011, against the functional currencies of the countries, which the operations of the Group takes place, is as follows:

	EUR	USD	GBP	RUB	PLN	CZK	NOK	SEK	ZAR	AED	TRY Equivalent
Against TRY	(133,481)	(10,446)	(9,364)	95,978	5,041	74,641	79	1,605	1,303,518	2,902	(56,908)
Against EUR	-	528	-	-	-	-	-	-	-	-	974
Against RUB	(323)	(585)	-	-	-	-	-	-	-	-	(1,893)
Against PLN	(4,875)	5	-	-	-	-	-	-	-	-	(12,256)
Against GBP	3,888	-	-	-	-	-	-	-	-	-	9,781
Against RON	10,980	(3,172)	1,454	-	-	-	-	-	-	-	25,970
Against CZK	(3,585)	-	-	-	-	-	-	-	-	-	(9,019)
Against NOK	247	-	-	-	-	-	-	(47,681)	-	-	(12,318)
Against SEK	(3,633)	-	-	-	-	-	(157)	-	-	-	(9,190)
Against CNY	633	(1,882)	1,009	-	-	-	-	-	-	-	1,033
	(130,149)	(15,552)	(6,901)	95,978	5,041	74,641	(78)	(46,076)	1,303,518	2,902	(63,826)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Currencies, other than the functional currencies of the Company and its’ subsidiaries regarding to national economies, are accepted as foreign currencies. The original currencies are presented in thousands (‘000). The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent at December 31, 2010 are as follows:

	EUR	USD	GBP	RUB	PLN	RON	AED	TRY Equivalent
Current assets								
Trade receivables	307,380	94,216	90,032	990,326	30,984	1,414	3,956	1,058,679
Monetary financial assets	41,075	64,955	1	30	410	6	-	184,806
Other	26,994	40,678	27	-	879	-	-	118,720
Total assets	375,449	199,849	90,060	990,356	32,273	1,420	3,956	1,362,205
Current liabilities								
Trade payables	113,980	97,786	150	-	-	-	-	385,091
Financial liabilities	191,390	312	191	-	-	-	-	393,115
Other monetary financial liabilities	9,120	2,915	699	-	-	-	-	24,865
Non-current liabilities								
Trade payables	-	41,191	-	-	-	-	-	63,681
Financial liabilities	216,701	100,000	50,000	-	-	-	-	718,072
Other monetary financial liabilities	-	-	668	-	-	-	-	1,596
Total liabilities	531,191	242,204	51,708	-	-	-	-	1,586,420
Net balance sheet position	(155,742)	(42,355)	38,352	990,356	32,273	1,420	3,956	(224,215)
Derivative financial assets (*)	115,827	15,374	-	14,200	5,200	-	-	264,513
Derivative financial liabilities	(1,657)	-	(35,000)	(650,000)	(25,000)	-	-	(132,581)
Net position of derivative financial instruments	114,170	15,374	(35,000)	(635,800)	(19,800)	-	-	131,932
Net foreign currency asset/ (liability) position	(41,572)	(26,981)	3,352	354,556	12,473	1,420	3,956	(92,283)

Net foreign currency position at December 31, 2010, against the functional currencies of the countries, which the operations of the Group takes place, is as follows:

Against TRY	(24,361)	(14,304)	(943)	354,556	11,182	1,420	3,956	(48,345)
Against EUR	-	398	-	-	1,291	-	-	1,283
Against RUB	(37)	(6,848)	-	-	-	-	-	(10,663)
Against PLN	(1,528)	(30)	-	-	-	-	-	(3,177)
Against GBP	3,622	-	-	-	-	-	-	7,422
Against other currencies	(19,268)	(6,197)	4,295	-	-	-	-	(38,803)
Net foreign currency position	(41,572)	(26,981)	3,352	354,556	12,473	1,420	3,956	(92,283)

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

As of September 30, 2011, sensitivity analysis of foreign exchange rates is presented below:

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(24,490)	24,490	(24,490)	24,490
Secured portion from USD risk (*)	21,620	(21,620)	21,620	(21,620)
USD net effect	(2,870)	2,870	(2,870)	2,870
+/-10% fluctuation of EUR rate				
EUR net asset/liability	(34,265)	34,265	(20,748)	20,748
Secured portion from EUR risk (*)	32,971	(32,971)	1,524	(1,524)
EUR net effect	(1,294)	1,294	(19,224)	19,224
+/-10% fluctuation of GBP rate				
GBP net asset/liability	8,116	(8,116)	25,128	(25,128)
Secured portion from GBP risk (*)	(10,109)	10,109	(10,109)	10,109
GBP net effect	(1,993)	1,993	15,019	(15,019)
+/-10% fluctuation of RUB rate				
RUB net asset/liability	9,148	(9,148)	23,356	(23,356)
Secured portion from RUB risk (*)	(8,598)	8,598	(8,598)	8,598
RUB net effect	550	(550)	14,758	(14,758)
+/-10% fluctuation of RON rate				
RON net asset/liability	-	-	28,288	(28,288)
Secured portion from RON risk (*)	-	-	-	-
RON net effect	-	-	28,288	(28,288)
+/-10% fluctuation of PLN rate				
PLN net asset/liability	2,399	(2,399)	4,643	(4,643)
Secured portion from PLN risk (*)	(2,111)	2,111	(2,111)	2,111
PLN net effect	288	(288)	2,532	(2,532)
+/-10% fluctuation of CZK rate				
CZK net asset/liability	768	(768)	1,284	(1,284)
Secured portion from CZK risk (*)	-	-	-	-
CZK net effect	768	(768)	1,284	(1,284)
+/-10% fluctuation of NOK rate				
NOK net asset/liability	(2)	2	(1,117)	1,117
Secured portion from NOK risk (*)	-	-	-	-
NOK net effect	(2)	2	(1,117)	1,117
+/-10% fluctuation of SEK rate				
SEK net asset/liability	2,006	(2,006)	2,183	(2,183)
Secured portion from SEK risk (*)	(3,256)	3,256	(3,256)	3,256
SEK net effect	(1,250)	1,250	(1,073)	1,073
+/-10% fluctuation of ZAR rate				
ZAR net asset/liability	-	-	-	-
Secured portion from ZAR risk (*)	-	-	30,746	(30,746)
ZAR net effect	-	-	30,746	(30,746)
+/-10% fluctuation of AED rate				
AED net asset/liability	123	(123)	123	(123)
Secured portion from AED risk (*)	-	-	-	-
AED net effect	123	(123)	123	(123)
	(5,680)	5,680	68,466	(68,466)

(*) Includes impact of derivative financial instruments.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

As of December 31, 2010, sensitivity analysis of foreign exchange rates is presented below:

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(6,548)	6,548	(6,548)	6,548
Secured portion from USD risk (*)	2,377	(2,377)	2,377	(2,377)
USD net effect	(4,171)	4,171	(4,171)	4,171
+/-10% fluctuation of EUR rate				
EUR net asset/liability	(31,913)	31,913	(20,396)	20,396
Secured portion from EUR risk (*)	23,395	(23,395)	23,395	(23,395)
EUR net effect	(8,518)	8,518	2,999	(2,999)
+/-10% fluctuation of GBP rate				
GBP net asset/liability	9,161	(9,161)	20,928	(20,928)
Secured portion from GBP risk (*)	(8,360)	8,360	(8,360)	8,360
GBP net effect	801	(801)	12,568	(12,568)
+/-10% fluctuation of RUB rate				
RUB net asset/liability	4,975	(4,975)	17,784	(17,784)
Secured portion from RUB risk (*)	(3,194)	3,194	(3,194)	3,194
RUB net effect	1,781	(1,781)	14,590	(14,590)
+/-10% fluctuation of RON rate				
RON net asset/liability	67	(67)	21,682	(21,682)
Secured portion from RON risk (*)	-	-	-	-
RON net effect	67	(67)	21,682	(21,682)
+/-10% fluctuation of PLN rate				
PLN net asset/liability	1,670	(1,670)	3,512	(3,512)
Secured portion from PLN risk (*)	(1,024)	1,024	(1,024)	1,024
PLN net effect	646	(646)	2,488	(2,488)
+/-10% fluctuation of AED rate				
AED net asset/liability	168	(168)	168	(168)
Secured portion from AED risk (*)	-	-	-	-
AED net effect	168	(168)	168	(168)
	(9,226)	9,226	50,325	(50,325)

(*) Includes impact of derivative financial instruments.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

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

NOTE 24 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Import and exports performed to / from Turkey for the periods ended September 30, are as follows:

	September 30, 2011		September 30, 2010	
	Original amount (in full)	TRY equivalent	Original amount (in full)	TRY equivalent
EUR	577,969,736	1,332,884	567,931,575	1,128,966
USD	189,284,107	305,369	262,614,400	398,192
GBP	159,186,027	418,242	152,951,222	355,295
Other		206,923		86,357
Total exports		2,263,418		1,968,810
EUR	296,232,444	672,764	270,631,832	538,237
USD	572,615,212	929,308	511,711,641	774,847
GBP	610,571	1,621	407,572	946
Other		3,027		4,285
Total imports		1,606,720		1,318,315

NOTE 25 - SUPPLEMENTARY CASH FLOW INFORMATION

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

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

	September 30, 2011	September 30, 2010
Changes in provisions:		
Accrual for customer premiums	118,220	39,018
Warranty provision	34,236	2,951
Assembly and transportation provision	22,253	(623)
Accrual for sales and marketing expenses	6,071	10,724
Accrual for bonuses and premiums	16,999	12,977
Provision for doubtful receivables	14,773	10,137
Provision for employment termination benefits	7,869	7,293
Provision for impairment on inventories	1,708	4,660
	222,129	87,137
Changes in operating assets and liabilities:		
Trade receivables and due from related parties	(905,186)	(177,101)
Inventories	(384,686)	(40,485)
Other current assets and liabilities	(20,329)	(51,326)
Trade payables and due to related parties	180,702	74,186
	(1,129,499)	(194,726)