VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013 TOGETHER WITH AUDITOR'S REVIEW REPORT (ORIGINALLY ISSUED IN TURKISH)

pwc

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITORS REVIEW REPORT ORIGINALLY ISSUED IN TURKISH

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Vestel Elektronik Sanayi ve Ticaret A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated balance sheet of Vestel Elektronik Sanayi ve Ticaret A.Ş. as of 30 June 2013 and the related condensed consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the financial reporting standards accepted by the Capital Market Board. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in the communiqué on auditing standards published by the Capital Market Board. A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Market Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

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Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with financial reporting standards issued by the Capital Market Board (Note 2).

Other Matter

4. The consolidated financial statements of Vestel Elektronik Sanayi ve Ticaret A.Ş. as at and for the year ended 31 December 2012 were audited by other auditors whose report, dated 12 April 2013, expressed an unqualified opinion on those statements. The interim condensed consolidated financial statements of the Group as at and for the period ended 30 June 2012 were reviewed by other auditors whose report, dated 31 August 2012, expressed an unqualified conclusion on those statements.

Additional paragraph for convenience translation into English

5. The accounting policies described in Note 2 to the interim condensed consolidated financial statements (defined as "Capital Market Board Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Talar Gül, SMMM
Partner

İstanbul, 22 August 2013

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2013 AND 31 DECEMBER 2012

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

	Notes	Reviewed 30 June 2013	Audited 31 December 2012
ASSETS			
Current assets			
Cash and cash equivalents	4	435.467	333.008
Derivative financial instruments	5	10.155	681
Trade receivables		1.575.312	1.468.792
Related parties	22	45.937	60.313
Other parties	7	1.529.375	1.408.479
Other receivables		112.402	133.166
Related parties	22	5.509	-
Other parties	8	106.893	133.166
Inventories	9	1.234.503	1.007.022
Prepaid expenses		25.685	37.303
Current income tax assets		1.785	29.702
Receivables from ongoing projects		-	12.024
Other current assets		43.784	47.778
Total current assets		**3.439.093**	**3.069.476**
Non-current assets			
Financial investments		4.595	13.464
Trade receivables		95.802	2.201
Related parties	22	9.212	-
Other parties		86.590	2.201
Other receivables		79.101	73.780
Related parties	22	61.142	59.848
Other parties		17.959	13.932
Prepaid expenses		7.254	6.352
Property, plant and equipment	10	1.250.197	1.266.859
Intangible assets	11	418.835	403.688
Goodwill		202.433	202.433
Other intagible assets		216.402	201.255
Other non-current assets		12.029	10.596
Deferred tax asset	20	56.154	69.559
Total non-current assets		**1.923.967**	**1.846.499**
TOTAL ASSETS		**5.363.060**	**4.915.975**

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2013 AND 31 DECEMBER 2012

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

	Notes	Reviewed 30 June 2013	Audited 31 December 2012
LIABILITIES			
Current liabilities			
Short term financial liabilities	6	698.916	513.222
Short term portion of long term financial liabilities	6	121.960	96.308
Trade payables		2.367.232	2.139.683
Related parties	22	3.801	1.342
Other parties	7	2.363.431	2.138.341
Liabilities for employee benefits		32.846	17.345
Other payables		-	5.756
Related parties	22	-	2.665
Other parties		-	3.091
Derivative financial instruments	5	47.308	31.636
Current income tax liabilities	20	673	361
Short term provisions		105.740	109.520
Other provisions		105.740	109.520
Liabilities of ongoing projects		-	882
Other current liabilities		74.715	102.718
Total current liabilities		**3.449.390**	**3.017.431**
Non-current liabilities			
Long term financial liabilities	6	497.410	387.269
Other payables		-	20.246
Other parties		-	20.246
Long term provisions		63.584	63.264
Provision for employee benefits	13	42.426	41.529
Other provisions		21.158	21.735
Other non-current liabilities		1.336	11.810
Deferred tax liability	20	52.348	74.273
Total non-current liabilities		**614.678**	**556.862**
TOTAL LIABILITIES		**4.064.068**	**3.574.293**

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2013 AND 31 DECEMBER 2012

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

	Notes	Reviewed 30 June 2013	Audited 31 December 2012
EQUITY			
Paid in capital	14.a	335.456	335.456
Adjustments to share capital	14.b	688.315	688.315
Share premium	14.c	79.191	79.191
Other comprehensive income/expense not to be reclassified to profit or loss		333.423	359.377
Revaluation gain/loss		333.423	359.377
- Revaluation of tangible fixed assets		336.449	361.794
- Actuarial gain/loss arising from defined benefit plans		(3.026)	(2.417)
Other comprehensive income/expense to be reclassified to profit or loss		17.849	27.684
Foreign currency translation differences		30.673	27.132
Cash flow hedges		(13.476)	-
Financial assets revaluation fund		652	552
Restricted reserves	14.d	25.841	22.348
Accumulated deficit		(232.782)	(136.346)
Net loss for the period		(62.945)	(110.408)
Non-controlling interest		**114.644**	**76.065**
Total equity		**1.298.992**	**1.341.682**
TOTAL LIABILITIES AND EQUITY		**5.363.060**	**4.915.975**

Condensed consolidated financial statements for the interim period 1 January - 30 June 2013, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 22 August 2013.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 30 JUNE 2013 AND 2012

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

	Notes	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Revenue	15	2.802.279	3.544.524	1.540.023	1.851.284
Cost of sales		(2.314.794)	(3.157.995)	(1.252.615)	(1.659.504)
Gross profit		**487.485**	**386.529**	**287.408**	**191.780**
Marketing, selling and distribution expenses		(302.567)	(275.508)	(160.248)	(137.286)
General administrative expenses		(79.216)	(89.441)	(39.280)	(52.500)
Research and development expenses		(44.588)	(38.608)	(27.925)	(21.619)
Other operating income	16	138.719	352.330	86.040	138.304
Other operating expense	17	(159.459)	(306.951)	(100.701)	(181.779)
Operating profit / (loss)		**40.374**	**28.351**	**45.294**	**(63.100)**
Financial income	18	103.297	146.351	27.781	63.927
Financial expense	19	(214.139)	(163.620)	(133.334)	(29.609)
(Loss) / profit before tax		**(70.468)**	**11.082**	**(60.259)**	**(28.782)**
Tax (expense) / benefit					
Current tax expense	20	(673)	(19.163)	(625)	3.845
Deferred tax benefit	20	12.510	11.522	(604)	3.070
Net (loss) / income for the period		**(58.631)**	**3.441**	**(61.488)**	**(21.867)**
Attributable to:					
Non-controlling interests		4.314	219	334	(8.892)
Equity holders of the parent		(62.945)	3.222	(61.822)	(12.975)
Net (loss) / income for the period		**(58.631)**	**3.441**	**(61.488)**	**(21.867)**
(Loss) / earnings per 100 shares with a Kr 1 of face value (TL)		**(0,19)**	**0,01**	**(0,18)**	**(0,04)**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 30 JUNE 2013 AND 2012

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

	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Other comprehensive income / (loss)				
Items not to be reclassified to profit or loss	**(626)**	-	**(626)**	-
Actuarial loss arising from defined benefit plans	(782)	-	(782)	-
Tax effect of other comprehensive income not to be reclassified to profit or loss	156	-	156	-
Deferred tax income / loss	156	-	156	-
Items to be reclassified to profit or loss	**(14.034)**	**(26.291)**	**(17.786)**	**(22.855)**
Currency translation differences	1.932	(25.953)	(1.068)	(22.235)
Fair value increse / decrase on available for sale financial assets	125	(423)	(815)	(776)
Cash flow hedges	(20.082)	-	(20.082)	-
Tax effect of other comprehensive income/ expense to be reclassified to profit or loss	3.991	85	4.179	156
Deferred tax income / loss	3.991	85	4.179	156
Other comprehensive loss	**(14.660)**	**(26.291)**	**(18.412)**	**(22.855)**
Total comprehensive (loss)	**(73.291)**	**(22.850)**	**(79.900)**	**(44.722)**
Attributable to:				
Non-controlling interests	1.626	140	(2.354)	(8.917)
Equity holders of the parent	(74.917)	(22.990)	(77.546)	(35.805)

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS 1 JANUARY - 30 JUNE 2013 AND 2012

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

				Other Comprehensive income /(loss) not to be reclassified to profit or loss		Other Comprehensive income /(loss) to be reclassified to profit or loss				Accumulated deficit / Retained Earnings				
	Paid in capital	Adjustments to share capital	Share premium	Fixed assets revaluation fund	Actuarial loss on employee benefits	Currency translation differences	Financial assets revaluation fund	Cash flow hedge fund	Restricted reserves	Accumulated deficit	Net loss for the period	Equity holders of the parent	Non-controlling interests	Total equity
Balances at 1 January 2012	335.456	688.315	79.191	-	-	38.508	746	-	17.511	(134.200)	(35.439)	990.088	141.850	1.131.938
Transfer to accumulated deficit	-	-	-	-	-	-	-	-	-	(35.439)	35.439	-	-	-
Transfer to restricted reserves	-	-	-	-	-	-	-	-	4.837	(4.837)	-	-	-	-
Total comprehensive income	-	-	-	-	-	(25.874)	(338)	-	-	-	3.222	(22.990)	140	(22.850)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(1.607)	(1.607)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	39.399	-	39.399	(46.328)	(6.929)
Balances at 30 June 2012	335.456	688.315	79.191	-	-	12.634	408	-	22.348	(135.077)	3.222	1.006.497	94.055	1.100.552
Balances at 1 January 2013	335.456	688.315	79.191	361.794	-	27.132	552	-	22.348	(136.346)	(112.825)	1.265.617	76.065	1.341.682
Impact of amendment in IAS 19 (note 2.4)	-	-	-	-	(2.417)	-	-	-	-	-	2.417	-	-	-
	335.456	688.315	79.191	361.794	(2.417)	27.132	552	-	22.348	(136.346)	(110.408)	1.265.617	76.065	1.341.682
Correction (note 2.5)	-	-	-	(31.124)	-	1.609	-	-	-	24.912	-	(4.603)	80.733	76.130
Transfer to accumulated deficit	-	-	-	-	-	-	-	-	-	(110.408)	110.408	-	-	-
Transfer to restricted reserves	-	-	-	-	-	-	-	-	3.493	(3.493)	-	-	-	-
Amortisation transfer - net (note 10)	-	-	-	(5.049)	-	-	-	-	-	5.049	-	-	-	-
Total comprehensive income	-	-	-	-	(528)	1.932	100	(13.476)	-	-	(62.945)	(74.917)	1.626	(73.291)
Transactions with non-controlling interests	-	-	-	10.828	(81)	-	-	-	-	(12.496)	-	(1.749)	(43.780)	(45.529)
Balances at 30 June 2013	335.456	688.315	79.191	336.449	(3.026)	30.673	652	(13.476)	25.841	(232.782)	(62.945)	1.184.348	114.644	1.298.992

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 JUNE 2013 AND 2012

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

	Notes	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012
Operating activities:			
(Loss) / income before tax		**(70.468)**	**11.082**
Adjustments to reconcile net cash provided from operating activities to (loss) / income before taxes:			
- Depreciation and amortization of fixed assets		115.983	88.391
- Impairment of financial assets		8.989	-
- Warranty and assembly provisions		3.279	(5.656)
- Provision for lawsuit risks		(5.923)	1.610
- Changes in other provisions		2.389	5.457
- Provision for employment termination benefits	13	9.288	6.865
- Provision for impairment on inventories	9	(5.494)	(3.684)
- Provision for doubtful receivables		15.604	17.535
- Interest expense	19	49.330	55.097
- Interest income	18	(7.324)	(24.463)
- (Gain) / loss from sales of tangible and intangible assets		(1.334)	1.473
- Derivative financial instruments (income) / expense accrual		(13.884)	21.630
- Unrealized foreign exchage gains / losses		19.082	20.107
Change in blocked cash and cash equivalents	4	(44.964)	-
Changes in working capital:			
(Increase) / decrease in trade receivables		(223.835)	95.846
(Increase) / decrease in inventories		(238.710)	(322.946)
(Increase) / decerase in other receivables and other current assets		50.683	(112.984)
(Increase) / decrease in other non-current assets		(6.927)	(703)
Increase / (decrease) in trade payables		234.892	340.004
Increase / (decrease) in other payables and other liabilities		(14.282)	(10.165)
Cash flows from operating activities			
Employment termination benefits paid	13	(5.956)	(2.314)
Current income tax paid	20	(1.591)	(16.588)
Net cash (used in) / provided by operating activities		**(131.173)**	**165.594**

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY - 30 JUNE 2013 AND 2012

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

Investing activities:	**Notes**	**Reviewed 1 January - 30 June 2013**	**Reviewed 1 January - 30 June 2012**
Acquisition of tangible assets	10	(82.985)	(117.469)
Cash provided from sales of tangible and intangible assets		2.881	4.296
Acquisition of intangible assets	11	(36.173)	(33.051)
Transactions with non-controlling interests		(45.529)	(6.929)
Correction (note 2.5)		(10.927)	-
Net cash used in investing activities		**(172.733)**	**(153.153)**
Financing activities:			
Proceeds from bank borrowings		755.648	829.698
Repayment of bank borrowings		(376.574)	(713.325)
Dividends paid		-	(1.607)
Interest paid		(26.929)	(39.519)
Interest received		7.324	24.463
Net cash provided by financing activities		**359.469**	**99.710**
Net (decrease) / increase in cash and cash equivalents before foreign currency translation differences		**55.563**	**112.151**
Effect of currency translation differences on cash and cash equivalents		1.932	(15.295)
Net (decrease) / increase in cash and cash equivalents		**57.495**	**96.856**
Cash and cash equivalents at the beginning of the period	4	**331.677**	**487.811**
Cash and cash equivalents at the end of the period	4	**389.172**	**584.667**

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

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF ACTIVITIES

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Ambarlı Yolu, Zorlu Plaza, Avcılar / Istanbul- Turkey. The Group's production facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone and Russia.

The Group's refrigerator and air conditioner sales include the effects of seasonal variations whilst television and electronic devices and other segment sales are not materially affected by seasonality.

The ultimate controller of the Company is Zorlu Family.

The average number of employees of the Group as of 30 June 2013 is 13.779 (31 December 2012: 13.693).

Vestel Elektronik, is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa Istanbul ("BİST") since 1990. (note 14).

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying condensed interim consolidated financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, interim consolidated financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS" / "TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board.

The Group prepared its condensed interim consolidated financial statements for the period ended 30 June 2013 in accordance with the TAS 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1 and its related announcements. The condensed interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its interim consolidated financial statements in condensed.

Group's condensed interim consolidated financial statements do not include all disclosure and notes that should be included at year end financial statements. Therefore the condensed interim consolidated financial statements should be examined together with the year end financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The Company and its subsidiaries operating in Turkey maintains its accounting records and prepares its 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. The condensed interim consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL. Consolidated subsidiaries operating in foreign countries have prepared their condensed interim financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with CMB Financial Reporting Standards. These condensed interim 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 TAS/TFRS. According to CMB Communiqué Serial II, No: 14.1 and its related announcements, entities presenting condensed financial statements in the interim periods are obliged to disclose their foreign currency positions, total export and import amounts and hedged portion of their total foreign currency risks (note 23).

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the 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 1 January 2005.

Foreign currency translation

i) 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 ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders equity.

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

iii) Translation of financial statements of subsidiaries operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction). Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under the shareholders' equity.

The balance sheet date rates and average rates used for translation of income statement items for the related periods are as follows:

Period end:	30 June 2013	31 December 2012
Turkish Lira / EUR	0,3978	0,4252
Turkish Lira / GBP	0,3414	0,3483
Turkish Lira / RUB	17,1145	17,2176

Average:	1 January - 30 June 2013	1 January - 30 June 2012
Turkish Lira / EUR	0,4211	0,4333
Turkish Lira / GBP	0,3586	0,3523
Turkish Lira / RUB	17,2588	17,4669

2.2. Summary of significant accounting policies

The condensed consolidated interim financial information for the period 1 January – 30 June 2013 should be evaluated together with the annual consolidated financial statements for the year ended at 31 December 2012.

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2012 except for the following:

In the interim periods, tax provisions are calculated using the tax rates that are expected to be applied to the year end fiscal results. Expenses that are incurred unevenly during the financial year are anticipated or deferred for interim reporting purposes if it is also appropriate to anticipate or defer those type of costs as at the end of the financial year.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.3. Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the parent, Company, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated balance sheet and statement of income.

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are as follows:

		30 June 2013		31 December 2012	
Consolidated company	**Location**	**Ownership interest**	**Economic interest**	**Ownership interest**	**Economic interest**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	83,9	83,9	75,3	75,3
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	99,4	99,4	99,4	99,4
Vestel Ticaret A.Ş.	Turkey	100,0	100,0	100,0	100,0
Vestel CIS Ltd.	Russia	100,0	100,0	100,0	100,0
Deksar Multimedya ve Telekomünikasyon A.Ş.	Turkey	99,9	99,9	99,9	99,9
Vestel Iberia SL	Spain	100,0	100,0	100,0	100,0
Vestel France SA	France	99,9	99,9	99,9	99,9
Vestel Holland BV	Holland	100,0	100,0	100,0	100,0
Vestel Germany GmbH	Germany	100,0	100,0	100,0	100,0
Cabot Communications Ltd.	England	90,8	90,8	90,8	90,8
Vestel Benelux BV	Holland	100,0	100,0	100,0	100,0
Vestel UK Ltd.	England	100,0	100,0	100,0	100,0
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	94,0	94,0	94,0	94,0
Vestel Trade Ltd.	Russia	100,0	100,0	100,0	100,0
OY Vestel Scandinavia AB	Finland	100,0	100,0	100,0	100,0
Deksarnet Telekomünikasyon A.Ş.	Turkey	99,9	99,9	99,9	99,9
Intertechnika LLC	Russia	99,9	99,9	99,9	99,9

Financial assets in which the Group has direct or indirect voting rights equal to or above 20% which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The nature of operations of the Group companies are summarized below:

Vestel Elektronik Sanayi ve Ticaret A.Ş. ("Vestel Elektronik")
Vestel Elektronik was established in 1983 and operates in production of televisions.

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. ("Vestel Beyaz Eşya")
Vestel Beyaz Eşya was established in 1997 in Manisa Organized Industrial Zone and is a manufacturer of refrigerators, air conditioning units, washing machines, cookers, dishwashers and water heaters.

Vestel Komünikasyon Sanayi ve Ticaret A.Ş.
Vestel Komünikasyon was established in 1975 and is located in Aegean Free Zone.

Vestel Ticaret A.Ş.
Vestel Dış Ticaret was established in 1987 in İstanbul and it currently operates in Manisa Organized Industrial Zone. It carries out all foreign trade activities of industrial products of Group manufacturing companies. After the merger with Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. as of 30 January 2013 , Vestel Dış Ticaret A.Ş. was changed its trade name as Vestel Ticaret A.Ş. As of 30 November 2012 , Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş. was merged with Vestel Dış Ticaret A.Ş. and operates as a brunch of Vestel Ticaret A.Ş.

Vestel CIS Limited ("Vestel CIS Ltd")
Vestel CIS was established in 2002 in Vladimir Region, Russia and is a manufacturer of televisions, refrigerators and washing machines.

Deksar Multimedya ve Telekomünikasyon A.Ş.
Deksar was established in 1999 in Istanbul. Deksar provides satellite communications and infrastructure services.

Vestel Savunma Sanayi A.Ş.
Vestel Savunma was established in 2003 for the purpose of selling and marketing of defense technology products. Vestel Savunma Sanayi A.Ş. purchased 60% shares of Aydın Yazılım in March 2005.

Aydın Yazılım Elektronik ve Sanayi A.Ş.
Aydın Yazılım was established in 1990 in Ankara for the purpose of developing unique software in military and civil fields.

Vestel Iberia SL
Vestel Iberia SL was established in 1998 in Spain for the purpose of selling Vestel products throughout Spain and Portugal.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Vestel France SA
Vestel France SA was established in 1996 in France for the purpose of selling Vestel products throughout France, Switzerland and Belgium.

Vestel Holland BV
Vestel Holland BV was established in 1995 in Holland for the purpose of providing raw materials to the Group manufacturing companies and is a wholesaler of their products.

Vestel Germany GmbH
Vestel Germany Gmbh was established in 1995 in Germany for the purpose of selling, distributing and providing service for Vestel products throughout Germany, Switzerland and Austria.

Cabot Communications Ltd. ("Cabot UK")
Cabot UK was established in 1995 in England and involved in Vestel Group Companies in 2001. Cabot's' field of activity is developing software about digital televisions technologies and establishing marketing channels for these products.

Vestel Benelux BV
Vestel Benelux BV was established in 2003 in Holland for the purpose of marketing Vestel products throughout Holland, Belgium and Luxemburg.

Vestel UK Ltd.
Vestel UK Ltd was established in England in 2004 for the purpose of marketing Vestel products in England.

Vestek Elektronik Araştırma Geliştirme A.Ş.
The company was established in 2005 in Istanbul for the purpose of providing consulting, marketing research and planning services in electronic sector.

Vestel Trade Ltd.
Vestel Trade Ltd was established in 2003 for the purpose of marketing Vestel products in Russia.

OY Vestel Scandinavia AB ("OY Vestel")
OY Vestel Scandinavia was established in Finland for the purpose of marketing Vestel products in Finland.

Deksarnet Telekomünikasyon A.Ş. ("Deksarnet")
Deksarnet was established in 2006 in Istanbul. The company provides satellite communications and infrastructure services.

Intertechnika LLC ("Intertechnika")
Intertechnika was founded in Russia in 2005 and its %99,9 shares was acquired by Vestel CIS Ltd. on 26 December 2007. Intertechnika provides operational lease services to Vestel CIS Ltd.

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates are included in the consolidated financial statements in regards with the Group's share.

The Group ceases to account the associate using the equity method if it looses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Since Vestel Savunma and Aydın Yazılım has net liability position as of 30 June 2013 and 31 December 2012, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets.

The financial information of the investments in associates accounted for by equity method are as follows:

	30 June 2013			31 December 2012		
	Assets	Liabilities	Net loss for the period	Assets	Liabilities	Net loss for the period
Vestel Savunma	36.329	102.599	(13.204)	35.632	88.654	(10.551)
Aydın Yazılım	54.174	67.193	(208)	47.610	60.655	(2.637)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in International Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2013 and are adopted by the Group:

- IAS 19 (Amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Actuarial gains and losses arising from the calculations of provision for employment termination benefits will be classified under other comprehensive income without having an effect on the net profit/ loss for the year.

  Interest cost incurred in employment termination benefits is classified as financial expense instead of operational expenses in the income statement.

  As a result of retrospective application of these amendments, actuarial loss classified as general administrative expenses in Group's statement of comprehensive income as of 31 December 2012 amounting to 3.314 TL is restated by presenting in other comprehensive expense and actuarial loss fund in the balance sheet; interest cost classified as general administrative expenses amounting to 2.690 TL is restated by presenting in financial expenses. As a result of the restatement, the Group's net loss of the equity holders of the parent and non-controlling interests are decreased by 2.417 TL and 234 TL respectively as a result of actuarial loss and deferred tax effect related to employment termination benefits as of 31 December 2012 whereas the restatement has no effect on total comprehensive expenses and equity. There is no actuarial gain/loss related with the employment termination benefits as of 30 June 2012, and interest cost classified as general administrative expenses in the statement of comprehensive income amounting to 1.345 TL is classified as financial expenses.

- Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income, 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

  The amendment does not have a significant impact on the Group's condensed interim consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

- IFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.

  The amendment does not have a significant impact on the Group's condensed interim consolidated financial statements.

- IFRS 7 (amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

  The amendment does not have a significant impact on the Group's condensed interim consolidated financial statements.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess IFRS12's full impact.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 "Joint arrangements".

  The amendment does not have a significant impact on the Group's condensed interim consolidated financial statements.

- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

b) New standards, amendments and interpretations issued and effective as of 1 January 2013 have not been presented since they are not relevant to the operations of the Group or have insignificant impact on the financial statements.

c) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group:

- IFRS 9, "Financial instruments" is not applicable until 1 January 2015 but is available for early adoption. This standard is the first step in the process to replace IAS 39, "Financial instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets. "Impairment of financial assets" and IAS 39 hedge accounting provisions relating to the implementation are ongoing.

- IAS 32 (amendment), "'Financial instruments: Presentation", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any impact on the Group's condensed interim consolidated financial statements.

- IAS 36 (amendment), "Impairment on Assets", is effective for annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of the impaired assets if that amount is based on fair value less cost of disposal.

- IAS 39 (amendment), "'Financial instruments: Recognition and Measurement", is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as result of laws or regulation, if specific conditions are met.

The amendments do not have significant impact on the Group's condensed interim consolidated financial statements.

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Comparative information and restatement of prior period financial statements

Condensed interim consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period condensed interim consolidated financial statements.

In the current period, the Group has made reclassifications in the consolidated statement of comprehensive income as of 30 June 2012 between the net sales and cost of sales mainly related to the outsourced supplier transactions that amount to 225.089 TL; between net sales and other operating income related to term sales transactions that amount to 24.921 TL; between cost of sales and other operating expenses related to term purchases transactions that amount to 11.307 TL; between marketing, selling and distribution expenses and other operating expenses related to doubtful receivables provision that amount to 12.411; between marketing, selling and distribution expenses and net sales related to sales premiums provided to customers that amount to 26.927 TL. These reclassifications have no effect on the retained earnings and net profit /(loss) of the Group. On the other hand, the Group management has made reclassification in the consolidated balance sheet as of 31 December 2012 between legal reserves and accumulated deficit that amount to 39.332 TL which has no effect on total shareholders' equity and net profit /(loss) of the Group.

The Group has made below reclassifications in prior period condensed interim consolidated financial statements in line with the illustrative financial statements and disclosures guidance issued by CMB with the decision taken on the meeting held on 7 June 2013, numbered 20/670.

The Group has made reclassifications in the consolidated statement of comprehensive income as of 30 June 2012 between finance income and other operating income that amount to 308.358 TL, between finance expense and other operating expense that amount to 270.917 TL; in the consolidated balance sheet as of 31 December 2012 between other current assets and prepaid expenses that amount to 37.303 TL, between other current assets and current income tax assets that amount to 29.702 TL, between other non-current assets and prepaid expenses that amount to 6.352 TL, between short term employee benefit obligations and provisions that amount to 17.345 TL. These reclassifications have no effect on the retained earnings and net profit /(loss) of the Group.

The Group management has made some corrections in 2013 related to disposal of Vestel Savunma and Aydın Yazılım from the scope of consolidation and non-controlling interest in revaluation fund of property, plant and equipment. These corrections are applied on the grounds of materiality as of 1 January 2013 as follows:

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

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

	1 January 2013
Decrease in revaluation funds	(31.124)
Currency translation reserves	1.609
Increase in retained earnings	24.912
Increase in non - controlling interests	80.733
Total increase in shareholder's equity	**76.130**

The effects of these corrections are presented in the consolidated statement of changes in the shareholders' equity for the period 1 January – 30 June 2013 as correction.

2.6. Significant accounting estimates and judgments

Preparation of condensed interim consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates and judgments of the Group management are as follows:

i. Income taxes:

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (note 20).

ii. Derivative financial instruments and hedging activities:

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative financial instruments are disclosed under assets if their fair value is positive, and under liabilities if their fair value is negative. The income and losses recognition of derivative financial instruments vary on the basis on which they are classified and whether they are designated to provide effective economic hedges.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated, and effectiveness of the hedge consistent with the documented risk management strategy.

a) Held for trading derivative instruments:

The held for trading derivative instruments of the Group consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognized as financial income / expense in the consolidated income statement.

b) Cash flow hedge:

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves". The gains and losses related to the ineffective portion are immediately transferred to comprehensive income as financial income / expense. The amounts recognized under hedging reserves are transferred to the consolidated income statement in the period in which the hedged item affects the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the hedged item affects profit or loss. Accordingly the Group has designated and accounted some of its derivative contracts which are entered into on and after 1 April 2013 as cash flow hedges which qualify for hedge accounting under the specific rules of IAS 39.

iii. Research and development costs:

Research costs are recognized as expense in the period in which they are incurred. An intangible asset arising from development (or from the development phase of an internal project) if and only if an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

NOTE 2 – BASIS OF PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Other development costs are recognized as expense as incurred. If it is not possible to distinguish the research phase from the development phase of an internal project, the entity treats the expenditure on that project as if it were incurred in the research phase only.

iv. Revaluation of land, buildings and land improvements

Land, land improvements and buildings of the Group were stated at fair value less subsequent depreciation of land improvements and buildings in the condensed interim consolidated financial statements based on valuations performed by Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. based on the Group's assumption that those values do not significantly differ from their fair values as of 30 June 2013 (note 10). The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

v. Lawsuits against the Group

As of the balance sheet date, the estimates of outcomes and financial effects of present legal or constructive obligations are determinable at a certain level by the past experience of the Group management and assessments of legal consultants. In this respect, the Group has not provided any provisions for the ongoing lawsuits for which the possibility of any outflow in a settlement is remote.

2.7. Additional paragraph for convenience translation into English of consolidated financial statements originally issued in Turkish

The financial reporting standards described in note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

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

NOTE 3 – SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

Primary reporting format – Industrial segments

	Television and electronic devices	White goods	Other	Total
1 January -30 June 2013				
Revenue	1.531.945	1.258.630	11.704	2.802.279
Cost of sales	(1.275.824)	(1.023.900)	(15.070)	(2.314.794)
Gross profit	256.121	234.730	(3.366)	487.485
Depreciation and amortization	68.759	45.707	1.517	115.983
1 January -30 June 2012				
Revenue	2.336.795	1.165.254	42.475	3.544.524
Cost of sales	(2.054.403)	(1.060.604)	(42.988)	(3.157.995)
Gross profit	282.392	104.650	(513)	386.529
Depreciation and amortization	44.206	35.436	8.749	88.391
1 April -30 June 2013				
Revenue	826.726	710.133	3.164	1.540.023
Cost of sales	(675.365)	(570.124)	(7.126)	(1.252.615)
Gross profit	151.361	140.009	(3.962)	287.408
Depreciation and amortization	37.122	20.874	659	58.655

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

NOTE 3 - SEGMENT REPORTING (Cont'd)

1 April -30 June 2012				
Revenue	1.133.254	696.895	21.135	1.851.284
Cost of sales	(1.000.112)	(632.802)	(26.590)	(1.659.504)
Gross profit	133.142	64.093	(5.455)	191.780
Depreciation and amortization	22.795	18.142	4.305	45.242

Capital expenditure

	Television and Electronical devices	White goods	Other	Total
1 January -30 June 2013	67.817	51.132	209	119.158
1 January -30 June 2012	77.553	57.654	15.313	150.520

Secondary reporting format – Geographical segments

Segment revenue	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Turkey	916.330	773.407	494.981	404.036
Europe	1.759.502	2.510.987	974.234	1.298.667
Other	256.231	406.043	147.462	237.737
Gross sales	2.932.063	3.690.437	1.616.677	1.940.440
Discounts (-)	(129.784)	(145.913)	(76.654)	(89.156)
Net sales	**2.802.279**	**3.544.524**	**1.540.023**	**1.851.284**

Export sales amount to 2.015.733 for the period 1 January -30 June 2013. (1 January - 30 June 2012 : 2.917.030). Export sales are denominated in EUR and USD as 87,3% and 12,7% respectively. (1 January-30 June 2012: 86,1% EUR, 13,9% USD).

The carrying value of segment assets and costs incurred in order to obtain these assets are not separately disclosed since majority of the assets are located in Turkey.

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2013	31 December 2012
Cash	6.371	19.873
Bank deposits		
- Demand deposits	320.083	219.840
- Time deposits	30.641	76.241
Cheques and notes	13.387	3.868
Other	18.690	11.855
Blocked deposits	46.295	1.331
Cash and cash equivalents	**435.467**	**333.008**

Effective interest rates

	30 June 2013	31 December 2012
EUR	-	0,50%
TL	5,69%	6,00%
USD	0,62%	0,75%

NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2013		31 December 2012	
		Fair Value		Fair Value
	Contract amount	Assets / (Liabilities)	Contract amount	Assets / (Liabilities)
Held for trading				
Forward foreign currency transactions	2.019.591	(19.681)	3.881.252	(35.504)
Foreign currency swap contracts	220.000	(4.275)	100.000	4.549
Cash flow hedge				
Forward foreign currency transactions	784.020	(13.197)	-	-
	3.023.611	**(37.153)**	**3.981.252**	**(30.955)**

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

NOTE 6 – FINANCIAL LIABILITIES

	30 June 2013	31 December 2012
Short - term financial liabilities		
Short term bank loans	698.916	513.222
Short term portion of long term bank loans	121.960	96.308
	820.876	**609.530**
Long - term financial liabilities		
Long term bank loans	497.410	387.269
	497.410	**387.269**

The detail of Group's short term bank loans is as follows:

	30 June 2013			31 December 2012		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	-	-	-	3,09%	28.694	51.149
- TL	6,36%	698.916	698.916	8,55%	462.073	462.073
			698.916			**513.222**

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

NOTE 6 – FINANCIAL LIABILITIES (Cont'd)

The detail of Group's long term bank loans is as follows:

	30 June 2013			31 December 2012		
Currency	Weighted average of effective interest rates per annum	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	4,44%	44.929	86.480	4,26%	36.677	65.380
- EUR	4,67%	5.416	13.613	4,35%	8.781	20.649
- TL	9,84%	21.867	21.867	13,73%	10.279	10.279
Short term portion			**121.960**			**96.308**
- USD	4,44%	51.335	98.810	4,26%	135.268	241.128
- EUR	4,67%	27.760	69.780	4,35%	29.767	70.004
- TL	9,84%	328.820	328.820	13,73%	76.137	76.137
Long term portion			**497.410**			**387.269**
			619.370			**483.577**

Summary of the maturity schedule of Group's long term financial liabilities is given below:

	30 June 2013	31 December 2012
One to two years	329.218	322.831
Two to three years	149.191	30.136
Three to four years	15.627	24.428
Four to five years	3.374	9.874
	497.410	**387.269**

The Group's variable interest rate bank loans amount to 139.817 TL (31 December 2012: 339.172 TL).

Collaterals given for bank loans is disclosed in note 12.a.

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

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

	30 June 2013	31 December 2012
Short - term trade receivables		
Trade receivables		
- Related parties (note 22)	45.937	60.371
- Other parties	1.329.071	1.244.009
Cheques and notes receivables	267.977	225.976
Other	62.249	59.007
	1.705.234	1.589.363
Unearned interest expense (-)		
- Related parties (note 22)	-	(58)
- Other parties	(17.101)	(7.822)
Allowance for doubtful receivables (-)	(112.821)	(112.691)
Total short - term trade receivables	**1.575.312**	**1.468.792**

	30 June 2013	31 December 2012
Short term trade payables		
Trade payables		
- Related parties (note 22)	3.817	1.343
- Other parties	2.359.671	2.137.308
Notes payables		
- Other parties	5.758	3.050
Other	10	33
	2.369.256	2.141.734
Unearned interest income (-)		
- Related parties (note 22)	(16)	(1)
- Other parties	(2.008)	(2.050)
Total short term trade payables	**2.367.232**	**2.139.683**

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

NOTE 8 – OTHER RECEIVABLES

	30 June 2013	31 December 2012
Short - term other receivables		
VAT receivable	94.160	111.552
Deposits and guarantees given	11.633	20.735
Receivables from personnel	786	-
Other	95.199	90.255
	201.778	**222.542**
Allowance for doubtful receivables (-)	(89.376)	(89.376)
	112.402	**133.166**

NOTE 9 – INVENTORIES

	30 June 2013	31 December 2012
Raw materials	611.799	524.961
Work in process	42.463	44.795
Finished goods	535.425	392.866
Merchandise	57.720	64.971
Other	5.022	2.640
	1.252.429	1.030.233
Provision for impairment on inventories (-)	(17.926)	(23.211)
	1.234.503	**1.007.022**

Cost of the inventory included in the cost of sales in the current period is 2.010.590 TL (1 January - 30 June 2012: 2.883.093 TL).

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

NOTE 9 – INVENTORIES (Cont'd)

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

	30 June 2013	31 December 2012
Raw materials	12.335	5.358
Finished goods and merchandise	5.591	17.853
	17.926	**23.211**

Movement of provision for diminution in value of inventories is as follows:

	1 January - 30 June 2013	1 January - 30 June 2012
Opening balance, 1 January	**23.211**	**25.945**
Current year additions	9.479	8.840
Realised due to sale of inventory	(14.973)	(12.047)
Currency translation differences	209	(130)
Balance at 30 June	**17.926**	**22.608**

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

NOTE 10 – PROPERTY,PLANT AND EQUIPMENT

	1 January 2013	Additions	Disposals	Currency translation differences	Correction (note 2.5)	Transfers	30 June 2013
Cost or revaluation							
Land	145.069	-	-	99	-	-	145.168
Land improvements	43.742	371	-	28	-	-	44.141
Buildings	492.615	1.683	(165)	798	-	347	495.278
Leasehold improvements	115.886	4.093	(426)	56	(2.260)	-	117.349
Plant and machinery	1.365.043	49.232	(13.854)	600	(9.656)	26.620	1.417.985
Motor vehicles	5.144	1.186	(36)	22	(147)	-	6.169
Furniture and fixtures	209.960	9.891	(1.059)	191	(6.276)	34	212.741
Other tangible assets	849	-	-	-	-	-	849
Construction in progress	24.261	16.529	-	1	-	(27.001)	13.790
	2.402.569	**82.985**	**(15.540)**	**1.795**	**(18.339)**	**-**	**2.453.470**
Accumulated depreciation							
Land improvements	-	2.925	-	9	-	-	2.934
Buildings	-	6.521	(45)	314	-	-	6.790
Leasehold improvements	84.085	2.609	(19)	15	(980)	-	85.710
Plant and machinery	899.839	71.634	(13.301)	324	(8.731)	-	949.765
Motor vehicles	2.331	328	(26)	8	(85)	-	2.556
Furniture and fixtures	148.612	11.190	(871)	127	(4.384)	-	154.674
Other tangible assets	843	1	-	-	-	-	844
	1.135.710	**95.208**	**(14.262)**	**797**	**(14.180)**	**-**	**1.203.273**
Net book value	**1.266.859**				**(4.159)**		**1.250.197**

The Group has revalued its land, land improvements and buildings as of 31 December 2012 and as result 112.547 TL, 37.506 TL and 281.086 TL of net book value increase is recognized respectively.

Corrections within year 2013 are related to removal of Vestel Savunma and Aydın Yazılım from the scope of consolidation (note 2.5).

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

NOTE 10 – PROPERTY,PLANT AND EQUIPMENT (Cont'd)

	1 January 2012	Additions	Disposals	Currency translation differences	Transfers	30 June 2012
Cost						
Land	32.583	-	(4)	(143)	-	32.436
Land improvements	13.011	22	-	(430)	-	12.603
Buildings	288.534	1.214	(332)	(5.962)	166	283.620
Leasehold improvements	110.498	2.126	(633)	(35)	104	112.060
Plant and machinery	1.201.752	66.306	(20.266)	(6.493)	37.690	1.278.989
Motor vehicles	4.339	948	(672)	(64)	-	4.551
Furniture and fixtures	185.282	12.729	(568)	(539)	50	196.954
Other tangible assets	849	-	-	-	-	849
Construction in progress	35.059	34.124	-	(371)	(38.010)	30.802
	1.871.907	**117.469**	**(22.475)**	**(14.037)**	**-**	**1.952.864**
Accumulated depreciation						
Land improvements	5.686	493	-	(93)	-	6.086
Buildings	72.871	4.393	(52)	(1.286)	-	75.926
Leasehold improvements	83.722	2.792	-	(13)	-	86.501
Plant and machinery	801.385	58.098	(17.427)	(3.120)	-	838.936
Motor vehicles	2.516	177	(530)	(32)	-	2.131
Furniture and fixtures	132.375	8.599	(475)	(399)	-	140.100
Other tangible assets	842	1	-	-	-	843
	1.099.397	**74.553**	**(18.484)**	**(4.943)**	**-**	**1.150.523**
Net book value	**772.510**					**802.341**

Additions to property, plant and equipment in the period 1 January – 30 June 2013 mainly consist of machinery and equipment investments made to television and electronic devices factory, first and second refrigerator, washing machine, cooker and dishwasher factories.

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

NOTE 11 – INTANGIBLE FIXEDASSETS

	1 January 2013	Additions	Disposals	Currency translation differences	Transfers	30 June 2013
Cost						
Rights	53.727	2.221	(1)	116	87	56.150
Development cost	293.378	31.510	(268)	-	(87)	324.533
Other intangible assets	62.952	2.442	-	36	-	65.430
	410.057	**36.173**	**(269)**	**152**	**-**	**446.113**
Accumulated amortization						
Rights	31.633	1.297	-	111	-	33.041
Development cost	138.935	14.623	-	-	-	153.558
Other intangible assets	38.234	4.855	-	23	-	43.112
	208.802	**20.775**	**-**	**134**	**-**	**229.711**
Net book value	**201.255**					**216.402**

	1 January 2012	Additions	Disposals	Currency translation differences	Transfers	30 June 2012
Cost						
Rights	36.121	1.099	-	(11)	-	37.209
Development cost	229.313	25.943	(2.410)	-	-	252.846
Other intangible assets	66.969	6.009	-	(35)	-	72.943
	332.403	**33.051**	**(2.410)**	**(46)**	**-**	**362.998**
Accumulated amortization						
Rights	26.437	357	-	(9)	-	26.785
Development cost	116.514	10.635	(632)	-	-	126.517
Other intangible assets	36.252	2.846	-	(25)	-	39.073
	179.203	**13.838**	**(632)**	**(34)**	**-**	**192.375**
Net book value	**153.200**					**170.623**

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Contingent assets

As of the balance sheet date guarantee letters obtained from customers and suppliers are given below:

	30 June 2013	31 December 2012
Guarantee letters	116.865	140.323
Cheques and notes	72.173	71.338
Collaterals and pledges	457.580	623.553
	646.618	**835.214**

b) Commitments and contingencies

Collaterals, pledges and mortgages ("CPM's") given by the Company are as follows:

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
30 June 2013				
A. CPM's given on behalf of its own legal entity	33.014	25.042	56.527	183.020
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.599.630	357.004	1.804.455	7.705.624
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	30.515	2.500	41.800	106.820
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	30.515	2.500	41.800	106.820
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**2.663.159**	**384.546**	**1.902.782**	**7.995.464**

(*) Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
31 December 2012				
A. CPM's given on behalf of its own legal entity	41.081	21.948	55.079	179.925
B. CPM's given on behalf of fully consolidated subsidiaries	2.235.974	367.867	1.505.263	6.356.223
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-
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	**2.277.055**	**389.815**	**1.560.342**	**6.536.148**

- The Group has blocked deposit of 41.800 TL in favor of its subsidiary. Proportion of other CPM's given by the Group to its equity is 8% as of 30 June 2013 (31 December 2012: Nil).

- Due to the export and investment incentive certificates obtained, as of 30 June 2013 the Group has committed to realize exports amounting to 454.804 thousand USD (31 December 2012: 427.336 thousand USD).

- The payment of VAT on certain export sales may be postponed and later cancelled by the tax office subject to clearance of certain routine formalities in due course. Responsibility of the Company continues until such clearance however no liability has arisen in the past and no liability is reasonably expected for the future. As of 30 June 2013 the amount of postponed VAT is 271.403 TL (31 December 2012: 186.167 TL).

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

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

d) Purchase / sales commitment related to derivative financial instruments

As of 30 June 2013 the Group has forward foreign currency purchase contract that amounts to 705.611 thousand USD, 107.882 thousand EUR and 1.174.268 thousand TL against forward foreign currency sales contract that amounts to 356.097 thousand USD, 596.392 thousand EUR, 678.223 thousand RUB, 1.187 thousand CHF and 586.778 thousand TL (31 December 2012 : 1.265.630 thousand USD, 188.192 thousand EUR, 60.723 thousand RUB and 1.153.425 thousand TL purchase contracts against 571.315 thousand USD, 641.167 thousand EUR, 1.287 thousand CHF, 9.963 thousand GBP, 820.174 thousand RUR and 1.290.559 thousand TL sales contract).

NOTE 13 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	30 June 2013	31 December 2012
Provision for employment termination benefits	**42.426**	**41.529**

Under Turkish law, the Company is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March1981, No.2422 and 25 August1999, No.4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 3.254,44 TL/year as of 30 June 2013 (31 December 2012: 3.033,98 TL/year).

Provision for employment termination benefits is not subject to any funding.

The Company has no other obligation for employee termination other than the retirement pay above.
The provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently in the accompanying financial statements as at 30 June 2013 the provision is calculated by estimating the present value of the future obligation of the company arising from retirement of employees. As of 30 June 2013 provision is calculated based on real discount rate of %3,83 (31 December 2012: 3,83%) assuming 5,00% annual inflation rate and 9,02% discount rate.

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

NOTE 13 – PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Cont'd)

The movements in the provision for employment termination benefit is as follows:

	1 January - 30 June 2013	1 January - 30 June 2012
Balance at 1 January	**41.529**	**33.046**
Increase during the year	7.567	5.520
Payments during the year	(5.956)	(2.314)
Actuarial loss	782	-
Interest expense	1.721	1.345
Disposal from the scope of consolidation (note 2.5)	(3.217)	-
Balance at 30 June	**42.426**	**37.597**

NOTE 14 – EQUITY

a) Paid in capital

	30 June 2013	31 December 2012
Shares of par value Kr 1 each		
Limit on registered share capital	1.000.000	1.000.000
Issued share capital	335.456	335.456

As of 30 June 2013 and 31 December 2012 the shareholding structures are as follows:

	Shareholding %		Amount	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Collar Holding B.V. (Holland)	64,41%	64,41%	216.054	216.054
Shares held by public				
Other shareholders	25,19%	25,19%	84.502	84.502
Collar Holding B.V. (Holland)	10,40%	10,40%	34.900	34.900
	100,00%	**100,00%**	**335.456**	**335.456**

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

NOTE 14 – EQUITY (Cont'd)

b) Adjustments to share capital

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

	30 June 2013	31 December 2012
Adjustment to share capital	688.315	688.315

c) Share premium

Share premium account refers the difference between par value of the company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

Share premium	79.191	79.191

d) Restricted reserves ("Legal reserves")

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under 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.

Legal reserves	25.841	22.348

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

NOTE 15 – SALES AND COST OF SALES

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Domestic sales	916.330	773.407	494.981	404.036
Overseas sales	2.015.733	2.917.030	1.121.696	1.536.404
Gross sales	**2.932.063**	**3.690.437**	**1.616.677**	**1.940.440**
Less: Sales discounts (-)	(129.784)	(145.913)	(76.654)	(89.156)
Net sales	**2.802.279**	**3.544.524**	**1.540.023**	**1.851.284**
Cost of sales	(2.314.794)	(3.157.995)	(1.252.615)	(1.659.504)
Gross profit	**487.485**	**386.529**	**287.408**	**191.780**

DİPNOTE 16 – OTHER OPERATING INCOME

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Credit finance gains arising from trading activities	38.751	44.329	19.958	23.266
Foreign exchange gains arising from trading activities	66.533	288.950	50.627	108.753
Reversals of provisions	8.298	2.122	-	498
Other income	25.137	16.929	15.455	5.787
	138.719	**352.330**	**86.040**	**138.304**

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

DİPNOTE 17 – OTHER OPERATING EXPENSE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Debit finance charges arising from trading activities	34.825	22.527	25.430	19.293
Foreign exchange expenses arising from trading activities	78.613	243.326	45.959	144.256
Provision expenses	10.376	12.411	8.531	1.773
Provision for impairment on subsidiary	8.989	-	8.989	-
Other expenses	26.656	28.687	11.792	16.457
	159.459	**306.951**	**100.701**	**181.779**

NOTE 18 – FINANCIAL INCOME

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Foreign exchange gains	8.516	39.343	723	2.986
Gains on derivative financial instruments	87.457	82.545	23.343	46.475
Interest income	7.324	24.463	3.715	14.466
	103.297	**146.351**	**27.781**	**63.927**

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

NOTE 19 – FINANCIAL EXPENSE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Foreign exchange losses	60.153	11.201	44.693	10.726
Losses on derivative financial instruments	90.097	76.520	56.244	(14.967)
Interest expense	49.330	55.097	29.413	25.282
Bank commission expenses	11.294	15.509	5.814	12.771
Other finance expnses	3.265	5.293	(2.830)	(4.203)
	214.139	**163.620**	**133.334**	**29.609**

NOTE 20 – TAX ASSETS AND LIABILITIES

Group's tax liabilities as of the balance sheet dates are as follows:

	30 June 2013	31 December 2012
Corporation and income taxes	1.903	7.512
Prepaid taxes (-)	(1.230)	(7.151)
Current income tax liabilities - net	**673**	**361**
Deffered tax liabilities	(52.348)	(74.273)
Deffered tax assets	56.154	69.559

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

In Turkey, beginning from 1 January 2006, the corporate tax rate is 20%.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting other exempt income. 15% withholding tax rate applies to dividends distributed to resident real persons except for those who are not liable to income and corporation tax, and to corporations except for those are resident companies in Turkey or are Turkish branches of foreign companies. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

NOTE 20 – TAX ASSETS AND LIABILITIES (Cont'd)

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 10th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilized in a share capital increase within five years from the date of the sale.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

Russian Federation

In Russia, corporate tax rate applicable is 20% (2012: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income for up to ten years. There are no restrictions on the amounts subject to net off. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Company's operations and activities, can be interpreted by regional and federal authorities in different ways. The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

The tax results of Group's subsidiaries in other countries are not material to condensed consolidated financial statements.

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

NOTE 20 – TAX ASSETS AND LIABILITIES (Cont'd)

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for the Communiqué and tax purposes.

Tax rate used in the calculation of deferred tax assets and liabilities based on the liability method is 20% (31 December 2012:%20).

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary differences		Deferred tax	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Deferred tax assets				
Employment termination benefits	(42.426)	(41.825)	8.485	8.365
Prepaid expenses	(60.465)	(57.315)	12.093	11.463
Provision for doubtful receivables	(202.690)	(151.425)	40.538	30.285
Unearned interest expense	(12.785)	(12.085)	2.557	2.417
Provision for impairment on inventories	(11.585)	(33.410)	2.317	6.682
Derivative financial instruments	(37.153)	(31.540)	7.431	6.308
Provision for lawsuit risks	(3.190)	(10.365)	638	2.073
Carryforward tax losses	(71.915)	(135.175)	14.383	27.035
Other	(44.985)	(55.550)	8.997	11.110
			97.439	**105.738**

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

NOTE 20 – TAX ASSETS AND LIABILITIES (Cont'd)

	Cumulative temporary differences		Deferred tax	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Deferred tax liabilites				
Income accruals of derivative transactions	-	49.960	-	(9.992)
Useful life and valuation differences on property, plant and equipment and intangible assets	123.830	145.970	(24.766)	(29.194)
Revaluation of tangible fixed asseets	424.387	431.139	(67.995)	(69.346)
Other	4.360	9.600	(872)	(1.920)
			(93.633)	**(110.452)**
Subsidiares with net deferred tax liabilities			(52.348)	(74.273)
Subsidiares with net deferred assets			56.154	69.559

The Group has not recognized deferred tax asset amounting to 33.680 TL (31 December 2012: 27.091 TL) calculated over carry forward tax loses , since the utilization of these losses against future corporate income taxes is not highly probable.

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

NOTE 20 – TAX ASSETS AND LIABILITIES (Cont'd)

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 30 June 2013	1 January - 30 June 2012
Opening balance, 01 January	**(4.714)**	**29.091**
Tax expense recognized in income statement	12.510	11.522
Disposal from the scope of consolidation (note 2.5)	(8.986)	-
Changes in fair value of financial assets available for sale	4.820	85
Currency translation differences	176	(1.427)
Deferred tax (liabilities) / assets at the end of the period, net	**3.806**	**39.271**

NOTE 21 – (LOSS) / EARNINGS PER SHARE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Net (loss) / income attributable to equity holders of the parent	(62.945)	3.222	(61.822)	(12.975)
Weighted number of ordinary shares with a Kr 1 of face value (thousand shares)	33.546.000	33.546.000	33.546.000	33.546.000
	(0,19)	**0,01**	**(0,18)**	**(0,04)**

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

NOTE 22 – RELATED PARTY DISCLOSURES

a) Short-term trade receivables from related parties

	30 June 2013	31 December 2012
Vestel Central Asia	29.147	37.555
UTS- United Technical Services, Spol S.R.O.	4.447	3.260
Vestel Elektronica S.R.L.	5.580	6.633
Other related parties	6.763	12.923
	45.937	60.371
Unearned interest on receivables (-)	-	(58)
	45.937	**60.313**

b) Long-term trade receivables from related parties

Vestel Central Asia	**9.212**	-

c) Short-term trade payables to related parties

	30 June 2013	31 December 2012
ABH Turizm Temsilcilik ve Ticaret A.Ş.	931	616
Zorluteks Tekstil Sanayi ve Ticaret A.Ş.	864	-
Other related parties	2.022	727
	3.817	1.343
Unearned interest on payables (-)	(16)	(1)
	3.801	**1.342**

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

NOTE 22 – RELATED PARTY DISCLOSURES (Cont'd)

d) Short -term other receivables from related parties

	30 June 2013	31 December 2012
Z.F.S Financial Services Ireland	5.509	-

e) Long-term other receivables from related parties

Z.F.S Financial Services Ireland	61.142	59.848

As of 30 June 2013, the annual average effective interest rate of other receivables from Z.F.S Financial Services Ireland denominated in USD is 5%.

f) Short -term other payables to related parties

	30 June 2013	31 December 2012
L-3 Communications Investment	-	2.665

g) Transactions with related parties

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Sales				
UTS- United Technical Services, Spol S.R.O.	4.935	2.443	1.994	504
Other related parties	7.242	3.828	2.409	2.088
	12.177	6.271	4.403	2.592

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

NOTE 22 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş.	5.972	3.839	3.272	1.914
Other related parties	6.601	3.523	5.491	1.661
	12.573	**7.362**	**8.763**	**3.575**

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Other operating income				
Z.F.S Financial Services Ireland	4.932	-	3.906	-
Zorlu Holding A.Ş.	10.516	-	10.516	-
Other related parties	1.489	-	1.340	-
	16.937	**-**	**15.762**	**-**

h) Compensation paid to key management including directors, the Chairman of Board of Directors, general managers and assistant general managers

Compensation paid to key management for the six months period ended 30 June 2013 is 10.642 TL (1 January -30 June 2012: 4.965 TL).

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

NOTE 23 – FOREIGN CURRENCY POSITION

30 June 2013	USD	EUR	Other Currencies (TL Equivalent)	TL Equivalent
1. Trade receivables	350.230	240.000	31.750	1.309.161
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	149.564	1.187	5.341	296.206
2b. Non-monetary financial assets	-	-	-	-
3. Other	2.862	-	-	5.509
4. Current assets (1+2+3)	**502.656**	**241.187**	**37.091**	**1.610.876**
5. Trade receivables	35.786	-	-	68.881
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	31.753	10	-	61.142
8. Non-current assets (5+6+7)	**67.539**	**10**	**-**	**130.023**
9. Total assets (4+8)	**570.195**	**241.197**	**37.091**	**1.740.899**
10. Trade payables	1.119.393	32.964	20.944	2.258.413
11. Financial liabilities	44.929	5.416	-	100.093
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.164.322**	**38.380**	**20.944**	**2.358.506**
14. Trade payables	-	-	-	-
15. Financial liabilities	51.335	27.760	-	168.590
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**51.335**	**27.760**	**-**	**168.590**
18. Total liabilities (13+17)	**1.215.657**	**66.140**	**20.944**	**2.527.096**
19. Off-balance sheet derivative instruments/	-	-	-	-
net asset (liability) position (19a+19b)	**250.304**	**(509.890)**	(42.047)	(841.972)
19a. Hedged total assets	705.611	107.882	-	1.629.343
19b. Hedged total liabilities	(455.307)	(617.772)	(42.047)	(2.471.315)
20. Net foreign currency asset/ (liability)	-	-	-	-
position (9-18+19)	**(395.158)**	**(334.833)**	**(25.900)**	**(1.628.169)**
21. Net foreign currency monetary asset/	-	-	-	-
(liability) position	-	-	-	-
(=1+2a+5+6a-10-11-12a-14-15-16a)	**(680.077)**	**175.047**	**16.147**	**(852.848)**
22. Fair value of financial instruments used	-	-	-	-
in foreign currency hedging	-	-	-	(37.153)
23. Export	141.681	740.934	-	2.015.733
24. Import	723.224	120.361	8.865	1.594.089

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

31 December 2012	USD	EUR	Other Currencies (TL Equivalent)	TL Equivalent
1. Trade receivables	286.307	199.411	-	979.326
2a. Monetary financial assets (including	-	-	-	-
cash and cash equivalents)	88.992	33.361	-	237.092
2b. Non-monetary financial assets	-	65.965	-	155.130
3. Other	11.307	13.528	-	51.970
4. Current assets (1+2+3)	**386.606**	**312.265**	-	**1.423.518**
5. Trade receivables	668	6	-	1.205
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	888	5.008	-	13.360
8. Non-current assets (5+6+7)	**1.556**	**5.014**	-	**14.565**
9. Total assets (4+8)	**388.162**	**317.279**	-	**1.438.083**
10. Trade payables	877.075	102.547	-	1.804.634
11. Financial liabilities	65.370	8.781	-	137.178
12a. Other monetary liabilities	8.664	24.497	-	73.054
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**951.109**	**135.825**	-	**2.014.866**
14. Trade payables	-	-	-	-
15. Financial liabilities	135.267	29.767	-	311.132
16a. Other monetary liabilities	11.386	2.930	-	27.187
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**146.653**	**32.697**	-	**338.319**
18. Total liabilities (13+17)	**1.097.762**	**168.522**	-	**2.353.185**
19. Off-balance sheet derivative instruments/	-	-	-	-
net asset (liability) position (19a+19b)	**694.315**	**(452.975)**	**(75.210)**	**97.214**
19a. Hedged total assets	1.265.630	188.192	3.527	2.702.210
19b. Hedged total liabilities	(571.315)	(641.167)	(78.737)	(2.604.996)
20. Net foreign currency asset/ (liability)	-	-	-	-
position (9-18+19)	**(15.285)**	**(304.218)**	**(75.210)**	**(817.888)**
21. Net foreign currency monetary asset/	-	-	-	-
(liability) position	-	-	-	-
(=1+2a+5+6a-10-11-12a-14-15-16a)	**(721.795)**	**64.256**	-	**(1.135.562)**
22. Fair value of financial instruments used	-	-	-	-
in foreign currency hedging	-	-	-	**(30.955)**
23. Export	475.137	2.035.891	-	5.545.028
24. Import	2.043.898	218.536	1.701	4.158.192

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

NOTE 23 – FOREIGN CURRENCY POSITION (Cont'd)

	Gain / Loss		Equity	
30 June 2013	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(130.901)	130.901	(130.901)	130.901
Secured portion from USD risk (-)	19.580	(19.580)	48.358	(48.358)
USD net effect	**(111.321)**	**111.321**	**(82.543)**	**82.543**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	44.002	(44.002)	44.002	(44.002)
Secured portion from EUR risk (-)	(64.251)	64.251	(130.604)	130.604
EUR net effect	**(20.249)**	**20.249**	**(86.602)**	**86.602**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	1.615	(1.615)	1.615	(1.615)
Secured portion from other currency risk (-)	(4.228)	4.228	(4.228)	4.228
Other currency net effect	**(2.613)**	**2.613**	**(2.613)**	**2.613**

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

NOTE 23 - FOREIGN CURRENCY POSITION (Cont'd)

	Gain / Loss		Equity	
31 December 2012	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(128.667)	128.667	(128.667)	128.667
Secured portion from USD risk (-)	123.769	(123.769)	123.769	(123.769)
USD net effect	**(4.898)**	**4.898**	**(4.898)**	**4.898**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	15.111	(15.111)	15.111	(15.111)
Secured portion from EUR risk (-)	(106.526)	106.526	(106.526)	106.526
EUR net effect	**(91.415)**	**91.415**	**(91.415)**	**91.415**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	-	-	-	-
Secured portion from other currency risk (-)	7.521	(7.521)	7.521	(7.521)
Other currency net effect	**7.521**	**(7.521)**	**7.521**	**(7.521)**

NOTE 24 - SUBSEQUENT EVENTS

Vestel Elektronik has 99.9% control over Deksarnet. In order to sell Deksarnet shares, "Share Transfer Service Agreement" is signed on 7 March 2013. Transfer of shares hold on 1 July 2013 after the permissions by the Competition Board and other relevant authorities. According to "Share Transfer Agreement", the purchase price is determined as USD 1.750.000 depending on the balance sheet closing date and will be paid in twelve equal installments. As a result of purchase price for the sale is less than the amount of the assets as of 30 June 2013, particular cash generating units doesn't show any impairment indication for Deksarnet as of 30 June 2013.

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

NOTE 24 – SUBSEQUENT EVENTS (Cont'd)

Some of Deksarnet's material financial information as of 30 June 2013 is stated below. Since the assets and liabilities and net profit of Deksarnet as of 30 June 2013 are not material to consolidated balance sheets and consolidated statement of income, in the interim condensed consolidated financial statements those amounts are not reclassified separately as "assets held for sale":

	30 June 2013
Cash and cash equivalents	249
Other current assets	2.358
Non-current assets	461
Total assets	**3.068**
Short term liabilities	196
Longterm liabilities	-
Total liabilities	**196**
Net assets	**2.872**
Net income for the period	**114**